
**CITY OF CRIPPLE CREEK,
COLORADO**
FINANCIAL STATEMENTS
DECEMBER 31, 2021



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Independent Auditors' Report

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

Report On Audit Of The Financial Statements

Opinions

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis For Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 VI, budgetary comparison information on pages 41 - 42 and 45, 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 43 and 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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.

Other Matters

Report On Comparative Information

We have previously audited the City's 2020 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated June 14, 2021. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2020 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 May 26, 2022 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.


May 26, 2022

CITY OF CRIPPLE CREEK, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS for Year Ended December 31, 2021

Our discussion and analysis of the City of Cripple Creek's financial performance provides an overview of the city's financial activities for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the City of Cripple Creek.

A. FINANCIAL HIGHLIGHTS

- The city's assets exceed liabilities and deferred inflows by \$39,026,926 (i.e., net position) at the end of the year, an increase of \$1,327,907, or 3.5%, from the prior year.
- Governmental activities reported unrestricted net position of \$5,501,470 an increase of \$2,363,116 in comparison to prior year.
- The city's unassigned fund balance for the General Fund, was \$5,302,849 an increase of \$2,368,243, an increase of 81%, in comparison to prior year.
- The city's total long-term liabilities were \$1,007,321 at the end of year. This debt is primarily associated with the water and wastewater system.

B. 2021 HIGHLIGHTS

- Affordable Housing: In 2021, the city began offering incentives to attract builders to the community. Significant interest was shown in 2021, leading to new homes being built in 2022.
- The gaming industry rebounded significantly in 2021, after being negatively impacted by COVID in 2020.
- Managed through the Coronavirus pandemic, with no significant reduction in city services or staffing.

C. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Cripple Creek's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business. The statement of net position presents information on all assets, liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, streets and highways, culture and recreation and historic preservation. The business type activities include sewer and water.

Fund financial statements. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The city's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Most of the city's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that is available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the city's General Fund and Historic Preservation Fund operations and the basic services they provide. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the city's programs. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in a reconciliation statement.

Proprietary Funds. Proprietary funds are maintained as follows: the Enterprise Fund is used to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The city reports its water and sewer operations as an Enterprise Fund.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

D. GOVERNMENT-WIDE FINANCIAL ANALYSIS

On December 31, 2021, total net position was \$39,026,926, an increase of \$1,327,907 from the prior year. This increase was largely due to increases in investments as the city rebuilt its fund balances after being reduced significantly in 2020 by COVID revenue losses. Additionally, the city significantly reduced spending for the second year in a row to mitigate potential negative financial impacts associated with the pandemic. A large portion of net position is the investment in capital assets (net of related debt) which accounts for 76% of total net position. This amount reflects the investment in all capital assets less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending. Unrestricted net position is the part of net position that can be used to finance day to day operations without constraints, represents 16.4% of total net position. The restricted net position includes historic preservation (90%), labor emergency set aside (6.7%) and debt service (3.3%).

The following table summarizes the Town's net position:

City of Cripple Creek's Summary of Net Position

	Governmental		Governmental		Business		Business		Total		Total	
	Activities		Activities		Activities		Activities		2021		2020	
	2021		2020		2021		2020					
Assets:												
Current assets	\$	8,877,160	\$	5,934,918	\$	967,026	\$	803,204	\$	9,844,186	\$	6,738,122
Long-term assets		-		-		97,376		97,329		97,376		97,329
Capital assets		14,617,220		15,016,402		16,086,797		17,224,726		30,704,017		32,241,128
Total Assets		23,494,380		20,951,320		17,151,199		18,125,259		40,645,579		39,076,579
Deferred Outflows of Resources												
Deferred loss on refunding		-		-		9,499		10,300		9,499		10,300
Deferred pension outflow (Note 7)		394,711		427,594		-		-		394,711		427,594
Total Deferred Outflows of Resources		394,711		427,594						404,210		427,594
Liabilities:												
Current liabilities		527,830		390,512		131,566		116,849		659,396		507,361
Long-term liabilities		148,560		148,368		858,761		929,710		1,007,321		1,078,078
Total Liabilities		676,390		538,880		990,327		1,046,559		1,666,717		1,585,439
Deferred Inflows of Revenues:												
Property tax revenue		141,733		135,092		-		-		141,733		135,092
Deferred pension inflow (Note 7)		214,413		94,923		-		-		214,413		94,923
Total Deferred Inflows of Resources		356,146		230,015		-		-		356,146		230,015
Net Position:												
Net investment in capital assets		14,617,220		15,016,402		15,192,330		16,264,037		29,809,550		31,280,439
Restricted		2,737,865		2,455,263		97,376		97,329		2,835,241		2,552,592
Unrestricted		5,501,470		3,138,354		880,665		727,634		6,382,135		3,865,988
Total Net Position	\$	22,856,555	\$	20,610,019	\$	16,170,371	\$	17,089,000	\$	39,026,926	\$	37,699,019

The following table summarizes the Town's changes in net position:

City of Cripple Creek's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
<i>Program Revenues:</i>						
Charges for Service Grants, contributions, etc.	\$ 1,506,802	\$ 396,967	\$ 1,159,612	\$ 1,057,618	\$ 2,666,414	\$ 1,454,585
Total Program Revenues	966,793	766,240	-	-	1,733,033	766,240
	2,473,595	1,163,207	1,159,612	1,057,618	3,633,207	2,220,825
<i>General Revenues:</i>						
Property Taxes	135,511	133,044	-	-	135,511	133,044
Sales & Lodging Taxes	1,212,748	869,846	-	-	1,212,748	869,846
Gaming Taxes	2,687,135	1,527,761	-	-	2,687,135	1,527,761
Other Taxes	23,707	21,727	-	-	23,707	21,727
Device Fees	2,977,508	2,535,666	164,142	179,812	3,141,650	2,715,478
Investment Earnings	2,491	35,451	312	6,192	2,803	41,643
Miscellaneous	211,154	156,124	58,367	38,878	269,521	195,002
Transfers	9,500	9,500	(9,500)	(9,500)	-	-
Total General Revenues	7,259,754	5,289,119	213,321	215,382	7,473,075	5,504,501
Total Revenues	9,733,349	6,452,326	1,372,933	1,273,000	11,106,282	7,725,326
Expenses:						
General Government	3,564,162	3,157,814	-	-	3,564,162	3,157,814
Public Safety	3,016,505	3,269,035	-	-	3,016,505	3,269,035
Streets	832,645	803,602	-	-	832,645	803,602
Culture and Recreation	920,108	762,632	-	-	920,108	762,632
Interest	-	-	-	-	-	-
Water and Sewer	-	-	2,291,562	2,255,551	2,291,562	2,255,551
Total Expenses	8,333,420	7,993,083	2,291,562	2,255,551	10,624,982	10,248,634
Change in Net Position	2,246,536	(1,465,757)	(918,629)	(504,511)	1,327,907	(1,970,268)
Beginning Net Position	20,610,019	22,075,776	17,089,000	17,593,511	37,699,019	39,669,287
Ending Net Position	22,856,555	\$ 20,610,019	\$ 16,170,371	\$ 17,089,000	\$ 39,026,926	\$ 37,699,019

E. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental funds. The focus of governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2021, the city's governmental funds reported combined ending fund balance of \$8,040,714, an increase of \$2,650,845, or 49%, over prior year. Of the combined ending fund balance for all governmental funds 66% of this amount or \$5,302,849, constitutes unassigned fund balance, which is available for appropriation at the city's discretion. The city has two major governmental funds. They are General and Historic Preservation Funds.

The General Fund is the primary operating fund for the City of Cripple Creek. At the end of 2021, unassigned fund balance for the General Fund was \$5,302,849. This unassigned fund balance is approximately 75% of the total 2021 expenditures of the General Fund.

The Historic Preservation Fund accounts for all revenue and expenses related to the city's historic preservation efforts, both physical and cultural. At the end of 2021, the Historic Preservation (restricted) Fund balance available for expenditure was \$2,547,724, an increase of \$321,145, or 14%. These funds are labeled as restricted because they can only be used for historic preservation purposes.

Proprietary funds. The city has one Enterprise Fund which accounts for sewer and water operations. Year-end unrestricted net position of the sewer and water fund amounted to \$880,665 in 2021, an increase of \$153,031, or 21%. The increase was primarily related to increased revenues in 2021. Year-end total net position amounted to \$16,170,371 in 2021, a decrease of \$918,609, or 5.4%, was primarily due to depreciation expense.

F. BUDGETARY HIGHLIGHTS

During the year, the city received \$158,099 from the Federal Government in American Recovery Plan Act dollars. The city will receive the same amount in 2022. The planned use for these funds is to help cover expenses incurred in the 2022 TAP Grant, curb, gutter, and sidewalk in the Galena Street area and potentially towards affordable housing in 2022 and 2023. In addition, the city received a generous one-time distribution of \$200,000 from Teller County to help the city with the significant revenue short fall caused by the COVID pandemic in 2020 and 2021. As was done in 2020, the City Council reduced expenses in the 2021 budget to offset potential revenue losses due to the pandemic. Revenues and expenditures in all funds were closely monitored throughout the year.

G. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City of Cripple Creek showed a loss of \$1,537,111, or 4.8%, in capital assets for its governmental and business type activities in 2021, this was due to depreciation expense and very little investment in 2021. As required by GASB34, the investment in capital assets includes land, buildings, improvements other than buildings, equipment, water systems, sewer systems and infrastructure.

Long-term Debt. At the end of 2021, the total outstanding long-term debt (principal and interest) of the city was \$1,078,630, an decrease of \$141,589 from 2020. The debt is attributable to business-type activities (water/sewer).

H. ECONOMIC CONDITIONS AFFECTING THE CITY

- The City of Cripple Creek continues to maintain strong reserve balances in order to be able to weather general economic down turns and more specifically economic changes in the gaming industry.
- The reduction of the number of gaming devices in the city and its impact on the device revenue is of significant concern to the city. The number of devices has still not recovered and is down 759 machines, or 21%, from the pre pandemic first quarter of 2020 to the second quarter of 2022. Device fees are the city's single largest source of revenue.
- Gaming tax distributions to the General Fund increased by \$761,559, or 74%, and Historic Preservation Fund's tax distribution increased \$487,805, or 98%, compared to 2022. Gaming Taxes are the city's second largest source of revenue.
- The opening of the Wildwood's new hotel and construction work on the Full House Casinos hotel project increased sales tax significantly in 2021, by \$231,230, or 33%, compared to 2020, and will continue to positively impact 2022. Lodging taxes increased \$111,672, or 65%, over 2020, as tourism and gaming visits rebounded.

I. REQUEST FOR INFORMATION

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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 493,686	\$ 244,949	\$ 738,635
Investments	7,298,873	688,218	7,987,091
Receivables:			
Accounts	738,856	33,848	772,704
Property taxes	141,733	—	141,733
Internal balances	(11)	11	—
Capital Assets			
Nondepreciable capital assets	8,290,695	2,631,269	10,921,964
Depreciable capital assets, net	6,326,525	13,455,528	19,782,053
Other Long-Term Assets			
Restricted investments	—	97,376	97,376
Net pension asset	204,023	—	204,023
Total Assets	23,494,380	17,151,199	40,645,579
Deferred Outflows Of Resources			
Deferred loss on refunding	—	9,499	9,499
Deferred pension outflows	394,711	—	394,711
Total Deferred Outflows Of Resources	394,711	9,499	404,210
Liabilities			
Current Liabilities			
Accounts payable	256,327	29,201	285,528
Accrued expenses	76,264	11,054	87,318
Accrued interest	—	4,779	4,779
Unearned revenues	158,099	16,583	174,682
Compensated absences payable, current	37,140	4,949	42,089
Bonds payable, current	—	65,000	65,000
Long-Term Liabilities			
Compensated absences payable	148,560	19,795	168,355
Bonds payable	—	815,000	815,000
Bond premium	—	23,966	23,966
Total Liabilities	676,390	990,327	1,666,717
Deferred Inflows Of Resources			
Property tax revenue	141,733	—	141,733
Deferred pension inflows	214,413	—	214,413
Total Deferred Inflows Of Resources	356,146	—	356,146
Net Position			
Net investment in capital assets	14,617,220	15,192,330	29,809,550
Restricted for:			
Emergencies	190,141	—	190,141
Historic preservation	2,547,724	—	2,547,724
Debt service	—	97,376	97,376
Unrestricted	5,501,470	880,665	6,382,135
Total Net Position	\$ 22,856,555	\$ 16,170,371	\$ 39,026,926

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2021

Function/Program	Program Revenues			Net Revenue (Expenses) And Changes In Net Position			
	Expenses	Operating Grants And Contributions		Capital Grants And Contributions	Primary Government Business-Type Activities		
		Charges For Services And Sales	Contributions		Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 3,564,162	\$ 1,237,116	\$ 245,010	\$ 435,175	\$ (1,646,861)	\$ —	\$ (1,646,861)
Public safety	3,016,505	9,034	264,760	20,359	(2,722,352)	—	(2,722,352)
Streets	832,645	—	425,354	391,073	(16,218)	—	(16,218)
Culture and recreation	920,108	260,652	31,669	—	(627,787)	—	(627,787)
Total Governmental Activities	8,333,420	1,506,802	966,793	846,607	(5,013,218)	—	(5,013,218)
Business-Type Activities							
Water and sewer	2,291,562	1,159,612	—	—	—	(1,131,950)	(1,131,950)
Total - Primary Government	\$ 10,624,982	\$ 2,666,414	\$ 966,793	\$ 846,607	(5,013,218)	(1,131,950)	(6,145,168)
General Revenues							
Property taxes					135,511	—	135,511
Sales and lodging taxes					1,212,748	—	1,212,748
Gaming taxes					2,687,135	—	2,687,135
Other taxes					23,707	—	23,707
Device fees					2,977,508	164,142	3,141,650
Investment earnings					2,491	312	2,803
Miscellaneous					211,154	58,367	269,521
Transfers					9,500	(9,500)	—
Total General Revenues					7,259,754	213,321	7,473,075
Changes In Net Position					2,246,536	(918,629)	1,327,907
Net Position, Beginning Of Year					20,610,019	17,089,000	37,699,019
Net Position, End Of Year					\$ 22,856,555	\$ 16,170,371	\$ 39,026,926

See the notes to financial statements.

CITY OF CRIPPLE CREEK, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

Assets

	General	Historic Preservation	Total Governmental Funds
Cash and cash equivalents	\$ 422,857	\$ 70,829	\$ 493,686
Investments	4,801,401	2,497,472	7,298,873
Receivables:			
Accounts	737,838	1,018	738,856
Property taxes	141,733	—	141,733
Total Assets	\$ 6,103,829	\$ 2,569,319	\$ 8,673,148

Liabilities, Deferred Inflows Of Resources And Fund Balance

Liabilities

Accounts payable	\$ 237,897	\$ 18,430	\$ 256,327
Accrued expenditures	73,110	3,154	76,264
Due to other funds	—	11	11
Unearned grant revenue	158,099	—	158,099
Total Liabilities	469,106	21,595	490,701

Deferred Inflows Of Resources

Property tax revenue	141,733	—	141,733
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Fund Balance

Restricted	190,141	2,547,724	2,737,865
Unassigned	5,302,849	—	5,302,849
Total Fund Balance	5,492,990	2,547,724	8,040,714

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

	\$ 6,103,829	\$ 2,569,319	\$ 8,673,148
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CITY OF CRIPPLE CREEK, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2021

Total Governmental Fund Balances \$ 8,040,714

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		8,290,695
Depreciable capital assets	\$ 43,952,634	
Less: Accumulated depreciation	<u>(37,626,109)</u>	6,326,525

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		204,023
Deferred outflows of resources		394,711
Deferred inflows of resources		<u>(214,413)</u>

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.

(185,700)

Net Position Of Governmental Activities \$ 22,856,555

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2021

	General	Historic Preservation	Total Governmental Funds
Revenues			
Property taxes	\$ 135,511	\$ —	\$ 135,511
Sales taxes	928,403	—	928,403
Lodging taxes	284,345	—	284,345
Gaming taxes	1,791,194	895,941	2,687,135
Other taxes	23,707	—	23,707
Device fees	2,977,508	—	2,977,508
Intergovernmental	1,796,512	—	1,796,512
Licenses and permits	1,020,030	—	1,020,030
Charges for service	194,261	—	194,261
Fines and forfeitures	8,671	—	8,671
Investment earnings	1,518	973	2,491
Rental income	22,825	—	22,825
Operating grants, contributions and interest	—	16,888	16,888
Ticket and retail sales	363	260,652	261,015
Miscellaneous	159,667	51,487	211,154
Total Revenues	9,344,515	1,225,941	10,570,456
Expenditures			
Current:			
General government	3,092,411	377,536	3,469,947
Public safety	2,737,291	—	2,737,291
Streets	306,927	—	306,927
Culture and recreation	418,284	442,188	860,472
Capital outlay	550,087	10,072	560,159
Total Expenditures	7,105,000	829,796	7,934,796
Other Financing Sources (Uses)			
Transfers in (out)	84,500	(75,000)	9,500
Proceeds from sale of asset	5,685	—	5,685
Other Financing Sources (Uses)	90,185	(75,000)	15,185
Net Change In Fund Balances	2,329,700	321,145	2,650,845
Fund Balances, Beginning Of Year	3,163,290	2,226,579	5,389,869
Fund Balances, End Of Year	\$ 5,492,990	\$ 2,547,724	\$ 8,040,714

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, 2021

Net Change In Fund Balances - Total Governmental Funds			\$ 2,650,845
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	\$	(917,482)	
Capital outlay		523,300	
Disposal of capital assets		(5,000)	(399,182)
Pension amounts do not use current financial resources and, therefore, are not reported in the governmental funds.			
			(4,887)
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, 2021		(185,700)	
Liability at December 31, 2020		185,460	
Changes in compensated absences			(240)
Change In Net Position Of Governmental Activities			<u>\$ 2,246,536</u>

CITY OF CRIPPLE CREEK, COLORADO

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

For The Year Ended December 31, 2021
(With Comparative Financial Information
For The Year Ended December 31, 2020)

	2021	2020
Operating Revenues		
Water fees	\$ 806,513	\$ 854,574
Sewer fees	210,649	191,044
Tap fees	142,450	12,000
Miscellaneous	53,906	38,878
Total Operating Revenues	1,213,518	1,096,496
Operating Expenses		
Professional services	121,356	79,453
Supplies	35,849	25,395
Personnel services	599,278	650,023
Maintenance and repairs	126,093	89,350
Utilities and telephone	181,771	176,804
Depreciation	1,137,929	1,137,930
Other	61,997	62,642
Total Operating Expenses	2,264,273	2,221,597
Operating Loss	(1,050,755)	(1,125,101)
Nonoperating Revenues (Expenses)		
Interest and fiscal charges	(27,289)	(33,954)
Interest earnings	312	6,192
Gain on sale of assets	4,461	—
Device fees (security for debt)	164,142	179,812
Total Nonoperating Revenues	141,626	152,050
Income Before Transfers And Capital Contributions	(909,129)	(973,051)
Capital Contributions And Transfers		
Capital contributions	—	478,040
Transfers out	(9,500)	(9,500)
Change In Net Position	(918,629)	(504,511)
Net Position, Beginning Of Year	17,089,000	17,593,511
Net Position, End Of Year	\$ 16,170,371	\$ 17,089,000

CITY OF CRIPPLE CREEK, COLORADO

STATEMENT OF CASH FLOWS - WATER AND SEWER FUND

For The Year Ended December 31, 2021
(With Comparative Financial Information
For The Year Ended December 31, 2020)

	2021	2020
Cash Flows From Operating Activities		
Cash received from customers	\$ 1,229,558	\$ 1,086,571
Cash payments to employees for personnel services	(601,156)	(643,191)
Cash payments for goods and services	(516,841)	(449,280)
Net Cash Provided By (Used In) Operating Activities	111,561	(5,900)
Cash Flows From Noncapital Financing Activities		
Device fees	164,142	179,812
Transfer to general fund	(9,500)	(9,500)
Net Cash Provided By Noncapital Financing Activities	154,642	170,312
Cash Flows From Capital And Related Financing Activities		
Capital contribution	—	478,040
Principal paid on revenue bonds	(65,000)	(65,000)
Proceeds from sales of capital assets	4,461	—
Interest paid on capital financing	(28,757)	(30,153)
Payments for capital asset acquisitions	—	(1,036,641)
Net Cash Used In Capital And Related Financing Activities	(89,296)	(653,754)
Cash Flows From Investing Activities		
Investment earnings	312	6,192
Purchases of investments	(175,311)	443,677
Net Cash Provided By (Used In) Investing Activities	(174,999)	449,869
Net Increase (Decrease) In Cash And Cash Equivalents	1,908	(39,473)
Cash And Equivalents, Beginning Of Year	243,041	282,514
Cash And Equivalents, End Of Year	\$ 244,949	\$ 243,041
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (1,050,755)	\$ (1,125,101)
Adjustments		
Depreciation	1,137,929	1,137,930
(Increase) decrease in assets:		
Accounts receivable	13,339	6,259
Due from other funds	11	—
Increase (decrease) in liabilities:		
Accounts payable	10,225	(15,636)
Accrued wages	3,029	1,641
Unearned revenue	2,690	(16,184)
Compensated absences payable	(4,907)	5,191
Net Cash Used In Operating Activities	\$ 111,561	\$ (5,900)

CITY OF CRIPPLE CREEK, COLORADO

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2021

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 state and local 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 account for resources received from gaming taxes and various charges for services, which are to be 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 is used to account for resources received from water and sewer fees to provide 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."

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 summarized 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, 2020, 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.

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, 2021, 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. At December 31, 2021, the City had bank deposits of \$678,826 collateralized with securities held by the financial institution's agent but not in the City's name. 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, 2021, the Bond Reserve Account held a balance of \$97,376 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, 2021, the City's investments had the following maturities:

Investment Type For The City	Fair Value	Up To 120 Days	Credit Rating
COLOTRUST	\$ 8,084,467	\$ 8,084,467	AAAm
Total Investments Controlled By The City	\$ 8,084,467	\$ 8,084,467	

The City invested \$8,084,467 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	\$ 738,635
Total investments and restricted investments	<u>8,084,467</u>
Total Cash, Cash Equivalents And Investments	<u><u>\$ 8,823,102</u></u>

Interest Rate Risk - Beyond Colorado State Statute requirements, the City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. No investment may be purchased with a final maturity of greater than five years.

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, which allows only investments with a credit rating of AA- or better.

Custodial Credit Risk - The City places certain limits, ranging from 10% to 50% of its total portfolio, on the amount that may be invested in any one issuer, except for investments in money market mutual funds or local government investment pools, which are unrestricted investment types per the City's investment policy.

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, 2021 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, 2021.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

4. Capital Assets

Capital asset government activity for the year ended December 31, 2021 was as follows:

	Balance December 31, 2020	Additions	Deductions	Balance December 31, 2021
Government Activities				
Capital assets not being depreciated:				
Land	\$ 8,015,941	\$ —	\$ 5,000	\$ 8,010,941
Construction in process	106,210	173,544	—	279,754
Total Capital Assets Not Being Depreciated	8,122,151	173,544	5,000	8,290,695
Other Capital Assets				
Buildings	15,063,677	20,359	—	15,084,036
Equipment	2,666,467	68,871	—	2,735,338
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	3,130,614	260,526	—	3,391,140
Parks	888,670	—	—	888,670
Street signs	69,167	—	—	69,167
Total Other Capital Assets	43,602,878	349,756	—	43,952,634
Total Cost	51,725,029	523,300	5,000	52,243,329
Accumulated Depreciation				
Buildings	11,247,213	430,755	—	11,677,968
Equipment	2,378,753	101,176	—	2,479,929
Roads	14,513,999	117,987	—	14,631,986
Storm sewers	1,534,499	66,694	—	1,601,193
Sidewalks, curbs and gutters	1,397,998	2,861	—	1,400,859
Intersections	736,572	—	—	736,572
Street lights	985,098	33,551	—	1,018,649
Bridges	271,869	15,103	—	286,972
Vehicles	2,884,246	116,215	—	3,000,461
Parks	695,764	29,866	—	725,630
Street signs	62,616	3,274	—	65,890
Total Accumulated Depreciation	36,708,627	917,482	—	37,626,109
Governmental Activities				
Capital Assets, Net	\$ 15,016,402	\$ (394,182)	\$ 5,000	\$ 14,617,220

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

Governmental activities depreciation expenses were allocated as follows:

	<u>2021</u>
General government	\$ 57,801
Public safety	274,327
Streets	525,718
Culture and recreation	<u>59,636</u>
Total Governmental Activities Depreciation	<u>\$ 917,482</u>

Capital asset business-type activity for the year ended December 31, 2021 was as follows:

	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2021</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 973,015	\$ —	\$ —	\$ 973,015
Water rights	1,658,254	—	—	1,658,254
Total Capital Assets Not Being Depreciated	<u>2,631,269</u>	<u>—</u>	<u>—</u>	<u>2,631,269</u>
Other Capital Assets				
Land improvements	12,271,155	—	—	12,271,155
Water system	14,650,224	—	—	14,650,224
Sewer system	2,382,547	—	—	2,382,547
Sewer plant	2,471,376	—	—	2,471,376
Equipment	1,626,116	—	—	1,626,116
Total Other Capital Assets	<u>33,401,418</u>	<u>—</u>	<u>—</u>	<u>33,401,418</u>
Total Capital Asset Cost	<u>36,032,687</u>	<u>—</u>	<u>—</u>	<u>36,032,687</u>
Accumulated Depreciation				
Land improvements	3,272,279	293,399	—	3,565,678
Water system	7,724,527	372,963	—	8,097,490
Sewer system	1,546,362	60,471	—	1,606,833
Sewer plant	983,958	38,249	—	1,022,207
Equipment	5,280,835	372,847	—	5,653,682
Total Accumulated Depreciation	<u>18,807,961</u>	<u>1,137,929</u>	<u>—</u>	<u>19,945,890</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,224,726</u>	<u>\$ (1,137,929)</u>	<u>\$ —</u>	<u>\$ 16,086,797</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, 2021 follow:

2019A Series Water Refunding Bonds			
Year	Principal	Interest	Total
2022	\$ 65,000	\$ 27,358	\$ 92,358
2023	65,000	25,960	90,960
2024	65,000	24,562	89,562
2025	70,000	23,100	93,100
2026	70,000	21,525	91,525
2027 - 2031	395,000	68,600	463,600
2031 - 2033	150,000	7,525	157,525
Total	\$ 880,000	\$ 198,630	\$ 1,078,630

Pledged Revenue 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, 2021 were \$251,316. Debt service payments for the year ended December 31, 2021 were \$93,775.

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, 2021:

Governmental Activities	Beginning December 31, 2020	Additions To Principal	Reductions To Principal	Ending December 31, 2021	Due In One Year
Compensated absences	\$ 185,460	\$ 240	\$ —	\$ 185,700	\$ 37,140
Total Governmental Activities	\$ 185,460	\$ 240	\$ —	\$ 185,700	\$ 37,140

Business-Type Activities	Ending December 31, 2020	Additions To Principal	Reductions To Principal	Ending December 31, 2021	Due In One Year
Water revenue refunding bonds 2019A	\$ 945,000	\$ —	\$ 65,000	\$ 880,000	\$ 65,000
Premium on bond	25,989	—	2,023	23,966	—
Compensated absences	29,652	—	4,908	24,744	4,949
Total Business-Type Activities	\$ 1,000,641	\$ —	\$ 71,931	\$ 928,710	\$ 69,949

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 \$211,452, 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, 2021, 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 8.5% in 2021. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. 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%. In 2021, members of the SWDBP plan and their employers are contributing at the rate of 11.5% and 8.5%, respectively, of pensionable earnings for a total contribution rate of 20%.

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 2020 and 2021, 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 9.5% in 2020 and 9.75% in 2021. 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% and 4.25% in 2020 and 2021, respectively. Employer contributions will increase 0.25% annually from 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 \$59,383 for the year ended December 31, 2021.

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

At December 31, 2021, the City reported a net pension asset of \$204,023 for its proportionate share of the total net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset was determined by an actuarial valuation as of January 1, 2021. The City's proportion of the net pension asset was based on City contributions to SWDBP for the calendar year 2020, relative to the total contributions of participating employers.

At December 31 2020, the City's portion was 0.0939%, which was a decrease of 0.0059% from its portion measured as of December 31, 2019.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

For the year ended December 31, 2021, the City recognized pension expense of \$66,740. At December 31, 2021, 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	\$ 86,774
Changes in proportion and differences between contributions and proportionate share of contributions	75,523
Differences between actual and expected experience	173,031
Contributions subsequent to measurement date	59,383
Total Deferred Outflows Of Resources	\$ 394,711
Deferred Inflows Of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 209,561
Changes in proportion and differences between contributions and proportionate share of contributions	4,041
Differences between expected and actual experience	811
Total Deferred Inflows Of Resources	\$ 214,413

The amount of \$59,383 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, 2022. 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,	
2022	\$ (12,457)
2023	14,724
2024	(20,532)
2025	15,021
2026	47,874
Thereafter	76,285
Total	\$ 120,915

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

Actuarial Assumptions

The January 1, 2021 actuarial valuation for SWDBP was used to determine the total pension liability at December 31, 2020 and actuarially determined contributions for the fiscal year ending December 31, 2021. The valuations used the following actuarial assumption and other inputs:

	<u>Actuarial Assumptions</u>
Valuation date	January 1, 2021
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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate Of Return
Global equity	39.00%	8.23%
Equity long/short	8.00%	6.87%
Private markets	26.00%	10.63%
Fixed income - rates	10.00%	4.01%
Fixed income - credit	5.00%	5.25%
Absolute return	10.00%	5.60%
Cash	2.00%	2.32%
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 2.00% (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>	\$ 205,317	\$ (204,023)	\$ (577,611)

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 2021. The City contributed \$20,959 to the Plan during 2021.

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, 2021 was computed as follows:

	Governmental Activities	Business- Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 52,243,329	\$ 36,032,687
Less: Accumulated depreciation	37,626,109	19,945,890
Book value	14,617,220	16,086,797
Less: Capital-related debt amounts	—	894,467
Net Investment In Capital Assets	\$ 14,617,220	\$ 15,192,330

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (Continued)

The table below delineates the City's December 31, 2021 ending fund balances for the governmental funds:

Fund Balances	General Fund	Historic Preservation Fund	Total
Restricted:			
Emergencies	\$ 190,141	\$ —	\$ 190,141
Historic preservation	—	2,547,724	2,547,724
Unassigned	5,302,849	—	5,302,849
Total Fund Balance	\$ 5,492,990	\$ 2,547,724	\$ 8,040,714

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, 2021, 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.

CITY OF CRIPPLE CREEK, COLORADO

Notes To Basic Financial Statements (*Continued*)

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 \$190,141 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, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	\$ 136,092	\$ 136,092	\$ 135,511	\$ (581)
Sales tax	645,000	645,000	928,403	283,403
Lodging taxes	242,000	242,000	284,345	42,345
Gaming taxes	1,315,931	1,315,931	1,791,194	475,263
Other taxes	30,000	20,000	23,707	3,707
Device fees	2,814,548	2,814,548	2,977,508	162,960
Intergovernmental	1,330,192	1,330,192	1,796,512	466,320
Licenses and permits	54,000	54,000	1,020,030	966,030
Charges for service	237,700	237,700	194,261	(43,439)
Fines and forfeitures	13,000	13,000	8,671	(4,329)
Investment earnings	30,000	30,000	1,518	(28,482)
Rental income	28,100	28,100	22,825	(5,275)
Ticket and retail sales	—	—	363	363
Miscellaneous	161,550	161,550	159,667	(1,883)
Total Revenues	7,038,113	7,028,113	9,344,515	2,316,402
Expenditures				
General government	3,401,449	3,342,056	3,092,411	249,645
Public safety	2,999,330	2,999,330	2,737,291	262,039
Streets	220,681	262,917	306,927	(44,010)
Culture and recreation	438,424	438,924	418,284	20,640
Capital outlay	242,763	259,420	550,087	(290,667)
Total Expenditures	7,302,647	7,302,647	7,105,000	197,647
Other Financing Sources/Uses				
Transfers in	84,500	84,500	84,500	—
Net Changes In Fund Balance	\$ (180,034)	\$ (190,034)	2,329,700	\$ 2,519,734
Fund Balance, Beginning Of Year			3,163,290	
Fund Balance, End Of Year			\$ 5,492,990	

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, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Gaming taxes	\$ 662,210	\$ 662,210	\$ 895,941	\$ 233,731
Investment earnings	13,000	13,000	973	(12,027)
Operating grants, contributions and interest	7,700	7,700	16,888	9,188
Ticket and retail sales	265,500	265,500	260,652	(4,848)
Miscellaneous	13,775	13,775	51,487	37,712
Total Revenues	962,185	962,185	1,225,941	263,756
Expenditures				
General government	466,589	466,589	377,536	89,053
Culture and recreation	436,962	436,962	442,188	(5,226)
Total Expenditures	913,623	903,551	829,796	73,755
Other Financing Uses				
Transfer out	(75,000)	(75,000)	(75,000)	—
Net Changes In Fund Balance	\$ (26,438)	\$ (16,366)	321,145	\$ 337,511
Fund Balance, Beginning Of Year			2,226,579	
Fund Balance, End Of Year			<u>\$ 2,547,724</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 Seven⁽¹⁾

	2020	2019	2018	2017	2016	2015	2014
City's portion of the net pension asset (liability)	0.0939%	0.0999%	0.1124%	0.1246%	0.1336%	0.1504%	0.1423%
City's proportionate share of the net pension liability (asset)	\$ (204,023)	\$ (56,537)	\$ 142,084	\$ (179,273)	\$ 48,279	\$ (2,651)	\$ (160,592)
City's covered payroll	\$ 724,138	\$ 764,813	\$ 677,421	\$ 731,112	\$ 709,191	\$ 729,600	\$ 710,738
City's proportionate share of the net pension liability (asset) as a percentage of its payroll	-28.17%	-7.39%	20.97%	-24.52%	6.81%	-0.36%	-22.60%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.90%	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 Seven⁽¹⁾**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 59,383	\$ 57,931	\$ 61,185	\$ 54,194	\$ 58,489	\$ 56,735	\$ 58,368
Contributions in relation to the contractually required contribution	59,383	57,931	61,185	58,016	58,489	56,735	58,368
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ (3,822)	\$ —	\$ —	\$ —
City's covered payroll	\$ 742,288	\$ 724,138	\$ 764,813	\$ 677,421	\$ 731,112	\$ 709,191	\$ 729,600
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%	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, 2021

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, 2021

(With Comparative Financial Information

As Of December 31, 2020)

	2021	2020
Assets		
Cash and cash equivalents	\$ 422,857	\$ 146,150
Investments	4,801,401	2,991,784
Receivables:		
Accounts	737,838	366,343
Property taxes	141,733	135,092
Total Assets	\$ 6,103,829	\$ 3,639,369
Liabilities, Deferred Inflows Of Resources And Fund Balance		
Liabilities		
Accounts payable	\$ 237,897	\$ 272,518
Accrued expenditures	73,110	68,469
Unearned grant revenue	158,099	—
Total Liabilities	469,106	340,987
Deferred Inflows Of Resources		
Property tax revenue	141,733	135,092
Fund Balance		
Restricted	190,141	228,684
Unassigned	5,302,849	2,934,606
Total Fund Balance	5,492,990	3,163,290
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 6,103,829	\$ 3,639,369

CITY OF CRIPPLE CREEK, COLORADO

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

For The Years Ended December 31, 2021
(With Comparative Financial Information
For The Year Ended December 31, 2020)

	2021	2020
Revenues		
Property tax	\$ 135,511	\$ 133,044
Sales tax	928,403	697,173
Lodging tax	284,345	172,673
Gaming taxes	1,791,194	1,029,625
Other taxes	23,707	21,727
Device fees	2,977,508	2,535,666
Intergovernmental	1,796,512	835,404
Licenses and permits	1,020,030	43,028
Charges for service	194,261	281,945
Fines and forfeitures	8,671	10,845
Investment earnings	1,518	21,439
Rental income	22,825	23,192
Ticket and retail sales	363	148
Miscellaneous	159,667	146,033
Total Revenues	9,344,515	5,951,942
Expenditures		
General government	3,092,411	2,648,289
Public safety	2,737,291	2,963,275
Streets	306,927	223,838
Culture and recreation	418,284	452,294
Capital outlay	550,087	279,715
Total Expenditures	7,105,000	6,567,411
Excess (Deficiency) Of Revenues Over (Under) Expenditures	2,239,515	(615,469)
Other Financing Sources		
Transfers in	84,500	84,500
Proceeds from sale of asset	5,685	17,987
Other Financing Sources	90,185	102,487
Net Changes In Fund Balance	2,329,700	(512,982)
Fund Balance, Beginning Of Year	3,163,290	3,676,272
Fund Balance, End Of Year	\$ 5,492,990	\$ 3,163,290

CITY OF CRIPPLE CREEK, COLORADO

COMPARATIVE BALANCE SHEET - HISTORIC PRESERVATION FUND

December 31, 2021

(With Comparative Financial Information
As Of December 31, 2020)

	Assets	
	2021	2020
Cash and cash equivalents	\$ 70,829	\$ 12,513
Investments	2,497,472	2,226,499
Receivables:		
Accounts	1,018	—
Total Assets	\$ 2,569,319	\$ 2,239,012
Liabilities And Fund Balance		
Liabilities		
Accounts payable	\$ 18,430	\$ 10,530
Accrued expenditures	3,154	1,903
Due to other funds	11	—
Total Liabilities	21,595	12,433
Fund Balance		
Restricted	2,547,724	2,226,579
Total Liabilities And Fund Balance	\$ 2,569,319	\$ 2,239,012

CITY OF CRIPPLE CREEK, COLORADO

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

For The Years Ended December 31, 2021
(With Comparative Financial Information
For The Year Ended December 31, 2020)

	2021	2020
Revenues		
Gaming taxes	\$ 895,941	\$ 498,136
Investment earnings	973	14,012
Operating grants, contributions and interest	16,888	5,836
Ticket and retail sales	260,652	37,809
Miscellaneous	51,487	10,091
Total Revenues	1,225,941	565,884
Expenditures		
General government	377,536	395,832
Culture and recreation	442,188	244,571
Capital outlay	10,072	—
Total Expenditures	829,796	640,403
Excess (Deficiency) Of Revenues Over (Under) Expenditures	396,145	(74,519)
Other Financing Uses		
Transfers out	(75,000)	(75,000)
Net Changes In Fund Balance	321,145	(149,519)
Fund Balance, Beginning Of Year	2,226,579	2,376,098
Fund Balance, End Of Year	\$ 2,547,724	\$ 2,226,579

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, 2021
(With Comparative Financial Information
For The Year Ended December 31, 2020)

	2021				2020 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues					
Charges for service	\$ 1,074,292	\$ 1,074,293	\$ 1,017,162	\$ (57,131)	\$ 1,045,618
Device fees (security for debt)	155,453	155,453	164,142	8,689	179,812
Proceeds on sale of assets	—	—	4,461	4,461	—
Tap fees	12,000	12,000	142,450	130,450	12,000
Intergovernmental	—	—	—	—	478,040
Other income	31,600	32,800	53,906	21,106	38,878
Investment earnings	9,000	9,000	312	(8,688)	6,192
Total Revenues	1,282,345	1,283,546	1,382,433	98,887	1,760,540
Expenditures					
Professional services	83,600	94,803	121,356	(26,553)	79,453
Supplies	29,125	29,125	35,849	(6,724)	25,395
Personnel services	695,999	695,998	599,278	96,720	650,023
Maintenance and repairs	130,100	118,897	126,093	(7,196)	89,350
Utilities and telephone	157,225	157,225	181,771	(24,546)	176,804
Other/miscellaneous	75,250	75,250	61,997	13,253	62,642
Capital outlay	—	—	—	—	1,036,641
Debt service	93,755	93,755	92,289	1,466	98,954
Transfers out	9,500	9,500	9,500	—	9,500
Total Expenditures	1,274,554	1,274,553	1,228,133	46,420	2,228,762
Change In Net Position	\$ 7,791	\$ 8,993	\$ 154,300	\$ 145,307	\$ (468,222)
Reconciliation To GAAP Basis					
Add:					
Capital outlay			—		1,036,641
Principal retirement			65,000		65,000
Subtract:					
Depreciation			(1,137,929)		(1,137,930)
Change In Net Position			(918,629)		(504,511)
Net Position, Beginning Of Year			17,089,000		17,593,511
Net Position, End Of Year			\$ 16,170,371		\$ 17,089,000

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 2021
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)	1,595,386
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	80,926
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	531
2. General fund appropriations	-	b. Snow and ice removal	35,495
3. Other local imposts (from page 2)	14,852	c. Other	62
4. Miscellaneous local receipts (from page 2)	22,875	d. Total (a. through c.)	36,088
5. Transfers from toll facilities		4. General administration & miscellaneous	190,348
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	260,719
a. Bonds - Original Issues		6. Total (1 through 5)	2,163,467
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)	37,727	b. Redemption	
B. Private Contributions	-	c. Total (a. + b.)	-
C. Receipts from State government (from page 2)	97,007	2. Notes:	
D. Receipts from Federal Government (from page 2)	158,099	a. Interest	
E. Total receipts (A.7 + B + C + D)	292,833	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.4 + D.5)	2,163,467

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
	1,969,644	292,833	2,163,467	99,010	-

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	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	8,671
1. Sales Taxes	0	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	14,852	g. Other Misc. Receipts	13,907
6. Total (1. through 5.)	14,852	h. Other	297
c. Total (a. + b.)	14,852	i. Total (a. through h.)	22,875
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	63,262	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	8,855	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	-	e. U.S. Corps of Engineers	
e. Other (Specify) CDOT Grant	24,890	f. Other Federal	158,099
f. Total (a. through e.)	33,745	g. Total (a. through f.)	158,099
4. Total (1. + 2. + 3.f)	97,007	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		17,897	17,897
c. Construction:			
(1). New Facilities		-	-
(2). Capacity Improvements		-	-
*Correction (see below in notes)		1,577,489	1,577,489
(3). System Preservation		-	-
(4). System Enhancement & Operation		-	-
(5). Total Construction (1) + (2) + (3) + (4)	-	1,577,489	1,577,489
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	1,595,386	1,595,386
			(Carry forward to page 1)

Notes and Comments:

Correction: The correction is removing the sales tax allocated to prior reports in 2020 = \$697,173, 2019 = \$728,356, and including 25% of the 2018 figure of \$607,841, or \$151,960. The three figures total the \$1,577,489. This came about from noting in the 3/16/2022 email sent from Paige Castanedo that the attached Fact Sheet FAQ PDF states that "if sales tax is not or in part dedicated to highway usage, this should not be recorded on this form." The city is not dedicating sales tax to streets and by including it in the prior year, the ending fund balance for 2019 of \$1,969,644 was greatly overstated. This is a one time correction. Please call Paul Harris, Finance Director at (719) 689-2502 with any questions.