

CITY OF CENTRAL, COLORADO

FINANCIAL STATEMENTS

December 31, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditors' Report	
Management's Discussion and Analysis	i - xii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet - Governmental Funds	3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position - Proprietary Fund	7
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	8
Statement of Cash Flows - Proprietary Fund	9
Notes to Financial Statements	10 - 28
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios and Contributions - Volunteer Fire Department Pension Plan	29
Budgetary Comparison Schedule - General Fund	30
Budgetary Comparison Schedule - Transportation Fund	31
Notes to Required Supplementary Information	32 - 33
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	35

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Supplementary Information (Continued)	
Budgetary Comparison Schedule - Capital Improvement Fund	36
Budgetary Comparison Schedule - Historic Preservation Fund	37
Budgetary Comparison Schedule - Tabor Reserve Fund	38
Budgetary Comparison Schedule - Conservation Trust Fund	39
Budgetary Comparison Schedule - Water Fund	40
COMPLIANCE SECTION	
State Compliance	
Local Highway Finance Report	41 - 42

FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Central as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Central, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Central Business Improvement District, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Central Business Improvement District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Central as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 13 to the financial statements, the financial statements as of and for the year ended December 31, 2014, have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, in the year ended December 31, 2015, the City of Central adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Central's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



September 20, 2016

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

As management of the City of Central, (“City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended December 31, 2015.

USING THIS ANNUAL REPORT

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions of the City that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

general government, public safety (police and fire), streets, historic preservation and parks. The business-type activities of the City include water distribution and system maintenance.

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

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

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

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

The City of Central maintains eight (8) individual governmental funds. Information is presented by fund name in the *Balance Sheet--Governmental Funds* and the *Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds*. Three (3) of these funds (General Fund, Transportation Fund, and Capital Improvement Fund) are considered to be "major funds" and are therefore separately identified. The other five (Historic Preservation Fund, TABOR Reserve Fund, Conservation Trust Fund, Impact Fees Fund, and Public Property Trust Fund) are combined in a column titled "Other Governmental Funds." Individual fund data for these non-major governmental funds is provided in the back of this report in the section titled "Supplementary Information."

Proprietary Funds--The City's water utility operations and all related financial activity are reported in a proprietary fund known as the Water Fund. Proprietary funds focus on overall economic position rather than year-end fund balances, and utilize the full accrual method of accounting. An Enterprise Fund is the type of proprietary fund used to account for utility

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

operations. It reports the same functions that are presented as business-type activities in the government-wide financial statements, only in a bit more detail. Proprietary fund financial statements can be found on pages 7-9 of this report.

Fiduciary Fund--Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City does not currently operate any fiduciary funds.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are the final section of the basic financial statements. They can be found on pages 10-28 of this report.

Supplementary Information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town's budget and pension plan. Certain pension plan information and budgetary comparison statements for the General Fund and the Transportation Fund are included as "Required Supplementary information" on pages 29-33 of this report. Budgetary comparison schedules for the other funds with adopted budgets are displayed on pages 36-40 in the "Supplementary Information" section of the report. These statements and schedules demonstrate compliance with the Town's adopted and final revised budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As mentioned previously, net position may serve over time as a useful indicator of a government's financial position. The chart on the following page displays the changes in net position experienced by the City over the last two years. The City of Central's total assets exceeded its liabilities and deferred inflows of resources by \$42,913,220 at the close of 2015.

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

City of Central's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 5,133,757	\$ 1,841,651	\$ 101,253	\$ 12,637	\$ 5,235,010	\$ 1,854,288
Capital assets, net	31,182,345	33,394,905	10,058,271	10,375,956	41,240,616	43,770,861
Due to (from) other fund	1,205,693	1,284,279	(1,205,693)	(1,284,279)	-	-
Total assets	\$ 37,521,795	\$ 36,520,835	\$ 8,953,831	\$ 9,104,314	\$ 46,475,626	\$ 45,625,149
Long-term debt outstanding	1,867,881	465,102	600	-	1,868,481	465,102
Current liabilities	1,285,082	496,818	52,577	102,465	1,337,659	599,283
Net pension liability	26,115	102,942	-	-	26,115	102,942
Total liabilities	\$ 3,179,078	\$ 1,064,862	\$ 53,177	\$ 102,465	\$ 3,232,255	\$ 1,167,327
Deferred Inflow of Resources	330,151	305,454	-	-	330,151	305,454
Net position:						
Net investment in capital assets	\$ 30,030,604	\$ 32,757,812	\$ 10,058,271	\$ 10,375,956	\$ 40,088,875	\$ 43,133,768
Restricted for Emergencies	170,000	-	-	-	170,000	-
Restricted for other purposes	400,476	52,479			400,476	52,479
Unrestricted	3,411,486	2,340,228	(1,157,617)	(1,374,107)	2,253,869	966,121
Total net position	\$ 34,012,566	\$ 35,150,519	\$ 8,900,654	\$ 9,001,849	\$ 42,913,220	\$ 44,152,368

The largest portion of the City's total net position is its investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 88.7% of total assets. While capital assets make up the most significant portion of the City's Net Position, it is the cash, investments, and receivables with which the City operates. These increased by \$3,380,722 (182%) during 2015 due primarily to the award of a \$1,521,693 loan from the Colorado Department of Transportation's State Infrastructure Bank, and reduced expenses of 631,314. Overall, the City's Total Net Position decreased by 2.8%, or \$1,239,148 because the \$2,723,070 depreciation of the City's assets exceeded its operating gains.

In the Governmental Activities, current assets at December 31, 2015 exceeded total liabilities by \$1,954,679 (61.5%). In the Business-type Activities, current assets exceeded total liabilities by \$48,076 (90.4%).

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

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

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

City of Central's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Program revenues:						
Charges for services	\$ 174,481	\$ 159,527	\$ 671,997	\$ 592,603	\$ 846,478	\$ 752,130
Operating grants & contributions	524,343	524,057	-	-	\$ 524,343	524,057
Capital grants & contributions	421,877	-	30,000	10,705	\$ 451,877	10,705
General revenues:					\$ -	
Property taxes	328,630	306,942	-	-	\$ 328,630	306,942
Sales & use taxes	679,167	773,980	-	-	\$ 679,167	773,980
Lodging Tax	52,912	46,126	-	-	\$ 52,912	46,126
State Gaming Tax	779,573	784,380	-	-	\$ 779,573	784,380
Gaming Licences & Device Fees	2,549,389	2,809,384	-	-	\$ 2,549,389	2,809,384
Investment Income	1,295	9,571	-	-	\$ 1,295	9,571
Other Revenue	122,672	369,019	-	24,088	\$ 122,672	393,107
Transfers In/(Out)	(25,000)	-	25,000	-	\$ -	-
Total revenues	\$ 5,609,339	\$ 5,782,986	\$ 726,997	\$ 627,396	\$ 6,336,336	\$ 6,410,382
Program expenses:						
General government	\$ 1,366,497	\$ 1,859,823	\$ -	\$ -	\$ 1,366,497	\$ 1,859,823
Public safety	1,063,892	1,216,616	-	-	1,063,892	1,216,616
Public works	3,811,171	4,264,003	-	-	3,811,171	4,264,003
Community Development	458,084	-	-	-	458,084	-
Historic Preservation	47,648	-	-	-	47,648	-
Water	-	-	828,192	866,356	828,192	866,356
Total expenses	\$ 6,747,292	\$ 7,340,442	\$ 828,192	\$ 866,356	\$ 7,575,484	\$ 8,206,798
Increase/(decrease)in net assets	\$ (1,137,953)	\$ (1,557,456)	\$ (101,195)	\$ (238,960)	\$ (1,239,148)	\$ (1,796,416)
Net Position, Beginning	35,150,519	36,707,975	9,001,849	9,240,809	44,152,368	45,948,784
Net Position, Ending	\$34,012,566	\$35,150,519	\$8,900,654	\$9,001,849	\$42,913,220	\$44,152,368

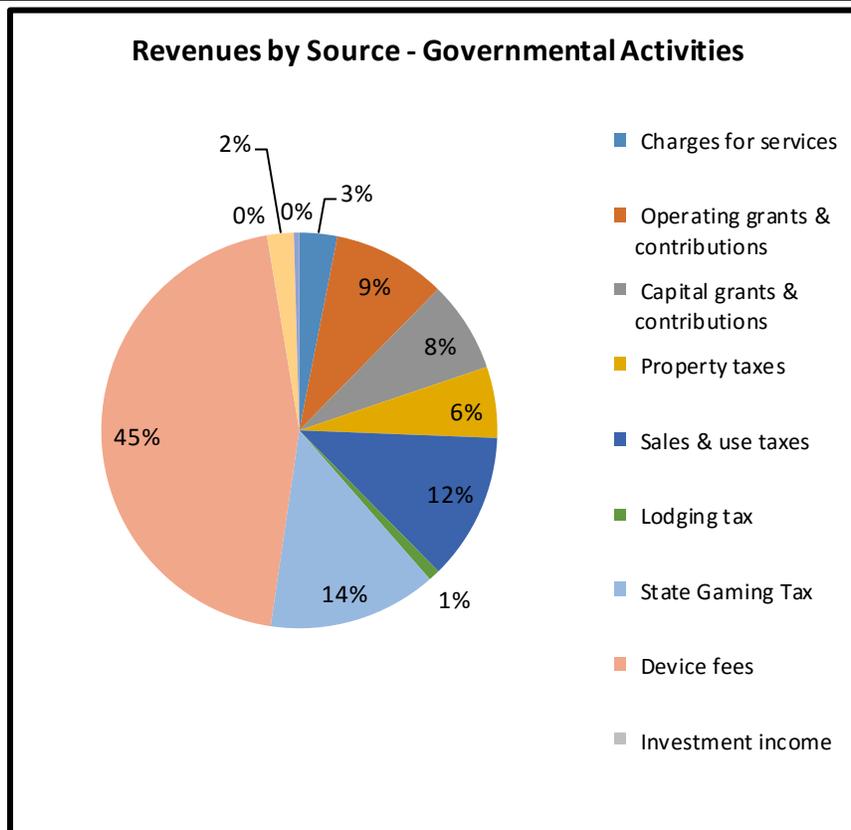
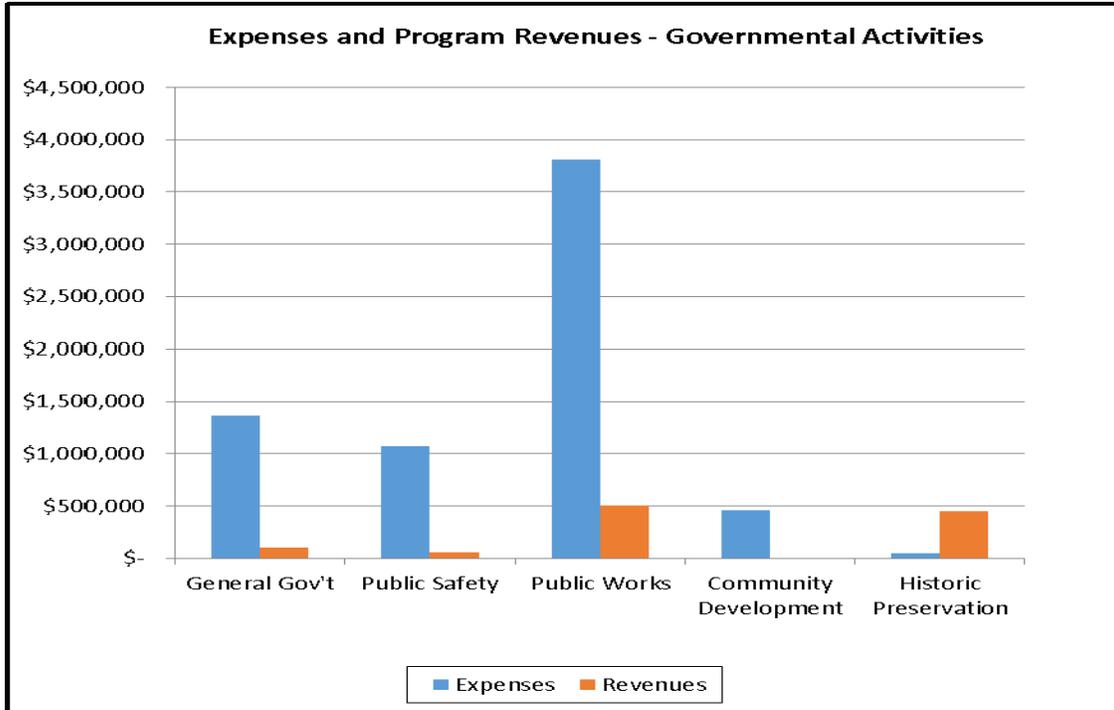
Governmental Activities

Governmental activities caused the City's net position to decrease by \$1,137,953 in 2015. Key elements of this decrease are as follows:

- Depreciation within the program expenses totaled \$2,380,782 in 2015 for Governmental Activities
- Sales and use taxes decreased by \$94,813 (-12.2%) during 2015.
- Gaming licenses and device fees decreased by \$259,995 (-9.2%) due to reductions in the number of gaming devices in Central City casinos.
- Loan proceeds of \$1,521,693 were awarded to the City by the State of Colorado for transportation improvement projects.

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

The following two charts illustrate the Governmental Activities 2015 expenses and related program revenues.



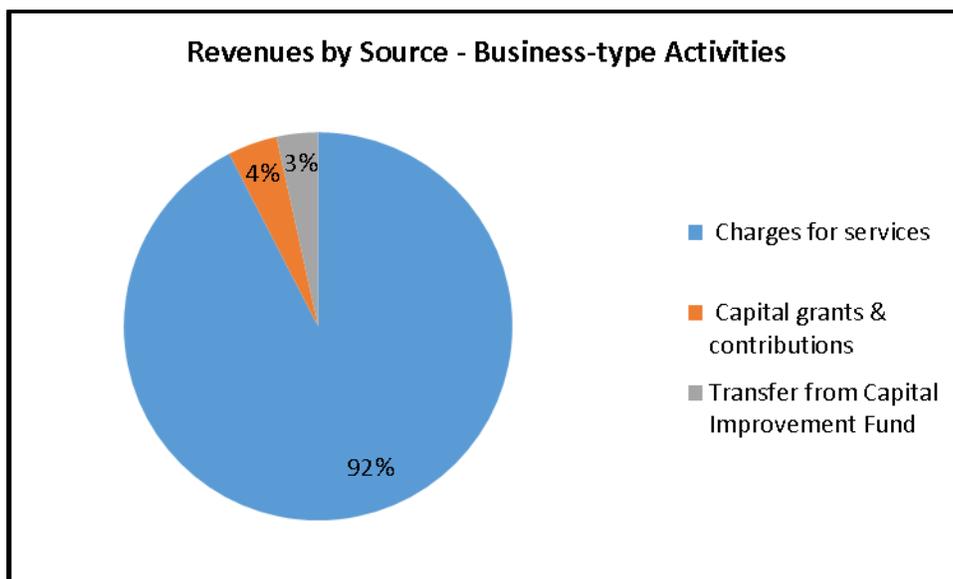
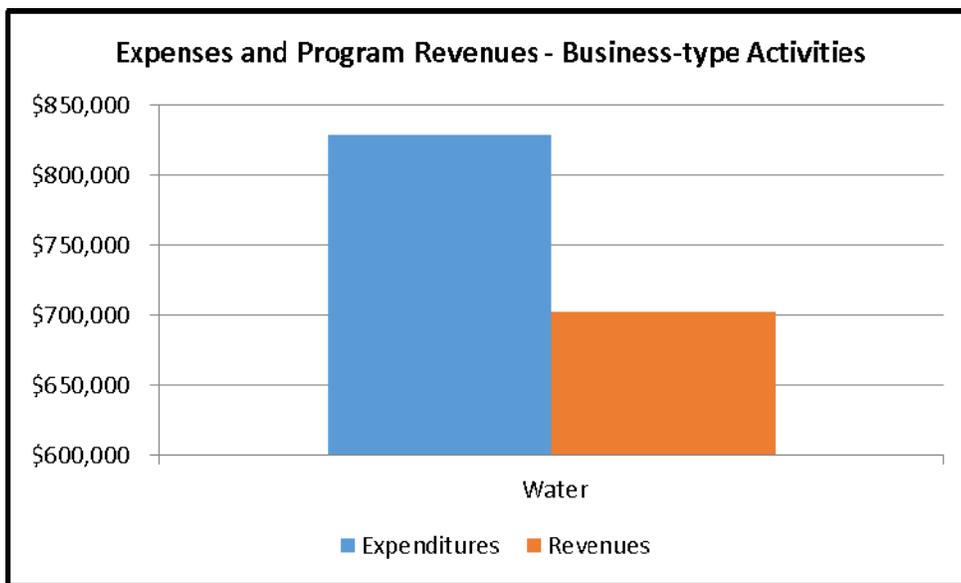
**City of Central, Colorado
Management Discussion & Analysis
December 31, 2015**

Device fees comprise over 45% of the revenues for Governmental Activities in the City of Central.

Business-type Activities

Business-type activities caused the City's net position to decrease by \$101,195 in 2015. This was largely due to depreciation expenses of \$342,288. Charges for services increased by \$79,394 (13.4%). Charges for services exceeded operating expenses not including depreciation by \$186,093.

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



City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

FUND FINANCIAL ANALYSIS

As noted earlier, the City of Central uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (fund balances) in each fund are shown at year end. At the close of 2015, the City’s governmental funds reported combined ending fund balances of \$4,867,647. This was an increase of \$2,269,218 (87.3%) from the prior year’s ending fund balances. The majority of this increase is related to the \$1,521,693 loan from the Colorado Department of Transportation’s State infrastructure Bank. In addition, the General Fund’s revenues exceeded expenditures and net transfers out by \$613,117.

Below is a chart detailing the City’s fund balances for the past eight (8) years:

City of Central Ending Governmental Fund Balances

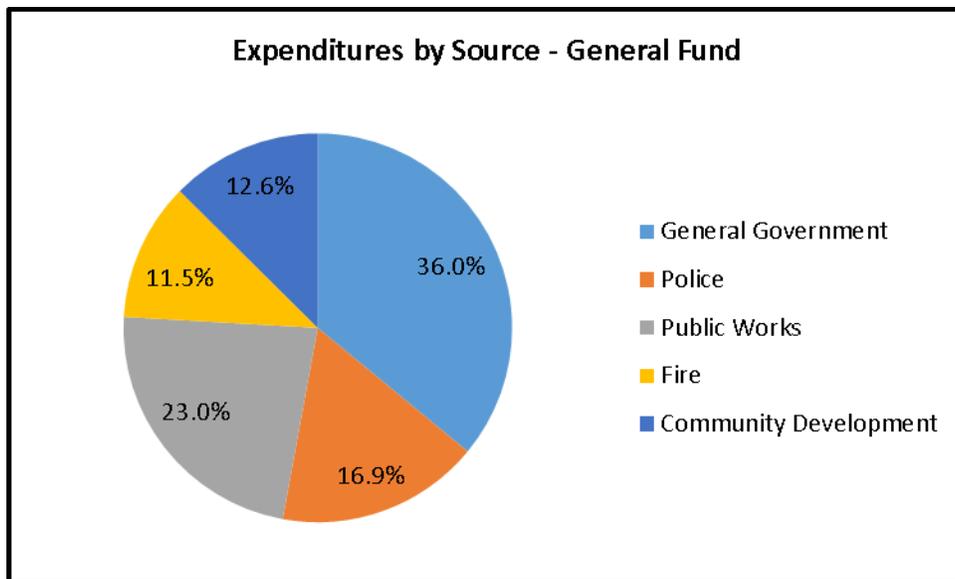
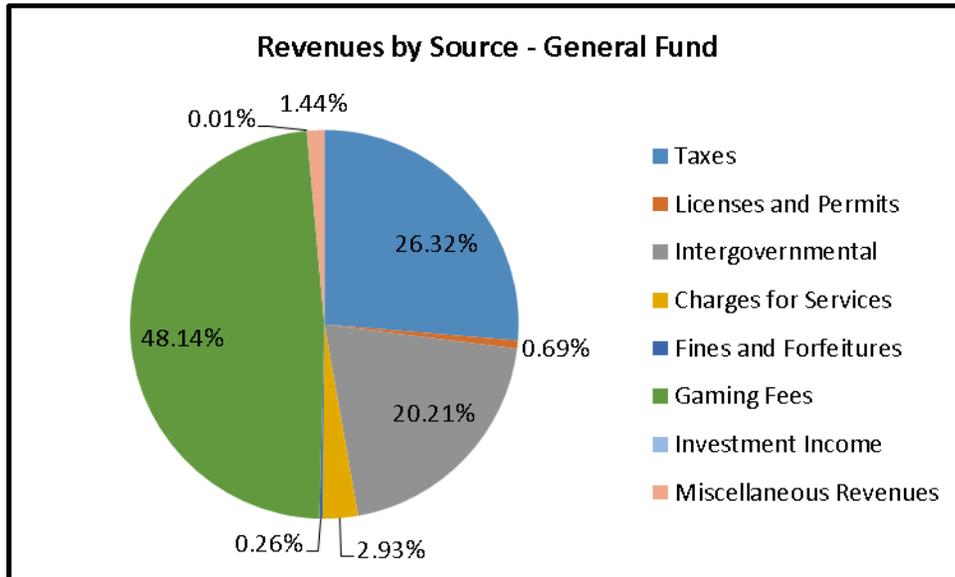
Fund	2008	2009	2010	2011	2012	2013	2014	2015
General	\$ 1,042,854	\$ 1,083,488	\$ 204,049	\$ 1,153,136	\$ 1,594,416	\$ 1,585,809	\$ 2,263,848	\$ 2,632,780
Transportation	-	-	-	-	-	-	-	1,036,963
Capital Improvement	-	-	-	-	-	-	-	938,042
Historic Preservation	451,949	580,053	399,885	999,475	467,139	239,395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

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

General Fund: The General Fund is the chief operating fund of the City of Central. It accounts for all of the general services provided by the City. The General Fund Balance in 2015 increased \$368,932 (16.3%) over 2014. Part of this increase (\$205,163) was due to the combining of the TABOR Fund into the General Fund during 2015.

The following two tables illustrate General Fund revenues and expenditures during 2015.

**City of Central, Colorado
Management Discussion & Analysis
December 31, 2015**

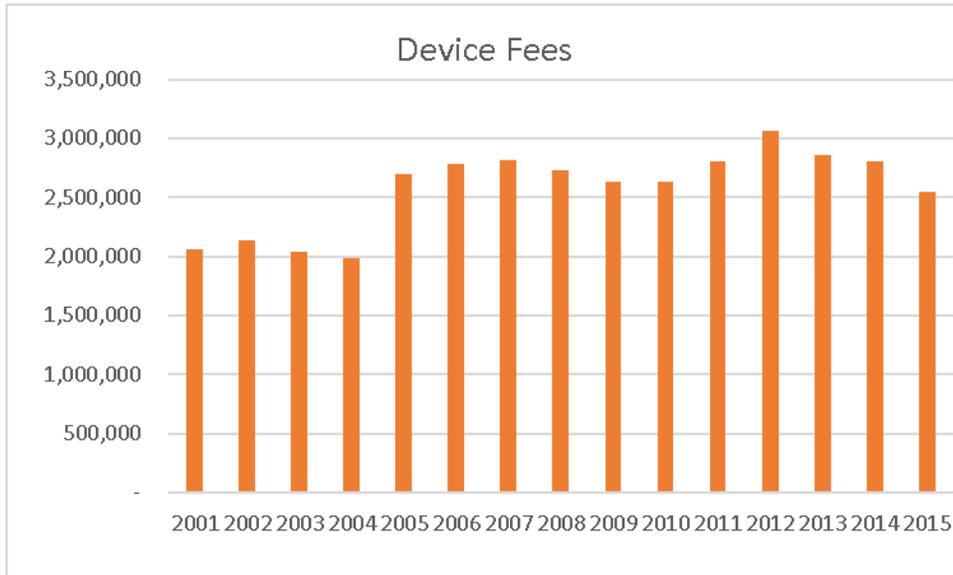


At the close of the year, the City had received \$4,255,209 in General Fund revenues. This was a decrease of \$583,406 (-12.1%) from 2014. Most of the decrease was attributable to \$500,761 in device fees that were dedicated to the new Transportation Fund rather than retained by the General Fund as in years past.

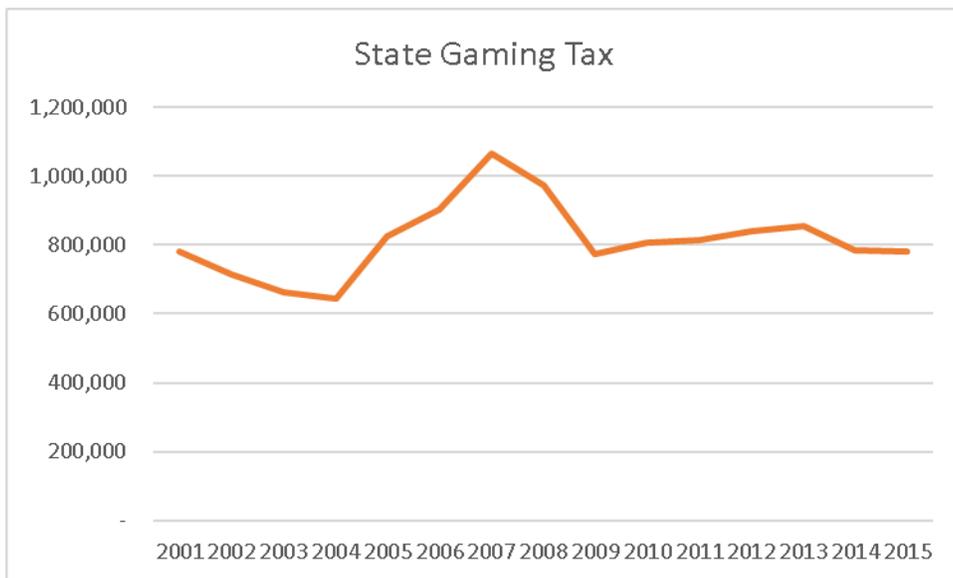
As shown above, gaming device fees comprised over 48% of all General Fund revenues in 2015.

Device Fees: Device fees are the City’s most significant source of revenue. During 2015, device fees collected within the General Fund totaled \$2,048,628 and accounted for 48% of General Fund revenues. The graph below illustrates the total amount of device fee revenue collected for all governmental funds over the last fifteen years.

**City of Central, Colorado
Management Discussion & Analysis
December 31, 2015**



Gaming Revenue: The City’s second most important revenue source is state gaming taxes. The amount of state gaming tax received annually is based on a calculation involving each City’s proportion of gaming taxes paid to the state. Central City received \$779,573 in 2015 compared to \$784,380 in 2014. Below is a graph illustrating state gaming tax revenue for the past fifteen years.



General Fund Expenditures: Expenditures for all departments within the General Fund totaled \$3,642,092 in 2015, which represents a decrease of \$1,181,987 (-24.5%) compared to 2014. This decrease was largely due to reductions in public works expenditures of \$786,138 and general government expenditures of \$202,860.

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

Historical Preservation Fund: The Historical Preservation Fund's most significant source of revenue, historical preservation funding, is also derived from gaming. Like the state gaming tax, historical preservation monies are allocated based on a calculation involving each City's proportionate share of gaming taxes paid to the state. The funds are to be used for the preservation and protection of historical buildings and properties within the City. In 2015, the City received \$425,049 in state grant revenue, which was similar to 2014. Other revenues include sales from the Visitors Center.

Water Fund: At December 31, 2015 the Net Position of the Water Fund was \$8,900,654. It had expended \$828,192 for operating expenses, which was a decrease of \$38,164 (-4.4%) compared to 2014. Most of the decrease was the result of lower 2014 staff vacancies.

Charges for services within the Water Fund increased by \$79,394 (13.4%) from \$592,603 in 2014 to \$671,997 in 2015. This increase is the result of having all water users metered and being charged for actual water consumption, and the conversion during the fourth quarter of the year to a new billing software with increased accuracy and capabilities. The Water Fund cut its deficit operations from \$-249,665 in 2014 to \$-156,195 in 2015. Charges for services covered 81.1% of operating expenses in 2015 compared to 68.4% of operating expenses in 2014 (and 52.9% of operating expenses in 2013). A significant portion of the 2015 operating loss for the Water Fund was related to depreciation in the amount of \$342,288.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2015 the City had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, utility lines, and streets. Note 5 of the financial statements provides a summary of these assets. City capital acquisitions and expenses during 2015 included:

Infrastructure	\$ 24,731
Equipment and Vehicles	96,866
Water system	18,317

Debt Administration. Note 6 of the financial statements provides a summary of the City's long-term debt. At December 31, 2015 the City had capital leases payable totaling \$465,102. These are payable from the general revenues of the governmental funds. In addition, the City had contractual obligations for compensated absences and accrued longevity pay totaling \$138,986 in the General Fund and \$667 in the Water Fund. These debts are to be repaid from revenues of the respective funds as they come due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's economic climate is expected to be similar in 2016 to 2015. The 2016 Budget estimated slightly lower levels of revenues from gaming from the City's six casinos, but at this writing slight gains have been experienced. General Fund taxes, fees, licenses, permits, and other general revenues are projected without growth over 2015. In the Water Fund, meter paybacks of \$64,442 are anticipated.

City of Central, Colorado
Management Discussion & Analysis
December 31, 2015

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF CENTRAL, COLORADO

STATEMENT OF NET POSITION

December 31, 2015

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL	BUSINESS-TYPE	TOTALS	BUSINESS
	ACTIVITIES	ACTIVITIES		IMPROVEMENT
				DISTRICT
ASSETS				
Cash and Investments	\$ 3,398,795	\$ -	\$ 3,398,795	\$ 116,332
Restricted Cash and Investments	835,054	-	835,054	2
Accounts Receivable	267,335	101,253	368,588	92,937
Taxes Receivable	429,552	-	429,552	1,870,286
Grants Receivable	203,021	-	203,021	-
Internal Balances	1,205,693	(1,205,693)	-	-
Capital Assets, Not Being Depreciated	5,583,623	1,884,261	7,467,884	-
Capital Assets, Net of Accumulated Depreciation	25,598,722	8,174,010	33,772,732	-
TOTAL ASSETS	37,521,795	8,953,831	46,475,626	2,079,557
LIABILITIES				
Accounts Payable	360,219	52,510	412,729	9,730
Retainage Payable	20,000	-	20,000	-
Accrued Liabilities	27,345	-	27,345	-
Unearned Revenues	600,000	-	600,000	-
Accrued Interest Payable	19,618	-	19,618	40,693,463
Noncurrent Liabilities				
Due Within One Year	257,900	67	257,967	17,400,229
Due in More Than One Year	1,867,881	600	1,868,481	28,176,990
Net Pension Liability	26,115	-	26,115	-
TOTAL LIABILITIES	3,179,078	53,177	3,232,255	86,280,412
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	330,151	-	330,151	1,710,622
NET POSITION				
Net Investment in Capital Assets	30,030,604	10,058,271	40,088,875	(86,270,682)
Restricted for Emergencies	170,000	-	170,000	17,180
Restricted for Historic Preservation	341,390	-	341,390	-
Restricted for Parks and Open Space	59,086	-	59,086	-
Restricted for Debt Service	-	-	-	139,862
Unrestricted	3,411,486	(1,157,617)	2,253,869	202,163
TOTAL NET POSITION	\$ 34,012,566	\$ 8,900,654	\$ 42,913,220	\$ (85,911,477)

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

CITY OF CENTRAL, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,366,497	\$ 99,364	\$ 7,484	\$ -
Public Safety	636,250	10,931	-	-
Public Works	3,811,171	54,671	77,810	372,877
Community Development	458,084	-	-	-
Fire	427,642	-	-	49,000
Historic Preservation	47,648	9,515	439,049	-
Total Governmental Activities	<u>6,747,292</u>	<u>174,481</u>	<u>524,343</u>	<u>421,877</u>
Business-Type Activities				
Water Utility	<u>828,192</u>	<u>671,997</u>	<u>-</u>	<u>30,000</u>
Total Business-Type Activities	<u>828,192</u>	<u>671,997</u>	<u>-</u>	<u>30,000</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 7,575,484</u>	<u>\$ 846,478</u>	<u>\$ 524,343</u>	<u>\$ 451,877</u>
COMPONENT UNIT				
Business Improvement District	<u>\$ 8,285,553</u>	<u>\$ 198,836</u>	<u>\$ -</u>	<u>\$ -</u>

GENERAL REVENUES

- Property Taxes
- Specific Ownership Taxes
- Sales and Use Taxes
- Lodging Taxes
- Franchise Taxes
- State Gaming Revenues
- Gaming License Fees
- Gaming Device Fees
- Grants and Contributions not Restricted to Specific Programs
- Investment Income
- Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT
GOVERNMENTAL	BUSINESS-TYPE		UNIT
ACTIVITIES	ACTIVITIES	TOTALS	BUSINESS IMPROVEMENT DISTRICT
\$ (1,259,649)	\$ -	\$ (1,259,649)	\$ -
(625,319)	-	(625,319)	-
(3,305,813)	-	(3,305,813)	-
(458,084)	-	(458,084)	-
(378,642)	-	(378,642)	-
400,916	-	400,916	-
<u>(5,626,591)</u>	<u>-</u>	<u>(5,626,591)</u>	<u>-</u>
<u>-</u>	<u>(126,195)</u>	<u>(126,195)</u>	<u>-</u>
<u>-</u>	<u>(126,195)</u>	<u>(126,195)</u>	<u>-</u>
<u>(5,626,591)</u>	<u>(126,195)</u>	<u>(5,752,786)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,086,717)</u>
306,829	-	306,829	1,964,118
21,801	-	21,801	132,982
679,167	-	679,167	-
52,912	-	52,912	-
59,468	-	59,468	-
779,573	-	779,573	-
1,889,872	-	1,889,872	-
659,517	-	659,517	-
1,492	-	1,492	-
1,295	-	1,295	26,966
61,712	-	61,712	-
(25,000)	25,000	-	-
<u>4,488,638</u>	<u>25,000</u>	<u>4,513,638</u>	<u>2,124,066</u>
(1,137,953)	(101,195)	(1,239,148)	(5,962,651)
<u>35,150,519</u>	<u>9,001,849</u>	<u>44,152,368</u>	<u>(79,948,826)</u>
<u>\$ 34,012,566</u>	<u>\$ 8,900,654</u>	<u>\$ 42,913,220</u>	<u>\$ (85,911,477)</u>

CITY OF CENTRAL, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	<u>GENERAL</u>	<u>TRANSPORTATION</u>	<u>CAPITAL IMPROVEMENT</u>
ASSETS			
Cash and Investments	\$ 1,925,033	\$ 159,780	\$ 911,136
Restricted Cash and Investments	-	835,054	-
Accounts Receivable	225,206	42,129	-
Taxes Receivable	429,552	-	-
Grants Receivable	19,860	-	183,161
Interfund Receivables	<u>1,346,307</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>3,945,958</u>	\$ <u>1,036,963</u>	\$ <u>1,094,297</u>
LIABILITIES			
Accounts Payable	\$ 335,822	\$ -	\$ 22,027
Retainage Payable	-	-	20,000
Accrued Liabilities	27,345	-	-
Unearned Revenues	600,000	-	-
Interfund Payables	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>963,167</u>	<u>-</u>	<u>42,027</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	330,151	-	-
Grants	<u>19,860</u>	<u>-</u>	<u>114,228</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>350,011</u>	<u>-</u>	<u>114,228</u>
FUND BALANCES			
Restricted for Emergencies	170,000	-	-
Restricted for Capital Projects	-	835,054	-
Restricted for Historic Preservation	-	-	-
Restricted for Parks and Open Space	-	-	-
Committed to Transportation	-	201,909	-
Assigned to Capital Projects	-	-	938,042
Unrestricted, Unassigned	<u>2,462,780</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>2,632,780</u>	<u>1,036,963</u>	<u>938,042</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>3,945,958</u>	\$ <u>1,036,963</u>	\$ <u>1,094,297</u>

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

NONMAJOR GOVERNMENTAL FUNDS		TOTALS
\$ 402,846	\$ 3,398,795	
-	835,054	
-	267,335	
-	429,552	
-	203,021	
-	1,346,307	
<u>\$ 402,846</u>	<u>\$ 6,480,064</u>	
\$ 2,370	\$ 360,219	
-	20,000	
-	27,345	
-	600,000	
<u>140,614</u>	<u>140,614</u>	
<u>142,984</u>	<u>1,148,178</u>	
-	330,151	
-	134,088	
-	<u>464,239</u>	
-	170,000	
-	835,054	
341,390	341,390	
59,086	59,086	
-	201,909	
-	938,042	
<u>(140,614)</u>	<u>2,322,166</u>	
<u>259,862</u>	<u>4,867,647</u>	
<u>\$ 402,846</u>	<u>\$ 6,480,064</u>	

CITY OF CENTRAL, COLORADO

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2015

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

Total Fund Balances of Governmental Funds	\$ 4,867,647
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	31,182,345
Certain long-term assets are not available to pay current expenditures and, therefore, are deferred in governmental funds.	134,088
Long-term liabilities and related items, including loan payable (\$1,521,693), capital leases (\$465,102), accrued compensated absences (\$66,165), accrued longevity pay (\$72,821), net pension liability (\$26,115) and accrued interest payable (\$19,618), are not due and payable in the current year and, therefore, are not reported in governmental funds.	<u>(2,171,514)</u>
Total Net Position of Governmental Activities	\$ <u><u>34,012,566</u></u>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2015

	<u>GENERAL</u>	<u>TRANSPORTATION</u>	<u>CAPITAL IMPROVEMENT</u>
REVENUES			
Taxes	\$ 1,120,177	\$ -	\$ -
Gaming Fees	2,048,628	500,761	-
Licenses and Permits	29,307	-	-
Charges for Services	124,728	-	-
Fines and Forfeitures	10,931	-	-
Intergovernmental	859,787		282,789
Contributions and Donations	-		-
Investment Income	339	-	-
Miscellaneous	61,312	-	-
	<u>4,255,209</u>	<u>500,761</u>	<u>282,789</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Government	1,310,023	-	-
Public Safety	616,183	-	-
Public Works	838,130	365,491	667,495
Community Development	458,084	-	-
Fire	419,672	-	-
Historic Preservation	-	-	-
	<u>3,642,092</u>	<u>365,491</u>	<u>667,495</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>613,117</u>	<u>135,270</u>	<u>(384,706)</u>
OTHER FINANCING SOURCES (USES)			
Loan Proceeds	-	1,521,693	-
Transfers In	586,974	-	1,347,748
Transfers Out	(831,159)	(620,000)	(25,000)
	<u>(244,185)</u>	<u>901,693</u>	<u>1,322,748</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	368,932	1,036,963	938,042
FUND BALANCES, Beginning	<u>2,263,848</u>	<u>-</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 2,632,780</u>	<u>\$ 1,036,963</u>	<u>\$ 938,042</u>

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

NONMAJOR GOVERNMENTAL FUNDS		TOTALS
\$ -	\$ 1,120,177	
-	2,549,389	
-	29,307	
9,515	134,243	
-	10,931	
431,621	1,574,197	
14,000	14,000	
956	1,295	
400	61,712	
<u>456,492</u>	<u>5,495,251</u>	
-	1,310,023	
-	616,183	
-	1,871,116	
-	458,084	
-	419,672	
47,648	47,648	
<u>47,648</u>	<u>4,722,726</u>	
<u>408,844</u>	<u>772,525</u>	
-	1,521,693	
-	1,934,722	
(483,563)	(1,959,722)	
<u>(483,563)</u>	<u>1,496,693</u>	
(74,719)	2,269,218	
<u>334,581</u>	<u>2,598,429</u>	
\$ <u>259,862</u>	\$ <u>4,867,647</u>	

CITY OF CENTRAL, COLORADO

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

Year Ended December 31, 2015

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

Net Change in Fund Balances of Governmental Funds	\$ 2,269,218
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense (\$2,380,782) and loss on disposals (\$6,716) exceeded capital outlay \$169,938 and donated assets \$5,000 in the current year.	(2,212,560)
Repayments of long-term obligations are reported as expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities. This amount represents capital lease payments.	171,991
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.	(1,521,693)
Revenues in the statement of activities that do not provide current financial resources are deferred in governmental funds.	134,088
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in net pension liability \$76,827, accrued compensated absences \$33,973, accrued longevity pay (\$72,821) and accrued interest payable (\$16,976).	<u>21,003</u>
Change in Net Position of Governmental Activities	<u>\$ (1,137,953)</u>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND
 December 31, 2015

	<u>WATER</u>
ASSETS	
CURRENT ASSETS	
Accounts Receivable	\$ <u>101,253</u>
TOTAL CURRENT ASSETS	<u>101,253</u>
NONCURRENT ASSETS	
Capital Assets, Not Being Depreciated	1,884,261
Capital Assets, Net of Accumulated Depreciation	<u>8,174,010</u>
TOTAL NONCURRENT ASSETS	<u>10,058,271</u>
TOTAL ASSETS	<u>10,159,524</u>
CURRENT LIABILITIES	
Accounts Payable	52,510
Interfund Payables	1,205,693
Compensated Absences Payable, Current Portion	<u>67</u>
TOTAL CURRENT LIABILITIES	1,258,270
NONCURRENT LIABILITIES	
Compensated Absences Payable	<u>600</u>
TOTAL LIABILITIES	<u>1,258,870</u>
NET POSITION	
Net Investment in Capital Assets	10,058,271
Unrestricted	<u>(1,157,617)</u>
TOTAL NET POSITION	<u>\$ <u>8,900,654</u></u>

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

CITY OF CENTRAL, COLORADO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2015

	WATER
OPERATING REVENUES	
Charges for Services	\$ <u>671,997</u>
TOTAL OPERATING REVENUES	<u>671,997</u>
OPERATING EXPENSES	
Personnel Services	150,372
Professional Services	103,164
Operating	125,010
Repairs and Maintenance	107,358
Depreciation	<u>342,288</u>
TOTAL OPERATING EXPENSES	<u>828,192</u>
NET OPERATING INCOME (LOSS)	(156,195)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Grants	30,000
Transfers In	<u>25,000</u>
CHANGE IN NET POSITION	(101,195)
NET POSITION, Beginning	<u>9,001,849</u>
NET POSITION, Ending	\$ <u><u>8,900,654</u></u>

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

CITY OF CENTRAL, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2015

	<u>WATER</u>
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 519,310
Cash Payments to Employees	(157,495)
Cash Payments to Vendors and Suppliers	<u>(313,626)</u>
Net Cash Provided (Used) by Operating Activities	<u>48,189</u>
Cash Flows From Noncapital Financing Activities	
Cash Payments to Other Funds	<u>(78,586)</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of Capital Assets	(24,603)
Grants Received	30,000
Cash Received from Other Funds	<u>25,000</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>30,397</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, Beginning	<u>-</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ -</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (156,195)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	342,288
Changes in Assets and Liabilities	
Accounts Receivable	(88,616)
Accounts Payable	37,577
Compensated Absences	(22,794)
Unearned Revenues	<u>(64,071)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 48,189</u>

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

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Additionally, the City reports the following major proprietary funds:

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

Assets, Liabilities and Net Position/Fund Balances

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

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

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

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

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

A liability for these benefits is reported when paid in the governmental funds. A long-term liability has been reported in the government-wide financial statements for the accrued longevity pay.

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

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

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Property Taxes

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

At December 31, 2015, the Impact Fees and Public Property Trust Funds had deficit fund balances of \$129,585 and \$11,029, respectively. Management expects the deficit balances to be eliminated with future revenues and transfers from other funds.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2015, follows:

Cash Deposits	\$ 3,423,212
Investments	<u>810,637</u>
Total	<u>\$ 4,233,849</u>

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

Cash and Investments	\$ 3,398,795
Restricted Cash and Investments	<u>835,054</u>
Total	<u>\$ 4,233,849</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2015, the City had bank deposits of \$3,049,984 collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

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

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

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

Local Government Investment Pool - At December 31, 2015, the City had \$810,637 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At December 31, 2015, the City held loan proceeds of \$835,054 restricted for public transportation projects in a separate bank account as required by the loan agreement (See Note 6).

NOTE 4: INTERFUND BALANCES AND TRANSACTIONS

Interfund balances at December 31, 2015, were as follows:

<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Amount</u>
General Fund	Water Fund	\$ 1,205,693
General Fund	Impact Fees Fund	129,585
General Fund	Public Property Trust Fund	<u>11,029</u>
Total		<u>\$ 1,346,307</u>

The General Fund has subsidized the negative cash balances of the Impact Fees and Public Property Trust Funds. In addition, the General Fund subsidized water operations for multiple years. This interfund loan is expected to be repaid with future revenues of the Water Fund.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: INTERFUND BALANCES AND TRANSACTIONS (Continued)

Interfund transfers for the year ended December 31, 2015, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Transportation Fund	\$ 190,000
General Fund	Historic Preservation Fund	198,400
General Fund	Tabor Reserve Fund	198,574
Capital Improvement Fund	General Fund	831,159
Capital Improvement Fund	Transportation Fund	430,000
Capital Improvement Fund	Historic Preservation Fund	80,000
Capital Improvement Fund	Tabor Reserve Fund	6,589
Water Fund	Capital Improvement Fund	<u>25,000</u>
Total		<u>\$ 1,959,722</u>

During the year ended December 31, 2015, the Tabor Reserve Fund was closed and the remaining balance was transferred to the General and Capital Improvement Funds. The General and Transportation Funds allocated resources to the Capital Improvement Fund for improvements to the Central City Parkway and other capital projects. The Transportation and Historic Preservation Funds reimbursed the General Fund for various transportation improvements and costs related to historic tourism. The Historic Preservation Fund transferred \$80,000 to the Capital Improvement Fund for payment of a capital lease related to City facilities (See Note 6). The Capital Improvement Fund financed certain improvements related to raw water intakes and other projects in the Water Fund.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, is summarized below:

	<u>Balances</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/15</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 5,523,996	\$ -	\$ -	\$ 5,523,996
Construction in Progress	<u>-</u>	<u>59,627</u>	<u>-</u>	<u>59,627</u>
Total Capital Assets, Not Being Depreciated	<u>5,523,996</u>	<u>59,627</u>	<u>-</u>	<u>5,583,623</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	2,643,218	-	-	2,643,218
Infrastructure	46,670,372	24,731	-	46,695,103
Equipment and Vehicles	<u>2,707,904</u>	<u>90,580</u>	<u>11,941</u>	<u>2,786,543</u>
Total Capital Assets, Being Depreciated	<u>52,021,494</u>	<u>115,311</u>	<u>11,941</u>	<u>52,124,864</u>

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 5: CAPITAL ASSETS (Continued)

	Balances 12/31/14	Additions	Deletions	Balances 12/31/15
Governmental Activities (Continued)				
Less Accumulated Depreciation				
Buildings and Improvements	(1,324,910)	(77,643)	-	(1,402,553)
Infrastructure	(21,009,693)	(2,092,869)	-	(23,102,562)
Equipment and Vehicles	(1,815,982)	(210,270)	(5,225)	(2,021,027)
Total Accumulated Depreciation	<u>(24,150,585)</u>	<u>(2,380,782)</u>	<u>(5,225)</u>	<u>(26,526,142)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,870,909</u>	<u>(2,265,471)</u>	<u>6,716</u>	<u>25,598,722</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,394,905</u>	<u>\$ (2,205,844)</u>	<u>\$ 6,716</u>	<u>\$ 31,182,345</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 630,898	\$ -	\$ -	\$ 630,898
Water Rights	<u>1,253,363</u>	<u>-</u>	<u>-</u>	<u>1,253,363</u>
Total Capital Assets, Not Being Depreciated	<u>1,884,261</u>	<u>-</u>	<u>-</u>	<u>1,884,261</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	1,027,242	-	-	1,027,242
Water Plant and Lines	13,588,626	18,317	-	13,606,943
Equipment	<u>450,342</u>	<u>6,286</u>	<u>-</u>	<u>456,628</u>
Total Capital Assets, Being Depreciated	<u>15,066,210</u>	<u>24,603</u>	<u>-</u>	<u>15,090,813</u>
Less Accumulated Depreciation				
Buildings and Improvements	(828,314)	(44,918)	-	(873,232)
Water Plant and Lines	(5,424,434)	(262,170)	-	(5,686,604)
Equipment	<u>(321,767)</u>	<u>(35,200)</u>	<u>-</u>	<u>(356,967)</u>
Total Accumulated Depreciation	<u>(6,574,515)</u>	<u>(342,288)</u>	<u>-</u>	<u>(6,916,803)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,491,695</u>	<u>(317,685)</u>	<u>-</u>	<u>8,174,010</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,375,956</u>	<u>\$ (317,685)</u>	<u>\$ -</u>	<u>\$ 10,058,271</u>

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

Governmental Activities	
General Government	\$ 70,761
Public Safety	43,562
Public Works	2,258,489
Fire	<u>7,970</u>
Total	<u>\$ 2,380,782</u>

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 6: LONG-TERM DEBT

Following is a summary of the long-term debt transactions for the year ended December 31, 2015:

	Balance 12/31/14	Additions	Payments	Balance 12/31/15	Due Within One Year
Governmental Activities					
Loan Payable	\$ -	\$ 1,521,693	\$ -	\$ 1,521,693	\$ 135,824
Capital Leases	637,093	-	171,991	465,102	115,460
Compensated Absences	100,138	109,035	143,008	66,165	6,616
Accrued Longevity Pay	-	72,821	-	72,821	-
Total	<u>\$ 737,231</u>	<u>\$ 1,703,549</u>	<u>\$ 314,999</u>	<u>\$ 2,125,781</u>	<u>\$ 257,900</u>
Business-Type Activities					
Compensated Absences	<u>\$ 23,461</u>	<u>\$ 667</u>	<u>\$ 23,461</u>	<u>\$ 667</u>	<u>\$ 67</u>

Loan Payable

In July, 2015, the City obtained a loan for \$1,521,693 from the Colorado Department of Transportation's State Infrastructure Bank. Loan proceeds will be used for public transportation projects, specifically a storm water drainage master plan, Central City Parkway repairs, Nevada Street retaining wall repairs, and Central City Parkway rock fall mitigation. Principal and interest payments of \$173,867 are due annually on July 17, from 2016 through 2025. Interest accrues at the rate of 2.5% per annum. This loan is payable solely from the gaming device fees committed for transportation services and improvements together with any other revenues of the Transportation Fund.

Debt service requirements to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 135,824	\$ 38,043	\$ 173,867
2017	139,220	34,647	173,867
2018	142,701	31,166	173,867
2019	146,268	27,599	173,867
2020	149,925	23,942	173,867
2021 - 2025	<u>807,755</u>	<u>61,580</u>	<u>869,335</u>
Total	<u>\$ 1,521,693</u>	<u>\$ 216,977</u>	<u>\$ 1,738,670</u>

Capital Leases

During 2011, the City entered into a lease agreement for \$109,825 to purchase a street sweeper. Annual payments of \$28,953 were due through January, 2015. Interest accrued on the outstanding balance at 3.29% per annum. Fully depreciated capital assets are reported under this lease. During the year ended December 31, 2015, the lease was paid in full.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 6: LONG-TERM DEBT (Continued)

Capital Leases (Continued)

During 2011, the City entered into a lease agreement for \$489,773 to finance the installation and upgrade of HVAC and lighting systems in several City facilities. Quarterly payments of \$14,426 are due through December, 2021. Interest accrues on the outstanding balance at 3.3% per annum. Capital assets of \$458,750 less accumulated depreciation of \$83,708 are reported under this lease. The outstanding balance of the capital lease at December 31, 2015, was \$312,927.

During 2012, the City entered into a lease agreement for \$125,333 to purchase two vehicles. Annual payments of \$34,095 were due through February, 2015. Interest accrued on the outstanding balance at 5.94% per annum. Capital assets of \$125,333 less accumulated depreciation of \$62,664 are reported under this lease. During the year ended December 31, 2015, the lease was paid in full.

During 2014, the City entered into a lease agreement for \$172,903 to purchase a snow plow. Annual payments of \$38,601 are due through May, 2018. Interest accrues on the outstanding balance at 3% per annum. Capital assets of \$172,903 less accumulated depreciation of \$43,226 are reported under this lease. The outstanding balance of the capital lease at December 31, 2015, was \$108,832.

During 2014, the City entered into a lease agreement for \$135,615 to purchase a loader. Monthly payments of \$2,767 are due through May, 2017. Interest accrues on the outstanding balance at 3% per annum. Capital assets of \$135,614 less accumulated depreciation of \$33,904 are reported under this lease. The outstanding balance of the capital lease at December 31, 2015, was \$43,343.

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

Year Ended December 31,

2016	\$ 129,509
2017	107,373
2018	96,305
2019	57,704
2020	57,704
2021	<u>57,704</u>
Total Minimum Lease Payments	506,299
Less: Interest Portion	<u>(41,197)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 465,102</u></u>

Compensated Absences and Accrued Longevity Pay

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

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: VOLUNTEER FIRE DEPARTMENT PENSION PLAN

General Information

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

Plan Membership - Plan membership consists of active, inactive non-retirement, and retired volunteer firefighters and their beneficiaries. At December 31, 2015, plan membership consisted of the following:

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

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

Contributions - The plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. As established by its Legislature, the State of Colorado may provide a matching contribution of ninety percent of the City's contribution. Contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Based on the January 1, 2013, actuarial valuation, the actuarially determined contributions expected to finance the costs of benefits earned during the year, with an additional amount to finance the unfunded liability, were \$18,524. During the year ended December 31, 2015, the State contributed \$6,417 to the plan. The City did not contribute to the plan during the year.

Net Pension Liability

At December 31, 2015, the City reported a net pension liability of \$26,115. The net pension liability was measured at December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: VOLUNTEER FIRE DEPARTMENT PENSION PLAN (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions - The total pension liability in the actuarial valuation as of January 1, 2015, was determined using the following actuarial assumptions. The discount rate at the beginning of the measurement period of 7.01% increased to 7.5% at the end of the measurement period. The resulting reduction in the total pension liability is reflected as a change of assumption.

Inflation - 3%

Salary Increases - NA

Investment Rate of Return - 7.5%

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	<u>100%</u>	

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: VOLUNTEER FIRE DEPARTMENT PENSION PLAN (Continued)

Net Pension Liability (Continued)

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

For the year ended December 31, 2015, changes in the net pension liability of the City were as follows.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, December 31, 2014	\$ 615,981	\$ 513,039	\$ 102,942
Service Cost	11,469	-	11,469
Interest	42,634	-	42,634
Differences in Expected and Actual Experience	(46,649)	-	(46,649)
Changes of Assumptions	(33,192)	-	(33,192)
Employer Contributions	-	11,656	(11,656)
State of Colorado Contributions	-	6,417	(6,417)
Net Investment Income	-	34,187	(34,187)
Benefit Payments	(27,333)	(27,333)	-
Administrative Expenses	-	(1,171)	1,171
Balances, December 31, 2015	<u>\$ 562,910</u>	<u>\$ 536,795</u>	<u>\$ 26,115</u>

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Net Pension Liability (Asset)	<u>\$ 97,522</u>	<u>\$ 26,115</u>	<u>\$ (32,558)</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: VOLUNTEER FIRE DEPARTMENT PENSION PLAN (Continued)

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

For the year ended December 31, 2015, the City recognized pension expense of (\$75,934). The net differences in projected and actual earnings on investments, expected and actual experience, and changes of assumptions were recorded in pension expense. Because the differences were not significant, they will not be recognized as pension expense over multiple years.

NOTE 8: OTHER RETIREMENT COMMITMENTS

Fire and Police Department Pension Plan

The City contributes to the Statewide Money Purchase Plan, a multiple-employer defined contribution pension plan, on behalf of all sworn police officers and paid firefighters. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The contribution requirements of the plan are established by State statutes. Currently, plan participants contribute 8% of base salary, which is matched by the City. Participants vest immediately in their contributions. Vesting in the City's contributions and the related investment earnings occurs at 20% per year after the first year of service, with full vesting after five years of service. During the year ended December 31, 2015, the City contributed \$36,076 to the plan, equal to the required contributions.

General Employees Pension Plan

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

During the year ended December 31, 2015, the City and employees contributed \$23,818 and \$26,667, respectively, to the plan. The plan investments are managed by the International City/County Management Association (ICMA).

Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The City Council determines the City's contributions to the plan. The City currently matches employee contributions to a maximum of 5% of each employee's compensation. During the year ended December 31, 2015, the City contributed \$38,993 to the plan. The plan is administered by the ICMA, and all plan assets are held in trust for the exclusive benefit of the participants.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 9: OTHER POSTEMPLOYMENT BENEFITS

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

Funding Policy - The contribution requirements are established by State statutes. The City Council determines the contribution split between employees and the City. No contributions are required for employees hired prior to January 1, 1997. For employees hired on or after January 1, 1997, the employees contribute 2.6% of base salaries. The contributions to the plan for the years ended December 31, 2015, 2014 and 2013 were \$7,578, \$8,611 and \$8,224, respectively, equal to the required contributions.

NOTE 10: RISK-RELATED ACTIVITIES

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

Public Entity Risk Pool

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 11: COMMITMENTS AND CONTINGENCIES

Claims and Judgements

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2015, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

Conduit Debt

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

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

The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance of the bonds at December 31, 2015, was \$7,638,333.

Tabor Amendment

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

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

The City has established an emergency reserve representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2015, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$170,000.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 11: COMMITMENTS AND CONTINGENCIES (Continued)

Gaming License Fee Rebate Incentive Agreements

The City has approved incentive agreements with casinos located in the City whereby the City will rebate certain gaming license fees in exchange for the purchase, construction and/or maintenance of parking facilities. During the year ended December 31, 2015, the City paid \$304,238 under these agreements.

NOTE 12: CONCENTRATION OF RISK

For the year ended December 31, 2015, approximately 60% of the revenues of the City's governmental funds were generated from gaming license and device fees and State gaming revenues. A reduction in this revenue, if it were to occur, may have a significant effect on the City's programs and activities.

NOTE 13: RESTATEMENTS

During the year ended December 31, 2015, the City corrected misstatements in previously issued financial statements related to revenue recognition. Net position and fund balance at December 31, 2014, were restated to reflect these corrections, as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Balances, December 31, 2014, as Originally Stated	\$ 34,752,821	\$ 1,908,863
Corrections	<u>500,640</u>	<u>354,985</u>
Balances, December 31, 2014, as Restated	<u>\$ 35,253,461</u>	<u>\$ 2,263,848</u>

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City adopted the standards of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, net position of the governmental activities at December 31, 2014, was restated to reflect the cumulative effect of adopting the standards.

CITY OF CENTRAL, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Certain balances of deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2014, were not available and have not been reported in the financial statements.

	<u>Governmental Activities</u>
Net Position, December 31, 2014, as Originally Stated	\$ 35,253,461
Net Pension Liability	<u>(102,942)</u>
Net Position, December 31, 2014, as Restated	<u>\$ 35,150,519</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTRAL, COLORADO

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

December 31, 2015

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

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

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 962,878	\$ 962,878	\$ 1,120,177	\$ 157,299
Gaming Fees	2,477,562	2,477,562	2,048,628	(428,934)
Licenses and Permits	27,600	27,600	29,307	1,707
Charges for Services	149,700	149,700	124,728	(24,972)
Fines and Forfeitures	21,000	21,000	10,931	(10,069)
Intergovernmental	768,543	768,543	859,787	91,244
Investment Income	200	200	339	139
Miscellaneous	92,245	92,245	61,312	(30,933)
TOTAL REVENUES	<u>4,499,728</u>	<u>4,499,728</u>	<u>4,255,209</u>	<u>(244,519)</u>
EXPENDITURES				
Current				
General Government	1,348,941	1,410,173	1,310,023	100,150
Public Safety	651,911	651,911	616,183	35,728
Public Works	1,265,697	1,265,697	838,130	427,567
Community Development	594,283	594,283	458,084	136,199
Fire	514,610	514,610	419,672	94,938
TOTAL EXPENDITURES	<u>4,375,442</u>	<u>4,436,674</u>	<u>3,642,092</u>	<u>794,582</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,286</u>	<u>63,054</u>	<u>613,117</u>	<u>550,063</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	198,400	198,400	586,974	388,574
Transfers Out	(477,409)	(477,409)	(831,159)	(353,750)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(279,009)</u>	<u>(279,009)</u>	<u>(244,185)</u>	<u>34,824</u>
NET CHANGE IN FUND BALANCE	<u>(154,723)</u>	<u>(215,955)</u>	<u>368,932</u>	<u>584,887</u>
FUND BALANCE, Beginning	<u>2,160,912</u>	<u>2,160,912</u>	<u>2,263,848</u>	<u>102,936</u>
FUND BALANCE, Ending	<u>\$ 2,006,189</u>	<u>\$ 1,944,957</u>	<u>\$ 2,632,780</u>	<u>\$ 687,823</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

TRANSPORTATION FUND

Year Ended December 31, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Gaming Fees	\$ -	\$ -	\$ 500,761	\$ 500,761
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>500,761</u>	<u>500,761</u>
EXPENDITURES				
Current				
Public Works	-	1,546,000	365,491	1,180,509
TOTAL EXPENDITURES	<u>-</u>	<u>1,546,000</u>	<u>365,491</u>	<u>1,180,509</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1,546,000)</u>	<u>135,270</u>	<u>1,681,270</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	1,546,000	1,521,693	(24,307)
Transfers Out	<u>-</u>	<u>-</u>	<u>(620,000)</u>	<u>(620,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,546,000</u>	<u>901,693</u>	<u>(644,307)</u>
NET CHANGE IN FUND BALANCE	-	-	1,036,963	1,036,963
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036,963</u>	<u>\$ 1,036,963</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

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

The Volunteer Fire Department Pension Plan's net pension liability and associated amounts are measured at December 31, 2014, based on an actuarial valuation as of January 1, 2015, which is a one-year lag compared to the City's fiscal year ended December 31, 2015.

Contributions

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2013, determines the contribution amounts for 2014 and 2015.

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

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

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

For the year ended December 31, 2015, budgets were not adopted for the Impact Fees and Public Property Trust Funds because no expenditures were anticipated.

CITY OF CENTRAL, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

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

Budgets (Continued)

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

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

Legal Compliance

For the year ended December 31, 2015, the Tabor Reserve Fund transfers out exceeded the budgeted amounts by \$198,574. This may be a violation of State statutes.

SUPPLEMENTARY INFORMATION

CITY OF CENTRAL, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	<u>HISTORIC PRESERVATION</u>	<u>TABOR RESERVE</u>	<u>CONSERVATION TRUST</u>	<u>IMPACT FEES</u>
ASSETS				
Cash and Investments	\$ 343,760	\$ -	\$ 59,086	\$ -
TOTAL ASSETS	<u>\$ 343,760</u>	<u>\$ -</u>	<u>\$ 59,086</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ 2,370	\$ -	\$ -	\$ -
Interfund Payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,585</u>
TOTAL LIABILITIES	<u>2,370</u>	<u>-</u>	<u>-</u>	<u>129,585</u>
FUND BALANCES				
Restricted for Historic Preservation	341,390	-	-	-
Restricted for Parks and Open Space	-	-	59,086	-
Unrestricted, Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,585)</u>
TOTAL FUND BALANCES	<u>341,390</u>	<u>-</u>	<u>59,086</u>	<u>(129,585)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 343,760</u>	<u>\$ -</u>	<u>\$ 59,086</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

PUBLIC PROPERTY TRUST	<u>TOTALS</u>
\$ <u> -</u>	\$ <u> 402,846</u>
\$ <u> -</u>	\$ <u> 402,846</u>
\$ - \$	2,370
<u> 11,029</u>	<u> 140,614</u>
<u> 11,029</u>	<u> 142,984</u>
-	341,390
-	59,086
<u> (11,029)</u>	<u> (140,614)</u>
<u> (11,029)</u>	<u> 259,862</u>
\$ <u> -</u>	\$ <u> 402,846</u>

CITY OF CENTRAL, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2015

	<u>HISTORIC PRESERVATION</u>	<u>TABOR RESERVE</u>	<u>CONSERVATION TRUST</u>	<u>IMPACT FEES</u>
REVENUES				
Charges for Services	\$ 9,515	\$ -	\$ -	\$ -
Intergovernmental	425,049	-	6,572	-
Contributions and Donations	14,000	-	-	-
Investment Income	54	142	35	-
Miscellaneous	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>449,018</u>	<u>142</u>	<u>6,607</u>	<u>-</u>
EXPENDITURES				
Current				
Historic Preservation	<u>47,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>47,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	401,370	142	6,607	-
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(278,400)</u>	<u>(205,163)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	122,970	(205,021)	6,607	-
FUND BALANCES, Beginning	<u>218,420</u>	<u>205,021</u>	<u>52,479</u>	<u>(129,585)</u>
FUND BALANCES, Ending	<u>\$ 341,390</u>	<u>\$ -</u>	<u>\$ 59,086</u>	<u>\$ (129,585)</u>

See the accompanying Independent Auditors' Report.

PUBLIC PROPERTY TRUST	TOTALS
\$ -	\$ 9,515
-	431,621
-	14,000
725	956
-	400
<u>725</u>	<u>456,492</u>
-	<u>47,648</u>
-	<u>47,648</u>
725	408,844
-	<u>(483,563)</u>
725	(74,719)
<u>(11,754)</u>	<u>334,581</u>
\$ <u>(11,029)</u>	\$ <u>259,862</u>

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 421,474	\$ 282,789	\$ (138,685)
TOTAL REVENUES	<u>421,474</u>	<u>282,789</u>	<u>(138,685)</u>
EXPENDITURES			
Current			
Public Works	<u>860,472</u>	<u>667,495</u>	<u>192,977</u>
TOTAL EXPENDITURES	<u>860,472</u>	<u>667,495</u>	<u>192,977</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(438,998)</u>	<u>(384,706)</u>	<u>54,292</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	563,998	1,347,748	783,750
Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
TOTAL FINANCING SOURCES (USES)	<u>538,998</u>	<u>1,322,748</u>	<u>783,750</u>
NET CHANGE IN FUND BALANCE	100,000	938,042	838,042
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 100,000</u>	<u>\$ 938,042</u>	<u>\$ 838,042</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE
HISTORIC PRESERVATION FUND
 Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 7,000	\$ 9,515	\$ 2,515
Intergovernmental	400,000	425,049	25,049
Contributions and Donations	-	14,000	14,000
Investment Income	100	54	(46)
Miscellaneous	-	400	400
TOTAL REVENUES	<u>407,100</u>	<u>449,018</u>	<u>41,918</u>
EXPENDITURES			
Current			
Historic Preservation	<u>140,836</u>	<u>47,648</u>	<u>93,188</u>
TOTAL EXPENDITURES	<u>140,836</u>	<u>47,648</u>	<u>93,188</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	266,264	401,370	135,106
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(278,400)</u>	<u>(278,400)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(12,136)	122,970	135,106
FUND BALANCE, Beginning	<u>197,376</u>	<u>218,420</u>	<u>21,044</u>
FUND BALANCE, Ending	<u>\$ 185,240</u>	<u>\$ 341,390</u>	<u>\$ 156,150</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

TABOR RESERVE FUND

Year Ended December 31, 2015

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Investment Income	\$ <u>120</u>	\$ <u>142</u>	\$ <u>22</u>
TOTAL REVENUES	<u>120</u>	<u>142</u>	<u>22</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	120	142	22
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(6,589)</u>	<u>(205,163)</u>	<u>(198,574)</u>
NET CHANGE IN FUND BALANCE	(6,469)	(205,021)	(198,552)
FUND BALANCE, Beginning	<u>205,052</u>	<u>205,021</u>	<u>(31)</u>
FUND BALANCE, Ending	<u>\$ 198,583</u>	<u>\$ -</u>	<u>\$ (198,583)</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 6,700	\$ 6,572	\$ (128)
Investment Income	60	35	(25)
	<u>6,760</u>	<u>6,607</u>	<u>(153)</u>
TOTAL REVENUES			
	6,760	6,607	(153)
NET CHANGE IN FUND BALANCE			
	6,760	6,607	(153)
FUND BALANCE, Beginning	<u>52,729</u>	<u>52,479</u>	<u>(250)</u>
FUND BALANCE, Ending	<u>\$ 59,489</u>	<u>\$ 59,086</u>	<u>\$ (403)</u>

See the accompanying Independent Auditors' Report.

CITY OF CENTRAL, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 623,542	\$ 671,997	\$ 48,455
Investment Income	1,500	-	(1,500)
Grants	30,000	30,000	-
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>-</u>
 TOTAL REVENUES	 <u>680,042</u>	 <u>726,997</u>	 <u>46,955</u>
EXPENDITURES			
Personnel Services	161,935	150,372	11,563
Professional Services	109,200	103,164	6,036
Operating	189,908	125,010	64,898
Repairs and Maintenance	448,300	107,358	340,942
Capital Outlay	<u>-</u>	<u>24,603</u>	<u>(24,603)</u>
 TOTAL EXPENDITURES	 <u>909,343</u>	 <u>510,507</u>	 <u>398,836</u>
 CHANGE IN NET POSITION, Budgetary Basis	 <u>\$ (229,301)</u>	 216,490	 <u>\$ 445,791</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(342,288)	
Capital Outlay		<u>24,603</u>	
 CHANGE IN NET POSITION, GAAP Basis		 <u>\$ (101,195)</u>	

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Central City
		YEAR ENDING : December 2015
This Information From The Records Of (example - City of _ or County of City of Central, Colorado)	Prepared By: Phone:	Lorraine Trotter, Professional Mgmt Solutions: 303-910-9197

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

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)	356,158
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	413,393
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	68,631
2. General fund appropriations		b. Snow and ice removal	95,758
3. Other local imposts (from page 2)	21,804	c. Other	0
4. Miscellaneous local receipts (from page 2)	1,629,118	d. Total (a. through c.)	164,389
5. Transfers from toll facilities		4. General administration & miscellaneous	6,087
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	154,046
a. Bonds - Original Issues		6. Total (1 through 5)	1,094,073
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,650,922	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	91,414	2. Notes:	
D. Receipts from Federal Government (from page 2)	200,773	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,943,109	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,094,073

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	0	1,561,693		1,561,693

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,943,109	1,094,073	849,036	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	49,585
1. Sales Taxes		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	21,804	g. Other Mis/BID Loan	1,561,693
6. Total (1. through 5.)	21,804	h. Other County Road & Bridge	17,840
c. Total (a. + b.)	21,804	i. Total (a. through h.)	1,629,118
	(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	53,398	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	200,773
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) FEMA State Match	38,016	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	38,016	g. Total (a. through f.)	200,773
4. Total (1. + 2. + 3.f)	91,414	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		356,158	356,158
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	356,158	356,158
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	356,158	356,158
			(Carry forward to page 1)

Notes and Comments: