
**CITY OF CRIPPLE CREEK,
COLORADO**
FINANCIAL STATEMENTS
DECEMBER 31, 2020



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Cripple Creek, Colorado (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I through XIV, budgetary comparison information on pages 40 - 41 and 44, the schedule of the City's proportionate share of the net pension asset (liability) and the schedule of the City's contributions to the pension plan and related ratios on pages 42 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The comparative fund financial statements, the budgetary comparison schedule for the Water and Sewer Fund and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report On Comparative Information

We have previously audited the City's 2019 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated July 23, 2020. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

June 14, 2021

City of Cripple Creek, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

Within this section of the City of Cripple Creek (City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2020. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by \$37,699,019 (total net position) for the calendar year reported. This represents a decrease of \$1,970,268, or 5%, over 2019. Much of the decrease was caused by impacts from the COVID-19 Pandemic.
- Total net position are comprised of the following:
 - (1) Capital assets, net of related debt, of \$31,280,439 include property, equipment and infrastructure, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$2,552,592 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$3,865,988 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$5,389,869 this year. This compares to the prior year ending fund balance of \$6,052,370 showing an decrease of \$662,501, or 11%, during the current year. Unassigned fund balance of \$3,138,354 for calendar year 2020 shows a \$530,049, or 14.4%, decrease. The decrease is due to COVID-19 impacts.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$2,934,606, or 45% of total General Fund annual expenditures.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The City has two kinds of funds:

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the General Fund and the major special revenue fund. Budgetary comparison schedules for the Enterprise Fund can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 40 - 44, and other additional material on page 45 of this report.

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

Financial Analysis of the City as a Whole

The City's net position at calendar year-end is \$37,669,019, which is a decrease of \$1,970,286, or 5%, from 2019. Note that governmental activities encompass the City's General and Historic Preservation Funds. The business activities encompass the City's Enterprise Fund, which are primarily water collection/distribution and water/wastewater treatment. The following table provides a summary of the City's net position:

Summary of Net Position

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>	<u>% of Total</u>
Assets:				
Current assets	\$5,934,918	\$803,204	\$6,738,122	17.2%
Long-term assets	-	97,329	97,329	0.2%
Capital assets	15,016,402	17,224,726	32,241,128	82.5%
Total Assets	20,951,320	18,125,259	39,076,579	100%
Deferred Outflows of Resources				
Deferred loss on refunding		10,300	10,300	
Deferred pension outflow (Note 7)	427,594	-	427,594	
Liabilities:				
Current liabilities	390,512	116,849	507,361	32.0%
Long-term liabilities	148,368	929,710	1,078,078	68.0%
Total Liabilities	538,880	1,046,559	1,585,439	100%
Deferred Inflows of Revenues				
Property tax revenue	135,092		135,092	
Deferred pension inflow (Note 7)	94,923		94,923	
Net Position:	20,610,019	17,089,000	37,699,019	
Net investment in capital assets	15,016,402	16,264,037	31,280,439	83.0%
Restricted	2,455,263	97,329	2,552,592	6.8%
Unrestricted	3,138,354	727,634	3,865,988	10.3%
Total Net Position	\$20,610,019	\$17,089,000	\$37,699,019	100%

Additional Information:

<i>Current Ratio</i>	15.2	6.9	13.3
2019 Net Position	\$22,075,776	\$17,593,511	\$39,669,287
2020 Net Position	\$20,610,019	\$17,089,000	\$37,699,019
Dollar Change	\$(1,465,757)	\$(504,511)	\$(1,970,268)
Percent Change	-6.6%	-2.9%	-5.0%

The City continues to maintain an adequate current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 15.2 to 1 and 6.9 to 1 for business-type activities. For the City overall, the current ratio is 13 to 1. Governmental activities decreased primarily due to COVID-19 impacts. Business-type activities decreased because of the decrease in current assets, mainly available cash/investments due to spending on the Bennett Avenue water pipe/valve project.

The City reported a decreased balance in net position for the governmental activity and the business-type activities. Net position decreased \$1,465,757, or 6.6% for governmental activities. The business-type activities decreased by \$504,511, or 2.9% for the year. The City's overall financial position decreased by \$1,970,268, or 5%.

Note that approximately 72.1% of the governmental activities' net position are tied up in capital. The City uses these capital assets to provide services to its citizens. Capital assets in the business-type activities also provide utility services, but they also generate revenues for this fund. 100% of the City's total net position are included in capital assets. The following three tables provide more detailed comparisons in the change of net position from 2019 to 2020, by both governmental activities and business-type activities, as well as total net position.

Summary of Statement of Net Position for Governmental Activities 2020 Compared to 2019

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 5,934,918	\$ 6,502,439	\$ (567,521)	-8.7%
Long-term assets	-	-	-	
Capital assets	<u>15,016,402</u>	<u>15,800,207</u>	<u>(783,805)</u>	-5.0%
Total Assets	20,951,320	22,302,646	(1,351,326)	-6.1%
Deferred Outflows of Resources				
Deferred pension outflow (Note 7)	427,594	541,928	(114,334)	
Liabilities:				
Current liabilities	390,512	351,382	39,130	11.1%
Long-term liabilities	<u>148,368</u>	<u>278,074</u>	<u>(129,706)</u>	-46.6%
Total Liabilities	538,880	629,456	(90,576)	-14.4%
Deferred Inflows of Revenues				
Property tax revenue	135,092	131,936	3,156	2.4%
Deferred pension inflow (Note 7)	94,923	7,406	87,517	
Net Position	20,610,019	22,075,776	(1,465,757)	-6.6%
Net investment in capital assets				
Restricted	15,016,402	15,800,207	(783,805)	-5.0%
Unrestricted	2,455,263	2,607,166	(151,903)	-5.8%
	<u>3,138,354</u>	<u>3,668,403</u>	<u>(530,049)</u>	-14.4%
Total Net Position	\$ 20,610,019	\$ 22,075,776	\$ (1,465,757)	-6.6%

Summary of Statement of Net Position for Business-type Activities 2020 Compared to 2019

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 803,204	\$ 1,293,318	\$ (490,114)	-37.9%
Long-term assets	97,329	96,624	705	0.7%
Capital assets	<u>17,224,726</u>	<u>17,326,015</u>	<u>(101,289)</u>	<u>-0.6%</u>
Total Assets	18,125,259	18,715,957	(590,698)	-3.2%
Deferred Outflows	<u>10,300</u>	<u>11,104</u>	<u>(804)</u>	<u>-7.2%</u>
Liabilities:				
Current liabilities	116,849	135,965	(19,116)	-14.1%
Long-term liabilities	<u>929,710</u>	<u>997,585</u>	<u>(67,875)</u>	<u>-6.8%</u>
Total Liabilities	1,046,559	1,133,550	(86,991)	-7.7%
Net Position:	17,078,700	17,582,407	(503,707)	-2.9%
Net investment in				
capital assets	16,264,037	16,299,102	(35,065)	-0.2%
Restricted	97,329	96,624	705	
Unrestricted	<u>727,634</u>	<u>1,197,785</u>	<u>(470,151)</u>	<u>-39.3%</u>
Total Net Position	<u>\$ 17,089,000</u>	<u>\$ 17,593,511</u>	<u>\$ (504,511)</u>	<u>-2.9%</u>

Summary of Statement of Total Net Position - 2020 Compared to 2019

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 6,738,122	\$ 7,795,757	\$(1,057,635)	-13.6%
Long-term assets	97,329	96,624	705	0.7%
Capital assets	<u>32,241,128</u>	<u>33,126,222</u>	<u>(885,094)</u>	-2.7%
Total Assets	39,076,579	41,018,603	(1,942,024)	-4.7%
Deferred Outflows of Resources				
Deferred loss on refunding	10,300	11,104	(804)	-7.2%
Deferred pension outflow (Note 7)	427,594	541,928	(114,334)	-21.1%
Liabilities:				
Current liabilities	507,361	487,347	20,014	4.1%
Long-term liabilities	<u>1,078,078</u>	<u>1,275,659</u>	<u>(197,581)</u>	-15.5%
Total Liabilities	1,585,439	1,763,006	(177,567)	-10.1%
Deferred Inflows of Revenues				
Property tax revenue	135,092	131,936	3,156	2.4%
Deferred pension inflow (Note 7)	94,923	7,406	87,517	
Deferred loss on refunding	10,300			
Net Position:	37,699,019	39,669,287	(1,970,268)	-5.0%
Net investment in				
capital assets	31,280,439	32,099,309	(818,870)	-2.6%
Restricted	2,552,592	2,703,790		
Unrestricted	<u>3,865,988</u>	<u>4,866,188</u>	<u>(1,000,200)</u>	-20.6%
Total Net Position	<u>\$ 37,699,019</u>	<u>\$ 39,669,287</u>	<u>\$(1,970,268)</u>	-5.0%

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

	Governmental Activities	Business-Type Activities	Total	Percent of Total
Revenues:				
<i>Program Revenues:</i>				
Charges for Service	\$ 396,967	\$ 1,057,618	\$ 1,454,585	17.6%
Grants, contributions, etc.	841,240	478,040	1,319,280	15.9%
Total Program Revenues	1,238,207	1,535,658	2,773,865	33.5%
<i>General Revenues:</i>				
Property Taxes	133,044		133,044	1.6%
Sales & Lodging Taxes	869,846		869,846	10.5%
Gaming Taxes	1,527,761		1,527,761	18.5%
Other Taxes	21,727		21,727	0.3%
Device Fees	2,535,666	179,812	2,715,478	32.8%
Investment Earnings	35,451	6,192	41,643	0.5%
Miscellaneous	156,124	38,878	195,002	2.5%
Transfers	9,500	(9,500)	-	0.0%
Total General Revenues	5,289,119	215,382	5,504,501	66.5%
Total Revenues	6,527,326	1,751,040	8,278,366	100.0%
Expenses:				
General Government	3,157,814		3,157,814	30.8%
Public Safety	3,269,035		3,269,035	31.9%
Streets	803,602		803,602	7.8%
Culture and Recreation	762,632		762,632	7.4%
Interest			-	0.0%
Water and Sewer		2,255,551	2,255,551	22.0%
Total Expenses	7,993,083	2,255,551	10,248,634	100.0%
Change in Net Position	(1,465,757)	(504,511)	(1,970,268)	
Beginning Net Position	22,075,776	17,593,511	39,669,287	
Ending Net Position	\$ 20,610,019	\$ 17,089,000	\$ 37,699,019	

GOVERNMENTAL REVENUES

The City is heavily reliant on gaming industry to generate revenues. 39.3% of governmental general revenues are device fees, compared with 45.8% in 2019. Many devices were removed by the casinos in 2020, due to the COVID-19 social distancing requirements. Device fees, the state gaming tax distribution to the general fund, and the distribution of gaming tax through the historic preservation fund make up 63% of all governmental activities revenue. The City levies device fees quarterly. However, beginning in July 2009 casinos can pay the fees monthly. Each casino pays a fee for each gaming device (slot machine, table, etc.). A current schedule of device fees may be obtained from the City's finance office 689-2502.

Although the City received \$133,044 in property taxes and \$896,846 in sales and lodging taxes, the gaming taxes, which are received annually from the State of Colorado, based on market share, make up 23.7%, vs. 33.6% in 2019, of governmental general revenues. Therefore, when you combine device fee revenue (39.3%) and gaming taxes (23.7%), the governmental revenues directly attributable to gaming is 63%, versus 79.4% in 2019. The City of Cripple Creek is very reliant on the gaming industry for its revenues. Three other sources of governmental revenues experienced the following changes for 2020: property taxes were up \$2,427, sales and lodging tax collections were down \$95,869 or 10%, due to COVID-19 impacts. Investment earnings were down \$75,535 or 68%, due to the Federal Reserve actions with interest rates to try and offset COVID-19 economic impacts.

GOVERNMENTAL FUNCTIONAL EXPENSES

Ninety percent of total governmental expenditures are spent on general government, public safety, and streets, which is one percent higher than the 89% in 2019. The streets expenses include the depreciation of infrastructure.

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

Government Activities Total Cost of Service - 2020 Compared to 2019

	Total Cost 2020	Total Cost 2019	Dollar Change	Percent Change
General government	3,157,814	3,998,843	(841,029)	-21.0%
Public Safety	3,269,035	3,458,338	(189,303)	-5.5%
Streets	803,602	930,470	(126,868)	-13.6%
Interest	-	143	(143)	100.0%
Culture & Recreation	762,632	1,066,468	(303,836)	-28.5%
Total	\$ 7,993,083	\$ 9,454,262	\$(1,461,179)	-15.5%

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

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The operating revenues for the water and sewer fund were up \$43,660, or 4% from 2019, due to more water sales to Newmont Mining. Operating expenses were down \$120,060 or 5%, compared to 2019. These business-type activities reported a \$1,125,101 operating loss compared to an operating loss of \$1,288,821 for the prior year, a decrease of \$163,720 or 12.7%. Although operating losses are common in this fund, the user rates are not established to recover total cost since a portion of the device fees are included in this fund to offset the operating losses. The total net position decreased in calendar 2020 by \$504,511 versus a decrease of \$955,499 in calendar 2019. Personnel service costs (labor costs) decreased \$47,352 or 6.8% over 2019. Depreciation costs increased approximately \$30,394, or 2.7%, over calendar 2019.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds (General and Historic Preservation Funds) are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$5,389,869. Of this year-end total, \$2,934,606, or 73% is unassigned indicating availability for continuing City service requirements. Legally restricted fund balances (i.e. the reserved fund balances) relates to the Tabor (Tax Payer Bill of Rights) requirement to set aside a portion of fund balance for emergencies, funds donated for a specific purpose and funds restricted for Historic Preservation totaled \$2,455,263. The total ending fund balances of governmental funds shows a decrease of \$662,501 or 11% compared to the prior year. The decrease is due to the impact of COVID-19, the casinos being closed for three months, and impacts on device fees and gaming taxes.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance decreased by \$512,982 or 14%, due to COVID-19 impacts. Property taxes represent only 2.2% of total general fund revenues. Device fee revenue decreased \$1,064,755, or 30% for the year. Gaming taxes received by the general fund decreased \$724,949, or approximately 41%. The decrease was caused by COVID-19 impacts. Investment earnings were down \$46,425 or 68%, due to actions taken by the Federal Reserve on interest rates due to the economic impact of COVID-19.

In the General Fund, the expenditures side shows a decrease of \$1,410,693 or 17.7% over the prior year. Expenditures decreased due the impacts of COVID-19 and the cost cutting measures implemented by the city in April 2020. The General Fund's ending fund balance is considered adequate, representing the equivalent of 48% of annual expenditures. The figure was 46% for 2019.

The Historic Preservation Fund decreased its fund balance by \$149,519 or 6.3%. Revenues decreased \$634,920, or 53% compared to 2019, primarily due to COVID-19 impacts on the gaming tax distribution. Expenses decreased \$292,010, or 31%, due to the cost cutting measures implemented in April 2020.

Budgetary Highlights

The following table highlights the 2020 adopted budget vs. the actual experience that was incurred during the year.

Budgetary Highlights by Fund

	2020 Adopted Budget	2020 Actual	Variance - Actual to Budget
General Fund:			
Revenues	8,173,376	5,951,942	(2,221,434)
Expenditures	8,566,144	6,567,411	(1,998,733)
Historic Preservation Fund:			
Revenues	1,247,245	565,884	(681,361)
Expenditures	1,218,258	640,403	(577,855)
Enterprise Fund:			
Revenues	2,039,077	1,760,540	(278,537)
Expenditures	2,369,483	2,230,790	(138,693)

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2020, was \$15,016,402 and \$17,224,726 respectively. The total decrease in this net investment was 3.3% for governmental and an increase of eight tenths of one percent for business-type activities. See Note 4 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	\$8,015,941	\$8,035,941	\$973,015	\$973,015	\$9,008,956	\$9,008,956
Construction in progress	106,210	113,530	-	54,900	-	54,900
Water rights	-	-	1,658,254	1,658,254	1,658,254	1,658,254
Total non-depreciable	8,122,151	8,149,471	2,631,269	2,686,169	10,667,210	10,722,110
Depreciable assets:						
Land improvements	-	-	12,271,155	12,271,155	12,271,155	12,271,155
Buildings	15,063,677	15,058,477	-	-	15,063,677	15,058,477
Equipment	2,666,467	2,597,622	1,626,116	1,608,373	4,292,583	4,205,995
Infrastructure and plants	33,994,885	33,841,459	22,135,416	21,116,518	56,130,301	54,957,977
Total Depreciable assets	43,602,878	43,347,558	36,032,687	34,996,046	87,757,716	86,493,604
Less accumulated depreciation	36,708,627	35,696,822	18,807,961	17,670,031	55,516,588	53,366,853
Book value - depreciable assets	6,894,251	7,377,736	17,224,726	17,326,015	32,241,128	33,126,751
Percentage depreciated	71%	69%	52%	50%	63%	62%
Book value - all assets	\$15,016,402	\$15,800,207	\$19,855,995	\$20,012,184	\$43,014,548	\$43,962,391
Change in \$	(791,654)		(156,189)		(947,843)	
Change in %	-3.3%		-0.8%		-2.2%	

On December 31, 2020, the depreciable capital assets for governmental activities were 71% depreciated. This compares to 69% on December 31, 2019. With the City's business type activities, 52% of the asset values were depreciated on December 31, 2020 compared to 50% on December 31, 2019. Overall, the City percentage of assets depreciated in both governmental and business activity is 63%, compared to 62% in 2019.

Long-term Debt

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

At the end of the calendar year in the water and sewer fund, the City had total bonded principal debt outstanding of \$945,000, which represents a decrease of 6.4% from 2019. These bonds are supported by pledged revenues generated primarily by the water and sewer fund. This fund also reports notes payable and compensated absences payable.

Outstanding Borrowing

	Governmental Activities		Business-type Activities		Totals		%
	2020	2019	2020	2019	2020	2019	Change
	Revenue Bonds	\$ -	\$ -	\$945,000	\$1,010,000	\$945,000	\$1,010,000
Capital Leases	-	-	-	-	-	-	
Notes							
Premium on bond			25,989	28,017			
Compensated absences	185,460	169,239	29,651	24,460	215,111	193,699	11.1%
Total	\$185,460	\$169,239	\$1,000,640	\$1,062,477	\$1,160,111	\$1,203,699	-3.6%

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

Summary of Revenues and Expenditures

Total Revenues - All Funds			Dollar	Percent
	2020	2019	Change	Change
General Fund	\$ 5,951,942	\$8,026,963	\$(2,075,021)	-25.9%
Historic Preservation Fund	565,884	1,200,804	(634,920)	-52.9%
Enterprise Fund	1,760,540	1,482,335	278,205	18.8%
Total	8,278,366	10,710,102	(2,431,736)	-22.7%

Total Expenditures - All Funds

Total Expenditures - All Funds			Dollar	Percent
	2020	2019	Change	Change
General Fund	6,567,411	7,978,104	(1,410,693)	-17.7%
Historic Preservation Fund	640,403	932,413	(292,010)	-31.3%
Enterprise Fund	2,230,790	1,469,188	761,602	51.8%
Total	9,438,604	10,379,705	(941,101)	-9.1%

Excess (Deficit) Revenues to Expenditures

Excess (Deficit) Revenues to Expenditures			Dollar	Percent
	2020	2019	Change	Change
General Fund	(615,469)	48,859	(664,328)	-1359.7%
Historic Preservation Fund	(74,519)	268,391	(342,910)	-127.8%
Enterprise Fund	(470,250)	13,147	(483,397)	3676.9%
Total	\$ (1,160,238)	\$330,397	\$(1,490,635)	451.2%

Economic Conditions Affecting the City

The City experienced a decrease in its total revenues in 2020 – of \$2,431,736, or 22.7%. The decrease in revenue primarily came from the impact of the COVID-19 Pandemic on the city’s two main sources of revenue – device fees and gaming taxes. Unfortunately, the number of gaming devices has not returned to pre COVID levels and may not for quite some time.

On the expense side of the equation, the City decreased total expenditures by \$941,101, or 9.1%, from 2019 to 2020. The General Fund reduced expenditures by \$1.4 million, or 17.7%. The Historic Preservation Fund reduced expenses by \$292K, or 31.3%. The Enterprise Fund increased its spending by \$761K, or 51.8%, because the city went ahead with the \$1 million plus Bennett Avenue water pipe/gasket project.

In summary, the impact of the COVID-19 Pandemic has been tremendous on the city. Even with life returning to a more normal status in 2021 with the widespread availability of vaccines, due to social distancing and other factors, the number of gaming devices (the city’s main source of revenue) are still down 711 devices, or 20%, comparing the second quarter of 2021 to the second quarter of 2020. It is unknown how long it will take for the number of devices in town to return to their pre COVID-19 level of over 3,500. In addition, gaming taxes for 2021 are projected to be lower than usual, due to the on-going impacts of the pandemic.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's finance director at 719-689-2502.

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF NET POSITION

December 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 158,663	\$ 243,041	\$ 401,704
Investments	5,218,283	512,954	5,731,237
Receivables:			
Accounts	366,343	47,209	413,552
Property taxes	135,092	—	135,092
Capital Assets			
Nondepreciable capital assets	8,122,151	2,631,269	10,753,420
Depreciable capital assets, net	6,894,251	14,593,457	21,487,708
Other Long-Term Assets			
Restricted investments	—	97,329	97,329
Net pension asset	56,537	—	56,537
Total Assets	20,951,320	18,125,259	39,076,579
Deferred Outflows Of Resources			
Deferred loss on refunding	—	10,300	10,300
Deferred pension outflow	427,594	—	427,594
Total Deferred Outflows Of Resources	427,594	10,300	437,894
Liabilities			
Current Liabilities			
Accounts payable	283,048	18,976	302,024
Accrued expenses	70,372	8,025	78,397
Accrued interest	—	5,025	5,025
Unearned revenues	—	13,893	13,893
Compensated absences payable, current	37,092	5,930	43,022
Bonds payable, current	—	65,000	65,000
Long-Term Liabilities			
Compensated absences payable	148,368	23,721	172,089
Bonds payable	—	880,000	880,000
Bond premium	—	25,989	25,989
Total Liabilities	538,880	1,046,559	1,585,439
Deferred Inflows Of Resources			
Property tax revenue	135,092	—	135,092
Deferred pension inflow	94,923	—	94,923
Total Deferred Inflows Of Resources	230,015	—	230,015
Net Position			
Net investment in capital assets	15,016,402	16,264,037	31,280,439
Restricted for:			
Emergencies	228,684	—	228,684
Historic preservation	2,226,579	—	2,226,579
Debt service	—	97,329	97,329
Unrestricted	3,138,354	727,634	3,865,988
Total Net Position	\$ 20,610,019	\$ 17,089,000	\$ 37,699,019

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2020

Function/Program	Program Revenues			Net Revenue (Expenses) And Changes In Net Position		
	Expenses	Operating Grants And Contributions		Governmental Activities	Business-Type Activities	Total
		Charges For Services And Sales	Grants			
Primary Government						
Governmental Activities						
General government	\$ 3,157,814	\$ 348,165	\$ 186,305	\$ (2,623,344)	\$ —	\$ (2,623,344)
Public safety	3,269,035	10,993	508,447	(2,674,595)	—	(2,674,595)
Streets	803,602	—	58,941	(744,661)	—	(744,661)
Culture and recreation	762,632	37,809	12,547	(712,276)	—	(712,276)
Total Governmental Activities	7,993,083	396,967	766,240	(6,754,876)	—	(6,754,876)
Business-Type Activities						
Water and sewer	2,255,551	1,057,618	478,040	—	(719,893)	(719,893)
Total - Primary Government	\$ 10,248,634	\$ 1,454,585	\$ 766,240	(6,754,876)	(719,893)	(7,474,769)
General Revenues						
Property taxes				133,044	—	133,044
Sales and lodging taxes				869,846	—	869,846
Gaming taxes				1,527,761	—	1,527,761
Other taxes				21,727	—	21,727
Device fees				2,535,666	179,812	2,715,478
Investment earnings				35,451	6,192	41,643
Miscellaneous				156,124	38,878	195,002
Transfers				9,500	(9,500)	—
Total General Revenues				5,289,119	215,382	5,504,501
Changes In Net Position				(1,465,757)	(504,511)	(1,970,268)
Net Position, Beginning Of Year				22,075,776	17,593,511	39,669,287
Net Position, End Of Year				\$ 20,610,019	\$ 17,089,000	\$ 37,699,019

See the notes to financial statements.

CITY OF CRIPPLE CREEK, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS**December 31, 2020**

	Assets		
	General	Historic Preservation	Total Governmental Funds
Cash and cash equivalents	\$ 146,150	\$ 12,513	\$ 158,663
Investments	2,991,784	2,226,499	5,218,283
Receivables:			
Accounts	366,343	—	366,343
Property taxes	135,092	—	135,092
Total Assets	\$ 3,639,369	\$ 2,239,012	\$ 5,878,381

Liabilities, Deferred Inflows Of Resources And Fund Balance

Liabilities			
Accounts payable	\$ 272,518	\$ 10,530	\$ 283,048
Accrued expenditures	68,469	1,903	70,372
Total Liabilities	340,987	12,433	353,420
Deferred Inflows Of Resources			
Property tax revenue	135,092	—	135,092
Fund Balance			
Restricted	228,684	2,226,579	2,455,263
Unassigned	2,934,606	—	2,934,606
Total Fund Balance	3,163,290	2,226,579	5,389,869
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 3,639,369	\$ 2,239,012	\$ 5,878,381

CITY OF CRIPPLE CREEK, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2020**

Total Governmental Fund Balances	\$	5,389,869
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets		8,122,151
Depreciable capital assets	\$ 43,602,878	
Less: Accumulated depreciation	<u>(36,708,627)</u>	6,894,251
 Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, are not reported in the funds.		
Net pension asset		56,537
Deferred outflow of resources		427,594
Deferred inflow of resources		(94,923)
 Compensated absences are not reported in the funds statements until due, but are reported in the statement of net position when the liability is incurred.		
Compensated absences		<u>(185,460)</u>
 Net Position Of Governmental Activities	 \$	 <u>20,610,019</u>

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2020

	General	Historic Preservation	Total Governmental Funds
Revenues			
Property taxes	\$ 133,044	\$ —	\$ 133,044
Sales taxes	697,173	—	697,173
Lodging taxes	172,673	—	172,673
Gaming taxes	1,029,625	498,136	1,527,761
Other taxes	21,727	—	21,727
Device fees	2,535,666	—	2,535,666
Intergovernmental	835,404	—	835,404
Licenses and permits	43,028	—	43,028
Charges for service	281,945	—	281,945
Fines and forfeitures	10,845	—	10,845
Investment earnings	21,439	14,012	35,451
Rental income	23,192	—	23,192
Operating grants, contributions and interest	—	5,836	5,836
Ticket and retail sales	148	37,809	37,957
Miscellaneous	146,033	10,091	156,124
Total Revenues	5,951,942	565,884	6,517,826
Expenditures			
Current:			
General government	2,648,745	395,832	3,044,577
Public safety	2,963,275	—	2,963,275
Streets	223,838	—	223,838
Culture and recreation	452,294	244,571	696,865
Capital outlay	279,259	—	279,259
Total Expenditures	6,567,411	640,403	7,207,814
Other Financing Sources (Uses)			
Transfers in (out)	84,500	(75,000)	9,500
Proceeds from sale of asset	17,987	—	17,987
Other Financing Sources (Uses)	102,487	(75,000)	27,487
Net Changes In Fund Balance	(512,982)	(149,519)	(662,501)
Fund Balance, Beginning Of Year	3,676,272	2,376,098	6,052,370
Fund Balance, End Of Year	\$ 3,163,290	\$ 2,226,579	\$ 5,389,869

CITY OF CRIPPLE CREEK, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2020

Net Change In Fund Balances - Total Governmental Funds			\$ (662,501)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:			
Depreciation expense	\$	(1,011,805)	
Capital outlay		255,320	
Disposal of capital assets		(27,320)	(783,805)
Pension amounts do not use current financial resources and, therefore, are not reported in the governmental funds.			
			(3,230)
Compensated absences reported in the government-wide statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Liability at December 31, 2020		(185,460)	
Liability at December 31, 2019		169,239	
Changes in compensated absences			<u>(16,221)</u>
Change In Net Position Of Governmental Activities			<u>\$ (1,465,757)</u>

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF NET POSITION - WATER AND SEWER FUND

December 31, 2020

(With Comparative Financial Information

As Of December 31, 2019)

Assets

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 243,041	\$ 282,514
Investments	512,954	957,336
Accounts receivable	47,209	53,468
Total Current Assets	803,204	1,293,318
Noncurrent Assets		
Restricted assets:		
Investments	97,329	96,624
Capital assets:		
Nondepreciable capital assets	2,631,269	2,686,169
Depreciable capital assets, net	14,593,457	14,639,846
Total Noncurrent Assets	17,322,055	17,422,639
Total Assets	18,125,259	18,715,957

Deferred Outflows Of Resources

Deferred loss on refunding	10,300	11,104
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Liabilities And Net Position

Current Liabilities

Accounts payable	18,976	34,612
Accrued wages	8,025	6,384
Accrued interest	5,025	—
Unearned revenues	13,893	30,077
Compensated absences payable	5,930	4,892
Bonds payable, current portion	65,000	60,000
Total Current Liabilities	116,849	135,965

Long-Term Liabilities

Compensated absences payable	23,721	19,568
Bonds payable	880,000	950,000
Bond premium	25,989	28,017
Total Long-Term Liabilities	929,710	997,585

Total Liabilities

1,046,559 1,133,550

Net Position

Net investment in capital assets	16,264,037	16,299,102
Restricted	97,329	96,624
Unrestricted	727,634	1,197,785
Total Net Position	\$ 17,089,000	\$ 17,593,511

CITY OF CRIPPLE CREEK, COLORADO

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

For The Year Ended December 31, 2020

(With Comparative Financial Information
For The Year Ended December 31, 2019)

	2020	2019
Operating Revenues		
Water fees	\$ 854,574	\$ 781,386
Sewer fees	191,044	216,171
Tap fees	12,000	12,000
Miscellaneous	38,878	43,279
Total Operating Revenues	1,096,496	1,052,836
Operating Expenses		
Professional services	79,453	86,089
Supplies	25,395	23,252
Personnel services	650,023	697,375
Maintenance and repairs	89,350	178,561
Utilities and telephone	176,804	187,943
Depreciation	1,137,930	1,107,536
Other	62,642	60,901
Total Operating Expenses	2,221,597	2,341,657
Operating Loss	(1,125,101)	(1,288,821)
Nonoperating Revenues (Expenses)		
Interest and fiscal charges	(33,954)	(26,573)
Interest earnings	6,192	23,968
Bond refinance costs	—	(40,104)
Gain on sale of assets	—	320
Device fees (security for debt)	179,812	405,211
Total Nonoperating Revenues	152,050	362,822
Income Before Transfers And Capital Contributions	(973,051)	(925,999)
Capital Contributions And Transfers		
Capital contributions	478,040	—
Transfers out	(9,500)	(9,500)
Change In Net Position	(504,511)	(935,499)
Net Position, Beginning Of Year	17,593,511	18,529,010
Net Position, End Of Year	\$ 17,089,000	\$ 17,593,511

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF CASH FLOWS - WATER AND SEWER FUND

For The Year Ended December 31, 2020

(With Comparative Financial Information

For The Year Ended December 31, 2019)

	2020	2019
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,086,571	\$ 1,043,393
Cash payments to employees for personnel services	(643,191)	(695,240)
Cash payments for goods and services	(449,280)	(569,031)
Net Cash Used In Operating Activities	(5,900)	(220,878)
Cash Flows From Noncapital Financing Activities		
Device fees	179,812	405,211
Grants	—	(40,104)
Transfer to general fund	(9,500)	(9,500)
Net Cash Provided By Noncapital Financing Activities	170,312	355,607
Cash Flows From Capital And Related Financing Activities		
Capital contribution	478,040	—
Proceeds from debt issuance	—	1,078,017
Principal paid on revenue bonds	(65,000)	(40,000)
Retirement of bond principal	—	(1,095,569)
Principal paid on capital leases	—	(11,104)
Proceeds from sales of capital assets	—	319
Interest paid on capital financing	(30,153)	(44,673)
Payments for capital asset acquisitions	(1,036,641)	(152,771)
Net Cash Used In Capital And Related Financing Activities	(653,754)	(265,781)
Cash Flows From Investing Activities		
Investment earnings	6,192	23,969
Proceeds from sales of investments	443,677	(23,969)
Net Cash Provided By Investing Activities	449,869	—
Net Increase (Decrease) In Cash And Cash Equivalents	(39,473)	(131,052)
Cash And Equivalents, Beginning Of Year	282,514	413,566
Cash And Equivalents, End Of Year	\$ 243,041	\$ 282,514
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (1,125,101)	\$ (1,288,821)
Adjustments		
Depreciation	1,137,930	1,107,536
(Increase) decrease in assets:		
Accounts receivable	6,259	(23,023)
Increase (decrease) in liabilities:		
Accounts payable	(15,636)	(22,785)
Accrued wages	1,641	(908)
Unearned revenue	(16,184)	13,580
Compensated absences payable	5,191	(6,457)
Net Cash Used In Operating Activities	\$ (5,900)	\$ (220,878)

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

1. Summary Of Significant Accounting Policies

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

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

Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization or (2) the City is legally entitled to or can otherwise access the organization's resources or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt. Based upon these criteria, the City is the total reporting entity, and no component units are included.

Basis Of Presentation

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

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

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City. Other revenue sources not properly included with program revenues are reported as general revenues of the City.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

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

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

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

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

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

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Measurement Focus

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

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

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

Basis Of Accounting

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

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

Revenues - Nonexchange Transactions - Nonexchange transactions, in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, gaming taxes, device fees, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Property taxes are assessed in one year for the subsequent year’s budget. Therefore, at December 31, in the government-wide financial statements, the City reports property taxes receivable and an equal amount of deferred inflows of resources. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within 60 days) before it can be recognized on the governmental funds balance sheet. If not collected within 60 days of year end, the property tax receivable is recorded as a deferred inflow of resources.

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

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

Unearned Revenue

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

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

Expenses/Expenditures

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

Cash, Cash Equivalents And Investments

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

Receivables

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

Property Taxes

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

Capital Assets

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

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

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

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

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

Deferred Outflows/Inflows Of Resources

In addition to assets, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68), as well as deferred loss amounts related to debt refunding transactions.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the government-wide financial statements in the period that the amounts were levied for. The City has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements of GASB 68.

Compensated Absences

Vacation benefits are accrued as a liability, as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits do not vest and therefore are not accrued. All compensated absence liabilities include salary-related payments, where applicable.

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

Accrued Liabilities And Long-Term Obligations

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

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Pensions

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

Fund Equity

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

Fund Balance - Generally, fund balance represents the difference between current assets, deferred outflows, current liabilities and deferred inflows. Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The City restricts amounts that have limitations imposed by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City's highest level of decision-making authority. Committed fund balance includes amounts that can only be used for specific purposes. Commitments may be modified or rescinded only through resolutions approved by the City Council. Assigned fund balance includes amounts constrained for a specific purpose by the governing body or a committee or official that has been designated authority by the City Council to assign amounts. The Finance Director is designated as the person to determine fund balance amounts that will be reported as assigned on the City's year-end financial statements. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

Operating Revenues And Expenses

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

Contributions Of Capital

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

Interfund Activity

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

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Summarized Comparative Data

The basic financial statements include certain prior-year partial comparative information in total, but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Stewardship, Compliance And Accountability

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

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

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

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

2. Cash And Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) of 1989 requires that all units of local government deposit cash in eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2020, the City had bank deposits of \$308,699 collateralized with securities held by the financial institution's agent but not in the City's name.

Custodial Credit Risk - This is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2020, the City's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA. The City does not have a deposit policy for custodial credit risk beyond Colorado State Statute requirements.

Restricted Investments

The Water and Sewer Fund (an enterprise fund) is required to establish a bond reserve account related to the 2019 refunding bonds, restricted for the payment of the bonds and related interest. As of December 31, 2020, the Bond Reserve Account held a balance of \$97,329 to meet the requirement. The City holds the investment in a Colorado Government Liquid Asset Trust (COLOTRUST or the Trust) account.

Investments

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

As of December 31, 2020, the City's investments had the following maturities:

Investment Type For The City	Fair Value	Up To 120 Days	Credit Rating
COLOTRUST	\$ 5,828,566	\$ 5,828,566	AAAm
Total Investments Controlled By The City	\$ 5,828,566	\$ 5,828,566	

The City invested \$5,828,566 in COLOTRUST. The Trust is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing public investment pools. The investment is an external investment pool that reports at the fair value per share of the pool's underlying portfolio. The unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held. For pricing and redeeming shares, COLOTRUST maintains a stable net asset value (NAV) of \$1 per share, which approximates fair value. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. All COLOTRUST investments are reported at NAV. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, which are both rated AAAM by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements and information about the pool for COLOTRUST may be obtained through its website at www.colotruster.com. COLOTRUST may, without the necessity of a formal meeting of their Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed shares under certain specific conditions described in their trust indenture, and during any financial emergency when it is not reasonably practicable because of substantial losses which might be incurred.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Total Cash, Cash Equivalents And Investments

Total cash and cash equivalents	\$ 401,704
Total investments and restricted investments	<u>5,828,566</u>
Total Cash, Cash Equivalents And Investments	<u>\$ 6,230,270</u>

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

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

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

Concentration Risk - The City has 100% of its total investments with COLOTRUST. However, GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, and the City's investment policy do not recognize investments in external investment pools as being an exposure to concentration risk.

3. Receivables

Receivables at December 31, 2020 consisted of taxes, fees and billings for user charges and other grant reimbursements outstanding. Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated, not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability. As the City determined all receivables to be collectible, no allowance for doubtful accounts was recorded as of December 31, 2020.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

4. Capital Assets

Capital asset government activity for the year ended December 31, 2020 was as follows:

	Balance December 31, 2019	Additions	Deductions	Balance December 31, 2020
Government Activities				
Capital assets not being depreciated:				
Land	\$ 8,035,941	\$ —	\$ 20,000	\$ 8,015,941
Construction in process	113,530	—	7,320	106,210
Total Capital Assets Not Being Depreciated	8,149,471	—	27,320	8,122,151
Other Capital Assets				
Buildings	15,058,477	5,200	—	15,063,677
Equipment	2,597,622	68,845	—	2,666,467
Roads	15,801,919	—	—	15,801,919
Storm sewers	2,334,281	—	—	2,334,281
Sidewalks, curbs and gutters	1,440,448	—	—	1,440,448
Intersections	737,362	—	—	737,362
Street lights	1,092,679	—	—	1,092,679
Bridges	377,594	—	—	377,594
Vehicles	2,959,163	171,451	—	3,130,614
Parks	888,670	—	—	888,670
Street signs	59,343	9,824	—	69,167
Total Other Capital Assets	43,347,558	255,320	—	43,602,878
Total Cost	51,497,029	255,320	27,320	51,725,029
Accumulated Depreciation				
Buildings	10,728,754	518,459	—	11,247,213
Equipment	2,276,310	102,443	—	2,378,753
Roads	14,396,012	117,987	—	14,513,999
Storm sewers	1,467,806	66,693	—	1,534,499
Sidewalks, curbs and gutters	1,356,592	41,406	—	1,397,998
Intersections	736,572	—	—	736,572
Street lights	949,613	35,485	—	985,098
Bridges	256,765	15,104	—	271,869
Vehicles	2,803,158	81,088	—	2,884,246
Parks	665,899	29,865	—	695,764
Street signs	59,341	3,275	—	62,616
Total Accumulated Depreciation	35,696,822	1,011,805	—	36,708,627
Governmental Activities				
Capital Assets, Net	\$ 15,800,207	\$ (756,485)	\$ 27,320	\$ 15,016,402

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Governmental activities depreciation expenses were allocated as follows:

	<u>2020</u>
General government	\$ 63,744
Public safety	302,530
Streets	579,764
Culture and recreation	<u>65,767</u>
Total Governmental Activities Depreciation	<u>\$ 1,011,805</u>

Capital asset business-type activity for the year ended December 31, 2020 was as follows:

	Balance December 31, 2019	Additions	Deductions	Balance December 31, 2020
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 973,015	\$ —	\$ —	\$ 973,015
Construction in progress	54,900	—	54,900	—
Water rights	1,658,254	—	—	1,658,254
Total Capital Assets Not Being Depreciated	<u>2,686,169</u>	<u>—</u>	<u>54,900</u>	<u>2,631,269</u>
Other Capital Assets				
Land improvements	12,271,155	—	—	12,271,155
Water system	13,576,426	1,073,798	—	14,650,224
Sewer system	2,382,547	—	—	2,382,547
Sewer plant	2,471,376	—	—	2,471,376
Equipment	1,608,373	17,743	—	1,626,116
Total Other Capital Assets	<u>32,309,877</u>	<u>1,091,541</u>	<u>—</u>	<u>33,401,418</u>
Total Capital Asset Cost	<u>34,996,046</u>	<u>1,091,541</u>	<u>54,900</u>	<u>36,032,687</u>
Accumulated Depreciation				
Land improvements	2,978,880	293,399	—	3,272,279
Water system	7,351,564	372,963	—	7,724,527
Sewer system	1,485,891	60,471	—	1,546,362
Sewer plant	945,709	38,249	—	983,958
Equipment	4,907,987	372,848	—	5,280,835
Total Accumulated Depreciation	<u>17,670,031</u>	<u>1,137,930</u>	<u>—</u>	<u>18,807,961</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,326,015</u>	<u>\$ (46,389)</u>	<u>\$ 54,900</u>	<u>\$ 17,224,726</u>

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

5. Long-Term Debt

The City reports long-term debt related to its business-type activities.

Business-Type Activities - Water Revenue Refunding Bonds

In 2019, the City issued the Series 2019A Water Revenue Refunding Bonds in the amount of \$1,050,000 at an interest rate ranging from 2.00 - 3.50%. The bonds require semi-annual payments. Annual debt service requirements to amortize water and sewer bonds outstanding as of December 31, 2020 follow:

2019A Series Water Refunding Bonds			
Year	Principal	Interest	Total
2021	\$ 65,000	\$ 28,755	\$ 93,755
2022	65,000	27,357	92,357
2023	65,000	25,960	90,960
2024	65,000	24,562	89,562
2025	70,000	23,100	93,100
2026 - 2030	380,000	129,735	509,735
2031 - 2033	235,000	15,750	250,750
Total	\$ 945,000	\$ 275,219	\$ 1,220,219

Pledged Revenue And Debt Coverage Requirements

The City has issued revenue bonds to fund capital projects and infrastructure of its water and sewer system, which has pledged “net revenue” (all income and revenues directly or indirectly derived by the City less operation and maintenance expenses) toward the repayment of the revenue bonds noted above. Revenues are pledged until the bonds are paid off in full or refunded in full. Pledged net revenues recognized for the year ended December 31, 2020 were \$192,641. Debt service payments for the year ended December 31, 2020 were \$100,982.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Changes In Long-Term Liabilities

Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2020:

Governmental Activities	Beginning December 31, 2019	Additions To Principal	Reductions To Principal	Ending December 31, 2020	Due In One Year
Compensated absences	\$ 169,239	\$ 49,470	\$ (33,249)	\$ 185,460	\$ 37,092
Total Governmental Activities	\$ 169,239	\$ 49,470	\$ (33,249)	\$ 185,460	\$ 37,092

Business-Type Activities	Ending December 31, 2019	Additions To Principal	Reductions To Principal	Ending December 31, 2020	Due In One Year
Water revenue refunding bonds 2019A	\$ 1,010,000	\$ —	\$ 65,000	\$ 945,000	\$ 65,000
Premium on bond	28,017	—	2,028	25,989	—
Compensated absences	24,460	10,083	4,892	29,651	5,930
Total Business-Type Activities	\$ 1,169,550	\$ 10,083	\$ 71,920	\$ 1,000,640	\$ 70,930

Principal and interest payments related to the water revenue refunding bonds will be paid by the enterprise fund.

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

6. Defined Contribution Pension Plan

General Employees Retirement

City employees are covered under a 401(a) defined contribution plan maintained and administered through Colorado County Officials and Employees Retirement Association (CCOERA). The plan is established and amended under Colorado State Statute. Under the terms of the defined contribution plan, participants are required to contribute 8% of annual compensation with a matching amount from the City. Vesting begins immediately upon participation with 100% vesting occurring after 5 years of credited service or age 62, whichever is earlier. Defined contribution plans are not required to have actuarial valuations performed. The contributions made by the City totaled \$246,540 and the employees contributed an equal amount. In addition, employees can contribute additional funds into CCOERA's 457 plan.

Police Department Employees Retirement

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

7. FPPA Statewide Cost-Sharing Defined Benefit Pension Plan

FPPA SWDBP Plan Description

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

Contributions

Through December 31, 2020, contribution rates for the SWDBP plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDBP plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8% in 2019 and 2020. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. In 2019, members of the SWDBP plan and their employers are contributing at the rate of 10.5% and 8%, respectively, of pensionable earnings for a total contribution rate of 18.5%. In 2020, members of the SWDBP plan and their employers are contributing at the rate of 11% and 8%, respectively, of pensionable earnings for a total contribution rate of 19%.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5% and 23.0% of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4% contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4% contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25% and 4%, respectively, of pensionable earnings for a total contribution rate of 9.25% in 2019 and 9.50% in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of pensionable earnings. Employer contributions are 4% in 2019 and 2020. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member, and the City is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the City were \$57,931 for the year ended December 31, 2020.

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

At December 31, 2020, the City reported a net pension asset of \$56,537 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset was determined by an actuarial valuation as of January 1, 2020. The City's proportion of the net pension asset was based on City contributions to SWDBP for the calendar year 2019 relative to the total contributions of participating employers.

At December 31 2019, the City's portion was 0.0999%, which was a decrease of 0.0125% from its portion measured as of December 31, 2018.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

For the year ended December 31, 2020, the City recognized pension expense of \$58,919. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>
Deferred Outflows Of Resources	
Changes of assumptions	\$ 107,351
Changes in proportion and differences between contributions and proportionate share of contributions	70,982
Differences between actual and expected experience	191,330
Contributions subsequent to measurement date	57,931
<hr/>	
Total Deferred Outflows Of Resources	\$ 427,594
<hr/>	
Deferred Inflows Of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 88,877
Changes in proportion and differences between contributions and proportionate share of contributions	4,939
Differences between expected and actual experience	1,107
<hr/>	
Total Deferred Inflows Of Resources	\$ 94,923
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The amount of \$57,931 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,	
<hr/>	
2021	\$ 28,582
2022	20,885
2023	49,798
2024	12,295
2025	50,120
Thereafter	113,060
<hr/>	
Total	\$ 274,740
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CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Actuarial Assumptions

The January 1, 2020 actuarial valuation for SWDBP was used to determine the total pension liability at December 31, 2019 and actuarially determined contributions for the fiscal year ending December 31, 2020. The valuations used the following actuarial assumption and other inputs:

	<u>Actuarial Assumptions</u>
Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level % Payroll, Open
Remaining amortization period	30 Years
Actuarial assumptions:	
Investment rate of return*	7.0%
Projected salary increases*	4.25% - 11.25%
Cost of living adjustments	0.0%
 * Includes inflation at:	 2.5%

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for nondisabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The preretirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the fund's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate Of Return
Global equity	38.00%	7.00%
Equity long/short	8.00%	6.00%
Illiquid alternatives	25.00%	9.20%
Fixed income	15.00%	5.20%
Absolute return	8.00%	5.50%
Managed futures	4.00%	5.00%
Cash	2.00%	2.52%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA's Board of Directors' funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDBP plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the state and local bonds rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.00% based upon the plan's fiduciary net position projected to be sufficient to pay benefits.

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

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>Proportionate share of the net pension liability (asset)</u>	<u>\$ 342,793</u>	<u>\$ (56,537)</u>	<u>\$ (387,728)</u>

Pension Plan Fiduciary Net Position

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

8. Defined Contribution Other Post-Employment Benefit Plan

FPPA Statewide Death And Disability Plan

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

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

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Contributions - Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado Statute. The state made a one-time contribution in 1997 of \$39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further state contributions are anticipated. Members hired on or after January 1, 1997 contribute a percentage of the payroll based on actuarial experience. This represented 2.8% for 2020. The City contributed \$20,276 to the Plan during 2020.

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

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

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

9. Net Position And Fund Balance

The net investment in capital assets on the government-wide statement of net position as of December 31, 2020 was computed as follows:

	Governmental Activities	Business- Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 51,725,029	\$ 36,032,687
Less: Accumulated depreciation	36,708,627	18,807,961
Book value	15,016,402	17,224,726
Less: Capital-related debt amounts	—	960,689
Net Investment In Capital Assets	\$ 15,016,402	\$ 16,264,037

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

The table below delineates the City's December 31, 2020 ending fund balances for the governmental funds:

Fund Balances	General Fund	Historic Preservation Fund	Total
Restricted:			
Emergencies	\$ 228,684	\$ —	\$ 228,684
Historic preservation	—	2,226,579	2,226,579
Unassigned	2,934,606	—	2,934,606
Total Fund Balance	\$ 3,163,290	\$ 2,226,579	\$ 5,389,869

10. Risk Management

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

11. Contingent Liabilities And Uncertainties

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

As of December 31, 2020, there were a number of pending claims and lawsuits involving the City. The outcome of these matters is currently unknown; however, the City's legal counsel has reviewed all such litigation and claims and is of the opinion that any outstanding claims not covered by insurance would not materially affect the City's financial position.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. The City has taken a number of measures to monitor and mitigate the effects of COVID-19. There continues to be uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies, and as such, the City is unable to determine if it will have a material impact to its operations in future years.

12. Tax, Spending And Debt Limitations

Colorado voters passed an Amendment to the State Constitution, Article X, Section 20 (the Taxpayer Bill of Rights, otherwise known as TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of the state and local governments. The City, through the election process, has exempted certain revenues, not including property tax revenue, from TABOR. TABOR is complex and subject to judicial interpretation. The City recorded \$228,684 for emergency reserves in the General Fund, which it believes maintains compliance with TABOR.

13. Economic Dependency

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

14. Interfund Transactions

The Historic Preservation Fund made a transfer to the General Fund of \$75,000, which will not be paid back. The \$75,000 was used for marketing.

The Water and Sewer Fund made a transfer to the General Fund of \$9,500, which will not be paid back. The \$9,500 was used for City Council compensation.

Required Supplementary Information
(Unaudited)

CITY OF CRIPPLE CREEK, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	\$ 132,936	\$ 132,936	\$ 133,044	\$ 108
Sales tax	650,000	650,000	697,173	47,173
Lodging taxes	250,000	250,000	172,673	(77,327)
Gaming taxes	1,798,438	1,798,438	1,029,625	(768,813)
Other taxes	21,500	21,500	21,727	227
Device fees	3,558,200	3,558,200	2,535,666	(1,022,534)
Intergovernmental	931,400	931,401	835,404	(95,997)
Licenses and permits	153,300	153,300	43,028	(110,272)
Charges for service	275,600	275,600	281,945	6,345
Fines and forfeitures	14,000	14,000	10,845	(3,155)
Investment earnings	65,000	65,000	21,439	(43,561)
Rental income	22,701	22,701	23,192	491
Ticket and retail sales	800	800	148	(652)
Miscellaneous	299,501	299,501	146,033	(153,468)
Total Revenues	8,173,376	8,173,377	5,951,942	(2,221,435)
Expenditures				
General government	3,773,858	2,693,884	2,648,745	45,139
Public safety	3,372,221	3,210,333	2,963,275	247,058
Streets	361,537	226,871	223,838	3,033
Culture and recreation	572,792	527,857	452,294	75,563
Capital outlay	485,740	292,220	279,259	12,961
Total Expenditures	8,566,148	6,951,165	6,567,411	383,754
Other Financing Sources/Uses				
Transfers in	84,500	84,500	84,500	—
Net Changes In Fund Balance	\$ (308,272)	\$ 1,306,712	(512,982)	\$ (1,819,694)
Fund Balance, Beginning Of Year			3,676,272	
Fund Balance, End Of Year			\$ 3,163,290	

CITY OF CRIPPLE CREEK, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - HISTORIC PRESERVATION FUND
For The Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Gaming taxes	\$ 905,020	\$ 905,020	\$ 498,136	\$ (406,884)
Investment earnings	44,000	44,000	14,012	(29,988)
Operating grants, contributions and interest	7,700	7,700	5,836	(1,864)
Ticket and retail sales	265,500	265,500	37,809	(227,691)
Miscellaneous	25,025	25,025	10,091	(14,934)
Total Revenues	1,247,245	1,247,245	565,884	(681,361)
Expenditures				
General government	561,948	457,340	395,832	61,508
Culture and recreation	581,358	447,838	244,571	203,267
Total Expenditures	1,143,306	905,178	640,403	264,775
Other Financing Uses				
Transfer out	(75,000)	(75,000)	(75,000)	—
Other Financing Uses	(75,000)	(75,000)	(75,000)	—
Net Changes In Fund Balance	\$ 28,939	\$ 267,067	(149,519)	\$ (416,586)
Fund Balance, Beginning Of Year			<u>2,376,098</u>	
Fund Balance, End Of Year			<u>\$ 2,226,579</u>	

CITY OF CRIPPLE CREEK, COLORADO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) For The Year Ended December 31, (Measurement Date) Employee Pension Plan Year Six⁽¹⁾

	2019	2018	2017	2016	2015	2014
City's portion of the net pension asset (liability)	0.0999%	0.1124%	0.1246%	0.1336%	0.1504%	0.1423%
City's proportionate share of the net pension liability (asset)	\$ (56,537)	\$ 142,084	\$ (179,273)	\$ 48,279	\$ (2,651)	\$ (160,592)
City's covered payroll	\$ 724,138	\$ 764,813	\$ 731,112	\$ 709,191	\$ 729,600	\$ 710,738
City's proportionate share of the net pension liability (asset) as a percentage of its payroll	-7.81%	18.58%	-24.52%	6.81%	-0.36%	-22.60%
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%

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

CITY OF CRIPPLE CREEK, COLORADO

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

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 57,931	\$ 61,185	\$ 54,194	\$ 58,489	\$ 56,735	\$ 58,368
Contributions in relation to the contractually required contribution	57,931	61,185	58,016	58,489	56,735	58,368
Contribution Deficiency (Excess)	\$ —	\$ —	\$ (3,822)	\$ —	\$ —	\$ —
City's covered payroll	\$ 724,138	\$ 764,813	\$ 677,421	\$ 731,112	\$ 709,191	\$ 729,600
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.56%	8.00%	8.00%	8.00%

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

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

1. **Budgetary Information**

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

2. **Expenditures/Expenses In Excess Of Appropriation**

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

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

Supplementary Information

CITY OF CRIPPLE CREEK, COLORADO

COMPARATIVE BALANCE SHEET - GENERAL FUND

December 31, 2020

(With Comparative Financial Information

As Of December 31, 2019)

Assets	2020	2019
Cash and cash equivalents	\$ 146,150	\$ 358,513
Investments	2,991,784	3,395,465
Receivables:		
Accounts	366,343	212,290
Property taxes	135,092	131,936
Total Assets	\$ 3,639,369	\$ 4,098,204
Liabilities, Deferred Inflows Of Resources And Fund Balance		
Liabilities		
Accounts payable	\$ 272,518	\$ 228,887
Accrued expenditures	68,469	61,109
Total Liabilities	340,987	289,996
Deferred Inflows Of Resources		
Property tax revenue	135,092	131,936
Fund Balance		
Restricted	228,684	231,068
Unassigned	2,934,606	3,445,204
Total Fund Balance	3,163,290	3,676,272
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 3,639,369	\$ 4,098,204

CITY OF CRIPPLE CREEK, COLORADO

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

For The Years Ended December 31, 2020
(With Comparative Financial Information
For The Year Ended December 31, 2019)

	2020	2019
Revenues		
Property tax	\$ 133,044	\$ 130,617
Sales tax	697,173	728,356
Lodging tax	172,673	237,359
Gaming taxes	1,029,625	1,754,574
Other taxes	21,727	23,588
Device fees	2,535,666	3,600,441
Intergovernmental	835,404	636,867
Licenses and permits	43,028	184,752
Charges for service	281,945	272,232
Fines and forfeitures	10,845	13,973
Investment earnings	21,439	67,864
Rental income	23,192	23,027
Ticket and retail sales	148	677
Miscellaneous	146,033	352,636
Total Revenues	5,951,942	8,026,963
Expenditures		
General government	2,648,745	3,455,271
Public safety	2,963,275	3,189,863
Streets	223,838	336,204
Culture and recreation	452,294	531,797
Capital outlay	279,259	464,826
Debt service:		
Interest and fiscal charges	33,249	143
Total Expenditures	6,567,411	7,978,104
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(615,469)	48,859
Other Financing Sources		
Transfers in	84,500	109,500
Proceeds from sale of asset	17,987	10,950
Other Financing Sources	102,487	120,450
Net Changes In Fund Balance	(512,982)	169,309
Fund Balance, Beginning Of Year	3,676,272	3,506,963
Fund Balance, End Of Year	\$ 3,163,290	\$ 3,676,272

CITY OF CRIPPLE CREEK, COLORADO

COMPARATIVE BALANCE SHEET - HISTORIC PRESERVATION FUND

December 31, 2020

(With Comparative Financial Information

As Of December 31, 2019)

Assets	2020	2019
Cash and cash equivalents	\$ 12,513	\$ 188,625
Investments	2,226,499	2,212,497
Receivables:		
Accounts	—	3,113
Total Assets	\$ 2,239,012	\$ 2,404,235
Liabilities And Fund Balance		
Liabilities		
Accounts payable	\$ 10,530	\$ 26,033
Accrued expenditures	1,903	2,104
Total Liabilities	12,433	28,137
Fund Balance		
Restricted	2,226,579	2,376,098
Total Liabilities And Fund Balance	\$ 2,239,012	\$ 2,404,235

CITY OF CRIPPLE CREEK, COLORADO

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

**For The Years Ended December 31, 2020
(With Comparative Financial Information
For The Year Ended December 31, 2019)**

	2020	2019
Revenues		
Gaming taxes	\$ 498,136	\$ 882,947
Investment earnings	14,012	43,122
Rental income	—	200,000
Operating grants, contributions and interest	5,836	8,805
Ticket and retail sales	37,809	50,575
Miscellaneous	10,091	15,355
Total Revenues	565,884	1,200,804
Expenditures		
General government	395,832	460,154
Culture and recreation	244,571	467,259
Capital outlay	—	5,000
Total Expenditures	640,403	932,413
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(74,519)	268,391
Other Financing Uses		
Transfers out	(75,000)	(100,000)
Net Changes In Fund Balance	(149,519)	168,391
Fund Balance, Beginning Of Year	2,376,098	2,207,707
Fund Balance, End Of Year	\$ 2,226,579	\$ 2,376,098

CITY OF CRIPPLE CREEK, COLORADO

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

**For The Year Ended December 31, 2020
(With Comparative Financial Information
For The Year Ended December 31, 2019)**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	2019 Actual
Revenues					
Charges for service	\$ 1,060,677	\$ 1,060,677	\$ 1,045,618	\$ (15,059)	\$ 997,557
Device fees (security for debt)	394,800	394,800	179,812	(214,988)	405,211
Gain on sale of assets	—	—	—	—	320
Tap fees	18,000	18,000	12,000	(6,000)	12,000
Intergovernmental	500,000	500,000	478,040	(21,960)	—
Other income	41,600	41,600	38,878	(2,722)	43,279
Investment earnings	24,000	24,000	6,192	(17,808)	23,968
Total Revenues	2,039,077	2,039,077	1,760,540	(278,537)	1,482,335
Expenditures					
Professional services	100,508	76,694	79,453	(2,759)	86,089
Supplies	36,125	18,321	25,395	(7,074)	23,252
Personnel services	717,415	679,621	650,023	29,598	697,375
Maintenance and repairs	228,840	114,842	89,350	25,492	178,561
Utilities and telephone	177,870	173,909	176,804	(2,895)	187,943
Other/miscellaneous	104,073	57,875	62,642	(4,767)	60,901
Capital outlay	900,000	880,000	1,036,641	(156,641)	74,190
Debt refunding costs	—	—	—	—	40,104
Debt service	139,853	139,853	98,954	40,899	111,273
Transfers out	9,500	9,500	9,500	—	9,500
Total Expenditures	2,414,184	2,150,615	2,228,762	(78,147)	1,469,188
Change In Net Position	\$ (375,107)	\$ (111,538)	\$ (468,222)	\$ (356,684)	\$ 13,147
Reconciliation To GAAP Basis					
Add:					
Capital outlay			1,036,641		74,190
Principal retirement			65,000		84,700
Subtract:					
Depreciation			(1,137,930)		(1,107,536)
Change In Net Position			(504,511)		(935,499)
Net Position, Beginning Of Year			17,593,511		18,529,010
Net Position, End Of Year			\$ 17,089,000		\$ 17,593,511

Special Reports Section

CITY OF CRIPPLE CREEK, COLORADO

LOCAL HIGHWAY FINANCE REPORT

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Cripple Creek
	YEAR ENDING : December 2020
This Information From The Records Of The City Of Cripple Creek:	Prepared By: Paul Harris, Finance Director Phone: (719)689-2502

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	-
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	36,691
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,824
2. General fund appropriations	163,767	b. Snow and ice removal	18,934
3. Other local imposts (from page 2)	843,575	c. Other	1,340
4. Miscellaneous local receipts (from page 2)	10,845	d. Total (a. through c.)	30,098
5. Transfers from toll facilities		4. General administration & miscellaneous	168,213
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	263,672
a. Bonds - Original Issues		6. Total (1 through 5)	498,674
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	
7. Total (1 through 6)	1,018,187	b. Redemption	
B. Private Contributions	-	c. Total (a. + b.)	-
C. Receipts from State government (from page 2)	52,686	2. Notes:	
D. Receipts from Federal Government (from page 2)	-	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,070,873	b. Redemption	
		c. Total (a. + b.)	-
		3. Total (1.c + 2.c)	-
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D + E)	498,674

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursement	D. Ending Balance	E. Reconciliation
	1,397,455	1,070,873	498,674	1,969,654	-

Notes and Comments:

CITY OF CRIPPLE CREEK, COLORADO

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2020	
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	132,351	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	10,845
1. Sales Taxes	697,173	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	14,051	g. Other Misc. Receipts	
6. Total (1. through 5.)	711,224	h. Other	
c. Total (a. + b.)	843,575	i. Total (a. through h.)	10,845
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	45,010	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	7,676	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	-	e. U.S. Corps of Engineers	
e. Other (Specify) CDOT Grant	-	f. Other Federal	
f. Total (a. through e.)	7,676	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	52,686	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities		-	-
(2). Capacity Improvements		-	-
(3). System Preservation		-	-
(4). System Enhancement & Operation		-	-
(5). Total Construction (1) + (2) + (3) + (4)	-	-	-
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	-	-
			(Carry forward to page 1)
Notes and Comments:			
<p>In 2019, the City most of the city's engineering expense was on a Bennett Ave. grant.</p>			