

CITY OF CENTRAL, COLORADO
BASIC FINANCIAL STATEMENTS
December 31, 2010

City of Central, Colorado
Financial Report
December 31, 2010
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FINANCIAL SECTION



JOHN CUTLER
& ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the City, as listed in the table of contents. These financial statements are the responsibility of the City of Central, Colorado's management. 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, the discretely presented component unit of the City of Central. 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, is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Central, Colorado, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Central, Colorado's basic financial statements. The individual fund schedules and state compliance 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

June 21, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

City of Central, Colorado
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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, 2010.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements as well as providing the reader with greater detail and explanation of areas and/or issues that the City's Management feels are significant. The following 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 as well as explains the types of analysis that take place within each component. The second section of this report follows the frame-work laid out in the first section and provides figurative analysis of the financial statements themselves. For better understanding, Management suggests reviewing the financial statements in conjunction with this report.

All financial statements include three basic components which are as follows: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. Each of these components provides readers with differing levels of detail and discusses the City's activities and financial position in different scopes. Each of the three components will be discussed below.

1) 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 allow the reader a general knowledge of financial activities.

The *Statement of Net Assets* presents information on all City assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The information presented in this report focuses on the TOTAL changes for various assets and liabilities.

The second type of analysis used to give the reader a broad overview of City financials is the *Statement of Activities*. This report incorporates information from the Statement of Net Assets and presents information showing how the government's net assets have changed during the most recent fiscal year. While the Statement of Net Assets focuses on total changes in Assets and Liabilities, the Statement of Activities focuses on the underlying causes of those total changes.

Both of the government-wide financial statements mentioned above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental

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

The government-wide financial statements can be found on pages C1 and C2 of this report.

2) Fund financial statements: Fund Financial Statements are the second component (of three) in the City's Financial Statements and 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. Fund financial statements are prepared using the *modified accrual basis* of accounting. Because this basis is different than that used for government-wide reporting, reconciliations are presented to detail the differences. All City funds can be divided into three separate categories: governmental, proprietary funds and fiduciary.

Governmental Funds: Governmental funds are used to monitor and account for essentially the same functions that are called "governmental activities" in the government-wide financial statements. However, governmental fund financial statements focus their attention on *current financial resources* that are available to finance the programs and activities of the current period. These financial statements also illustrate balances of spendable resources available at the end of the fiscal year. This type of information can be used to help evaluate a government's capacity to finance near-term operations and programs.

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. In doing so, readers are able to better understand the long-term impact of a government's near-term financing decisions. Reports presented at this scope include the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance*. These analyses provide reconciliation between governmental funds and governmental activities so that the reader may make comparisons between the two.

The City of Central maintains eight (8) individual governmental funds. Information regarding these funds is presented in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. Three (3) of these funds (General, Public Property Trust and Debt Service) are considered to be "major funds" and are therefore separately identified. The remaining five (5) funds are presented in aggregate and individual information for these funds is provided in another section of the financial statements.

The City adopts an annual appropriated budget for all governmental funds in order to monitor and maintain accepted levels of change. A budgetary comparison statement is also provided for all governmental funds to demonstrate compliance with both municipal and state budget statutes. The governmental funds financial statements can be found on pages C3 and C4 of this report.

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Proprietary Funds: The City currently maintains one proprietary fund commonly known as an “enterprise fund”. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The main distinction between governmental funds and enterprise funds is that enterprise funds are used to account for activities that are supported by fees charged for goods and services. In the City’s case, the enterprise fund is used to account for and maintain the water system operations and all related financial activity.

Proprietary funds are accounted for using the Accrual basis; the same bases used in government-wide statements and therefore provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report.

Fiduciary Fund: Fiduciary funds are used to maintain and account for resources that are held outside of the government but for the benefit of governmental parties. The City currently has one fiduciary fund; the Fireman’s Pension Trust Fund. These funds are not reflected in government-wide financial statements because they are not available for the use of the City’s programs. Accounting for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages C9 through C10 of this report.

3) Notes to the Financial Statements: The third and final component of the Financial Statements is the 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. They also describe items and/or events that have impacted the financial statements. The Notes to the Financial Statements can be found on pages D1 through D33 of this report.

Government-Wide Financial Analysis

As mentioned previously, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the City’s finances, in a manner similar to a private-sector business. The largest portion of the City’s assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 96.7% of the total assets; a decrease of 1.3% over 2009. This decrease is the result of the City’s Unrestricted Cash and investments increasing due to the sale of James Peak and the related cash revenue. The remaining 3.3% is composed of actual cash on hand at the close of the year, receivables, the recognition of bond issuance costs and prepaid expenses. Total net assets of the City decreased by \$547,001 (1%) in 2010 due primarily to depreciation expenses.

The City utilizes both types of assets to provide services to citizens and visitors and to fund daily City operations. The following graph shows the City’s *net assets* for 2010 and 2009.

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City of Central's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	1,351,487	439,363	373,531	590,795	1,725,018	1,030,158
Capital assets	39,991,550	41,795,425	10,983,123	11,201,295	50,974,673	52,996,720
Total Assets	41,343,037	42,234,788	11,356,654	11,792,090	52,699,691	54,026,878
Other liabilities	840,310	2,176,540	162,684	199,320	1,002,994	2,375,860
Due to (from) other fund	(1,089,205)	(1,089,205)	1,089,205	1,089,205	-	-
Long-term liabilities outstanding	2,172,862	1,299,272	1,287	308,000	2,174,149	1,607,272
Total Liabilities	1,923,967	2,386,607	1,253,176	1,596,525	3,177,143	3,983,132
Net assets:						
Invested in capital assets, net of related debt	37,937,710	39,221,955	10,983,123	10,893,295	48,920,833	50,115,250
Restricted for Emergencies	204,130	134,000	-	-	204,130	134,000
Restricted	-	-	-	-	-	-
Unrestricted	1,277,230	492,226	(879,645)	(697,730)	397,585	(205,504)
Total Net Assets	39,419,070	39,848,181	10,103,478	10,195,565	49,522,548	50,043,746

As illustrated above, the City had a significant increase of \$694,860 in total current assets. This increase is directly related to the sale of the James Peak property as noted above.

The governmental activities current assets increased by \$912,124, of which almost all was related to the James Peak sale as well. Considering the stagnant and often declining economy over the course of 2010, this increase in total assets is important to note. Being able to increase or even maintain current assets with declining revenues and several large and unbudgeted expenditures is an indicator that the City's elected body and management are prudently managing financials.

The business-type (Water Fund) cash and current assets decreased by \$217,263 (36%) due to an overall decrease in cash and investments being depleted and not fully supported by revenues. Capital assets for business-type activities decreased by \$218,173 as a result of depreciation expense in the amount of \$306,200. However, the City's Water Fund did add capital assets in the amount of \$88,028 to improve/upgrade a number of different items within the water system.

Capital Assets decreased slightly by approximately 2% due almost entirely to annual depreciation. While this is a positive note, it is important to recognize that the City's capital assets are reported *net* of related debt. Therefore, the resources needed to repay that debt are derived from the current assets and revenues on hand. This means that while capital assets are important, they cannot be used when the payments for those assets are due. Instead it is available cash and other current assets that are depleted to make these payments.

Total liabilities decreased by \$805,989 (20%) throughout the year. This drop is related to a 26% decrease in compensated absences liabilities and a 24% decrease in bonded debt payable. In 2010, the City issued refunding bonds on all three bonded debt issues. The lower interest rate

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gained on the 1981 General Obligation Water Refunding decreased the business-type activities long-term liabilities by \$306,713.

The chart below identifies the City of Central's *Changes in Net Assets* based upon revenues and expenses:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES:						
Program revenues:						
Charges for services	131,391	145,583	312,944	313,916	444,335	459,499
Operating Grants & Contributions	619,050	506,623	-	-	619,050	506,623
Capital Grants & Contributions	-	40,000	-	241,640	-	281,640
General revenues:						
Property taxes	327,267	397,202	-	-	327,267	397,202
Sales and use taxes	669,253	555,264	-	-	669,253	555,264
Lodging Tax	33,065	43,937	-	-	33,065	43,937
State Gaming Tax	806,228	773,499	-	-	806,228	773,499
Other taxes	-	61,182	-	-	-	61,182
Gain on sale of fixed asset	-	(7,894)	-	-	-	(7,894)
Device Fees	2,629,031	2,627,167	-	-	2,629,031	2,627,167
Investment Income	1,721	2,693	-	-	1,721	2,693
Other revenue	892,239	26,974	20,423	481,332	912,662	508,306
Transfers	(289,000)	-	289,000	-	-	-
Total Revenues	5,820,245	5,172,230	622,367	1,036,888	6,442,612	6,209,118
EXPENSES:						
General Government	2,145,258	1,374,265	-	-	2,145,258	1,374,265
Public Safety	747,174	745,786	-	-	747,174	745,786
Public Works	3,245,085	3,504,354	-	-	3,245,085	3,504,354
Cultural and Recreational	37,500	25,018	-	-	-	25,018
Interest on Long-term Debt	100,140	173,469	-	-	100,140	173,469
Water	-	-	714,456	697,287	714,456	697,287
Total Expenses	6,275,157	5,822,892	714,456	697,287	6,952,113	6,520,179
Change in Net Assets	(454,912)	(650,662)	(92,089)	339,601	(547,001)	(311,061)
Net Assets - Beginning	39,848,181	40,498,843	10,195,567	10,221,132	50,043,748	50,719,975
Prior Period Adjustment	25,801	-	-	-	25,801	-
Net Assets - Ending	39,419,070	39,848,181	10,103,478	10,560,733	49,522,548	50,408,914

Key elements of the changes shown above are as follows:

- Governmental activities collected approximately 20% more in sales and use taxes than in 2009.
- State gaming tax collected was \$32,729 or 4% higher than that collected in 2009. This is related mainly to the additional funding received from the Amendment 50 changes that went into effect in July 2009.
- The sale of the James Peak property increased governmental activity revenues by \$722,642.
- A transfer in the amount of \$289,000 between governmental activities and business-type activities was recorded to recognize the refunding of the 1981 General Obligation Water Bonds. When originally issued in 1981, the bonds were booked as a business-type activity liability. However, as the bonds are general obligations of the City the 2010 refunding bonds are booked as a liability under governmental activities. The \$289,000 transfer reflects the defeasance of the 1981 bonds within the Water Fund.

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- Total expenses increased by \$431,934 or 6%. Specifically, general government expenses increased by \$770,994, 56% due to a number of Historic Preservation projects and improvements that took place during 2010; namely, the Boodle Mill restoration, the Big T Lot improvements and work on the Main Street Streetscape project.
- Water expenses increased by 2% based on a number of plant repairs and improvements that were done throughout the year.
- 43% of the Water Fund's expenses were covered by Water Fund revenues. In 2009, 45% of expenses were covered by revenues.

Governmental Funds Financial Analysis

As mentioned on page 2 of this analysis, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This section of the report discusses the City's governmental and proprietary funds by type as well as individually when the funds are considered major funds or where additional information may be useful to the reader.

Governmental Funds: The focus of the City's governmental funds is to provide information on *current* financial resources and the operations and/or programs that they fund. Such information is useful in assessing the City's financing requirements as well as its ability to continue programs and operations in the near future. In particular, fund balances may serve as useful measures of a government's net resources available for spending at the end of the fiscal year.

At the close of the year, the City's governmental funds reported combined ending fund balances of \$1,676,197; an increase of \$901,861 (116%) from the prior year's ending fund balances. This increase is the result of the aforementioned James Peak sale and receipt of those funds as well as the refinancing of the City's three bonded debt issues. The refinancing of the debt issues decreased the City's overall 2010 debt service payments and allowed the City to maintain a healthier fund balance at the close of the year.

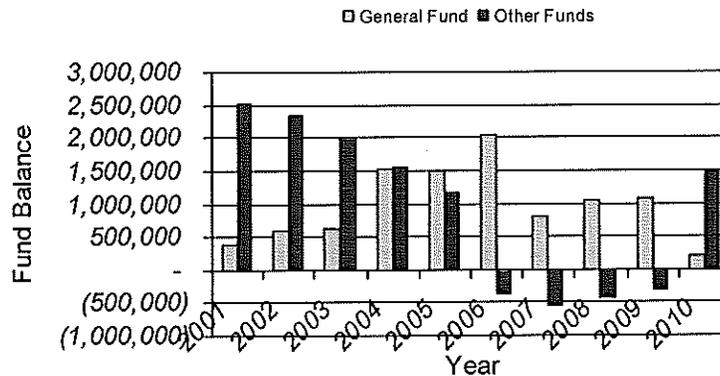
In addition to the above, the 2010 financial statements reflect a prior period adjustment to the General and Debt Service Funds. The prior period adjustment was needed to properly reflect a series of bond refinancings that were done in 2006. At the time of the refinancing, a significant interfund transfer between the General Fund and Debt Service Fund to reflect payment of the old bonds. The result of this was an overstatement of the General Fund's actual cash balance and a significant deficit balance in the Debt Service Fund. The prior period adjustment increased the Debt Service Fund's balance by \$1,229,715 and decreased the General Fund's balance by the same amount to properly state the fund balances of both funds.

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Below is a chart that details the City's fund balances for the past six (6) years and current:

Fund	2004	2005	2006	2007	2008	2009	2010
General	1,536,089	1,371,221	2,038,288	816,077	1,042,854	1,083,488	204,049
Historic Preservation	458,718	531,520	277,785	96,953	451,949	580,053	399,885
Taxpayer's Protection	179,013	225,000	-	-	-	-	-
Tabor	106,101	191,994	197,068	203,128	203,856	204,054	204,130
Conservation Trust	9,460	14,210	20,437	26,227	28,455	25,063	33,005
Capital Projects	(45,247)	(4,755)	6,000	66,346	66,592	66,657	66,682
Land Acquisition	1,164	1,164	-	-	-	-	-
Debt Service	105,607	80,149	(1,227,349)	(1,229,717)	(1,229,713)	(1,229,715)	-
Highway Lighting	697,239	199,251	7,435	3,026	3,342	-	-
Public Property Trust Fund	-	-	200,000	200,598	201,317	201,512	925,191
Impact Fees Fund	46,748	82,122	143,300	47,140	(165,474)	(156,776)	(156,745)
Total	3,094,892	2,691,876	1,662,964	229,778	603,178	774,336	1,676,197

Ending Fund Balances



Proprietary Funds: The City's proprietary fund analysis provides the same type of information found in the government-wide financial statements, but in more detail. At the end of the current fiscal year, the City's Water Fund had expended \$708,564 for operating expenses. This is an increase of 3%, \$27,054 over 2009 total expenses for the Water Fund. This increase results from a number of plant and water system repairs and/or upgrades that were done during the year as well as the hiring of an outside company to operate the water plant. Outsourcing the water plant operations led to an increase in professional services of \$103,915. This increase was only partially covered by the decreased salaries and benefits of \$41,266.

Charges for services within the Water Fund decreased slightly from \$313,916 in 2009 to \$312,944 in 2010. The relatively stagnant water service charges are the result of no rate increases during the year and an almost static consumption year over year by commercial users. As mentioned earlier, charges for services covered only 43% of operating expenses for this fund. This equates to an operating loss of \$375,197. As an Enterprise Fund the Water Fund should be supported completely by charges for services in accordance with TABOR requirements. In past

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years the General Fund has loaned the Water Fund money to help correct the deficiencies between revenues and expenses. However, the General Fund was not able to do so.

The 1981 General Obligation Water bond refunding that took place in 2010, and has been discussed briefly above, did result in a transfer from the Debt Service Fund to the Water Fund in the amount of \$289,000. This transfer reflects the defeasance of the 1981 bonds and the removal of that amount as a bonds payable liability. As the refunding bonds issued in 2010 in place of the 1981 bonds are general obligation bonds payable with ad valorem property taxes, the bonds are now reflected as a liability of governmental assets, not business-type assets.

Based on the above, the Water Fund's net assets decreased by \$92,089 over the course of the year. No tap fees or other types of contributed capital were recognized during the year. The City's elected body and staff is dedicated to making the Water Fund self-sufficient and this goal was of primary importance while preparing the 2011 budget. The ways in which the City is resolving the Water Fund's self-sufficiency issues will be discussed below in the 2011 Budget section.

General Fund Revenues

At the close of the year, the City had received approximately \$4,179,387 in General Fund revenues. This is an increase of \$181,092 or 4% from 2009 revenues. Further, total revenues collected for the year surpassed budgetary allocations by \$227,554. \$125,000 of this over budget collection is from the settlement of the Burg Simpson lawsuit early in the year. The remainder of the over budget amount can be attributed to the opening of a new casino which increased sales and use taxes. Tax revenues increased by \$70,813 over 2009 and \$154,204 over budget allocations. While the opening of a new casino caused an increase in sales tax, it had only a minimal impact of device fee revenues as one of the City's largest casinos decreased its number of devices significantly. In fact, device fee revenues between 2010 and prior year is almost static with an increase of only \$1,621. Device Fee revenues were \$91,951 less than budgeted for in 2010 and accounted for 54% of the General Fund's total revenue. This is a decrease from 2009 when device fees accounted for 57% of all General Fund revenues. State gaming tax increased by \$28,728, a 3% increase, due primarily to the additional business and income gained by the Amendment 50 enactment. State gaming tax accounted for 19% of the General Fund's total revenue in 2010. This is a decrease of 1% from 2009 when it accounted for 20%. The fact that both device fee and gaming tax revenues accounted for a slightly smaller % of overall General Fund revenues is a positive note and illustrates that there was a small increase in diversification of revenues. The City's elected body and staff are focused on trying to continue this trend of diversification in future years.

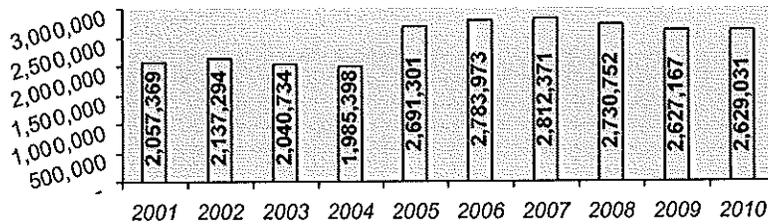
Device Fees: Because device fees are the City's most significant source of revenue, it is important to closely monitor them and understand how they change and affect the overall General Fund revenues. Device Fees are allocated between the General Fund (87%) and the Debt Service Fund (13%) in accordance with the City Municipal Code and bond documents. Fees allocated to the General Fund are used to fund a variety of governmental activities and fees allocated to the Debt Service Fund are used to pay bonded debt. Device Fees revenues totaled

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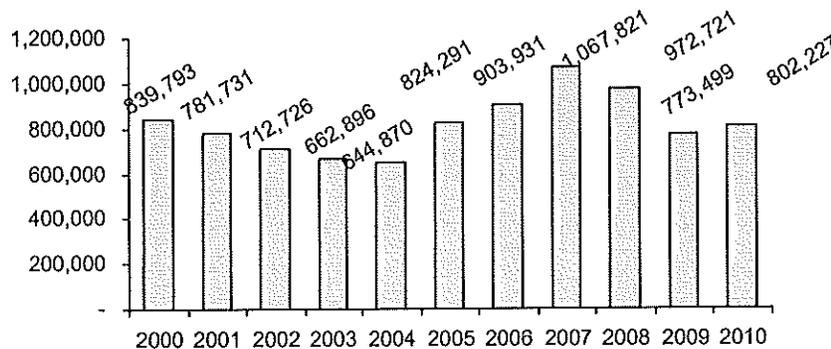
\$2,286,153 in the General Fund and accounted for 54% of all General Fund revenues. As stated above, in 2009, they accounted for 57% of General fund revenues.

Across all governmental funds, device fees made up nearly 43% of total revenues received and equaled \$2,629,031. In 2009, device fees equaled 51% of all governmental revenues. This significant decrease is a result of the James Peak sale revenues. When one removes the James Peak revenues to more accurately compare year over year, device fees made up 48% of all governmental fund revenues. Below is a graph that illustrates the total amount of device fee revenue collected for ALL governmental funds over the last ten (10) years.

Annual Device Fee Revenues



Gaming Revenue: In direct relation to the number of devices that City businesses have and each individual business's success, is the City's second most important revenue source: state gaming taxes. The amount of state gaming tax received annually by each gaming community is based on a calculation involving each City's proportion of gaming taxes paid to the state. Central City received \$802,227 in 2010, roughly \$29,000 over the budgeted allocation and an increase of \$28,728 or 3% over prior year. While this is only a minimal increase, it is significant in that it is the first increase in gaming tax the City has seen since 2007. As mentioned above, the increase is mostly due to Amendment 50 becoming effective in July 2009. Amendment 50 increased gambling limits and extended operation hours in all three of the State's gaming communities in the hopes of giving the stagnant gaming economy a boost. While the overall state of the national and local economies hampered the effectiveness of Amendment 50, it did increase business. Also hindering the City's recovery and growth is the continued problem of limited parking in the downtown area. Below is a graph illustrating state gaming tax revenue for the past ten (10) years.

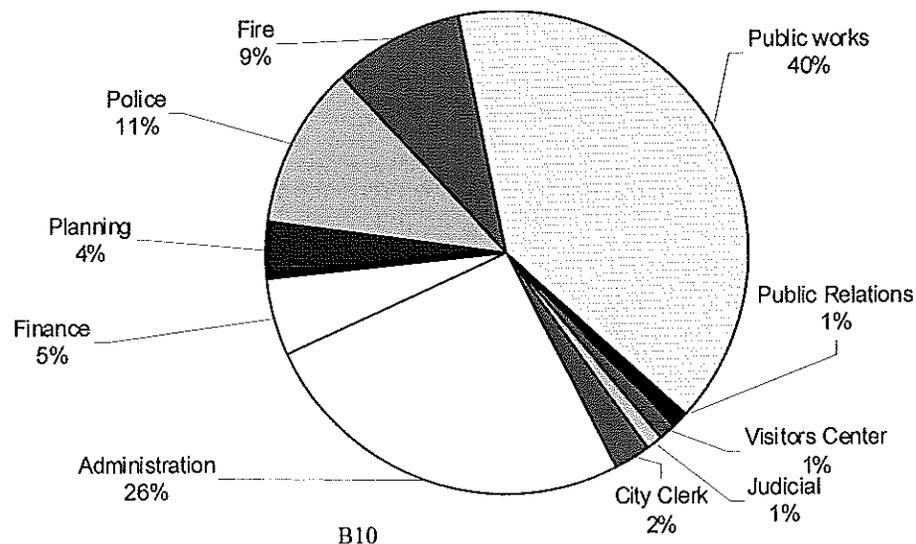


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General Fund Expenditures

Expenditures for all departments within the General Fund equaled to \$3,521,402, which is \$178,598 under the budgeted allocation (4%). Public Safety expenditures were \$82,036 less than budgeted due in part to an underpayment for county dispatch services and not using overtime funding within the Police Department. Public Works expenditures were less than budgetary allocations by \$82,218 as a result of the City not performing extensive crack repairs on the Central City Parkway and keeping unnecessary purchases at a minimum. While under budgeted allocations, the General Fund expenditures increased 8% or \$260,963 over 2009. \$125,686 of this expenditure increase is from the Public Works and Fleet Maintenance Departments. The majority of this increase is related to the purchase of needed capital assets in the amount of \$65,050. Those capital assets are as follows: backhoe \$41,750; fuel system \$11,800; rock sorter \$11,500. In addition to these purchases, personnel costs within the Public Works Department increased due to the reclassification of some personnel from the Water Department. The remainder of the General Fund's overall expenditure increase is mainly related to personnel changes as follows: the hiring and funding of a full-time City Clerk which increase expenditures by \$67,380; and changes within the City Manager's position that included a contract settlement and interim professional services.

Revenues were higher than expenditures by \$657,985. This means that approximately 15% of all General Fund revenues received were either put towards debt service payments (in the form of an inter-fund transfer) or added to the Fund balance. Once transfers to the Debt Service Fund are considered, the General Fund had an increase in fund balance in the amount of \$350,276. As mentioned during the discussion of the government-wide financials, the General Fund and the Debt Service Fund had prior period adjustments made to correct for missing and/or inaccurate interfund transfers in 2006. These prior period adjustments affected the General Fund's balance by decreasing it \$1,229,715. While this adjustment significantly decreased the General Fund's balance, the 2010 ending fund balance of \$204,049 is now an accurate reflection of the fund's position. In prior years the overstated fund balance made it difficult for many to understand how the General Fund could be severely restricted in cash when the fund balance was so large. With the prior period adjustment, the fund balance clearly illustrates how cash is so restricted and why building cash reserves is imperative in coming years. Following is a breakdown of the General Fund expenditures for the year:



City of Central, Colorado
Management Discussion & Analysis
 December 31, 2010

Historical Preservation Fund Analysis

The Historical Preservation Fund's most significant source of revenue, historical preservation funding, is also derived from gaming. Like 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 building and properties within the City. In 2010, the City received \$420,756 in state grant revenue. This is a decrease of 2% or \$12,404 from 2009. The City also received a matching grant from the Department of Local Affairs in the amount of \$126,033 to complete the Boodle Mill restoration project. In 2010, the City had expenditures of \$734,989, which is an increase of \$420,455 or 133%. This increase is due to a number of projects that the City began and/or completed in 2010. They are as follows: Boodle Mill project \$273,037 (\$136,518 City's matching share); Boodle Mill Fencing \$37,000; Streetscape project \$87,704; Mack Brewery project \$39,719 and Big T Lot improvements \$213,680. The City did not fund any historical grants in 2010 in order to complete many of the above projects. The overall fund balance for the Historical Preservation Fund decreased by \$180,168, or 31%.

Long-Term Debt

As mentioned a number of times throughout this analysis, the City refinanced all three of its bond issues during 2010. The three debt issues that were refinanced and advance refunded are as follows: 2006 Excise Tax Refunding; 2006 General Obligation Water Refunding; and 1981 General Obligation Water. The City chose to refinance and advance refund these bonds in order to decrease the overall annual debt service payments in 2010 and 2011 as well as gain a lower interest rate in the 1981 bonds. The large final payments of both 2006 issues would have put a significant strain on the City's overall cash flow so it was determined that refinancing and spreading the payments out over an additional two (2) years was appropriate. The City issued three (3) refunding bond issues. Their principal amounts and titles are as follows: Excise Tax Revenue Refunding Bonds 2010, \$650,000; General Obligation Refunding Bonds Series A, \$1,215,000; and General Obligation Refunding Bonds Series B, \$310,000. Issuing these bonds reduced the City's 2010 debt service payments by \$416,414. Debt service payments in 2011 will be reduced by \$730,425. Refunding the 2006 bond issues did result in a present value loss of \$124,518 due to the additional two (2) years payment. The refunding of the 1981 bond issue resulted in a present value gain of \$27,171 as the debt will be extinguished eight (8) years early.

As of the end of the current fiscal year, the City had a *total* of \$2,053,840 in outstanding debt principal payments all of which is governmental activities related. The following chart shows the City's outstanding long-term debts.

<u>Debt</u>	<u>Principle Outstanding</u>	<u>Interest Outstanding</u>	<u>Total</u>	<u>Yr. Retired</u>
2010 Excise Tax Refunding	650,000	47,187	697,187	2013
2010 G.O. Water Bonds-Series A	1,215,000	77,638	1,292,638	2013
2010 G.O. Water Bonds-Series B	310,000	25,650	335,650	2013
Premium/Gains & Losses	(121,160)	-	(121,160)	2013
Total	2,053,840	150,475	2,204,315	

City of Central, Colorado
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2011 Budget

Over the course of the past five to seven years, the City has seen a decline in revenues, several unanticipated major expenditures and increased costs to provide services to residents, businesses and visitors. As a result, the City has been forced to use cash reserves in order to maintain consistent service levels. Depleted General Fund cash and reserves have seriously jeopardized the City's ability to address additional costly repairs without affecting services and/or operations. Therefore, the 2011 budget attempts to improve services, but more importantly increase the City's overall financial health, specifically increasing General Fund cash reserves. In addition, the 2011 budget improves the financial strength of the Water Fund. In doing so, the City will be able to meet any unexpected events while maintaining service levels and maintaining necessary cash flow levels. This financial plan will provide greater flexibility and allow the City to undertake much needed repairs to City infrastructure and implement a realistic capital replacement program in coming years. The 2011 Budget serves as a much needed "Re-Set Button" that places a great emphasis on providing quality services and re-building and maintaining, healthy cash reserves.

The change in philosophy, beginning in 2011, required a new methodology in preparing the budget. The 2011 budget eliminates nearly all expenditures, keeping only basic contractual obligations, personnel costs and basic operating expenditures. A return to only basic services allows the Council and staff to truly evaluate a new baseline for providing services and operations. Expenditures beyond basic services and operations will be evaluated on a case by case basis and approved based upon current revenues and potential savings in other areas of the budget. The City Manager will have a small discretionary line item that will allow staff to address unexpected issues if and when they arise. Should an issue require the use of reserve funds, the City Council will be provided the appropriate information and then approve expenditures based upon Council priorities.

Overall Ending Fund Balances

The City's overall fund balances will decrease by (\$1,292,595) in 2011. \$699,800 of this decrease is due to the expenditures out of the Public Property Trust Fund for the Main Street Streetscape project. The Water Fund's decrease of \$688,056 makes up another large portion of the decrease. This Water Fund decrease is related to the required, non-cash, recognition of equipment depreciation (\$340,000) and the up front costs for the purchase of all residential and commercial meters and installation (\$281,000). The overall reserved Ending Fund Balances for the City will be \$924,384 and reserved balances will be \$1,289,790.

City of Central, Colorado
Management Discussion & Analysis
December 31, 2010

General Fund

The General Fund reflects an overall revenue decrease of approximately 7% or \$270,000. Most revenue categories in the General Fund reflect decreases ranging from 2% to 8%. Specifically, device fees and state gaming tax revenue have been reduced by 9% and 2% respectively.

General Fund expenditures decreased by approximately 12% or \$432,515 when comparing 2010 to 2011. Significant savings are illustrated in the Administration (\$257, 800) and Fire & Ambulance Departments (\$64,659). Decreases in the Administration Department are related to reduced attorney fees, reduced litigation fees, the elimination of dues and subscriptions and reduced device fee rebates. The reduction in the Fire & Ambulance Department is due to the elimination of general supplies, decreased funding for safety, fire truck and fire house equipment and fire truck repairs. Further savings in the Public Works Department were realized through reduced paving projects and decreased funding for equipment repairs. Needs in these areas will be evaluated on a case by case basis and approved by the City Manager and City Council. Additional savings will be realized by eliminating the Part-Time Public Relations position and the events will be planned and facilitated by existing staff.

Personnel and Benefits

The 2011 proposed budget authorizes 18 full-time positions and 6 part-time positions. The 2011 Budget reflects a 2% cost-of-living adjustment (COLA) for all employees, with a total cost of approximately \$24,000. Based upon CML salary survey information, the revised Pay Plan continues to reflect salaries and wages in the mid-range for Central City staff.

Water Fund

This budget reflects a significant effort to re-establish the General Fund's cash reserves and significant effort to restore Water Fund reserves and make the Water Fund self-sufficient. As an Enterprise Fund, the Water Fund is legally required to be a self-sufficient fund. Generally speaking, this means that all costs of providing water should be covered by the user fees collected. The Water Fund has traditionally under collected fees, primarily because the General Fund was healthy enough to provide subsidies. However, the strength of the General Fund has declined and is less able to subsidize the Water Fund. An analysis of the current revenues and expenses of the Water Fund concluded that in order for the fund to be solvent within five (5) years, rate increases were necessary. The 2011 Budget reflects a rate increase of 20% for both residential and commercial customers. The additional revenue gained through this increase will reduce the Water Fund's overall financial losses.

Additionally, the City Council will require the replacement of all commercial meters and the installation of water meters on all residential units within the City. Detailed analysis during 2010 made it apparent that a number of commercial meters in town were not functioning properly. The poor condition of these meters reduced the accuracy of meters, reduced revenue

City of Central, Colorado
Management Discussion & Analysis
December 31, 2010

for the Water Fund and made leak detection problematic. Additionally, metering residential users will provide for better accuracy and provide greater equity for residential users.

Summary

Overall, the 2011 Budget is reflective of Council and staff's belief that the City's top priority should be re-building and sustaining healthy cash reserves. Doing so will allow the City to provide quality services, repair aging infrastructure, implement a capital replacement program and begin developing a vision for the future of Central City. The 2011 budget begins the process of replenishing the General Fund's cash reserves and providing solvency to the Water Fund. These objectives are achieved by providing for limited essential expenditures, refinancing the City's bonds and through metering and rate increases in the Water Fund. The 2011 budget is a limited budget, reflecting very conservative revenues, limited spending and improved cash reserves.

Request for Information:

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Central, Colorado
Statement of Net Assets
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Business Improvement District
Assets:				
Cash & Investments-Unrestr.	576,594	321,911	898,505	103,897
Cash & Investments-Restr.	204,130	-	204,130	29
Receivables, net:				
Taxes	352,589	-	352,589	2,633,078
Accounts	94,015	50,217	144,232	405
Other	-	-	-	-
Bond Issuance costs, net	69,839	-	69,839	-
Prepaid Expenses	54,320	1,403	55,723	2,285
Capital Assets, not being depreciated	5,521,146	1,884,261	7,405,407	-
Depreciable Capital Assets, net	34,470,404	9,098,862	43,569,266	
Total Assets	41,343,037	11,356,654	52,699,691	2,739,694
Liabilities				
Accounts Payable	265,451	12,901	278,352	29,372
Accrued Salaries/Benefits	56,269	446	56,715	-
Deferred Property Taxes	352,589	-	352,589	2,247,704
Deferred Revenue	166,001	149,337	315,338	-
Interfund Balances	(1,089,205)	1,089,205	-	-
Compensated Absences	107,180	1,287	108,467	-
Accrued Interest	11,842	-	11,842	
Tax Prepayment Note Payable	-	-	-	346,875
Bond Interest Payable:				
Accrued Current Interest	-	-	-	495,844
Accrued Prior Interest	-	-	-	15,826,939
Bonded Debt Payable:				
Due within one year	635,000	-	635,000	6,110,000
Due in more than one year	1,418,840	-	1,418,840	39,090,000
Total Liabilities	1,923,967	1,253,176	3,177,143	64,146,734
Net Assets:				
Invested in Capital Assets, net of related debt	37,937,710	10,983,123	48,920,833	-
Restricted for emergencies	204,130	-	204,130	5,000
Restricted for other purposes	-	-	-	399,535
Unrestricted	1,277,230	(879,645)	397,585	(61,811,575)
Total Net Assets	39,419,070	10,103,478	49,522,548	(61,407,040)

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

FUND FINANCIAL STATEMENTS

City of Central, Colorado
Governmental Funds
Balance Sheet
December 31, 2010

	General	Public Property Trust Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash & Investments-Unrestricted	(906,672)	925,191	(3,217)	561,292	576,594
Cash & Investments-Restricted	-	-	-	204,130	204,130
Accounts Receivable	69,456	-	5,017	19,542	94,015
Due (to) from other Funds	1,245,950	-	-	-	1,245,950
Property Tax Receivable	23,101	-	329,488	-	352,589
Prepaid Expenses	54,065	-	-	255	54,320
Total Assets	<u>485,900</u>	<u>925,191</u>	<u>331,288</u>	<u>785,219</u>	<u>2,527,598</u>
Liabilities & Fund Balances					
Liabilities:					
Accounts/vouchers payable	184,365	-	1,800	79,286	265,451
Due to Other Fund	-	-	-	156,745	156,745
Deferred revenue	20,347	-	-	-	20,347
Accrued payroll & related liabilities	54,038	-	-	2,231	56,269
Deferred property taxes not collectible until subsequent year	23,101	-	329,488	-	352,589
Total Liabilities	<u>281,851</u>	<u>-</u>	<u>331,288</u>	<u>238,262</u>	<u>851,401</u>
Fund Balances:					
Reserved for emergencies	-	-	-	204,130	204,130
Reserved for prepaid expenses	54,065	-	-	255	54,320
Unreserved, reported in:					
General Fund	149,984	-	-	-	149,984
Special Revenue Funds	-	925,191	-	275,890	1,201,081
Capital projects Funds	-	-	-	66,682	66,682
Total Fund Balances	<u>204,049</u>	<u>925,191</u>	<u>-</u>	<u>546,957</u>	<u>1,676,197</u>
Total Liabilities & Fund Balances	<u>485,900</u>	<u>925,191</u>	<u>331,288</u>	<u>785,219</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,991,550
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	69,839
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These included bonds payable (\$2,175,000), compensated absences (\$107,180), deferred charges \$121,160, accrued interest payable (\$11,842), and deferred fee revenue of (\$145,654).	<u>(2,318,516)</u>

Net Assets of Governmental Activities

39,419,070

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

City of Central, Colorado
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
December 31, 2010

	General	Public Property Trust Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	1,532,596	-	303,217	-	1,835,813
Licenses, permits and fees	39,890	-	-	-	39,890
Intergovernmental Revenue	67,141	-	-	551,909	619,050
Charges for services	46,572	-	-	-	46,572
Fines and forfeitures	44,929	-	-	-	44,929
Special Assessments	2,286,153	-	342,878	-	2,629,031
Investment Income	297	1,037	1	386	1,721
Miscellaneous	161,809	722,642	-	7,788	892,239
Total Revenues	<u>4,179,387</u>	<u>723,679</u>	<u>646,096</u>	<u>560,083</u>	<u>6,109,245</u>
Expenditures:					
General Government	1,392,559	-	-	734,989	2,127,548
Public safety	691,817	-	-	-	691,817
Public Works	1,399,526	-	-	-	1,399,526
Culture & Recreation	37,500	-	-	-	37,500
Bond Issue Costs	-	-	77,010	-	77,010
Debt Service					
Principal	-	-	128,397	-	128,397
Interest	-	-	64,723	-	64,723
Other	-	-	7,874	-	7,874
Total Expenditures	<u>3,521,402</u>	<u>-</u>	<u>278,004</u>	<u>734,989</u>	<u>4,534,395</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>657,985</u>	<u>723,679</u>	<u>368,092</u>	<u>(174,906)</u>	<u>1,574,850</u>
Other Financing Sources (Uses):					
Proceeds from Issuance of Debt	-	-	2,175,000	-	2,175,000
Payments to Escrow Agents	-	-	(2,566,160)	-	(2,566,160)
Bond Premium	-	-	7,171	-	7,171
Operating transfers in	-	-	304,897	2,812	307,709
Operating transfers (out)	(307,709)	-	(289,000)	-	(596,709)
Total Other Financing Sources (Uses)	<u>(307,709)</u>	<u>-</u>	<u>(368,092)</u>	<u>2,812</u>	<u>(672,989)</u>
Net Change in Fund Balances	350,276	723,679	-	(172,094)	901,861
Fund Balances- Beginning	<u>1,083,488</u>	<u>201,512</u>	<u>(1,229,715)</u>	<u>719,051</u>	<u>774,336</u>
Prior Period Adjustment	(1,229,715)	-	1,229,715	-	-
Fund Balances (Deficit)- Ending	<u><u>204,049</u></u>	<u><u>925,191</u></u>	<u><u>-</u></u>	<u><u>546,957</u></u>	<u><u>1,676,197</u></u>

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

City of Central, Colorado
Reconciliation of Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To The Statement of Activities
December 31, 2010

Amounts Reported for Governmental Activities in the Statement of Activities are different because:

Net Changes in Fund Balances-Total Governmental Funds	901,861
Governmental funds report capital outlays as expenditures. However, in the Statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$2,306,385) exceeded capital outlay \$502,510	(1,803,875)
Bond proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Assets and does not effect the Statement of Activities.	(2,175,000)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. These include payments of Notes Payable of \$128,397, advance refunding bonds of \$2,445,000, change in deferred charges of \$95,432, bond issue costs of (\$77,804), compensated absences of \$30,903 and the change in accrued interest payable of \$174.	<u>2,622,102</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (454,912)</u></u>

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

City of Central, Colorado
Proprietary Fund
Water Fund
Statement of Net Assets
For the Year Ended
December 31, 2010

Assets

Current Assets:

Cash & Investments	321,911
Accounts receivable, net of allowance for doubtful accounts	50,217
Prepaid Expenses	1,403
Total-Current Assets	<u>373,531</u>

Non-current Assets

Property, plant & equipment, net of accumulated depreciation	9,729,760
Water rights	1,253,363
Total-Non-current Assets	<u>10,983,123</u>

Total Assets	<u>11,356,654</u>
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Liabilities:

Current Liabilities

Accounts payable and other liabilities	13,347
Deferred Revenue	21,333
Total-Current liabilities	<u>34,680</u>

Long-Term Liabilities

Deferred Revenue	128,004
Accrued compensated absences	1,287
Due to other funds	1,089,205
Total-Long-term liabilities	<u>1,218,496</u>

Total Liabilities	<u>1,253,176</u>
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Net Assets:

Invested in capital assets, net of related debt	10,983,123
Unrestricted	(879,645)

Total Net Assets	<u>10,103,478</u>
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The accompanying notes are an integral part of these financial statements.

City of Central, Colorado
Proprietary Fund
Water Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended
December 31, 2010

Operating Revenues:	
Charges for services	312,944
Other revenues	20,382
Miscellaneous	41
	333,367
Total Operating Revenues	
Operating Expenses:	
Salaries	48,496
Fringe Benefits and employment taxes	13,444
Repairs and maintenance	43,593
Supplies	31,332
Utilities	80,022
Professional Fees	181,883
Miscellaneous	3,594
Depreciation	306,200
	708,564
Total Operating Expense	
Operating (Loss)	(375,197)
Non-Operating Revenues (Expenses):	
Transfer from Debt Service Fund	289,000
Bond Interest	(5,892)
	283,108
Non-Operating Income (Loss)	
Change in Net Assets	(92,089)
Net Assets-Beginning	10,195,567
	10,103,478
Net Assets-Ending	10,103,478

The accompanying notes are an integral part of these financial statements

City of Central, Colorado
Statement of Cash Flows
Proprietary Fund Type-Water Fund
For the Year Ended December 31, 2010
 Increase (Decrease) in Cash and Cash Equivalents

Cash Flow From Operating Activities:	
Cash received from customers	294,589
Cash paid to Suppliers and Employees	<u>(406,055)</u>
Net Cash Provided (Used) by Operating Activities	<u>(111,466)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Transfer from Debt Service Fund	<u>289,000</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of Fixed Assets	(88,028)
Principal Payments on Bonds	(308,000)
Interest Payments	<u>(15,400)</u>
Net Cash Provided (Used) by Capital Financing Activities	<u>(411,428)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(233,894)
Cash and Cash Equivalents-Beginning	<u>555,805</u>
Cash and Cash Equivalents-Ending	<u><u>321,911</u></u>
Reconciliation of Operating (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating (Loss)	<u>(375,197)</u>
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Depreciation Expense	306,200
Changes in Assets and Liabilities	
Accounts Receivable	(17,446)
Prepaid Expenses	815
Accounts Payable	3,218
Deferred Revenue	(21,332)
Accrued Expenses	<u>(7,724)</u>
Total Adjustments	<u>263,731</u>
Net Cash (Used) by Operating Activities	<u><u>(111,466)</u></u>

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

City of Central, Colorado
Fiduciary Fund- Fireman's Pension Trust Fund
Statement of Fiduciary Net Assets
December 31, 2010

Assets:	
Cash and Cash Equivalents	1,728
Investments	<u>417,715</u>
Total Assets	<u><u>419,443</u></u>
Net Assets:	
Held in trust for pension benefits	<u>419,443</u>
Total Net Assets	<u><u>419,443</u></u>

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

City of Central, Colorado
Fiduciary Fund-Fireman's Pension Trust Fund
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2010

Additions:	
City contributions	7,600
State of Colorado Contributions	6,417
Investment Income	<u>43,124</u>
Total Additions	<u>57,141</u>
Deductions:	
Pension payments	<u>2,849</u>
Total Deductions	<u>2,849</u>
Changes in Net Assets	54,292
Net Assets- Beginning	<u>365,151</u>
Net Assets- Ending	<u><u>419,443</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

I. Summary of Significant Accounting Policies

The City of Central, Colorado (“City”) was incorporated as a statutory town in 1886. In 1991, voters in the City approved adoption of the City’s “Home Rule” charter as provided for in Article XX of the Colorado State Constitution and the Municipal Home Rule Act of 1971. This granted the City the power of self-government and home rule as well as other municipal powers established by the Constitution and laws of the State of Colorado. The City is the lowest level of government having oversight responsibility and control over all activities within the geographical area organized as the City of Central, Colorado. The City is located in Gilpin County, Colorado and is governed by an elected Mayor and City council. This elected body is responsible for setting policy, appointing the City Manager and adopting an annual budget in accordance with the Home Rule Charter.

The City’s financial statements are prepared in accordance with the U.S. generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the group responsible for establishing GAAP for state and local governments through its pronouncements (Statements & Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (“FASB”) issued through November 30, 1989, where applicable and when not in contradiction or conflict with GASB pronouncements. Although the City has the option to apply FASB pronouncements after that date to its business-type activities and enterprise funds, the City has chosen not to do so for consistency and simplicity. The more significant accounting policies established by GAAP and used by the City are discussed below:

A. Reporting Entity

The reporting entity for which financial statements have been prepared and presented include the City (primary government) and any component units for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if any of the following are true: the City is able to appoint a voting majority of that organization’s governing body; if the City is able to impose its will on that organization; if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Organizations that are fiscally dependant upon the City may also be considered a component unit if they are unable to adopt a budget, levy taxes or issue debt without the approval of the City. In addition to these criteria, any organization whose nature and/or significance is such that exclusion from the financial statements would be misleading or incomplete should also be considered a component unit and therefore, part of the reporting entity.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

B. Discretely Presented Component Unit-Central City Business Improvement District

As required by GAAP, the financial statements of the City include those of its component unit, the City of Central Business Improvement District ("BID"). The BID's financial information is presented in a separate column as a discretely presented component unit to emphasize that the organization is a legally separate entity from the City.

The BID was formed in 1998 by voter approval within defined commercial areas of the City. Voter approval signaled the formation of the BID and allowed for the BID to issue future bonds to finance the construction of the Central City Parkway, known during construction as the Southern Access Road ("Road"). Construction of the Road would permit direct access into the City from U.S. Interstate 70.

The BID completed construction of the Road in 2004 and it was officially open and operational in November 2004. Also in 2004, the City assumed operational responsibility for the Road. While the construction warranty period expired in November 2006, certain issues delayed the BID's transfer of the Road to the City until February 2007.

A complete copy of the BID's financial statement can be obtained directly from their administrative office at:

Joe Behm
Central City Business Improvement District
9155 East Nichols Avenue, Suite 330
Centennial, CO 80112

C. Government-Wide & Fund Financial Statements

The City's basic financial statements are composed of two separate yet related types of financial statements; government-wide statements (illustrates the City's finances as a whole) and fund statements (illustrates the City's major funds). Both types of financial statements categorize primary activities as either governmental related or business related. The City's public safety, road maintenance, public works, administration, and culture & recreation are considered governmental activities. The following two (2) sections will discuss each type of statement and how the two are related more specifically.

1. Government-wide Financial Statements

The government-wide financial statements focus is illustrating the sustainability of the City as an entity and the change in the City's net assets resulting from activities during the current year. The

City of Central, Colorado
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government-wide financial statements are composed of two (2) separate financial reports that illustrate different aspects of the overall government's financial position. The first of these is the *Statement of Net Assets*. In the Statement of Net Assets both the governmental and business-type (Water Fund) activities are presented together on a consolidated basis using the full accrual, economic resource basis. The full accrual, economic resources basis recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three (3) sections: invested in capital assets, net of related debt; restricted net assets and; unrestricted net assets. The Statement of Net Assets is a snap shot of the entire reporting entity's assets on a certain date; that date being the end of the fiscal year (December 31, 2010).

The second financial report in the government-wide section is the Statement of Activities. Where the Statement of Net Assets illustrates what the reporting entity's net assets are, the Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities, the revenues received that supported those functions, and how the difference in these affected net assets over the course of the year. Essentially, the Statement of Activities illustrates how the net assets total was reached over the course of the year.

The Statement of Activities reduced gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.)

2. Fund Financial Statements

Whereas the government-wide financial statements present a financial picture of the government as a whole, the fund financial statements present financial information for the specific parts of the government. This is done using *funds*. The financial transactions of the City are reported in individual funds that are established to separately account to different types of functions, activities, funding sources, etc. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on *available* resources and budget compliance and is reported using the *modified accrual basis* of accounting. The focus and accounting basis

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is where fund financial reports differ from the government-wide reporting model (with the exception of the business-type activities).

The City reports the following major governmental funds:

General Fund-The General Fund is the City's primary operating fund. It is used to account for resources that are traditionally associated with governmental activities of the City, such as public safety, recreation, planning, legal services, administrative services, etc. which are not legally or by sound financial management required to be accounted for in another fund.

Public Property Trust Fund-The Public Property Trust Fund accounts for funds collected from the sale of any real property owned and/or held by the City. The funds gained from the sale of any real property are placed in this fund and can be used to improve upon or obtain other City properties or infrastructure.

Debt Service Fund-The Debt Service Fund accounts for the City's debt service payments for the 1996, 2006 and 2010 Excise Tax Refunding bonds, the 1996, 2006 and 2010 General Obligation Water Refunding bonds (Series A) and the 2010 General Obligation bonds (Series B).

The City reports the following proprietary or business-type funds:

Water Fund-the Water Fund accounts for the provision of water services to the citizens and businesses of the City.

The City reports the following agency or trust funds:

Fireman's Pension Trust Fund-The Fireman's Pension Trust Fund was established to provide pension benefits to the City's volunteer firefighters. Contributions are received from both the City and the State of Colorado, and are held in trust for disbursements to participants upon leaving the pension plan or upon qualified retirement. The City does not budget for the Fireman's Pension Trust Fund.

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D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statement measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statement. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Resources Measurement Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial resources measurement focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Revenues susceptible to accrual include but are not limited to sales and use tax, lodging tax, and interest earnings. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) changes to customers or applicant for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from

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providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for water service.

Operating expenses for the enterprise fund 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 non-operating revenues and expenses.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

The City pools all deposits and the investments of all funds. Each fund's share of the overall pool is readily identified by the City's internal records. All investments are stated at market value. Cash and cash equivalents include demand deposits and local government investment pools. Certain proceeds of debt issues, as well as certain resources set aside for the repayment of said debt issues are classified on the balance sheet as restricted assets because their use is limited by applicable bond covenants. Restricted assets may also include certain deposits that have been limited as to usage pursuant to escrow and similar agreements.

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts receivable in the Water Fund was \$1,500 at December 31, 2010.

3. Prepaid Items

Payments to vendors for services that will benefit periods beyond December 31, 2010 are recorded as prepaid items. The costs of governmental type prepaid items are recorded as expenditures when consumed rather than when purchased.

4. Property Taxes

Property taxes in the State of Colorado are assessed in one year as a lien on the property, but not are not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles (GAAP), the assessed but uncollected property taxes have been recorded in the accompanying financial statements as a receivable and as deferred revenue.

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5. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles and infrastructure assets (only infrastructure acquired after January 1, 2002), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as the projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Infrastructure, buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15-30
Buildings and Improvements	30
Distribution Systems	50
Equipment and Vehicles	5-8

6. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave that is not expected to be liquidated with expendable available financial resources is reported as a liability on the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting, accumulated right to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated will be paid at the termination of employment.

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7. Deferred Revenues

The City reports deferred revenue on its combined governmental balance sheet. Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

8. Long-term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type, or proprietary fund type Statement of Net Assets.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for only specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund or expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

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F. Other Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Proprietary Funds

As required by GASB Statement No. 20, the City has elected that its proprietary funds follow all GASB pronouncements, as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins issued on or before November 30, 1989 (except those that conflict with a GASB pronouncement).

3. Credit Risk

Receivables in the City's funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

4. Restricted and Unrestricted Resources

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

5. Subsequent Events

Management has evaluated subsequent events through May 31, 2011, the date that these financial statements were available for release, and do not feel that any subsequent events would have an impact on these financial statements.

6. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to

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understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for the proprietary fund (Water Fund). Annual appropriations are adopted for all funds and expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado State Statutes, the City followed the required timetable, as noted below, in preparing, approving and enacting the 2010 Budget.

- i. For the 2010 budget year, prior to August 25, 2009, the County Assessor sent the City an assessed valuation of all taxable property within the City's boundaries.
- ii. On or before October 15, 2009, the City Manager submitted to the City Council a recommended budget, which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
- iii. Prior to December 15, 2009, a public hearing on the 2010 budget was held, City Council adopted the 2010 Budget as well as an appropriating resolution that legally appropriated expenditures for the coming year and adopted the required mill levy rate.
- iv. Also prior to December 15, 2009, the Finance Director certified to the County Commissions the adopted levy rate that derived the necessary property taxes as reflected in the 2010 budget adopted by Council.
- v. After adoption of the budget resolution, the City may make the following changes to the adopted budget:
 1. Transfer appropriated money between funds;
 2. Approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget;
 3. Approve emergency appropriations, and
 4. Reduce appropriations for which originally estimated revenues are deemed insufficient.

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Taxes levied in one year are collected in the following year. Thus, taxes certified in December of 2009 were collected in 2010 and taxes certified in December 2010 will be collected in 2011. Taxes are due on January 1st of the collection year. However, they may be paid in either one lump payment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without being assessed any interest or penalty. Taxes not paid within the prescribed time are assessed interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest on said amounts become delinquent on June 16th of each collections year.

During 2010, supplemental budget appropriations for three funds were necessary. Those funds with their original and supplemental appropriations are listed below. The total supplemental appropriations were \$202,696. The budgetary comparison statements reflect both the original and final budget amounts adopted by the City.

<u>Fund</u>	<u>Original</u>	<u>Final</u>	<u>Increase</u>
General	\$ 3,628,742	\$ 3,700,000	\$ 71,258
Historic Preservation	\$ 784,138	\$ 800,000	\$ 15,862
Water	\$ 434,424	\$ 550,000	\$ 115,576
Total Appropriation	<u>\$ 4,847,304</u>	<u>\$ 5,050,000</u>	<u>\$ 202,696</u>

B. State Compliance

At December 31, 2010, the City's Debt Service Fund expenditures exceeded appropriations by \$1,764,493 due to the advanced refunding of bond issues. This may be a violation of state statutes.

C. TABOR Amendment

In November 1992, the Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly referred to as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires (with certain exceptions) advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of a tax set to expire or tax policy change that will directly cause a net tax revenue gain for any local government.

Effective January 1, 1993, the City's electorate approved the City's collections, retentions and expenditures of the full proceeds of the City's sales and use tax, device tax, State gaming tax and non-federal grants without regard to the limitations imposed by TABOR.

City of Central, Colorado
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Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation. If adequate present cash reserves are pledged irrevocably and held for payments in future fiscal years voter approval is not required. TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. The City had reserved and restricted \$204,130 for TABOR emergency reserve purposes at December 31, 2010.

The City's management believes that the City is in compliance with the financial provisions of TABOR. However, it is important to note that TABOR is complex and is often subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, would require judicial interpretation.

III. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2010, the City held deposits and investments with the following balances:

	Carrying Amounts
<i>Deposits:</i>	
Petty Cash	\$ 550
Deposits	355,061
	355,611
<i>Investments:</i>	
Investment Pools	1,166,467
	\$ 1,522,078

Cash deposits and investments are reflected on December 31, 2010 balance sheets as follows:

Governmental Activities-Unrestricted	\$ 576,594
Governmental Activities-Restricted	204,130
Business Type Activities-Unrestricted	321,911
Fiduciary	419,443
	\$ 1,522,078

City of Central, Colorado
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i. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2010, State regulatory commissioners indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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 the uninsured public deposits as a group. The market value of the collateral must be equal to at least 102% of the uninsured deposits.

At December 31, 2010, the City had deposits with financial institutions with a carrying amount of \$355,061. The bank balances with the financial institutions were \$539,845. Of these balances, \$250,000 was covered by federal depository insurance and \$289,845 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

i. Investments

The City has invested \$748,752 in the Colorado Government Liquid Asset Trust ("Colotrust"), which is a 2a7-like investment pool established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal to \$1.00. Investments of the trusts consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. The City has no regulatory oversight of the pool. Colotrust is rated AAAM by Standard and Poors.

The City also has \$417,715 invested with the Fire and Police Pension Association of Colorado ("FPPA") on behalf of its volunteer firefighters. The City has no regulatory oversight for the unrated FPPA pool.

Interest Rate Risk: In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twenty four months. In the event that the City's portfolio consists of callable securities, the final maturity date of the security is used as the maturity of the security in order to disclose the maximum liability in the City's financial reports.

City of Central, Colorado
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Credit Risk: State law and City policy limit investments to those authorized by State Statutes including U.S. Agencies and 2a7-like pools. The City's investment policy is to apply the prudent-investor rule, which is as follows: A prudent investor shall exercise the judgment and care, under circumstances prevailing, which men of prudence, discretion and intelligence exercise in the management of the property of one another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of their capital.

Pursuant to the City's Home Rule Charter, the City has adopted by ordinance an investment policy that governs the types of institutions and investments with which funds may be deposited and business may be transacted. Under this policy, the City may invest in federally insured banks, debt obligations of the U.S. Government, its agencies and instrumentalities, governmental mutual funds and pools including 2a7-like pools and repurchase agreements subject to policy requirements.

Concentration of Risk: The City diversifies its investments by security type, individual financial institutions and maturities. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Home Mortgage Association ("FHA"), the Federal Savings and Loan Insurance Corporation or Congressionally authorized mortgage lenders and investments that are federally guaranteed. A minimum of 50% of the investable assets of the City will be maintained in U.S. Treasury Obligations, Federal Instrumentality Securities, Repurchase Agreements and Local Government Investment Pools. Financial institutions holding City funds must provide the City with a statement of collateral in the form of a listing of securities pledged and a copy of the certificate from the Banking Authority that state that the institution is an eligible public depository.

B. Restricted Cash and Cash Equivalents

As required by TABOR, at December 31, 2010, the City had restricted cash and/or a cash equivalent account in the amount of \$204,130. The City also had restricted cash related to the FPPA employee benefit plan in the amount of \$1,728 and restricted investments with FPPA of \$417,715.

C. Component Unit-Deposits and Investments

- i. At December 31, 2010 the carrying amount of the BID's unrestricted deposits and investments was \$130,034 with a carrying balance of \$103,897. The BID also had a restricted amount bank balance of \$29. Of the bank balance, \$130,034 was insured by the FDIC.
- ii. Prior to 2010, funds that were included in the trust accounts at American National Bank were invested in the SEI Daily Income Treasury Portfolio. This portfolio is a money market fund that is managed by SEI

City of Central, Colorado
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Investments and each share is equal in value to \$1. The fund is AAA rated and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is ninety (90) days or less.

- iii. Cash and Cash Equivalents-The BID's financial instruments include cash and investments. The BID estimated that the fair value of all financial instruments at December 31, 2010 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

D. Accounts Receivable

Receivables at December 31, 2010 for the City, including applicable allowances for uncollectible accounts, were as follows:

	Total Governmental Funds	Enterprise (Water) Fund	Total
Property Taxes receivable	\$ 352,589	-	352,589
Sales, use and other taxes	94,015	-	94,015
Water Consumption	-	51,717	51,717
	<u>446,604</u>	<u>51,717</u>	<u>498,321</u>
Allowance for doubtful accounts	<u>-</u>	<u>(1,500)</u>	<u>(1,500)</u>
Receivables, net	<u>\$ 446,604</u>	<u>50,217</u>	<u>496,821</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$352,589 of deferred revenue for property taxes levied in 2010 but not available until 2011.

City of Central, Colorado
Notes to the Financial Statements
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E. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance 1/1/10	Increases	Decreases	Balance 12/31/10
Governmental Activities:				
<i>Capital Assets not being depreciated:</i>				
Land & Improvements	5,481,427	39,719	-	5,521,146
<i>Capital Assets being depreciated:</i>				
Buildings & Improvements	1,919,412	272,978	-	2,192,390
Infrastructure	45,372,140	124,763	-	45,496,903
Equipment and Vehicles	2,088,204	65,050	(26,830)	2,126,424
<i>Total Depreciable Assets</i>	<u>49,379,756</u>	<u>462,791</u>	<u>(26,830)</u>	<u>49,815,717</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	(1,004,484)	(62,445)	-	(1,066,929)
Infrastructure	(10,377,354)	(2,095,591)	-	(12,472,945)
Equipment and Vehicles	(1,683,920)	(148,349)	26,830	(1,805,439)
Total accumulated depreciation	<u>(13,065,758)</u>	<u>(2,306,385)</u>	<u>26,830</u>	<u>(15,345,313)</u>
Total depreciable capital assets, net	36,313,998	(1,843,594)	-	34,470,404
Governmental activities capital assets, net	<u>\$ 41,795,425</u>	<u>(1,803,875)</u>	<u>-</u>	<u>39,991,550</u>
	Balance 1/1/10	Increases	Decreases	Balance 12/31/10
Business-type activities:				
<i>Capital Assets not being depreciated:</i>				
Land	630,898	-	-	630,898
Water rights	1,253,363	-	-	1,253,363
<i>Total non-depreciable capital assets</i>	<u>1,884,261</u>	<u>-</u>	<u>-</u>	<u>1,884,261</u>
<i>Capital Assets being depreciated:</i>				
Buildings and improvements	819,985	-	-	819,985
Equipment	239,358	36,046	-	275,404
Reservoir, plant and water lines	13,183,106	51,982	-	13,235,088
<i>Total depreciable assets</i>	<u>14,242,449</u>	<u>88,028</u>	<u>-</u>	<u>14,330,477</u>
Less accumulated depreciation for:				
Buildings and improvements	(642,671)	(27,333)	-	(670,004)
Equipment	(170,497)	(17,549)	-	(188,046)
Reservoir, plant and water lines	(4,112,247)	(261,318)	-	(4,373,565)
Total accumulated depreciation	<u>(4,925,415)</u>	<u>(306,200)</u>	<u>-</u>	<u>(5,231,615)</u>
Total depreciable capital assets, net	<u>9,317,034</u>	<u>(218,172)</u>	<u>-</u>	<u>9,098,862</u>
Business-type activities capital assets, net	<u>\$ 11,201,295</u>	<u>(218,172)</u>	<u>-</u>	<u>10,983,123</u>

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For 2010, the City incurred capital outlays and depreciation expense by functions as follows:

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental Activities:		
General Government	\$ -	48,614
Public Safety	-	55,357
Public Works, including infrastructure	<u>502,510</u>	<u>2,202,414</u>
Total-Governmental Activities	<u><u>502,510</u></u>	<u><u>2,306,385</u></u>
Business-type Activities		
Water	<u>88,028</u>	<u>306,200</u>
Total Business-type Activities	<u><u>\$ 88,028</u></u>	<u><u>306,200</u></u>

F. Interfund Balances and Transfers

The City had the following interfund receivables or payables as of December 31, 2010; these balances are not expected to be paid within one year.

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
Water Fund	General Fund	\$ 1,089,205
Impact Fees Fund	General Fund	\$ 156,745

The City had the following transfers between funds during 2010:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Debt Service Fund	\$ 304,897	To cover debt service payments not covered by Debt Service revenue
General Fund	Conservation Trust Fund	\$ 2,812	Repay fund for ineligible expenditures of 2009
Debt Service Fund	Water Fund	\$ 289,000	To record/reflect 1981 Bonds defeasance and transfer to Debt Service Fund

City of Central, Colorado
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G. Long-Term Debt

The following schedule summarizes changes in the City's long-term debt during 2010:

	<u>Balance 1/1/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Due in One Year</u>
Governmental Activities:					
Bonds Payable:					
Excise Tax Refunding Bonds					
-Series 2006	\$ 890,000	-	(890,000)	-	-
General Obligation Water					
-Refunding Bonds-Series 2010	1,555,000	-	(1,555,000)	-	-
Excise Tax Refunding Bonds					
-Series 2010	-	650,000	-	650,000	210,000
General Obligation Water					
-Refunding Bonds-Series A 2010	-	1,215,000	-	1,215,000	400,000
General Obligation Water					
-Refunding Bonds-Series B 2010	-	310,000	-	310,000	25,000
<i>Add:</i>					
Issuance Premium	2,436	-	(2,436)	-	-
<i>Less:</i>					
Deferred Amounts-Refunding	(28,164)	(121,160)	28,164	(121,160)	-
Total-Bonds Payable	<u>2,419,272</u>	<u>2,053,840</u>	<u>(2,419,272)</u>	<u>2,053,840</u>	<u>635,000</u>
Loan Payable	128,397	-	(128,397)	-	-
Compensated Absences	<u>138,083</u>	<u>-</u>	<u>(30,903)</u>	<u>107,180</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 2,685,752</u>	<u>2,053,840</u>	<u>(2,578,572)</u>	<u>2,161,020</u>	<u>635,000</u>

**Beginning balances were decreased by \$25,801 for capital lease. Please see Note Q on page D33

Business-Type Activities:

Bonds Payable

General Obligation Water Bonds					
-Series 1981	\$ 308,000	-	(308,000)	-	-
Compensated Absences	<u>9,011</u>	<u>-</u>	<u>(7,724)</u>	<u>1,287</u>	<u>-</u>
Business-Type activities long-term liabilities	<u>\$ 317,011</u>	<u>-</u>	<u>(315,724)</u>	<u>1,287</u>	<u>-</u>

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

i. Excise Tax Refunding Bonds-Series 2010

On October 26, 2010, the City issued \$650,000 in Excise Tax Refunding Bonds with an average interest rate ranging from 3.25% to 3.75%. The net proceeds of this offering along with \$305,000 of the City's funds were utilized to advance refund, on a current basis, \$890,000 of outstanding 2006 Series Excise Tax Refunding Bonds with interest rates ranging from 4.00% to 4.50%. The City chose to advance refund the 2006 bonds in order to reduce its total annual debt service payment on the excise tax bonds by extending the term of the bonds through 2013. Doing so reduced the City's annual debt service payment for 2010 by \$352,968. The advance refund of the 2006 bonds resulted in a present value economic loss of (\$40,849) but provided the City with needed increased cash flow by the reduced annual payment amount.

The 2010 Series bonds have bi-annual payments dates of June 1 and December 1, and are special revenue obligations of the City, payable from certain excise taxes and fees, net of collection costs. The excise revenues consist of a 4% sales and use tax, certain fees and taxes imposed on gaming devices by the City and certain gaming revenues distributed to the City by the State of Colorado. The bonds constitute an irrevocable first lien upon the Net Excise Revenue but not necessarily an exclusive lien. The bonds are not a general obligation debt of the City and are not subject to redemption prior to maturity.

Under the terms of the bond indenture, the City will maintain a balance in the Debt Service Fund equal to 10% of the original principal amount of the bonds. The required Debt Service Fund balance of \$65,000 has not been established as of December 31, 2010. The City will establish the required fund balance during the 1st quarter of 2011.

As of December 31, 2010, annual debt service requirements to maturity of the 2010 Series are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 210,000	22,787	232,787
2012	215,000	15,963	230,963
2013	225,000	8,437	233,437
Totals	\$ 650,000	47,187	697,187

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

ii. General Obligation Water Refunding Bonds-Series 2010 A

On October 26, 2010, the City issued \$1,215,000 in General Obligation Water Refunding Bonds with an interest rate ranging from 3.00% to 3.375%. The net proceeds of this offering along with \$445,000 of the City's existing funds were utilized to advance refund, on a current basis, \$1,555,000 of outstanding 2006 Series General Obligation Water Refunding Bonds with an interest rate of 4.25%. The City chose to advance refund the 2006 bonds in order to reduce its total annual debt service payment on the general obligation bonds by extending the term of the bonds through 2013 and gaining a lower interest rate. Doing so reduced the City's annual debt service payment for 2010 by \$814,350. The advance refund of the 2006 bonds resulted in a present value economic loss of (\$86,69) but provided the City with needed increased cash flow by the reduced annual payment amount.

The 2010 Series A bonds have bi-annual payment dates of June 1 and December 1, are general obligations of the City and are payable from ad valorem property taxes. The bonds are not subject to redemption prior to maturity.

As of December 31, 2010, annual debt service requirements of the 2010 Series to maturity are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 400,000	37,994	437,994
2012	395,000	25,994	420,994
2013	420,000	13,650	433,650
Totals	\$ 1,215,000	77,638	1,292,638

iii. General Obligation Water Refunding Bonds-Series 2010 B

On October 26, 2010, the City issued \$310,000 in General Obligation Water Refunding Bonds, with an interest rate of 3.00%. The net proceeds of this offering were utilized to advance refund, on a current basis, \$308,000 of outstanding 1981 Series General Obligation Water Refunding Bonds with an interest rate of 5.00%. The City advance refunded the 1981 bonds in order to reduce its total annual debt service payment on general obligation bonds thereby increasing cash flow and to obtain a net economic gain of \$27,171.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

The 2010 Series B bonds have bi-annual payment dates of June 1 and December 1, are general obligations of the City and are payable from ad valorem property taxes. The bonds are not subject to redemption prior to maturity.

As of December 31, 2010, annual debt service requirements to maturity of the 2010 Series B are as follows:

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 25,000	9,300	34,300
2012	25,000	8,550	33,550
2013	260,000	7,800	267,800
Totals	\$ 310,000	25,650	335,650

iv. Defeased Debt

In addition to the above bond issues, other bonds previously issued by the City have been defeased by the issuance of refunding bonds. The defeased bonds outstanding at December 31, 2010 consist of the 2006 Excise Tax Refunding Bonds in the amount of \$890,000, the 2006 General Obligation Water Refunding Bonds in the amount of \$1,555,000 and the 1981 General Obligation Water Bonds in the amount of \$308,000.

v. Loan Payable

On October 20, 2004 the City entered into a loan agreement with the Colorado Department of Transportation for a principal amount of \$700,000. The loan, which matured on July 23, 2010, bore an annual interest rate of 4%. Proceeds of the loan were used to light and fence portions of the Central City Parkway.

As of December 31, 2010, this loan has been paid in full.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

vi. Combined Debt Service for Governmental Activities

The following schedule illustrates the City's combined annual debt service requirements (items ii. through vi. above) to maturity for governmental activities long-term debt as of December 31, 2010.

<u>Years Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 635,000	70,081	705,081
2012	635,000	50,507	685,507
2013	905,000	29,887	934,887
Totals	\$ 2,175,000	150,475	2,325,475

vii. Compensated Absences

The City has adopted policies providing for employee accumulation of sick and vacation pay. Earned vacation pay accrued on a graduated scale from the date of employment and employees are allowed to accrue vacation leave to a maximum of 240 hours for employees who have been with the City less than 5 years and up to 312 hours for employees who have been with the City for 5 years or more. Sick hours are accumulated with no cap but only employees that have been employed with the City since prior to March of 2003 receive any payout (maximum of 80 hours) upon the end of employment. Accrued vacation hours vested are payable upon the end of employment up to the maximum accrued hours allowed and noted above. Accrued compensated absences are paid from resources accumulated in the General Fund, Historical Preservation Fund and Water Fund.

viii. Conduit Debt-Central City, Colorado Variable Rate Demand Multifamily Housing Revenue Bonds (Gold Mountain Apartment Project) Series 1996 and 1997

These bonds were issued in 1996 and 1997 in an aggregate principal amount of \$12,440,000 to finance construction of multi-family housing projects within the City. The 1996 bond series matures April 1, 2029 and the 1997 bond series matures December 25, 2030. The bonds are solely payable from, and are secured by, a pledge of revenue from loan agreements between the City, Gold Mountain Village I Limited Partnership and Gold Mountain Village II Limited Partnership. The borrower's obligation is secured by Deeds of Trust, Security Agreements, Financing Statements and assignment of rents and leases. In 2006, the bond agreement was modified to terminate the existing credit facility and to secure the bonds only by the Deeds of Trust.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

The bonds are a special limited obligation of the City, payable solely from the specified revenues of the projects and do not constitute debt or indebtedness of the City. As of December 31, 2010, the outstanding principal balance of the bonds was \$3,415,000.

H. Component Unit-Long-term Debt

i. Limited Tax General Obligation Bonds-Series 2003A

On June 17, 2003, the BID issued \$45,200,000 of Limited Tax General Obligation Bonds. The bonds are due on December 1, 2023 with an interest payable semi-annually on June 1 and December 1 of each year beginning December 1, 2003 with an interest rate of 9.75% annually.

The bonds were issued for the purpose of financing the BID's costs for the acquisition, construction and installation of the Central City Parkway and for paying costs associated with the issuance of the bonds. The bonds were secured by the pledge of receipts from a levy by the BID of general ad valorem taxes. The initial mill levy assessed was 80 mills and may vary based upon the total assessed valuation of properties within the BID. However, the levy is subject to a maximum assessment of 80 mills.

During 2010, the BID underpaid its scheduled 2010 debt service interest payments by \$2,687,025. The total outstanding interest due as of December 31, 2010 was \$15,825,939 which includes interest on this unpaid interest as well as interest on the outstanding interest from 2006, 2007, 2008 and 2009.

Additions to accrued interest include current interest, accrued interest and compounded interest. Outstanding interest compounds on each interest payment due date at the interest rate borne by the bonds.

On January 5, 2007, the BID approved the First supplemental to Indenture of Trust, which amends the original bond indenture by providing that on the first business day of any month, if the amount on deposit in the Debt Service Fund is at least \$50,000, the BID shall make a payment to the bondholders towards any past due debt service. The ability of the BID to make the scheduled payments of principal and interest along with the unpaid interest from 2006, 2007, 2008, 2009 and 2010 with the anticipated revenues for 2011 is in doubt under the current structure. Therefore, the BID is in the process of restructuring these bonds.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

ii. Tax Prepayment Agreement

In 2005, the BID entered into a Tax Prepayment Agreement with Centaur Colorado, LLC. Under the terms of the agreement, Centaur remitted \$346,875 to the BID in 2005, representing a credit to be applied against Centaur's taxes due to the BID in the next tax collection year or applied against any other amounts due from Centaur to the BID (following the BID's issuance of refunding obligations or upon the BID's receipt of funds not otherwise obligated for debt service payments).

The initial term of this agreement matured on December 31, 2005. The agreement provides that the term may be extended upon the BID's appropriation of the credit in the subsequent year. If the BID's budget for the subsequent year does not provide for full payment of scheduled debt service, the BID is not obligated to recognize the credit in that year and the term of the agreement is automatically extended from year to year.

iii. Changes in Long-term Debt-Component Unit-BID

The following is an analysis of changes in long-term debt for the period of December 31, 2010.

	<u>Balance 1/1/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/10</u>	<u>Due in One Year</u>
Limited Tax General Obligation Bond-Series 2003 A	\$ 45,200,000	-	-	45,200,000	6,110,000
Accrued Interest-Series 2003 A	12,066,387	5,587,948	(1,827,393)	15,826,942	15,826,939
	<u>\$ 57,266,387</u>	<u>5,587,948</u>	<u>(1,827,393)</u>	<u>61,026,942</u>	<u>21,936,939</u>

I. Deferred Revenue

- i. The City entered into an agreement in 1998 with Albert Frei & Sons, Inc. ("Frei") to provide 20 acre feet of water annually from 1998 through 2017. In return, Frei performed wetlands mitigation work on behalf of the City along the banks of Clear Creek. In 2006, the agreement was amended to increase the water provided in 2006 and 2007 to 120 acre feet. The original agreement valued both the 20 acre feet of water from 1998 through 2017 and the wetland mitigation work at \$640,000. The City recognizes \$32,000 annually in the proprietary fund through 2017.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

The unearned revenue relating to water to be provided in future years is recorded as deferred revenue. At December 31, 2010, deferred revenue relating to this agreement totaled \$149,337.

- ii. In 2003, the City entered into an agreement with Andrew and Carolyn Goltra (the "Goltra's"), under which the Goltras transferred certain property rights to the City (for use in construction of the Central City Parkway). In return, the City agreed to waive future development fees incurred by the Goltras if and when the Goltras develop their property. The amount of such future development fees, which is reflected on the City's financial statements as deferred revenue, is to increase or decrease in proportion to the amount that City tap fees are increased or decreased on an annual basis. At December 31, 2010, deferred revenue relating to this agreement totaled \$145,654.

J. Benefits

All City employees, except police and volunteer firefighters, participated in the Federal Social Security system for which the City has no liability, except for amounts withheld and any related statutory amounts. The City has also established the following retirement plans for eligible employees.

i. General Employees Retirement Plan-Section 401 (a) Plan

For all permanent City employees, other than sworn police officers, the City offers a defined contribution money purchase pension plan (the "Retirement Plan"). The Retirement Plan, which is administered by ICMA Retirement Corporation ("ICMA"), offers employees with 180 days of eligible service the opportunity to build retirement savings by pre-tax contributions of salary. The City matches these contributions up to 4%. Employees may also make voluntary contributions to the Retirement Plan, but may not contribute in excess of the annual federally allowed limit.

Retirement Plan investment purchases are determined by the individual participants and therefore, the Retirement Plan's investment concentration varies between participants.

For 2010, the City contributed \$18,725 to the Retirement Plan on behalf of participating employees.

While the City is the trustee of the Retirement Plan, it has no liability for losses under the Retirement Plan. Accordingly, the Retirement Plan is not in the City's financial statements.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

ii. Police Department Money Purchase Plan

The contributions to the statewide money purchase retirement plan (“Money Purchase Plan”) on behalf of all sworn police officers. The Money Purchase Plan, which is administered by the Colorado Fire and Police Pension Association (“FPPA”), is a defined contribution plan. Therefore, the City has no liability or requirements to fund the retirement of its police officers over and above the contributions to the Money Purchase Plan. The Money Purchase Plan requires that the City contribute 8% of each participating employee’s annual compensation. Each participant is required to contribute an equal amount. All contributions to the Money Purchase Plan vest immediately to the participant.

Money Purchase Plan investment purchases are determined by the individual participants. Therefore the Money Purchase Plan’s investment concentration varies between participants.

For 2010, the City contributed \$19,297 to the Money Purchase Plan on behalf of participating employees. This represents the required 8% contribution based on the 2010 covered payroll of \$241,210.

The City is not the trustee for the Money Purchase Plan and has no liability for losses under the Retirement Plan. Accordingly, the Money Purchase Plan is not part of the City’s financial statements.

iii. Fire Department Pension Plan

The City and all full-time, paid firefighters employed by the City, participate in the Statewide Defined Benefit Plan; a cost-sharing multiple-employer defined pension plan. The Plan is administered by FPPA.

The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries, together with death and disability coverage provided through the Statewide Death and Disability Plan (also administered by FPPA). Title 31, Article 30 of the Colorado Revised Statutes (“C.R.S.”), as amended, assigns the authority to establish benefit provisions under the Statewide Defined Benefit Plan to the Colorado state legislature. FPPA issues a publicly available annual financial report that includes the financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. The report may be obtained by writing to or calling:

FPPA of Colorado
5290 DTC Parkway, Suite 100
Englewood, CO 80111
(303) 770-3773

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

As required by state statute, both the City and City employees participating in the Statewide Defined Benefit Plan each contribute 8% of eligible compensation. During 2010, the City and City employees each made contributions to the Plan of \$5,106 based on covered payroll for 2010 of \$63,924.

iv. Volunteer Fire Department Pension Plan

The City offers its volunteer firefighters a defined benefit pension plan ("Fire Pension Plan") which is also administered by FPPA. Assets of the Fire Pension Plan are commingled for investment purposed in the Fire and Police Members' Benefit Fund; a multi-employer defined benefit pension plan administered by FPPA. The Fire Pension Plan provides retirement benefits for members and beneficiaries according to the provisions as enacted and governed by the Board of Directors of the Fire Pension Plan, Title 31, Article 30 of C.R.S., as amended, established basic benefit provisions under the Fire Pension Plan. The FPPA issues a publicly available annual financial report that includes the financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by writing to or calling:

FPPA of Colorado
5290 DTC Parkway, Suite 100
Englewood, CO 80111
(303) 770-3772

BASIS OF ACCOUNTING: The financial statements of the Fire Pension Plan are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Fire Pension Plan. Investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

FUNDING POLICY: During 2010, the City contributed \$7,600 and the State of Colorado contributed \$6,417 for total contributions of \$14,017 made to the Fire Pension Plan.

ANNUAL PENSION COSTS: For the year ended December 31, 2010, annual pension costs were \$2,849. Eligible firefighters currently receive \$500 per month in pension benefits.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

ACTUARIAL INFORMATION: An Actuary determined the Annual required Contribution (“ARC”) as of January 1, 2009 (the last available study) using the “entry age actuarial cost method”. The significant actuarial assumptions used in the valuations as of January 1, 2009 (and changes from the previous study) were as follows:

- Source of life expectancies: 194 Group Annuity Mortality Table loaded for fire and police experience;
- Retirement: retirement age of 50, with 20 years of service;
- Separation: Graduated rates based on age, for all withdrawals;
- Monthly pension benefits: \$500 per month;
- Inflation rate: 3.5% per annum;
- Investment return: 8% per annum, net of operating expenses, compounded annually;
- Amortization method: Level dollar-open; and
- Asset valuation method: Actuarial valuation using 3-year moving average of expected and actual market values.

Required disclosures for the most recent actuarial valuations and the two preceding studies are as follows:

	Actuarial Valuation Dates		
	(Last Available Studies)		
	<u>Jan. 1, 2009</u>	<u>Jan. 1, 2007</u>	<u>Jan. 1, 2005</u>
<i>Net Assets available for benefits</i>	\$ 351,421	335,668	241,592
<i>Actuarial accrued liability</i>	<u>364,730</u>	<u>148,472</u>	<u>155,808</u>
<i>Funding excess/ (Unfunded actuarial liability)</i>	<u>\$ (13,309)</u>	<u>187,196</u>	<u>85,784</u>

v. Deferred Compensation Plan-Section 457 Plan

All City employees are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code section 457 (“Deferred Compensation Plan”). The Deferred Compensation Plan, which is administered by ICMA, allows all City employees the opportunity to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are to be held in trust for the exclusive benefit of the participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death or unforeseeable emergency. Participants may elect to defer any percentage of their annual compensation, provided that the total annual contributions do not exceed

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

the annual limit as established by the Internal Revenue Service. The City matched up to 4% of employee contributions in 2010. The City's match on this deferred compensation Plan is reduced for any match received under the Retirement Plan.

Deferred Compensation Plan investment purchases are determined by the individual participants. Therefore, the Deferred Compensation Plan's investment concentration varies between participants.

For 2010, the City contributed \$12,212 to the Deferred Compensation Plan on behalf of participating employees.

While the city is the trustee for the Deferred Compensation Plan, it has no liability for losses under the Deferred Compensation Plan. Accordingly, the Deferred Compensation Plan is not part of the City's financial statements.

K. Employee Health Benefits

The City provides basic, major medical, optional dental, vision and long-term disability to all full-time employees and their eligible dependants. The plan is funded 90% by city contributions and 10% by employee contributions. Benefits are provided through third-party insurance providers.

L. Post-Employment Health Care Benefits

All City employees covered by COBRA may continue their health insurance for up to 18 months after a reduction in work hours or termination of employment for reasons other than "gross misconduct". Eligible dependants may continue coverage for up to 36 months. The City recognizes no cost for such coverage, since its participants must reimburse the City for 100% of premium costs during the extended coverage period.

M. Risk Management

The City is exposed to various risks of loss related to workers' compensation and general liability unemployment. The City has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

The City is also exposed to the risks of loss related to torts, theft, damage and/or destruction of assets and errors and omissions. To address such risks, the City is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2010.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings or invested amounts for those years and funds, re-estimation of losses for those years and funds and/or credits or distributions from surplus for those years or funds.

The City's share of CIRSA's assets, liabilities and fund equity as of December 31, 2010 is as follows:

Property and Casualty Pool:

Operating Fund	0.208%	\$	8,144
Loss Funds (2001-2010)	0.501%	\$	47,513
Pooled Excess Fund	-0.085%	\$	(2,382)
Reserve Fund	0.359%	\$	35,190

Workers' Compensation Pool:

Operating Fund	0.291%	\$	2,329
Loss Funds (1995-1996)	3.317%	\$	19,147
Loss Funds (2002-2010)	0.540%	\$	8,968
Excess Liability Fund	2.003%	\$	17,255
Reserve Fund	0.563%	\$	20,123

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

CIRSA's combined financial information for the year ended December 31, 2010 is summarized as follows:

Assets:

Cash and Investments	\$	70,429,895
Other Assets		7,313,420
Total Assets		<u><u>\$ 77,743,315</u></u>

Liabilities and Net Assets

Total Liabilities	\$	41,754,371
Net Assets		35,988,944
Total Liabilities and Net Assets		<u><u>\$ 77,743,315</u></u>

Total Revenues	\$	21,127,182
Total Expenses		22,210,672
Income (Loss) before Distributions		<u><u>\$ (1,083,490)</u></u>

N. Commitments and Contingencies

i. Claims

During the normal course of business the City incurs claims and assertions from various agencies and individuals. The City and its legal counsel are currently working on pending legal actions against the City which could result in judgments against the City. In the opinion of legal counsel and the City's management, such claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2010.

ii. Federal and State Grants and Financial Sources

The City receives financial assistance from federal and state governmental agencies in the form of grants and other funding agreements. Disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the underlying agreements and are subject to audit by the grantor agencies. Disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

The city received a matching grant from the Colorado Department of Local Affairs to restore and repair the historic Boodle Mill site. The project and the grant were completed during 2010 and the City believes it is in compliance with all terms and conditions of the grant at December 31, 2010 and that no disallowed claims will have an effect on any financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2010.

iii. Pools

The City is a member of a public entity risk pool, as discussed in Note N above. The public entity risk pool has a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contribution in the year such excess occurs, although they are not legally required to do so. The ultimate liability to the City arising from claims not covered by this public entity risk pool is not determinable at this time. However, City management feels that the outcome of any such claims will not have a material adverse effect on the City's financial statements at December 31, 2010.

iv. Rebate of Device Fees

In 2004, the City entered into an agreement with Tollgate Venture, LLC ("the Developer"). Under the terms of this agreement, the developer agreed to provide public parking in a parking structure constructed by the developer. In return, the City agreed to rebate 70% of all device fees paid to the City by the developer for a period not to exceed ten years or 60% of the actual construction costs of building the parking garage, whichever occurs first.

At December 31, 2010, the City had rebated \$2,220,470 since 2006 of device fees related to this agreement. As the amount of the rebate is directly related to the number of devices in the casino, the City anticipates that the Agreement will terminate in 2016 when the ten year period has been satisfied.

City of Central, Colorado
Notes to the Financial Statements
December 31, 2010

O. Concentrations

The City is extremely dependent upon gaming device fees and the State of Colorado's annual gaming revenue disbursement as major sources of revenue. These revenue sources totaled approximately \$3,443,352 for 2010 and represent 56% of the City's total governmental revenues for the year. The general fund is especially dependent upon gaming device fees and the annual gaming revenue disbursement as these revenues totaled \$3,100,375 and almost 75% of General Fund's total 2010 revenues.

In addition to the above revenue sources, much of the City's sales, use and lodging taxes are derived from the gaming industry and are therefore dependant on gaming as well. The City's management and elected officials are aware of this heavy concentration and are looking at ways to diversify the City's sources of revenue.

P. Prior Period Adjustments

The City's December 31, 2009 beginning fund balances for the General and Debt Service Funds have been restated in order to correctly reflect the Excise Tax and General Obligation Water Bond refundings that took place in 2006. The fund balance in the General Fund at January 1, 2010 has decreased by \$1,229,715 and the fund balance of the Debt Service Fund has increased by the same \$1,229,715.

The beginning balance of Net Assets of governmental activities was increased by \$25,801 to correctly reflect the beginning balance of the governmental activities long-term debt related to the completion of a capital lease in 2009.

REQUIRED SUPPLEMENTARY INFORMATION

City of Central, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual with a Reconciliation to GAAP Basis
December 31, 2010

	2010			Final Budget Variance Positive (Negative)	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes	1,378,392	1,378,392	1,532,596	154,204	1,461,783
Special Assessments	2,378,104	2,378,104	2,286,153	(91,951)	2,284,532
Licenses and Permits	38,737	38,737	39,890	1,153	45,656
Intergovernmental	46,900	46,900	67,141	20,241	60,405
Charges for Services	48,700	48,700	46,572	(2,128)	41,633
Fines and Forfeitures	20,000	20,000	44,929	24,929	18,054
Investment income	2,500	2,500	297	(2,203)	1,619
Other	38,500	38,500	161,809	123,309	84,613
Total Revenues	3,951,833	3,951,833	4,179,387	227,554	3,998,295
Expenditures:					
General Government:					
Judicial	45,390	45,390	41,502	3,888	41,376
Clerk's Office	99,659	99,659	86,338	13,321	18,958
Administrative	850,228	868,236	899,570	(31,334)	864,052
Finance	190,142	190,142	185,843	4,299	183,311
Community Development	134,640	134,640	137,962	(3,322)	136,813
Marketing	56,336	56,336	41,344	14,992	45,781
Total- General Government	1,376,395	1,394,403	1,392,559	1,844	1,290,291
Public Safety					
Police Department	399,615	399,615	378,771	20,844	370,618
Fire Department	191,238	191,238	160,046	31,192	145,479
Dispatch Contract	30,000	30,000	-	30,000	30,000
Ambulance Contract	153,000	153,000	153,000	-	125,193
Total- Public Safety	773,853	773,853	691,817	82,036	671,290
Public Works					
Public Works Department	900,164	953,414	881,729	71,685	768,120
Fleet Maintenance	528,330	528,330	517,797	10,533	505,720
Total- Public Works	1,428,494	1,481,744	1,399,526	82,218	1,273,840
Culture and Recreation					
Visitors Center	50,000	50,000	37,500	12,500	25,018
Total-Culture and Recreation	50,000	50,000	37,500	12,500	25,018
Total Expenditures	3,628,742	3,700,000	3,521,402	178,598	3,260,439
Excess of Revenues Over Expenditures	323,091	251,833	657,985	406,152	737,856

(continued)

See the accompanying Independent Auditor's Report.

City of Central, Colorado
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual with a Reconciliation to GAAP Basis
December 31, 2010

	2010			Final Budget Variance Positive (Negative)	2009
	Original Budget	Final Budget	Actual		Actual
Other Financing Sources (Uses):					
Operating transfers in	74,600	74,600	-	(74,600)	6,707
Operating transfer (out)	(695,634)	(695,634)	(307,709)	387,925	(703,929)
Loan to Water Fund	-	-	-	-	309,501
Total Other Financing Sources (Uses)	<u>(621,034)</u>	<u>(621,034)</u>	<u>(307,709)</u>	<u>313,325</u>	<u>(387,721)</u>
Net Changes in Fund Balances					
-Budget (Non-GAAP) Basis	(297,943)	(369,201)	350,276	719,477	350,135
Reconciliation to GAAP Basis:					
Loan to Water Fund	-	-	-	-	(309,501)
Net Change in Fund Balances-			350,276		40,634
GAAP Basis					
Fund Balance- Beginning	<u>523,713</u>	<u>523,713</u>	<u>1,083,488</u>	<u>559,775</u>	<u>1,042,854</u>
Previous Period Adjustment			(1,229,715)	(1,229,715)	
Fund Balances- Ending	<u><u>225,770</u></u>	<u><u>154,512</u></u>	<u><u>204,049</u></u>	<u><u>49,537</u></u>	<u><u>1,083,488</u></u>

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Special Revenue Fund-Public Property Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
December 31, 2010

	2010		Final Budget Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Investment income	200	1,037	837	195
Sale of City-Owned Real Property	725,000	722,642	(2,358)	-
Total Revenues	<u>725,200</u>	<u>723,679</u>	<u>(1,521)</u>	<u>195</u>
Expenditures:				
Public Property Purchase or Improvements	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>725,200</u>	<u>723,679</u>	<u>(1,521)</u>	<u>195</u>
Other Financing Sources (Uses):				
Operating transfer (out)	(74,600)	-	74,600	-
Total Other Financing Sources (Uses)	<u>(74,600)</u>	<u>-</u>	<u>74,600</u>	<u>-</u>
Net Changes in Fund Balances	650,600	723,679	73,079	195
Fund Balance- Beginning	<u>201,477</u>	<u>201,512</u>	<u>35</u>	<u>201,317</u>
Fund Balance- Ending	<u><u>852,077</u></u>	<u><u>925,191</u></u>	<u><u>73,114</u></u>	<u><u>201,512</u></u>

See the accompanying Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

City of Central, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2010

	Special Revenue Funds				Capital Projects Fund	Total Non-Major Governmental Funds
	Historical Preservation Fund	TABOR Reserve Fund	Conservation Trust Fund	Impact Fee Fund	Capital Improvement Fund	
Assets:						
Cash and cash equivalents	461,605	0	33,005	-	66,682	561,292
Cash and cash equivalents-restricted	-	204,130	-	-	-	204,130
Prepaid Expenses	255	0	-	-	-	255
Accounts Receivable	19,542	-	-	-	-	19,542
Total Assets	481,402	204,130	33,005	-	66,682	785,219
Liabilities:						
Accounts payable	79,286	-	-	-	-	79,286
Accrued payroll & related liabilities	2,231	-	-	-	-	2,231
Deferred revenue	-	-	-	-	-	-
Due from (to) other funds	-	-	-	156,745	-	156,745
Total Liabilities	81,517	-	-	156,745	-	238,262
Fund Balances:						
Reserved for Prepaids	255	-	-	-	-	255
Reserved for Emergencies	-	204,130	-	-	-	204,130
Reserved for Capital Projects	-	-	-	-	66,682	66,682
Unreserved	399,630	-	33,005	(156,745)	-	275,890
Total Fund Balances	399,885	204,130	33,005	(156,745)	66,682	546,957
Total Liabilities and Fund Balances	481,402	204,130	33,005	-	66,682	785,219

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended December 31, 2010

	Special Revenue Funds				Capital Projects Fund	Total Non-Major Governmental Funds
	Historical Preservation Fund	TABOR Reserve Fund	Conservation Trust Fund	Impact Fee Fund	Capital Improvement Fund	
Revenues:						
Intergovernmental revenue	546,789	-	5,120	-	-	551,909
Investment Income	244	76	10	31	25	386
Miscellaneous	7,788	-	-	-	-	7,788
Total Revenues	<u>554,821</u>	<u>76</u>	<u>5,130</u>	<u>31</u>	<u>25</u>	<u>560,083</u>
Expenditures:						
General Government	734,989	-	-	-	-	734,989
Total Expenditures	<u>734,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,989</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(180,168)</u>	<u>76</u>	<u>5,130</u>	<u>31</u>	<u>25</u>	<u>(174,906)</u>
Other Financing Sources (Uses):						
Operating Transfers (out)	-	-	-	-	-	-
Operating Transfers in	-	-	2,812	-	-	2,812
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,812</u>	<u>-</u>	<u>-</u>	<u>2,812</u>
Net Changes in Fund Balances	<u>(180,168)</u>	<u>76</u>	<u>7,942</u>	<u>31</u>	<u>25</u>	<u>(172,094)</u>
Fund Balances (Deficit)- Beginning	<u>580,053</u>	<u>204,054</u>	<u>25,063</u>	<u>(156,776)</u>	<u>66,657</u>	<u>719,051</u>
Fund Balances (Deficit)- Ending	<u><u>399,885</u></u>	<u><u>204,130</u></u>	<u><u>33,005</u></u>	<u><u>(156,745)</u></u>	<u><u>66,682</u></u>	<u><u>546,957</u></u>

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Special Revenue Fund- Historical Preservation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
December 31, 2010

	2010			Final Budget Variance Positive (Negative)	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
State Grant revenue	583,160	583,160	546,789	(36,371)	433,160
Investment income	1,000	1,000	244	(756)	505
Miscellaneous	5,000	5,000	7,788	(2,788)	8,973
Total Revenues	<u>589,160</u>	<u>589,160</u>	<u>554,821</u>	<u>(34,339)</u>	<u>442,638</u>
Expenditures:					
General Government	<u>784,138</u>	<u>800,000</u>	<u>734,989</u>	<u>65,011</u>	<u>314,534</u>
Total Expenditures	<u>784,138</u>	<u>800,000</u>	<u>734,989</u>	<u>65,011</u>	<u>314,534</u>
Net Changes in Fund Balances	(194,978)	(210,840)	(180,168)	30,672	128,104
Fund Balance- Beginning	<u>538,626</u>	<u>538,626</u>	<u>580,053</u>	<u>41,427</u>	<u>451,949</u>
Fund Balance- Ending	<u><u>343,648</u></u>	<u><u>327,786</u></u>	<u><u>399,885</u></u>	<u><u>72,099</u></u>	<u><u>580,053</u></u>

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Special Revenue Fund- TABOR Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
December 31, 2010

	2010		Final Budget Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Investment income	-	76	76	198
Total Revenues	-	76	76	198
Expenditures:				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Net Changes in Fund Balances	-	76	76	198
Fund Balance- Beginning	203,128	204,054	926	203,856
Fund Balance- Ending	203,128	204,130	1,002	204,054

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Special Revenue Fund- Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
December 31, 2010

	2010		Final Budget Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Lottery Income	5,136	5,120	(16)	5,194
Investment income	100	10	(90)	29
Total Revenues	<u>5,236</u>	<u>5,130</u>	<u>(106)</u>	<u>5,223</u>
Expenditures:				
Culture & Recreation	12,000	-	12,000	8,615
Total Expenditures	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>8,615</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,764)</u>	<u>5,130</u>	<u>11,894</u>	<u>(3,392)</u>
Other Financing Sources (Uses):				
Operating transfer (out)	-	2,812	(2,812)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,812</u>	<u>(2,812)</u>	<u>-</u>
Net Changes in Fund Balances	(6,764)	7,942	14,706	(3,392)
Fund Balance- Beginning	<u>19,191</u>	<u>25,063</u>	<u>5,872</u>	<u>28,455</u>
Fund Balance- Ending	<u>12,427</u>	<u>33,005</u>	<u>20,578</u>	<u>25,063</u>

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Special Revenue Fund- Impact Fees Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
December 31, 2010

	2010		Final Budget Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Impact Fees	25,570	-	(25,570)	15,342
Investment income	250	31	(219)	63
Total Revenues	<u>25,820</u>	<u>31</u>	<u>(25,789)</u>	<u>15,405</u>
Expenditures:				
General Government	25,400	-	25,400	-
Total Expenditures	<u>25,400</u>	<u>-</u>	<u>25,400</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>420</u>	<u>31</u>	<u>(389)</u>	<u>15,405</u>
Other Financing Sources (Uses):				
Operating transfer (out)	-	-	-	(6,707)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,707)</u>
Net Changes in Fund Balances	420	31	(389)	8,698
Fund Balance- Beginning	<u>65,965</u>	<u>(156,776)</u>	<u>(222,741)</u>	<u>(165,474)</u>
Fund Balance- Ending	<u><u>66,385</u></u>	<u><u>(156,745)</u></u>	<u><u>(223,130)</u></u>	<u><u>(156,776)</u></u>

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Capital Projects Fund-Capital Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
December 31, 2010

	2010		Final Budget Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Investment income	300	25	(275)	65
Other Income	-	-	-	-
Total Revenues	300	25	(275)	65
Expenditures:				
Capital Improvements	12,500	-	12,500	-
Total Expenditures	12,500	-	12,500	-
Net Changes in Fund Balances	(12,200)	25	12,225	65
Fund Balance- Beginning	54,392	66,657	12,265	66,592
Fund Balance- Ending	42,192	66,682	24,490	66,657

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
December 31, 2010

	2010		Final Budget Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
Revenues:				
Taxes	316,170	303,217	(12,953)	368,406
Special Assessments	356,667	342,878	(13,789)	342,635
Investment Income	200	1	(199)	4
Total Revenues	<u>673,037</u>	<u>646,096</u>	<u>(26,941)</u>	<u>711,045</u>
Expenditures:				
Debt Service				
Principal Payments	1,248,397	128,397	1,120,000	1,243,459
Interest Payments	111,274	64,723	46,551	164,212
Bond Issuance Costs	-	77,010	(77,010)	-
Other	9,000	7,874	1,126	7,303
Total Expenditures	<u>1,368,671</u>	<u>278,004</u>	<u>1,090,667</u>	<u>1,414,974</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(695,634)</u>	<u>368,092</u>	<u>1,063,726</u>	<u>(703,929)</u>
Other Financing Sources (Uses):				
Proceeds of Issuance of Debt	-	2,175,000	2,175,000	-
Payments to Escrow Agent	-	(2,566,160)	(2,566,160)	-
Bond Premium	-	7,171	7,171	-
Operating transfer in	695,634	304,897	(390,737)	703,929
Operating transfer (out)	-	(289,000)	(289,000)	-
Total Other Financing Sources (Uses)	<u>695,634</u>	<u>(368,092)</u>	<u>(1,063,726)</u>	<u>703,929</u>
Net Changes in Fund Balances	-	-	-	-
Fund Balance- Beginning	-	(1,229,715)	(1,229,715)	(1,229,715)
Prior Period Adjustment	-	1,229,715	1,229,715	-
Fund Balance- Ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,229,715)</u>

See the accompanying Independent Auditor's Report.

City of Central, Colorado
Proprietary Fund-Water Fund
Schedule of Revenues and Expenditures
Budget (Non-GAAP) and Actual with a Reconciliation to GAAP Basis
For the Year Ended December 31, 2010

	2010			Final Budget Variance Positive (Negative)	2009
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Charges for Services	311,000	311,000	312,944	1,944	313,916
Tap Fees	107,050	107,050	-	(107,050)	85,640
Miscellaneous	300	300	20,423	20,123	142
Total Revenues	<u>418,350</u>	<u>418,350</u>	<u>333,367</u>	<u>(84,983)</u>	<u>399,698</u>
Expenditures:					
Salaries	74,200	74,200	48,496	25,704	72,262
Fringe Benefits and employment taxes	39,121	39,121	13,444	25,677	30,944
Repairs and maintenance	50,700	85,276	43,593	41,683	86,698
Supplies	29,700	29,700	31,332	(1,632)	19,353
Utilities and access fees	61,621	61,621	80,022	(18,401)	59,996
Professional Fees	139,982	220,982	181,883	39,099	77,968
Miscellaneous	4,700	4,700	3,594	1,106	4,689
Total Expenditures	<u>400,024</u>	<u>515,600</u>	<u>402,364</u>	<u>113,236</u>	<u>351,910</u>
Operating Income (Loss)	<u>18,326</u>	<u>(97,250)</u>	<u>(68,997)</u>	<u>28,253</u>	<u>47,788</u>
Non Operating Revenues (Expenses):					
Loan principal	(19,000)	(19,000)	-	19,000	(18,000)
Loan Interest	(15,400)	(15,400)	(5,892)	9,508	(15,775)
Lease Principal	-	-	-	-	(19,574)
Transfer from Debt Service Fund	-	-	289,000	289,000	-
Loan from General Fund-Advanced (Repaid)	-	-	-	-	(316,208)
Total Non-Operating Revenues (Expenses)	<u>(34,400)</u>	<u>(34,400)</u>	<u>283,108</u>	<u>317,508</u>	<u>(369,557)</u>
Contributed Capital	-	-	-	-	637,190
Excess (Deficiency) of Revenues Over Expenditures- Budget (Non-GAAP) Basis	<u>(16,074)</u>	<u>(131,650)</u>	<u>214,111</u>	<u>345,761</u>	<u>315,421</u>
Reconciliation to GAAP Basis:					
Principal Payments			-		37,574
Proceeds of Capital Lease			-		-
Depreciation			(306,200)		(329,600)
Loan repayment-General Fund			-		316,208
Net Income (Loss)- GAAP Basis			<u>(92,089)</u>		<u>339,603</u>

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Central YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Shannon Flowers Phone: 720-279-7333

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)	121,446
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	163,492
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	5,155
2. General fund appropriations	717,671	b. Snow and ice removal	266,513
3. Other local imposts (from page 2)	27,845	c. Other	
4. Miscellaneous local receipts (from page 2)	48,082	d. Total (a. through c.)	271,668
5. Transfers from toll facilities		4. General administration & miscellaneous	22,846
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	129,061
a. Bonds - Original Issues		6. Total (1 through 5)	708,513
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)	793,598	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	48,447	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	5,135
E. Total receipts (A.7 + B + C + D)	842,045	b. Redemption	128,397
		c. Total (a. + b.)	133,532
		3. Total (1.c + 2.c)	133,532
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	842,045

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		842,045	842,045		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2010

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	13,105	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	44,929
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	3,153
5. Specific Ownership &/or Other	14,740	g. Other Misc. Receipts	
6. Total (1. through 5.)	14,740	h. Other	
c. Total (a. + b.)	27,845	i. Total (a. through h.)	48,082
	(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	48,447	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	48,447	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.I. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		1,194	1,194
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		17,270	17,270
(4). System Enhancement & Operation	102,982		102,982
(5). Total Construction (1) + (2) + (3) + (4)	102,982	17,270	120,252
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	102,982	18,464	121,446
			(Carry forward to page 1)

Notes and Comments: