

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2008

CITY OF MONTE VISTA, COLORADO
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Monte Vista, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monte Vista, Colorado, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund and the major special revenue funds, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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's basic financial statements. The combining and individual nonmajor fund financial statements, schedules, and reports listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Local Highway Finance Report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wall, Smith, Bateman and Associates, Inc.

Wall, Smith, Bateman and Associates, Inc.
Alamosa, Colorado

June 18, 2009

CITY OF MONTE VISTA, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Monte Vista, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City of Monte Vista for the fiscal year ended December 31, 2008.

In compliance with Statement Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis, or MD&A. This discussion and analysis of the City of Monte Vista's financial performance provides an overview of the City's financial activities for two fiscal years ending December 31, 2007 and December 31, 2008.

We encourage readers to consider the information presented here in conjunction with additional information furnished in the City's financial statements, which follows this section.

Financial Highlights

- As of December 31, 2008, the City of Monte Vista has government-wide net assets totaling \$7,002,792. Of this amount, net assets related to governmental activities total \$5,021,354 and net assets related to business-type activities total \$1,981,438.
- Total net assets of the City increased by \$1,009,242, or 16.8%, compared to 2007. A majority of the increase is attributable to the Sales Tax Revenue Refunding and Improvements Bonds, Series 2008, a portion of the amount was used to pay the outstanding principal balance on the advanced refunded Sales Tax Revenue Bonds, Series 1998 and the remaining amount will used to provide funds to finance projects such as paving and resurfacing streets, provide curb, gutter and surface drainage and other related improvements.
- Net assets of the City's governmental activities increased \$956,066, from 2007 while net assets of the City's business-type activities increased \$53,176.
- The City of Monte Vista's General Revenue and Special Items, primarily taxes, account for \$2,267,113 or 45.9% of total revenue and Program revenues, in the form of charges for services, grants and contributions, accounted for \$2,669,839 or 54.1% of total revenue.
- Total Government-wide revenues increased by \$416,011 compared to 2007. The City's general revenues increased by \$161,484, and program revenues increased by \$254,527 compared to 2007.
- The City had \$2,638,886 in expenses related to governmental activities in 2008, a decrease of \$88,286 over the prior year. Expenses in business-type activities totaled \$1,288,824 an increase of \$123,255 compared to 2007. Total revenues of \$4,936,952 were adequate to provide for the above expenses.
- At the end of 2008, the City's governmental funds reported combined ending fund balances of \$3,480,036, an increase of \$2,003,120 compared to 2007. Of this total amount, \$1,002,903 is available for spending at the City's discretion (undesignated, unreserved fund balance) and \$2,234,627 is designated capital construction projects (designated unreserved fund balance). As stated earlier a majority of the increase is attributable to the Sales Tax Revenue Refunding and Improvement Bonds, Series 2008.
- The City of Monte Vista's total debt increased by \$1,642,737 during the current fiscal year. The key factor in this increase was the issuance of the Sales Tax Revenue Refunding and Improvement Bonds, Series 2008.

CITY OF MONTE VISTA, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. We present two years of information, as recommended by GASB, so that the reader can review trends in the City's financial position and activities. The City of Monte Vista's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers a broad overview of the City of Monte Vista's financial activities in a manner similar to a private sectors business.

The *statement of net assets* presents information on all of the City of Monte Vista's assets and liabilities. The difference between assets and liabilities is 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 *statement of activities* presents information showing how the City of Monte Vista's net assets changed during the current fiscal year. Changes in net assets are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future calendar periods (e.g., uncollected property taxes, sales tax, and earned but unused employees' vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Monte Vista that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Monte Vista include general government, public safety, health and welfare, highway and streets, culture and recreation, economic development, and interest on long-term debt. The business-type activities of the City of Monte Vista include city service utility.

Fund financial statements. 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 of Monte Vista, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds, and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's annual financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF MONTE VISTA, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Monte Vista maintains six separate major governmental funds. Individual fund information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) General Fund, (2) the Recreation Fund, (3) the Capital Improvement Fund, (4) Grant Fund, (5) the Capital Projects Fund, (6) and the Debt Service Fund. Individual fund information for the nonmajor funds is presented as supplemental information after the notes section of this report.

The City of Monte Vista adopts an annual budget for each of the individual governmental funds. A budgetary comparison schedule for each major fund is included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information and can be found after the notes section of this report.

Proprietary Funds. When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City of Monte Vista maintains one type of proprietary fund called enterprise funds. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The City of Monte Vista uses an enterprise fund to account for water and sewer operations of the City. This fund is known as the City Service Utility Fund.

Notes to the Financial Statements

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

Other Information

In addition to the financial statements and accompanying notes, this report also presents other supplementary information concerning the City's nonmajor funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

Government-wide Financial Analysis

The focus of this financial analysis is on comparisons of the activities of the current year (2008) with those of the prior year (2007) and comparison of balances at year-end (December 31) for the same two years.

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City of Monte Vista, assets exceeded liabilities by \$7,002,792 at December 31, 2008.

The City's combined net assets for the governmental and business-type funds increased by \$1,009,242 from 2007 to 2008. Of this total amount, governmental net assets increased by \$956,066 and business-type net assets increased by \$53,176.

The City's net assets can be separated into three primary categories: 1) Investment in capital assets, net of related debt, 2) Restricted assets, and 3) Unrestricted assets.

The largest portion of the City's net assets reflects its investment of \$2,687,688 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. The City of Monte Vista uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 1 provides a summary of the City's net assets at December 31 for the years 2007 and, 2008. Additional information is presented in the statement of net assets.

City of Monte Vista Net Assets						
	Governmental Activities		Business-type Activities		Total Government	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Current and other assets	\$ 1,930,491	\$ 3,924,546	\$1,116,625	\$ 1,199,807	\$ 3,047,116	\$ 5,124,353
Noncurrent and Capital assets	4,648,932	5,371,589	1,681,130	1,569,356	6,330,062	6,940,945
Total Assets	\$ 6,579,423	\$ 9,296,135	\$ 2,797,755	\$ 2,769,163	\$ 9,377,178	\$ 12,065,298
Current Liabilities	\$ 639,937	\$ 567,952	\$ 89,113	\$ 124,423	\$ 729,050	\$ 692,375
Noncurrent Liabilities	1,874,198	3,706,829	780,380	663,302	2,654,578	4,370,131
Total Liabilities	\$ 2,514,135	\$ 4,274,781	\$ 869,493	\$ 787,725	\$ 3,383,628	\$ 5,062,506
Net assets						
Investment in capital assets, net of related debt	\$ 2,805,461	\$ 1,758,741	\$ 913,921	\$ 928,947	\$ 3,719,382	\$ 2,687,688
Restricted for:						
TABOR	\$ 82,000	\$ 91,000	\$ -	\$ -	\$ 82,000	\$ 91,000
Capital Projects	278,699	2,234,627	-	-	278,699	2,234,627
Debt Service	344,927	151,506	-	-	344,927	151,506
Unrestricted	554,201	785,480	1,014,341	1,052,491	1,568,542	1,837,971
Total Net Assets	\$ 4,065,288	\$ 5,021,354	\$ 1,928,262	\$ 1,981,438	\$ 5,993,550	\$ 7,002,792

An additional portion of the City's net assets of \$2,477,133 represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,837,971, unrestricted net assets, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, for government activities, as well as for the business-type activities.

Governmental Activities

The City's governmental activities have been accounted for in seven departmental categories: 1) General Government, 2) Public Safety, 3) Health and Welfare, 4) Highway and Streets, 5) Culture and Recreation, 6) Urban/Economic Development, and 7) Interest on long-term Debt.

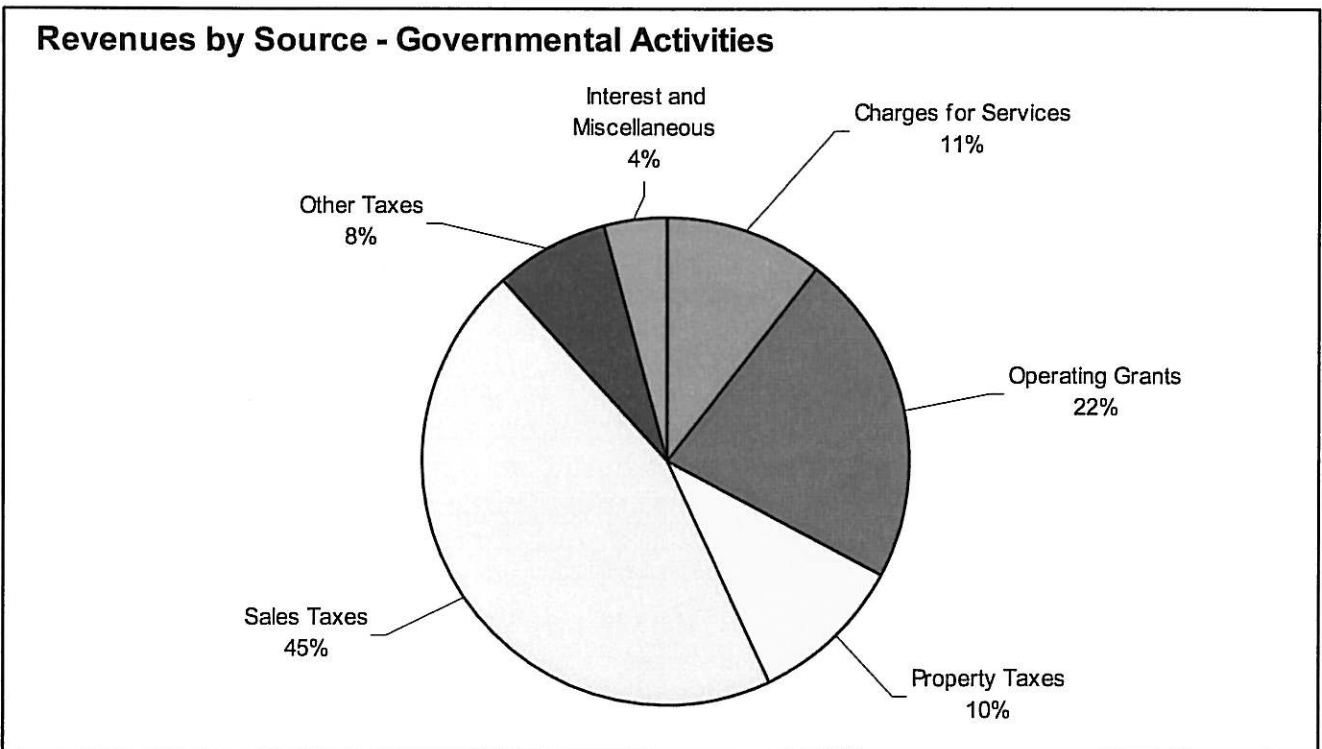
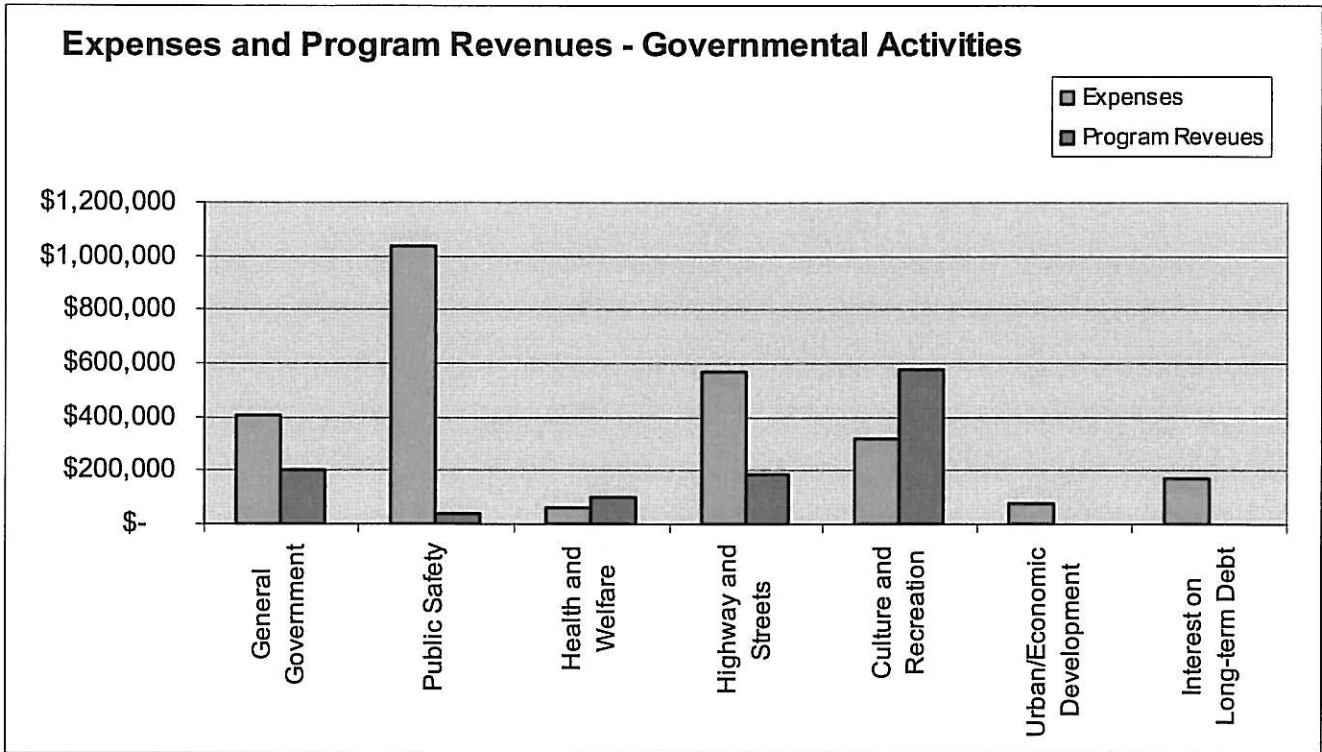
Governmental activity expenses totaled \$2,638,866, a decrease of \$88,286 compared to 2007. Major expenses included in this amount are; \$1,038,298 for public safety, \$566,281 for highway and streets, \$402,477 for general government and \$319,671 for culture and recreation. City funding for governmental activities was derived from \$2,495,016 in general revenue, primarily taxes, and program revenues contributed \$1,099,936. Governmental Activity revenues increased by \$253,475 compared to 2007. Of this amount Program revenues increase by \$152,828 and general revenues increase by \$100,647.

**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2 provides a summary of the changes in net assets for the years 2007 and 2008. Additional information is presented in the Statement of Activities.

	City of Monte Vista Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total Government-wide	
	2007	2008	2007	2008	2007	2008
Revenues						
Program Revenues:						
Charges for services	\$ 320,265	\$ 354,355	\$ 1,459,004	\$ 1,549,953	1,779,269	1,904,308
Operating Grants and Contributions	346,300	745,581	-	-	346,300	745,581
Capital Grants & Contributions	280,543	-	9,200	19,950	289,743	19,950
General Revenues:						
Taxes						
General Property Taxes - net	297,474	341,906	-	-	297,474	341,906
Sales and use taxes	1,425,627	1,516,223	-	-	1,425,627	1,516,223
Franchise taxes	157,239	181,615	-	-	157,239	181,615
Other taxes	76,752	71,483	-	-	76,752	71,483
Investment income	56,562	78,981	39,354	14,698	95,916	93,679
Miscellaneous	52,496	61,001	125	1,206	52,621	62,207
Total Revenue	\$ 3,013,258	\$ 3,351,145	\$ 1,507,683	\$ 1,585,807	\$ 4,520,941	\$ 4,936,952
Expenses						
General Government	\$ 738,342	\$ 402,477	\$ -	\$ -	\$ 738,342	\$ 402,477
Public Safety	927,151	1,038,298	-	-	927,151	1,038,298
Health and Welfare	89,856	63,414	-	-	89,856	63,414
Highway and Streets	399,748	566,281	-	-	399,748	566,281
Culture and Recreation	400,764	319,671	-	-	400,764	319,671
Urban Development	55,664	81,081	-	-	55,664	81,081
Interest on long term debt	115,647	167,664	-	-	115,647	167,664
City Service Utility	-	-	1,165,569	1,288,824	1,165,569	1,288,824
Total Expenses	\$ 2,727,172	\$ 2,638,886	\$ 1,165,569	\$ 1,288,824	\$ 3,892,741	\$ 3,927,710
Increase in net assets before transfers	\$ 286,086	\$ 712,259	\$ 342,114	\$ 296,983	\$ 628,200	\$ 1,009,242
Transfers						
Operating transfers	170,054	85,642	(170,054)	(85,642)	-	-
PILT Transfers	158,165	158,165	(158,165)	(158,165)	-	-
Total Transfers	328,219	243,807	(328,219)	(243,807)	-	-
Increase in Net Assets	\$ 614,305	\$ 956,066	\$ 13,895	\$ 53,176	\$ 628,200	\$ 1,009,242
Net Assets - 1/1/2008	\$ 3,450,983	\$ 4,065,288	\$ 1,914,367	\$ 1,928,262	\$ 5,365,350	\$ 5,993,550
Net Assets - 12/31/2008	\$ 4,065,288	\$ 5,021,354	\$ 1,928,262	\$ 1,981,438	\$ 5,993,550	\$ 7,002,792

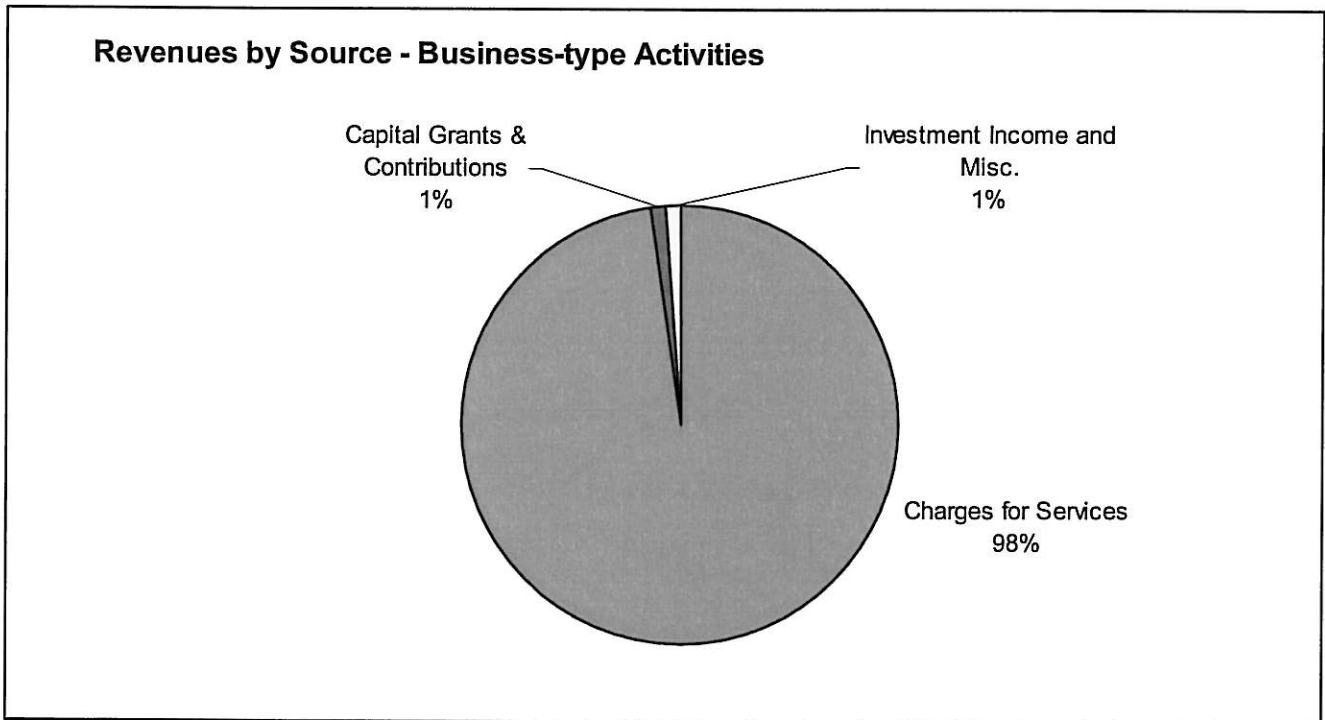
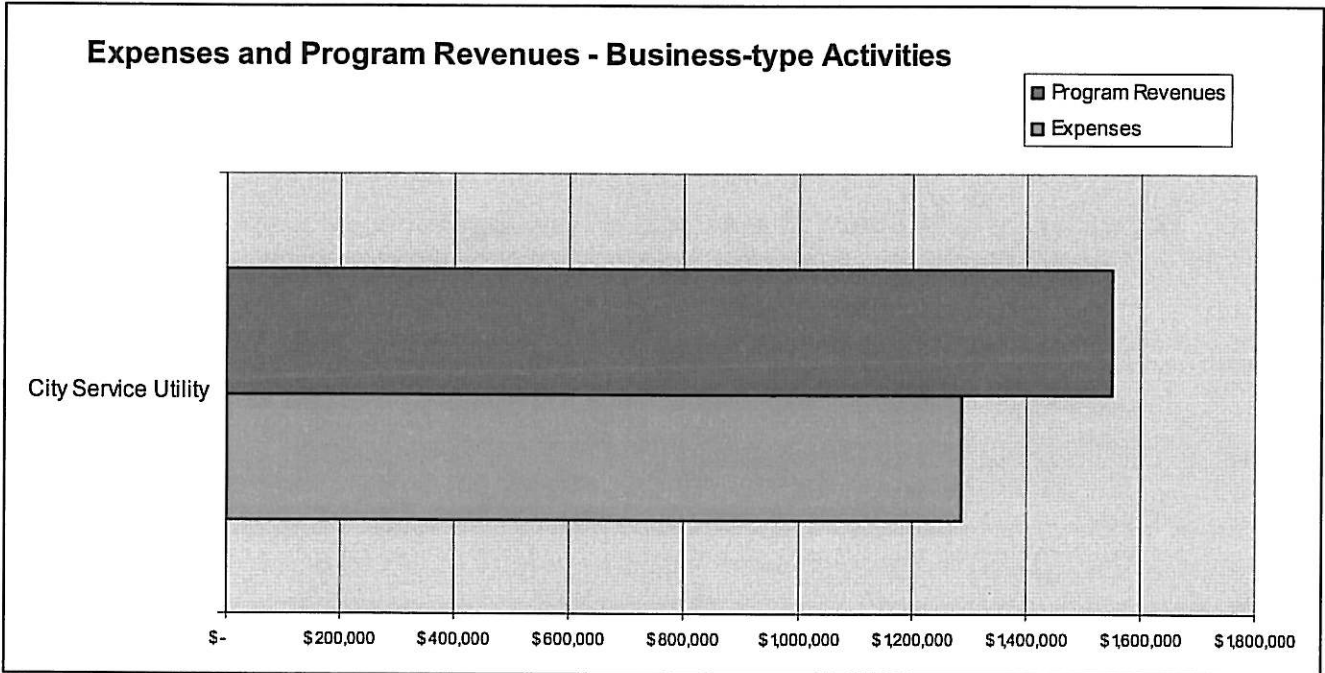
**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**



**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type Activities

As mentioned earlier, business-type activities are funded in large part through the assignment of user fees imposed on external parties in exchange for services. Business-type activities net assets increased by \$53,176 in 2008. Charges for services account for majority of the increase.



**CITY OF MONTE VISTA, COLORADO
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Financial Analysis of the Government’s Funds

The City of Monte Vista uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements.

- Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City of Monte Vista include the General Fund, Recreation Fund, Grant Fund, Capital Improvement Fund, Capital Projects Fund, Debt Service Fund, and other nonmajor funds. As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$3,480,036, an increase of \$2,003,120 from the prior year ending fund balances. A majority of the increase is attributable to the Sales Tax Revenue Refunding and Improvements Bonds, Series 2008, a portion of the amount was used to pay the outstanding principal balance on the advanced refunded Sales Tax Revenue Bonds, Series 1998 and the remaining amount will be used to provide funds to finance projects such as paving and resurfacing streets, provide curb, gutter and surface drainage and other related improvements. Approximately \$1,002,903 of the fund balance constitutes unreserved fund balance, which is available for spending at the government’s discretion. The remainder of the fund balance is reserved; not available for spending because it has been committed as follows:

Reserved for Capital Projects	\$2,234,627
Reserved for Debt Service	\$ 151,506
Tabor Emergency Reserve	\$ 91,000

Revenue. Revenues in governmental funds increase from \$3,171,102 to \$3,502,488, an increase of \$331,386 from the prior year. The majority of the increase was in tax revenue (\$154,477) and in intergovernmental revenue (\$115,825). Of total revenue received in 2008, \$2,104,306 (60%) was generated by tax revenue, \$838,842 (24%) by intergovernmental revenue, \$156,679 (5%) by charges for services, and \$402,661 (11%) by other sources.

The General Fund is the primary operating governmental fund of the City. At the end of the current fiscal year, the fund balance for the General Fund was \$635,383; an increase of \$79,729 compared to last year’s ending balance.

General Fund revenues increased by \$114,122 compared to 2007. Of this amount, tax revenue increased by \$134,148, licenses and permits increased by \$600, intergovernmental revenue decreased by \$44,942, charges for services increased by \$14,192, fines and forfeits decreased by \$3,457 and interest and miscellaneous increased by \$13,581.

The Capital Projects Fund has a total fund balance of \$2,234,627, all of which is reserved for street related capital improvements and projects. The net increase in fund balance during the current year in the Capital Project Fund was \$1,955,928. Most of the increase was due to the issuance of the Sales Tax Revenue Refunding and Improvement Bonds, Series 2008.

Expenditures. The governmental funds experienced an increase of \$2,114,084 in expenditures bringing the total expenditures for the fiscal year to \$5,271,832. The majority of the increase in expenditures is attributed to the advance refunded and defeased bonds. The defeased bonds were paid in full by the Debt Service Fund on the call date of December 1, 2008.

**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Proprietary Funds. The City's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. At December 31, 2008, net assets for the City Service Utility Fund were \$1,981,438, an increase of \$53,176 from the prior year. At the end of the fiscal year the unrestricted net assets for the City Service Utility Fund was \$1,052,491

General Fund Budgetary Highlights

During the fiscal year, the General Fund budget was amended from an original budget expenditure total of \$2,417,796 to a final budget of \$2,392,893. The original revenue budget of \$2,444,952 was also amended to a final budget of \$2,441,580. All recommended amendments for budget changes came from the Finance Department and City Manager to City Council via Ordinance as required.

- Net budget decrease of \$24,903 for expenditures is defined as follows: Main Street Program increased by \$10,089, Police Department increased by \$35,257, grants decreased by \$93,949, Street Department increased by \$20,500, Park Department increase by \$3,200. At December 31, 2008, the General Fund under-spent its budgeted expenditures by \$54,581. Total expenditures increased by \$114,738 compared to the previous fiscal year.
- Net budget decrease for revenues was \$3,372. Actual revenues in the General Fund exceeded final budget by \$47,301. Total revenue received during fiscal year 2008 was \$114,122 greater than the previous fiscal year.

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2008 total \$6,889,016 (net of accumulated depreciation). Capital assets include land, construction in progress, water rights, buildings, improvements, water and sewer treatment plants, transmission and distribution, equipment, and vehicles. The total increase in the City's investment in capital for the current fiscal year was a \$688,257 increase for governmental activities and \$110,476 decrease for business-type activities. Additional information is provided in Note 5 to the financial statement.

Table 3 provides a summary of the City's capital assets (net of accumulated depreciation).

City of Monte Vista Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 363,613	\$ 730,793	\$ 22,000	\$ 22,000	\$ 385,613	\$ 752,793
Construction in Progress	201,627	152,254	-	-	201,627	152,254
Water Rights	-	-	129,751	129,751	129,751	129,751
Buildings	890,457	945,126	10,277	9,998	900,734	955,124
Infrastructure	1,808,235	1,720,576	-	-	1,808,235	1,720,576
Improvements-Bldg	313,789	319,428	-	-	313,789	319,428
Improvements-Other	131,057	509,004	-	-	131,057	509,004
W/S Treatment Plant	-	-	102,687	84,271	102,687	84,271
Transmission & Distrib.	-	-	1,252,023	1,175,799	1,252,023	1,175,799
Equipment	655,914	704,392	98,869	91,344	754,783	795,736
Vehicles	284,240	255,616	46,696	38,666	330,936	294,282
	<u>\$ 4,648,932</u>	<u>\$ 5,337,189</u>	<u>\$ 1,662,303</u>	<u>\$ 1,551,829</u>	<u>\$ 6,311,235</u>	<u>\$ 6,889,018</u>

**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Major capital asset events during 2008 include the following:

- Various vehicle and equipment additions and improvements were completed in the recreation fund and the police department at a cost of \$96,235.
- The completion of the pavilion project for Chapman Park; project costs for 2008 total \$43,500 for an overall total project cost of \$95,460.
- Installation of walking trail and amenities, funded by GOCO grant funds, total cost of \$39,831.
- Major improvements at Ski Hi Park Rodeo Arena, partly funded by Energy Impact Assistance funds and GOGO Funds. Project cost of \$511,593 includes improvements to the north seating area, announcers stand and acquisition of new chutes and pens.
- Donation of a building located on 229 Adams Street, total value of \$367,180.

Additional information on the City's capital assets can be found in Note 5 to the Basic Financial Statements.

Debt Administration

At year end, the City of Monte Vista's long-term debt obligations totaled \$4,541,037. Of this amount, \$3,830,271 relates to governmental activities and \$710,766 relates to business-type activities. Bonds payable include the Series 2008 Sales Tax Revenue refunding and Improvement Bonds payable to SunTrust Equipment Finance & Leasing Corp. Capital lease payables include notes payable to San Luis Valley Federal Bank. Notes payable includes a note to Colorado Water Resource and Power Development Authority. Compensated absences include: employee sick and vacation leave accrued prior to February 1, 2004 and not thereafter and unused vacation accrued up to a maximum allowable. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

Table 4 provides a summary of the City's long-term debt obligations at December 31, 2008.

City of Monte Vista Long-Term Debt						
	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Bonds Payable	\$ 1,790,000	\$ 3,610,000	\$ -	\$ -	\$ 1,790,000	\$ 3,610,000
Notes Payable	-	-	748,382	621,249	748,382	621,249
Capital Leases Payable	53,471	2,848	-	-	53,471	2,848
Compensated Absences	217,089	217,423	89,358	89,517	306,447	306,940
Total	\$ 2,060,560	\$ 3,830,271	\$ 837,740	\$ 710,766	\$ 2,898,300	\$ 4,541,037

The City of Monte Vista's total debt increased by \$1,642,737 (57 percent) during the current fiscal year. The key factor in this increase was the issuance of the Sales Tax Revenue Refunding and Improvement Bonds, Series 2008. On April 8, 2008 the City advanced refunded and defeased the outstanding principal balance of \$1,790,000 in Sales Tax Revenue Bonds, Series 1996 with an average interest rate of 5.19% with issuance of \$3,680,000 in Sales Tax Revenue Refunding and Improvement Bonds, Series 2008 with an average interest rate of 4.64%. The remaining proceeds of \$1,890,000 will finance street related improvement projects. The City will reduce its total debt service payments over the next ten years by approximately \$211,648 and obtain an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$2,260.

CITY OF MONTE VISTA, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets

The City faces an uncertain financial future. The nation-wide economic downturn has impacted an already tenuous economy in the San Luis Valley, which includes Monte Vista. General Fund revenues remain flat and are anticipated to decline slightly from previous years. The loss of several businesses and reduced consumer confidence levels are being realized in sales tax collections. Though City reserves are adequate to meet short-term contingencies, they remain below optimal levels as defined by the Finance Director and City Manager.

The continued volatility in the energy market makes accurate budgeting in this area difficult. An unanticipated proposed increase of 17.5 percent in EXCEL's electrical costs for streetlights is one example of the unpredictability in the energy market

The cost of business continues to rise. Employee wage and benefit packages continue to erode operational capability. However, the city recognizes the value of their employees and continues to look at ways to make wages and benefits competitive. A recent compensation study indicated one-half of the workforce was below market wages. The cost to bring wages to market exceeds \$100,000. The city has adopted a three-year plan to bring all under-market employees to market wages

The City's financial capacity is well below thresholds necessary to fund infrastructure projects. The median family income in Monte Vista is well below the state and federal "low income" thresholds; thereby, reducing the potential for local generation of capital to fund large bond issues. The City has been very successful in obtaining grants, but the total infrastructure costs far exceed normal grant maximums. It will be necessary to develop public/private partnerships where feasible. More importantly, the City needs to aggressively pursue new business and industry in order to generate new revenue streams to meet future operational and capital improvement requirements.

In summary, the short term financial projections indicate the City must continue to be conservative in its spending patterns while working diligently to identify and pursue additional revenue sources. The fiscal crises of 2003, while severe, provided city staff and elected officials a learning opportunity that did not go unlearned. The City Council and City staff has recognized the current economic trends and are preparing the City to meet the current challenges while continuing to plan for the future.

Requests for Information

This financial report is designed to provide a general overview of the City of Monte Vista's finances for all those with an interest in the government's finance. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Monte Vista
Don Van Wormer, City Manager
Debbie Phillips, Finance Director
4 Chico Camino
Monte Vista, Colorado 81144
719-852-5926

CITY OF MONTE VISTA, COLORADO
BASIC FINANCIAL STATEMENTS

CITY OF MONTE VISTA, COLORADO
STATEMENT OF NET ASSETS
December 31, 2008

	<u>Primary Government</u>		<u>TOTAL</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 876,290	\$ 955,856	\$ 1,832,146
Restricted Cash and Cash Equivalents	2,386,133	100,501	2,486,634
Accounts Receivable	42,715	57,704	100,419
Allowance for Doubtful Accounts	(16,596)	-	(16,596)
Property Taxes Receivable	347,295	-	347,295
Due from Other Governments	160,790	-	160,790
Due from County Treasurer	127,919	17,230	145,149
Inventory of Materials and Supplies	-	68,516	68,516
Total Current Assets	<u>3,924,546</u>	<u>1,199,807</u>	<u>5,124,353</u>
Noncurrent Assets:			
Unamortized Bond Issuance Costs	34,400	17,528	51,928
Capital Assets:			
Land	730,793	22,000	752,793
Construction in Progress	152,254	-	152,254
Infrastructure	2,123,196	-	2,123,196
Water Rights	-	129,751	129,751
Buildings	2,778,590	46,018	2,824,608
Building Improvements	612,826	1,632	614,458
Other Improvements	817,192	-	817,192
Equipment	1,501,860	506,781	2,008,641
Treatment Plant	-	4,275,923	4,275,923
Transmission and Distribution	-	3,204,656	3,204,656
Vehicles and Heavy Road Equipment	857,457	194,555	1,052,012
Less: Accumulated Depreciation/Depletion	(4,236,979)	(6,829,488)	(11,066,467)
Total Noncurrent Assets	<u>5,371,589</u>	<u>1,569,356</u>	<u>6,940,945</u>
TOTAL ASSETS	<u>9,296,135</u>	<u>2,769,163</u>	<u>12,065,298</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	78,063	72,300	150,363
Other Payables	14,653	4,659	19,312
Deferred Tax Revenue	347,295	-	347,295
Deferred Revenue	4,499	-	4,499
Bonds Payable	115,000	-	115,000
Capital Leases Payable	2,848	-	2,848
Notes Payable	-	47,464	47,464
Compensated Absences	5,594	-	5,594
Total Current Liabilities	<u>567,952</u>	<u>124,423</u>	<u>692,375</u>
Noncurrent Liabilities:			
Bonds Payable	3,495,000	-	3,495,000
Capital Leases Payable	-	-	-
Notes Payable	-	573,785	573,785
Compensated Absences	211,829	89,517	301,346
Total Noncurrent Liabilities	<u>3,706,829</u>	<u>663,302</u>	<u>4,370,131</u>
TOTAL LIABILITIES	<u>4,274,781</u>	<u>787,725</u>	<u>5,062,506</u>

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
STATEMENT OF NET ASSETS
December 31, 2008

	<u>Primary Government</u>		<u>TOTAL</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,758,741	928,947	2,687,688
Restricted for:			
TABOR	91,000	-	91,000
Capital Projects	2,234,627	-	2,234,627
Debt Service	151,506	-	151,506
Unrestricted	785,480	1,052,491	1,837,971
TOTAL NET ASSETS	<u>\$ 5,021,354</u>	<u>\$ 1,981,438</u>	<u>\$ 7,002,792</u>

CITY OF MONTE VISTA, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 402,477	\$ 139,849	\$ 59,263	\$ -
Public safety	1,038,298	36,129	-	-
Health and Welfare	63,414	99,645	-	-
Highways and streets	566,281	45,155	145,239	-
Culture and Recreation	319,671	33,577	541,079	-
Urban/Economic Development	81,081	-	-	-
Interest on long-term debt	167,664	-	-	-
Total Governmental Activities	2,638,886	354,355	745,581	-
Business-Type Activities:				
City Service Utility	1,288,824	1,549,953	-	19,950
Total Business-Type Activities	1,288,824	1,549,953	-	19,950
Total Primary Government	\$ 3,927,710	\$ 1,904,308	\$ 745,581	\$ 19,950

General Revenues:

Taxes:

General Property Taxes - Net

Sales and Use Taxes

Franchise Taxes

Other Taxes

Investment Income

Miscellaneous

Operating Transfers

PILT Transfers

Total General Revenues and Special Items

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

**Net (Expense) Revenue and
Changes in Net Assets
Primary Government**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>TOTAL</u>
\$ (203,365)	\$ -	\$ (203,365)
(1,002,169)	-	(1,002,169)
36,231	-	36,231
(375,887)	-	(375,887)
254,985	-	254,985
(81,081)	-	(81,081)
(167,664)	-	(167,664)
<u>(1,538,950)</u>	<u>-</u>	<u>(1,538,950)</u>
-	281,079	281,079
-	281,079	281,079
<u>(1,538,950)</u>	<u>281,079</u>	<u>(1,257,871)</u>
341,906	-	341,906
1,516,223	-	1,516,223
181,615	-	181,615
71,483	-	71,483
78,981	14,698	93,679
61,001	1,206	62,207
85,642	(85,642)	-
158,165	(158,165)	-
<u>2,495,016</u>	<u>(227,903)</u>	<u>2,267,113</u>
956,066	53,176	1,009,242
<u>4,065,288</u>	<u>1,928,262</u>	<u>5,993,550</u>
<u>\$ 5,021,354</u>	<u>\$ 1,981,438</u>	<u>\$ 7,002,792</u>

CITY OF MONTE VISTA, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>GENERAL FUND</u>	<u>RECREATION FUND</u>	<u>CAPITAL IMPROVEMENT FUND</u>	<u>GRANT FUND</u>
ASSETS				
Cash and Cash Equivalents	\$ 462,366	\$ 12,853	\$ 334,097	\$ 34,524
Accounts Receivable	42,030	685	-	-
Allowance for Doubtful Accounts	(16,596)	-	-	-
Property Taxes Receivable	347,295	-	-	-
Due From Other Governments	101,306	-	59,484	-
Due From County Treasurer	127,919	-	-	-
TOTAL ASSETS	<u>\$ 1,064,320</u>	<u>\$ 13,538</u>	<u>\$ 393,581</u>	<u>\$ 34,524</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 63,720	\$ 9,803	\$ -	\$ 4,047
Other Payables	14,653	-	-	-
Deferred Property Tax Revenue	347,295	-	-	-
Deferred Revenue	3,269	1,230	-	-
TOTAL LIABILITIES	<u>428,937</u>	<u>11,033</u>	<u>-</u>	<u>4,047</u>
FUND BALANCE				
Fund Balance				
Reserved				
Debt Service Reserve	-	-	-	-
Tabor Emergency Reserve	91,000	-	-	-
Unreserved				
Undesignated reported in:				
General Fund	544,383	-	-	-
Special Revenue Funds	-	2,505	393,581	30,477
Capital Projects Fund	-	-	-	-
TOTAL FUND BALANCE	<u>635,383</u>	<u>2,505</u>	<u>393,581</u>	<u>30,477</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,064,320</u>	<u>\$ 13,538</u>	<u>\$ 393,581</u>	<u>\$ 34,524</u>

CAPITAL PROJECTS FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,234,627	\$ 151,506	\$ 32,450	\$ 3,262,423
-	-	-	42,715
-	-	-	(16,596)
-	-	-	347,295
-	-	-	160,790
-	-	-	127,919
<u>\$ 2,234,627</u>	<u>\$ 151,506</u>	<u>\$ 32,450</u>	<u>\$ 3,924,546</u>
\$ -	\$ -	\$ 493	\$ 78,063
-	-	-	14,653
-	-	-	347,295
-	-	-	4,499
-	-	493	444,510
-	151,506	-	151,506
-	-	-	91,000
-	-	-	544,383
-	-	31,957	458,520
<u>2,234,627</u>	<u>-</u>	<u>-</u>	<u>2,234,627</u>
<u>2,234,627</u>	<u>151,506</u>	<u>31,957</u>	<u>3,480,036</u>
<u>\$ 2,234,627</u>	<u>\$ 151,506</u>	<u>\$ 32,450</u>	<u>\$ 3,924,546</u>

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CITY OF MONTE VISTA, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET ASSETS
December 31, 2008

Total governmental fund balances	\$	3,480,036
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.		5,337,189
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	\$ (3,610,000)	
Capital Leases Payable	(2,848)	
Compensated Absences	<u>(217,423)</u>	
		(3,830,271)
Certain transactions from the advanced refunding of bonds are expensed in the governmental funds, but are required to be capitalized and amortized in the government-wide financial statements.		
Bond Issue Costs		<u>34,400</u>
Net assets of governmental activities	\$	<u><u>5,021,354</u></u>

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	SPECIAL REVENUE FUNDS			
	GENERAL FUND	RECREATION FUND	CAPITAL IMPROVEMENT FUND	GRANT FUND
REVENUES				
Taxes	\$ 1,746,428	\$ -	\$ 357,878	\$ -
Licenses and Permits	8,634	-	-	-
Intergovernmental Revenue	386,578	-	-	406,980
Charges for Services	123,459	33,220	-	-
Fines and Forfeits	71,778	-	-	-
Interest and Miscellaneous	152,004	10,097	4,049	86,515
TOTAL REVENUE	2,488,881	43,317	361,927	493,495
EXPENDITURES				
General Government	636,116	-	-	-
Public Safety	977,890	-	11,633	-
Health and Welfare	60,794	-	-	-
Highways and Streets	404,688	-	-	-
Culture and Recreation	169,740	219,887	-	493,093
Urban/Economic Development	71,882	-	-	630
Debt Service	17,202	-	-	-
TOTAL EXPENDITURES	2,338,312	219,887	11,633	493,723
Excess (Deficiency) of Revenues Over Expenditures	150,569	(176,570)	350,294	(228)
OTHER FINANCING SOURCES (USES)				
Sale of Assets	6,822	-	-	-
Operating Transfers In	114,060	187,942	-	30,705
Operating Transfers Out	(191,722)	(15,630)	(209,461)	-
Bond Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(70,840)	172,312	(209,461)	30,705
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	79,729	(4,258)	140,833	30,477
Fund Balance at Beginning of Year	555,654	6,763	252,748	-
Fund Balance at End of Year	\$ 635,383	\$ 2,505	\$ 393,581	\$ 30,477

CAPITAL PROJECTS FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ 2,104,306
-	-	-	8,634
-	-	45,284	838,842
-	-	-	156,679
-	-	-	71,778
<u>62,316</u>	<u>6,748</u>	<u>520</u>	<u>322,249</u>
<u>62,316</u>	<u>6,748</u>	<u>45,804</u>	<u>3,502,488</u>
-	-	-	636,116
-	-	-	989,523
-	-	-	60,794
89,645	-	-	494,333
-	-	20,659	903,379
-	-	2,488	75,000
<u>1,915,773</u>	<u>179,712</u>	<u>-</u>	<u>2,112,687</u>
<u>2,005,418</u>	<u>179,712</u>	<u>23,147</u>	<u>5,271,832</u>
<u>(1,943,102)</u>	<u>(172,964)</u>	<u>22,657</u>	<u>(1,769,344)</u>
-	-	-	6,822
220,625	200,168	3,075	756,575
(1,595)	(220,625)	(31,900)	(670,933)
<u>3,680,000</u>	<u>-</u>	<u>-</u>	<u>3,680,000</u>
<u>3,899,030</u>	<u>(20,457)</u>	<u>(28,825)</u>	<u>3,772,464</u>
1,955,928	(193,421)	(6,168)	2,003,120
<u>278,699</u>	<u>344,927</u>	<u>38,125</u>	<u>1,476,916</u>
<u>\$ 2,234,627</u>	<u>\$ 151,506</u>	<u>\$ 31,957</u>	<u>\$ 3,480,036</u>

CITY OF MONTE VISTA, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds \$ 2,003,120

Amounts reported for governmental activities in the statements of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements 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 exceeded capital outlays in the current period.

Fixed asset purchases	\$	1,130,181	
Depreciation expense		(441,924)	
Excess of capital outlay over depreciation			688,257

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Repayment of principal include:

Bond Proceeds	\$	(3,680,000)	
Bond Issuance Costs		34,400	
Bond Principal Payments		1,860,000	
Capital Lease Principal Payments		50,623	
			(1,734,977)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences			(334)

Change in net assets of governmental funds \$ 956,066

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2008

REVENUES	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Taxes				
General Property Taxes, Net	\$ 341,000	\$ 341,000	\$ 341,906	\$ 906
Specific Ownership Tax	53,700	53,700	51,044	(2,656)
Sales Tax	1,074,000	1,089,000	1,158,345	69,345
Franchise Tax	167,000	167,000	181,615	14,615
Occupational Tax	12,000	12,000	12,068	68
Airport Gas Tax	1,500	1,500	1,450	(50)
Total Taxes	1,649,200	1,664,200	1,746,428	82,228
Licenses and Permits				
Liquor Licenses	3,000	3,000	2,254	(746)
Other Licenses and Permits	8,725	8,725	6,380	(2,345)
Total Licenses and Permits	11,725	11,725	8,634	(3,091)
Intergovernmental Revenue				
State Grants	56,538	56,538	56,537	(1)
Payment In Lieu of Taxes	158,165	158,165	158,165	-
Additional Motor Vehicle Fees	18,000	18,000	16,990	(1,010)
Cigarette Tax	7,500	7,500	6,921	(579)
Highway User Tax	123,600	123,600	121,686	(1,914)
County Road and Bridge Fund	25,868	25,868	23,553	(2,315)
Miscellaneous Grants	92,756	15,000	2,726	(12,274)
Total Intergovernmental Revenue	482,427	404,671	386,578	(18,093)
Charges for Services				
Police Security	9,000	9,000	9,990	990
Pest Control Collections	89,000	89,000	89,289	289
Airport Charges/Rentals	8,700	8,700	10,121	1,421
Miscellaneous	15,900	15,900	14,059	(1,841)
Total Charges for Services	122,600	122,600	123,459	859
Fines and Forfeits				
Court Fines and Forfeits	75,000	75,000	56,581	(18,419)
Jail Charges	3,000	3,000	15,197	12,197
Total Fines and Forfeits	78,000	78,000	71,778	(6,222)
Interest and Miscellaneous				
Interest on Investments	15,000	15,000	5,462	(9,538)
Rent	48,000	48,000	47,920	(80)
Refund of Expenditures	6,000	45,155	45,155	-
Pension Forfeitures	10,000	10,000	7,199	(2,801)
Donations and Contributions	12,000	32,229	35,289	3,060
Miscellaneous Revenue	10,000	10,000	10,979	979
Total Interest and Miscellaneous	101,000	160,384	152,004	(8,380)
TOTAL REVENUES	2,444,952	2,441,580	2,488,881	47,301

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2008

EXPENDITURES	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
General Government				
City Council	33,363	33,363	31,408	1,955
Judicial	50,503	50,503	44,682	5,821
Election	3,000	3,000	-	3,000
City Clerk	69,510	69,510	63,448	6,062
City Manager	90,600	90,600	95,222	(4,622)
Finance Director	92,831	92,831	88,334	4,497
City Attorney	40,000	40,000	40,016	(16)
Building Inspector	91,060	91,060	67,269	23,791
City Shop	12,878	12,878	11,821	1,057
Purchasing and General Services	121,433	121,433	116,389	5,044
Leased Building	54,855	54,855	54,973	(118)
Airport	17,341	17,341	14,713	2,628
Grants to Others	6,341	6,341	7,841	(1,500)
Total General Government	683,715	683,715	636,116	47,599
Public Safety				
Police Department	807,997	739,579	721,310	18,269
Police Support	227,377	227,377	225,566	1,811
Police Building	29,300	29,300	31,014	(1,714)
Total Public Safety	1,064,674	996,256	977,890	18,366
Health and Welfare				
Animal Control	46,455	46,455	45,291	1,164
Pest Control	32,853	32,853	15,503	17,350
Total Health and Welfare	79,308	79,308	60,794	18,514
Highways and Streets				
Streets	281,244	301,744	338,227	(36,483)
Street Lighting	55,000	55,000	66,461	(11,461)
Total Highways and Streets	336,244	356,744	404,688	(47,944)
Culture and Recreation				
Parks	142,242	155,168	169,740	(14,572)
Urban/Economic Development				
Main Street	94,313	104,402	71,882	32,520
Debt Service	17,300	17,300	17,202	98
TOTAL EXPENDITURES	2,417,796	2,392,893	2,338,312	54,581

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Excess (Deficiency) of Revenues Over Expenditures	27,156	48,687	150,569	101,882
OTHER FINANCING SOURCES (USES)				
Sale of Assets	500	500	6,822	6,322
Transfers In	124,956	111,826	114,060	2,234
Transfers Out	(152,240)	(185,917)	(191,722)	(5,805)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(26,784)</u>	<u>(73,591)</u>	<u>(70,840)</u>	<u>2,751</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	372	(24,904)	79,729	104,633
Fund Balance at Beginning of Year	<u>-</u>	<u>30,000</u>	<u>555,654</u>	<u>525,654</u>
Fund Balance at End of Year	<u>\$ 372</u>	<u>\$ 5,096</u>	<u>\$ 635,383</u>	<u>\$ 630,287</u>

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
RECREATION FUND
For the Year Ended December 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for Services				
Youth Sports	\$ 17,500	\$ 17,500	\$ 10,715	\$ (6,785)
Adult Sports	6,000	6,000	3,550	(2,450)
Sponsor Fees	-	-	920	920
Building Rent	21,000	21,000	12,050	(8,950)
Vending Machine Revenue	400	400	107	(293)
Outdoor Recreation	-	-	1,740	1,740
Special Events	2,000	2,000	4,138	2,138
Total Charges for Services	46,900	46,900	33,220	(13,680)
Interest and Miscellaneous				
Refund of Expenditures	500	6,807	7,761	954
Miscellaneous Revenue	450	450	2,336	1,886
Total Interest and Miscellaneous	950	7,257	10,097	2,840
TOTAL REVENUES	47,850	54,157	43,317	(10,840)
EXPENDITURES				
Culture and Recreation				
Administration	66,867	66,867	64,248	2,619
Recreation	63,280	69,680	72,667	(2,987)
Ski Hi Park	41,697	71,781	70,921	860
Ski Hi Pool	8,141	10,641	10,651	(10)
Grants In Aid	1,400	1,400	1,400	-
Total Culture and Recreation	181,385	220,369	219,887	482
TOTAL EXPENDITURES	181,385	220,369	219,887	482
Excess (Deficiency) of Revenues Over Expenditures	(133,535)	(166,212)	(176,570)	(10,358)
OTHER FINANCING SOURCES (USES)				
Transfers In	149,165	181,842	187,942	6,100
Transfers Out	(15,630)	(15,630)	(15,630)	-
TOTAL OTHER FINANCING SOURCES (USES)	133,535	166,212	172,312	6,100
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	-	(4,258)	(4,258)
Fund Balance at Beginning of Year	-	5,000	6,763	1,763
Fund Balance at End of Year	\$ -	\$ 5,000	\$ 2,505	\$ (2,495)

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes				
Sales Tax	\$ 334,000	\$ 339,000	\$ 357,878	\$ 18,878
Interest on Investments	5,000	5,000	4,049	(951)
TOTAL REVENUES	<u>339,000</u>	<u>344,000</u>	<u>361,927</u>	<u>17,927</u>
EXPENDITURES				
Public Safety				
Police Equipment	-	20,000	11,633	8,367
TOTAL EXPENDITURES	<u>-</u>	<u>20,000</u>	<u>11,633</u>	<u>8,367</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>339,000</u>	<u>324,000</u>	<u>350,294</u>	<u>26,294</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(224,491)</u>	<u>(209,461)</u>	<u>(209,461)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(224,491)</u>	<u>(209,461)</u>	<u>(209,461)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	114,509	114,539	140,833	26,294
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>252,748</u>	<u>252,748</u>
Fund Balance at End of Year	<u>\$ 114,509</u>	<u>\$ 114,539</u>	<u>\$ 393,581</u>	<u>\$ 279,042</u>

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GRANT FUND
For the Year Ended December 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenue				
GOCO Arena Grant	\$ -	\$ 196,308	\$ 196,398	\$ 90
EIAF Arena Grant	-	225,000	210,582	(14,418)
Other Grants	10,000	10,000	-	(10,000)
Total Intergovernmental Revenue	10,000	431,308	406,980	(24,328)
Interest and Miscellaneous	-	86,000	86,515	515
TOTAL REVENUES	10,000	517,308	493,495	(23,813)
EXPENDITURES				
Public Safety	10,000	10,000	-	10,000
Culture and Recreation				
GOCO Arena Grant	-	282,000	282,437	437
EIAF Arena Grant	-	225,000	210,656	(14,344)
Total Culture and Recreation	-	507,000	493,093	13,907
Urban/Economic Development				
First Avenue Improvement Grant	-	1,000	630	370
TOTAL EXPENDITURES	10,000	518,000	493,723	24,277
Excess (Deficiency) of Revenues Over Expenditures	-	(692)	(228)	464
OTHER FINANCING SOURCES (USES)				
Transfer In	-	31,000	30,705	295
TOTAL OTHER FINANCING SOURCES (USES)	-	31,000	30,705	295
Excess (deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	30,308	30,477	169
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances at End of Year	\$ -	\$ 30,308	\$ 30,477	\$ 169

**CITY OF MONTE VISTA, COLORADO
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 December 31, 2008**

	CITY SERVICE UTILITY FUND
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,056,357
Accounts Receivable	57,704
Due From County Treasurer	17,230
Inventory	68,516
Total Current Assets	1,199,807
Noncurrent Assets:	
Land	22,000
Water Rights	129,751
Buildings	47,650
Equipment	506,781
Treatment Plant	4,275,923
Transmission and Distribution	3,204,656
Vehicles	194,555
Accumulated Depreciation	(6,829,488)
Bond Issue Costs	38,949
Accumulated Amortization	(21,421)
Total Noncurrent Assets	1,569,356
TOTAL ASSETS	2,769,163
LIABILITIES	
Current Liabilities:	
Accounts Payable	72,300
Notes Payable	47,464
Accrued Interest Payable	4,659
Total Current Liabilities	124,423
Noncurrent Liabilities:	
Notes Payable	573,785
Accrued Compensated Absences	89,517
Total Noncurrent Liabilities	663,302
TOTAL LIABILITIES	787,725
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	928,947
Unrestricted	1,052,491
TOTAL NET ASSETS	\$ 1,981,438

**CITY OF MONTE VISTA, COLORADO
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 December 31, 2008**

	<u>CITY SERVICE UTILITY FUND</u>
OPERATING REVENUES	
Charges for Services	\$ 1,542,815
Miscellaneous	9,094
Total Operating Revenues	<u>1,551,909</u>
OPERATING EXPENSES	
Personnel Services	619,479
Supplies	30,815
Fuel	18,501
Communications and Postage	14,815
Insurance and Bonds	34,006
Utilities	162,515
Rents and Payments	178
Professional Services	187,833
Travel	1,678
Repairs and Maintenance	22,358
Depreciation	139,039
Equipment	4,222
Uniform Maintenance	1,059
Payment in Lieu of Taxes	158,165
Miscellaneous	21,007
Total Operating Expenses	<u>1,415,670</u>
Operating Income (Loss)	136,239
NONOPERATING REVENUES (EXPENSES)	
Interest on Investments	14,698
Interest Expense	(31,319)
Total Nonoperating Revenues (Expenses)	<u>(16,621)</u>
Income (Loss) Before Other Revenue and Operating Transfers	119,618
CAPITAL CONTRIBUTIONS (Water and Sewer Taps)	19,200
OPERATING TRANSFERS	
Transfers Out	(85,642)
Total Operating Transfers	<u>(85,642)</u>
Changes in Net Assets	53,176
Net Assets at beginning of year	<u>1,928,262</u>
Net Assets at end of year	<u>\$ 1,981,438</u>

**CITY OF MONTE VISTA, COLORADO
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2008**

	<u>CITY SERVICE UTILITY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$ 1,522,086
Cash Paid to Employees	(619,320)
Cash Paid to Suppliers/Vendors	(458,456)
Cash Paid to Other Funds for Taxes	(158,165)
	286,145
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	286,145
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash Transferred (to)/from Other Funds	(85,642)
	(85,642)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(85,642)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Fixed Assets	(28,564)
Principal Payments	(127,133)
Cash Received from Capital Contributions (Tap Fees)	19,200
Interest Paid	(34,743)
	(171,240)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(171,240)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	14,698
	14,698
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	14,698
NET INCREASE (DECREASE) IN CASH	43,961
CASH AT BEGINNING OF YEAR	1,012,396
CASH AT END OF YEAR	\$ 1,056,357
OPERATING INCOME (LOSS)	\$ 136,239
Adjustments to Reconcile Net Income to Net Cash Provided	
by Operating Activities	
Depreciation expense	139,039
Amortization expense	1,299
(Increase) Decrease in accounts receivable	(27,167)
(Increase) Decrease in due from county treasurer	(2,656)
(Increase) Decrease in inventory	(9,398)
Increase (Decrease) in accounts payable	48,630
Increase (Decrease) in compensated absences	159
	159
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 286,145

See Notes to the Basic Financial Statements

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CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The City of Monte Vista was incorporated July 19, 1886. On March 22, 1922, the City was reorganized as a Home Rule City under Article 20 of the Colorado Constitution. The current City Charter was adopted at a special election held December 20, 1921. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

Component Units

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether.

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City
- The organization is financially accountable to the City
- The organization receives or holds funds that are for the benefit of the City; and the City has access to a majority of the funds held; and the funds that are accessible are also significant to the City.

The City of Monte Vista administers the Monte Vista Urban Renewal Authority. The Authority is blended into the City's financial statements as a Special Revenue Fund.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City and its component units, except for City fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the Government-wide Financial Statements. Major individual governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The **General Fund** is the general operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Recreation Fund** is used to account for activities provided for community programs. Sources of revenue consist of membership dues, and registration fees for programs.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

- The *Capital Improvement Fund* is used for the collection of the one percent sales tax to pay the Series 1998 Sales Tax Revenue Bonds.
- The *Grant Fund* is used to account for the various grants the City receives. The monies may be expended only for the purposes defined by the granting agency
- The *Capital Projects Fund* is used to account for the expenditure of the Series 1998 Sales Tax Revenue Bond monies on capital projects throughout the City.
- The *Debt Service Fund* is used for the annual payment and reserve funds required by the Series 1998 Sales Tax Revenue Bond.

The City reports the following major enterprise fund:

- The *City Service Utility Fund* accounts for user charges and expenses for operating, financing, and maintaining the City's water and sewer systems.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-wide and Proprietary Fund Financial Statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

Cash and investments for all funds, excluding investments in the Debt Service and Capital Improvement funds, are pooled into one common account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at year end. An individual fund's pooled cash and cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by the specific accounts noted above are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General fund and interfund payables of the deficit fund.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair market value.

Investments held by the City are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the City to the extent it results in a current receivable.

The 2008 property tax levy due January 1, 2009 has been recorded in the financial statements as a receivable and a corresponding deferred revenue in the financial statements.

Inventory

Inventories held by all funds except the City Service Utility Fund have been recorded as expenditures at the time of purchase. Enterprise Fund inventories are stated at cost.

Capital Assets

Capital Assets include land, buildings, improvements, machinery and equipment, cars and road vehicles, and infrastructure (roads, bridges, underground pipe, traffic signals, etc.) are reported in the applicable governmental activities column in the Government-wide Financial Statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	15 – 50
Improvements – Building	15 – 40
Improvements – Other	10 – 40
Machinery and Equipment	5 – 15
Cars and Road Vehicles	5 – 7
Infrastructure	15 – 50

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City is not required to retroactively report infrastructure assets.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Compensated Absences

On February 1, 2004 the City adopted a compensated absence policy which entitled employees to 40 to 168 hours of vacation leave each year. The number of hours received depends upon the number of completed years of service. Unused vacation leave may accumulate up to a maximum of the entitled annual vacation. Employees with prior accumulated vacation on February 1, 2004 were allowed to carry forward that balance in addition to the new maximum levels. Any vacation leave accrued in excess of the maximum allowable accrued vacation leave will be lost to the employee and shall not be deemed an obligation of the City.

The City employees receive 144 hours of sick leave each year. Unused sick hours accumulate up to 240 hours. Upon termination, employees are only eligible to be paid for sick leave accumulated prior to February 1, 2004 (at the rate of pay at that time) and not thereafter.

All vacation and sick leave pay is accrued when incurred in the Government-wide Financial Statements. A liability is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

The maximum amount of compensatory time that shall be accrued is 24 hours. Any employee reaching the maximum amount of compensatory time above will be paid overtime for hours in excess of the 24 hours at the end of each fiscal year.

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the Government-wide Financial Statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as an other financing use.

Interest Capitalization

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest was capitalized in the current period.

Deferred Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as deferred revenues.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Encumbrances

The City does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments out-standing at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Fund Equity

In the Fund Financial Statements, reserved fund balances indicate that a portion of fund equity is not available for appropriation or is legally restricted by outside parties of use for a specific purpose. Fund reservations include debt service, inventories, and TABOR (discussed later). Designated fund balances indicate tentative plans for future use. Undesignated fund balances indicate that a portion of fund equity is available for budgeting in future periods.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- Preparation of budget documents by administrative staff, which shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.
- Ordinance to adopt supplemental appropriations.

Formal budgetary integration is employed as a management control device for all funds of the City. The governmental funds budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The proprietary funds budgets are adopted using the same accounting methods as governmental fund types; this procedure follows Colorado State Statute, but is not in accordance with GAAP.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The City Council adopted supplemental appropriations during 2008. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Stewardship

The Capital Projects Fund exceeded budgeted expenditures for the year ending December 31, 2008. This over budget condition is a violation of Colorado Budget Statutes.

NOTE 3 CASH, DEPOSITS AND INVESTMENTS

CASH AND DEPOSITS

Colorado State Statutes govern the City's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. The Emergency Economic Stabilization Act of 2008 temporarily raised the basic limit on Federal Deposit Insurance Coverage from \$100,000 to \$250,000 per depositor

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At December 31, 2008, \$3,295,973 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

INVESTMENTS

The City's investments are subject to interest rate, credit risk, and concentration of credit risk.

The types of investments which are authorized to be made with City funds are controlled by state statute and the investment policies of the City. Colorado statutes and the City's investment policies specify investment instruments meeting defined rating and risk criteria in which the City may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Credit Risk

The City's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The City's investment policy allows for the City to invest in local government investment pools. As of December 31, 2008, the local government investment pool (COLOTRUST) in which the City had invested, was rated AAA by Standard & Poor's.

Cash on Hand and in Banks		\$ 3,975,927
COLOTRUST	<u>\$ 342,853</u>	
Cash and Investments in Custody of Others		<u>342,853</u>
 Total Deposits and Investments		 <u><u>\$ 4,318,780</u></u>

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The City has no investments with maturities past five years.

The Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes.

Restrictions on Cash and Investments

Cash of \$100,501 in the City Service Utility Fund is restricted by ordinance for water acquisition. Cash investments of \$151,506 in the Debt Service Fund are contractually restricted for service of the City's bonds. Cash and investments of \$2,234,627 in the Capital Projects Fund are contractually restricted for capital construction projects

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers during the year ended December 31, 2008 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Conservation Trust Fund	\$ 1,900
	City Service Utility Fund	85,642
	Capital Improvement Fund	10,888
	Recreation Fund	15,630
		<u>114,060</u>
Urban Renewal Authority Fund	General Fund	3,075
Recreation Fund	General Fund	187,942
Grant Fund	General Fund	705
	Conservation Trust Fund	30,000
		<u>30,705</u>
Capital Projects Fund	Debt Service Fund	220,625
Debt Service Fund	Capital Improvement Fund	198,573
	Capital Projects Fund	1,595
		<u>200,168</u>
	TOTALS	<u>\$ 756,575</u>

The General Fund transferred monies for operations into the Recreation Fund.

The Recreation Fund and City Utility Fund transferred rent charges for services into the General Fund for rent and a portion of administrative supplies and services.

The General Fund and the Conservation Trust Fund transferred grant matching funds into the Grant Fund. In addition, the Conservation Trust Fund and the Capital Improvement Fund transferred grant matching funds into the General Fund.

The Capital Improvement Fund transferred funds into the Debt Service Fund for payment on the Series 1998 Sales Tax Revenue Bonds.

The Debt Service Fund transferred funds into the Capital Projects Fund for payment on Retired Series 1998 Sales Tax Revenue Bonds.

The City Service Utility Fund transferred funds to the General Fund to reimburse street repair costs from damage due to water line maintenance.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

	BALANCE 12/31/2007	Additions	Deletions	BALANCE 12/31/2008
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 363,613	\$ 367,180	\$ -	\$ 730,793
Construction in Progress	201,627	2,557	51,930	152,254
Total capital assets not being depreciated	<u>565,240</u>	<u>369,737</u>	<u>51,930</u>	<u>883,047</u>
Capital assets being depreciated				
Buildings	2,683,130	95,460	-	2,778,590
Infrastructure	2,011,231	111,965	-	2,123,196
Improvements - Building	581,877	30,949	-	612,826
Improvements - Other	414,754	402,438	-	817,192
Machinery and Equipment	1,348,677	153,183	-	1,501,860
Cars and Road Vehicles	923,988	18,379	84,910	857,457
Total capital assets being depreciated	<u>7,963,657</u>	<u>812,374</u>	<u>84,910</u>	<u>8,691,121</u>
Less accumulated depreciation for:				
Buildings	1,792,673	40,791	-	1,833,464
Infrastructure	202,996	199,624	-	402,620
Improvements - Building	268,088	25,310	-	293,398
Improvements - Other	283,697	24,491	-	308,188
Machinery and Equipment	692,763	104,705	-	797,468
Cars and Road Vehicles	639,748	47,003	84,910	601,841
Total accumulated depreciation	<u>3,879,965</u>	<u>441,924</u>	<u>84,910</u>	<u>4,236,979</u>
Total Capital Assets being depreciated, net	<u>4,083,692</u>	<u>370,450</u>	<u>-</u>	<u>4,454,142</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 4,648,932</u>	<u>\$ 740,187</u>	<u>\$ 51,930</u>	<u>\$ 5,337,189</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	129,751	-	-	129,751
Total capital assets not being depreciated	<u>151,751</u>	<u>-</u>	<u>-</u>	<u>151,751</u>
Capital assets being depreciated				
Buildings and Shops	46,018	1,632	-	47,650
Equipment	499,290	7,491	-	506,781
Water and Sewer Treatment Plant	4,275,923	-	-	4,275,923
Transmission and Distribution	3,185,215	19,440	-	3,204,655
Vehicles	194,555	-	-	194,555
Total capital assets being depreciated	<u>8,201,001</u>	<u>28,563</u>	<u>-</u>	<u>8,229,564</u>
Less: accumulated depreciation	<u>6,690,449</u>	<u>139,039</u>	<u>-</u>	<u>6,829,488</u>
Total Capital Assets being depreciated, net	<u>1,510,552</u>	<u>(110,476)</u>	<u>-</u>	<u>1,400,076</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 1,662,303</u>	<u>\$ (110,476)</u>	<u>\$ -</u>	<u>\$ 1,551,827</u>

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 102,520
Public Safety	90,570
Health and Welfare	2,620
Highways and Streets	146,587
Culture and Recreation	61,999
Urban Development	6,081
Leased Buildings	31,547
Total depreciation expense - governmental activities	<u>\$ 441,924</u>
Business-type activities:	
City Service Utility	\$ 118,712
Wastewater Treatment Facility	18,416
Leased Buildings	1,911
Total depreciation expense - business-type activities	<u>\$ 139,039</u>

Capital outlay for the year ended December 31, 2008, by fund, was as follows:

Governmental Activities:	
General Fund	\$ 496,171
Grant Fund	551,425
Capital Improvement Fund	83,767
Conservation Trust Fund	20,659
Parks and Recreation Fund	30,089
	<u>\$ 1,182,111</u>
Business-type activities:	
Enterprise Fund	<u>\$ 28,563</u>

NOTE 6 OPERATING LEASES

The City has entered into an operating lease arrangement for several copy machines.

The future minimum rental payments under all operating leases outstanding at December 31, 2008 are as follows:

2009	5,281
2010	<u>2,641</u>
	<u>\$ 7,922</u>

Rental Expense for the operating lease for the year ended December 31, 2008 was approximately \$5,281.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Ending Balance 12/31/2007	Additions	Deletions	Ending Balance 12/31/2008	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 1,790,000	\$ 3,680,000	\$ 1,860,000	\$ 3,610,000	\$ 115,000
Capital Leases Payable	53,471	-	50,623	2,848	2,848
Compensated Absences	217,089	334	-	217,423	5,594
	<u>\$ 2,060,560</u>	<u>\$ 3,680,334</u>	<u>\$ 1,910,623</u>	<u>\$ 3,830,271</u>	<u>\$ 123,442</u>
Business-type activities:					
Notes Payable	\$ 748,382	\$ -	\$ 127,133	\$ 621,249	\$ 47,464
Compensated Absences	89,358	159	-	89,517	-
	<u>\$ 837,740</u>	<u>\$ 159</u>	<u>\$ 127,133</u>	<u>\$ 710,766</u>	<u>\$ 47,464</u>

GOVERNMENTAL ACTIVITIES:

Sales Tax Revenue Bonds Payable

On April 8, 2008, the City advance refunded and defeased (debt legally satisfied) the outstanding principal balance of \$1,790,000 in Sales Tax Revenue Bonds, Series 1996 with an average interest rate of 5.19% with the issuance of \$3,680,000 in Sales Tax Revenue Refunding and Improvement Bonds Series 2008 with an average interest rate of \$4.64%. The defeased bonds were paid in full on the call date of December 1, 2008. The remaining proceeds were deposited to the Capital Projects Fund for the purpose of paving and resurfacing streets, providing curb and gutter and surface drainage, participating in sidewalk improvements, and such other related improvements recommended by the one cent tax committee and approved by the City Council. Bonds are secured by a first lien on one-half of the City's 2% sales tax, which is required to be deposited into the Capital Improvement Fund. The bonds are paid out of the Debt Service Fund.

The City advance refunded the 1996 Series bonds to reduce its total debt service payments over the next ten years by \$211,648 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,260.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

The annual debt service for the bonds is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2009	\$ 115,000	\$ 166,060	\$ 281,060
2010	120,000	160,770	280,770
2011	125,000	155,250	280,250
2012	130,000	149,500	279,500
2013	135,000	143,520	278,520
2014-2018	780,000	618,240	1,398,240
2019-2023	980,000	421,130	1,401,130
2024-2028	1,225,000	173,650	1,398,650
	\$ 3,610,000	\$ 1,988,120	\$ 5,598,120

Capital Leases Payable

Lease payable to San Luis Valley Federal Bank, payable in monthly installments of \$1,433.47, including interest at 5.35%. Final payment due in 2009, collateralized by two 2006 Ford Crown Victoria Police Interceptor Cars. Payments are made from the General Fund. These cars are recorded in the fixed assets of the government-wide financial statements at \$47,628 less accumulated depreciation of \$20,412.

\$ 2,868

Total Leases Payable

\$ 2,868

The annual debt service for the capital leases is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2009	\$ 2,848	\$ 20	\$ 2,868
	\$ 2,848	\$ 20	\$ 2,868

BUSINESS-TYPE ACTIVITIES:

Notes Payable

Note payable to Colorado Water Resource and Power Development Authority, payable in semi-annual installments of \$37,446, including interest at 4.50%. Final payment due in 2019. This debt is recorded in the City Service Utility Fund.

\$ 621,249

Total Notes Payable

\$ 621,249

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

The annual debt service for the notes payable is as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTALS</u>
2009	\$ 47,464	\$ 27,428	\$ 74,892
2010	49,624	25,268	74,892
2011	51,882	23,010	74,892
2012	54,243	20,649	74,892
2013	56,712	18,183	74,895
2014-2018	324,702	49,763	374,465
2019	36,622	824	37,446
	<u>\$ 621,249</u>	<u>\$ 165,125</u>	<u>\$ 786,374</u>

NOTE 8 PENSION PLANS

Defined Contribution Plans

The City offers a 401A defined contribution plan through ICMA Retirement Corporation. This plan is available to all eligible full-time City employees, except sworn police officers. The total payroll for 2008, other than police employees was \$1,167,014 and the total covered payroll was \$1,103,782. The City is required to contribute 8% of covered payroll and the employee is required to contribute nothing. The employees become 100% vested in the City's contribution and earnings after three years of service. The eight percent contribution for 2008 was \$88,068 for the City and 34 employees were participating in the plan.

The City police pension plan is in a 401A defined contribution plan through ICMA Retirement Corporation. Under this plan, the City contributes 14.2% of qualified employee earnings. Employee contributions of 6.2% are determined by the employer in accordance with IRC rules. The total covered payroll for the police pension plan was \$439,538. The 14.2% contribution for 2008 was \$61,619 for the City, and the 6.2% contribution for 2008 was \$26,632 for the employees. There were 14 employees participating in the plan. Employees are automatically vested in their contributions and they become fully vested in the City's contributions and earnings after five years of service.

The financial report can be obtained by writing to ICMA Retirement Corporation, 777 North Capital Street NE, Washington DC, 20002-4240 or by calling 1-800-669-7400.

Deferred Compensation Plan

The City offers a deferred compensation plan through ICMA Retirement Corporation under Internal Revenue Code 457. Participation in this plan is voluntary for all City employees. The City does not contribute to this plan.

The financial report can be obtained by writing to ICMA Retirement Corporation, 777 North Capital Street NE, Washington DC, 20002-4240 or by calling 1-800-669-7400.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 9 SEGMENT INFORMATION FOR ENTERPRISE FUND

Because several of the segments are provided for in one fund, several items cannot be allocated between each segment. Therefore, a condensed statement of net assets and statement of cash flows, as well as some line items have been omitted in the segment information.

The following is a summary of operating income and expense information on the various segments of the Enterprise Funds.

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue	\$ 789,767	\$ 762,142	\$ 1,551,909
Operating Expense	607,403	669,228	1,276,631
Depreciation Expense	70,752	68,287	139,039
Total Operating Expense	<u>678,155</u>	<u>737,515</u>	<u>1,415,670</u>
OPERATING INCOME (LOSS)	111,612	24,627	136,239
Nonoperating Revenues (Expenses)	7,349	(23,970)	(16,621)
Capital Contributions	7,200	12,000	19,200
Operating Transfers	<u>(43,938)</u>	<u>(41,704)</u>	<u>(85,642)</u>
NET INCOME (LOSS)	<u>\$ 82,223</u>	<u>\$ (29,047)</u>	<u>\$ 53,176</u>
Property, Plant and Equipment			
Additions	\$ 24,002	\$ 4,561	\$ 28,563
Accumulated Depreciation	\$ 1,947,684	\$ 4,881,804	\$ 6,829,488
Notes Payable	\$ 310,624	\$ 310,625	\$ 621,249

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 10 RISK MANAGEMENT

Colorado Intergovernmental Risk Sharing Agency (CIRSA)

The City is exposed to various risks of loss related to property and casualty losses. The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for member governments. All Colorado municipalities, which are members of the Colorado Municipal League, are eligible to participate in CIRSA. The City pays an annual contribution to CIRSA for its property and casualty, and workers' compensation insurance coverage. CIRSA is designed to be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2008, CIRSA had assets of \$71,802,392, liabilities of \$33,243,800 (including \$21,430,376 reserved for unpaid losses and loss adjustment expenses, net of excess insurance recoverables) and net assets of \$38,558,592. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2008 amounted to \$24,327,643 and total expenses were \$19,368,896, resulting in an excess of revenues over expenses of \$4,958,747.

NOTE 11 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The voters of the City passed a ballot issue in 1997 allowing for the retention of revenues generated in excess of the limits imposed by the amendment.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. This Emergency Reserve has been presented as a reservation of fund balance in the General Fund.

The amendment also requires voter approval for any long-term financing entered into by the City.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 12 JOINT VENTURE

San Luis Valley Regional Solid Waste Authority

The San Luis Valley Regional Solid Waste Authority was created by an intergovernmental agreement between Rio Grande County and Alamosa County on April 14, 1995, pursuant to the authority granted by C.R.S. 29-1-203. It has been designated as a joint venture under the provisions of GASB Statement No. 14. Its purpose is to provide the citizens of both counties an integrated municipal solid waste disposal facility in accordance with provision of C.R.S. 30-20-1005.

The Authority is governed by a Board of Directors consisting of five members as follows: one Rio Grande County Commissioner, one Alamosa County Commissioner, one director appointed by the City of Alamosa, one director appointed by the City of Monte Vista, and one director who is a member of the Rio Grande County Land Use or administrative staff as appointed by the Rio Grande County Commissioners.

It is the intent of the counties that the initial funding of the Authority by each county be provided on a loan basis in substantially the same proportion that the population of each county bears to the combined population of both counties. Alamosa and Rio Grande Counties may provide additional funding at any time in the future if they choose to do so by resolution.

The City of Monte Vista is not exposed to any closure or post-closure expenses.

The most recent audited financial statements of the authority report total assets of \$3,231,210, total liabilities of \$354,181, and net assets of \$2,877,029 at December 31, 2007.

The San Luis Valley Regional Solid Waste Authority issues publicly available annual financial statements. That report may be obtained by writing to the San Luis Valley Regional Solid Waste Authority, PO Box 861, Monte Vista, Colorado 81144.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation – The City is currently the defendant in lawsuits arising principally in the normal course of operations. In the opinion of legal counsel, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Grant Programs – The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

NOTE 14 SUBSEQUENT EVENTS

FDIC Coverage

On May 20, 2009, President Barack Obama signed the Helping Families Save Their Homes Act, which extends the temporary increase in the standard maximum deposit insurance amount (SMDIA) to \$250,000 per depositor through December 31, 2013. This extension of the temporary \$250,000 coverage limit became effective immediately upon the President's signature. The legislation provides that the SMDIA will return to \$100,000 on January 1, 2014.

CITY OF MONTE VISTA, COLORADO

SUPPLEMENTARY INFORMATION

The Combining Financial Statements represent the second level of financial reporting for the City. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

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**CITY OF MONTE VISTA, COLORADO
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expend for particular purposes.

Conservation Trust Fund – This fund is used to account for the City share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

Urban Renewal Authority Fund – This fund is used to account for the activities of the Urban Renewal Authority.

**CITY OF MONTE VISTA, COLORADO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008**

	<u>CONSERVATION TRUST FUND</u>	<u>URBAN RENEWAL AUTHORITY FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 22,712	\$ 9,738	\$ 32,450
TOTAL ASSETS	<u>\$ 22,712</u>	<u>\$ 9,738</u>	<u>\$ 32,450</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ 493	\$ 493
TOTAL LIABILITIES	<u>-</u>	<u>493</u>	<u>493</u>
FUND BALANCE			
Fund Balance			
Unreserved			
Undesignated	22,712	9,245	31,957
TOTAL FUND BALANCE	<u>22,712</u>	<u>9,245</u>	<u>31,957</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 22,712</u>	<u>\$ 9,738</u>	<u>\$ 32,450</u>

CITY OF MONTE VISTA, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Intergovernmental Revenue	\$ 45,284	\$ -	\$ 45,284
Interest and Miscellaneous	334	186	520
TOTAL REVENUE	45,618	186	45,804
EXPENDITURES			
Culture and Recreation	20,659	-	20,659
Urban/Economic Development	-	2,488	2,488
TOTAL EXPENDITURES	20,659	2,488	23,147
Excess (Deficiency) of Revenues Over Expenditures	24,959	(2,302)	22,657
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	3,075	3,075
Operating Transfers Out	(31,900)	-	(31,900)
TOTAL OTHER FINANCING SOURCES (USES)	(31,900)	3,075	(28,825)
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(6,941)	773	(6,168)
Fund Balance at Beginning of Year	29,653	8,472	38,125
Fund Balance at End of Year	\$ 22,712	\$ 9,245	\$ 31,957

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CITY OF MONTE VISTA, COLORADO
OTHER SCHEDULES AND REPORTS

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CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Interest and Miscellaneous	\$ 14,000	\$ 14,000	\$ 62,316	\$ 48,316
TOTAL REVENUE	<u>14,000</u>	<u>14,000</u>	<u>62,316</u>	<u>48,316</u>
EXPENDITURES				
Street Repair and Maintenance	45,600	100,000	89,645	10,355
Debt Service				
Principal Payments	-	1,863,811	1,790,000	73,811
Interest Payments	-	-	91,373	(91,373)
Issuance Costs	34,400	34,400	34,400	-
TOTAL EXPENDITURES	<u>80,000</u>	<u>1,998,211</u>	<u>2,005,418</u>	<u>(7,207)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(66,000)</u>	<u>(1,984,211)</u>	<u>(1,943,102)</u>	<u>41,109</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	220,625	220,625	-
Transfers Out	-	(1,595)	(1,595)	-
Bond Proceeds	-	3,680,100	3,680,000	100
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,899,130</u>	<u>3,899,030</u>	<u>100</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	<u>(66,000)</u>	<u>1,914,919</u>	<u>1,955,928</u>	<u>41,209</u>
Fund Balance at Beginning of Year	<u>66,000</u>	<u>66,000</u>	<u>278,699</u>	<u>212,699</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 1,980,919</u>	<u>\$ 2,234,627</u>	<u>\$ 253,708</u>

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended December 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Interest on Investments	\$ 18,000	\$ 18,000	\$ 6,748	\$ (11,252)
TOTAL REVENUES	<u>18,000</u>	<u>18,000</u>	<u>6,748</u>	<u>(11,252)</u>
EXPENDITURES				
Debt Service				
Principal Payments	125,000	125,000	70,000	55,000
Interest Payments	91,373	91,373	109,562	(18,189)
Administrative Services	200	200	150	50
Total Debt Service	<u>216,573</u>	<u>216,573</u>	<u>179,712</u>	<u>36,861</u>
TOTAL EXPENDITURES	<u>216,573</u>	<u>216,573</u>	<u>179,712</u>	<u>36,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(198,573)</u>	<u>(198,573)</u>	<u>(172,964)</u>	<u>25,609</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	198,573	200,168	200,168	-
Transfers Out	<u>-</u>	<u>(220,625)</u>	<u>(220,625)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>198,573</u>	<u>(20,457)</u>	<u>(20,457)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(219,030)	(193,421)	25,609
Fund Balance at Beginning of Year	<u>-</u>	<u>220,625</u>	<u>344,927</u>	<u>124,302</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 151,506</u>	<u>\$ 149,911</u>

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenue				
State Lottery Proceeds	\$ 45,000	\$ 45,000	\$ 45,284	\$ 284
Interest on Investments	-	-	334	334
TOTAL REVENUES	45,000	45,000	45,618	618
EXPENDITURES				
Culture and Recreation	35,000	22,000	20,659	1,341
TOTAL EXPENDITURES	35,000	22,000	20,659	1,341
Excess (Deficiency) of Revenues Over Expenditures	10,000	23,000	24,959	1,959
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(31,900)	(31,900)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(31,900)	(31,900)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	10,000	(8,900)	(6,941)	1,959
Fund Balance at Beginning of Year	-	8,900	29,653	20,753
Fund Balance at End of Year	\$ 10,000	\$ -	\$ 22,712	\$ 22,712

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
URBAN RENEWAL AUTHORITY FUND
For the Year Ended December 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Interest on Investments	\$ 225	\$ 225	\$ 136	\$ (89)
Miscellaneous revenue	-	-	50	50
TOTAL REVENUES	<u>225</u>	<u>225</u>	<u>186</u>	<u>\$ (39)</u>
EXPENDITURES				
Urban/Economic Development				
Urban Renewal	2,000	2,000	1,401	599
Transportation Museum	1,300	1,300	1,087	213
Total Urban/Economic Development	<u>3,300</u>	<u>3,300</u>	<u>2,488</u>	<u>812</u>
TOTAL EXPENDITURES	<u>3,300</u>	<u>3,300</u>	<u>2,488</u>	<u>812</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,075)</u>	<u>(3,075)</u>	<u>(2,302)</u>	<u>773</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>3,075</u>	<u>3,075</u>	<u>3,075</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,075</u>	<u>3,075</u>	<u>3,075</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	-	773	773
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>8,472</u>	<u>8,472</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,245</u>	<u>\$ 9,245</u>

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
CITY SERVICE UTILITY FUND
For the Year Ended December 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
OPERATING REVENUES				
Charges for Services				
Water Charges	\$ 774,800	\$ 774,800	\$ 786,992	\$ 12,192
Sewer Charges	615,000	743,814	744,529	715
Storm Drain Fee	11,000	11,000	11,294	294
Total Charges for Services	1,400,800	1,529,614	1,542,815	13,201
Miscellaneous	6,000	6,000	9,094	3,094
Total Operating Revenues	1,406,800	1,535,614	1,551,909	16,295
OPERATING EXPENSES				
Personnel Services	647,236	647,236	619,479	27,757
Supplies	27,500	27,500	30,815	(3,315)
Fuel	14,000	14,000	18,501	(4,501)
Communications and Postage	11,100	11,100	14,815	(3,715)
Insurance and Bonds	31,685	31,685	34,006	(2,321)
Utilities	102,000	141,000	162,515	(21,515)
Rents and Payments	300	300	178	122
Professional Services	136,500	186,500	187,833	(1,333)
Travel	5,600	5,600	1,678	3,922
Repairs and Maintenance	50,000	50,000	22,358	27,642
Small Equipment and Repairs	51,000	51,000	4,222	46,778
Uniform Maintenance	1,450	1,450	1,059	391
Miscellaneous	13,900	13,900	21,007	(7,107)
Total Operating Expenses	1,092,271	1,181,271	1,118,466	62,805
Operating Income (Loss)	314,529	354,343	433,443	79,100
NONOPERATING REVENUES (EXPENSES)				
Payment in Lieu of Taxes	(158,165)	(158,165)	(158,165)	-
Interest on Accounts	20,000	20,000	14,698	(5,302)
Debt Service	(91,900)	(163,336)	(88,679)	74,657
Total Nonoperating Revenues (Expenses)	(230,065)	(301,501)	(232,146)	69,355
Income Before Contributions and Transfers	84,464	52,842	201,297	148,455
Capital Contributions				
Sewer Tap Fees	6,000	6,000	12,000	6,000
Water Tap Fees	3,200	3,200	7,200	4,000
Total Capital Contributions	9,200	9,200	19,200	10,000

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
CITY SERVICE UTILITY FUND
For the Year Ended December 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
OPERATING TRANSFERS				
Transfers Out	(88,408)	(88,408)	(85,642)	2,766
Total Operating Transfers	(88,408)	(88,408)	(85,642)	2,766
Net Income (Loss) - Budget Basis	5,256	(26,366)	134,855	<u>\$ 161,221</u>
Add: Principal Payments			57,360	
Less: Depreciation			(139,039)	
Net Income (Loss)	5,256	(26,366)	53,176	
Net Assets at Beginning of Year	-	30,000	1,928,262	
Net Assets at End of Year	<u>\$ 5,256</u>	<u>\$ 3,634</u>	<u>\$ 1,981,438</u>	

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Monte Vista
	YEAR ENDING : December 2008

This Information From The Records Of (example - City of _ or County of _) Prepared By: Lori McGraw
City of Monte Vista Phone: (719) 852-2692

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	638,064
4. Miscellaneous local receipts (from page 2)	192,499
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	1,378,300
b. Bonds - Refunding Issues	1,455,300
c. Notes	
d. Total (a. + b. + c.)	2,833,600
7. Total (1 through 6)	3,664,163
B. Private Contributions	
C. Receipts from State government (from page 2)	138,677
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	3,802,840

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	82,462
2. Maintenance:	218,066
3. Road and street services:	
a. Traffic control operations	3,637
b. Snow and ice removal	60,911
c. Other	
d. Total (a. through c.)	64,548
4. General administration & miscellaneous	106,839
5. Highway law enforcement and safety	214,129
6. Total (1 through 5)	686,044
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	142,737
b. Redemption	1,432,200
c. Total (a. + b.)	1,574,937
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	1,574,937
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	2,260,981

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,378,300	2,833,600	1,432,200	2,779,700
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
		3,802,840	2,260,981	1,541,859	0

Notes and Comments:

Original debit incurred in 1998 and inadvertently not included on prior reports by past administration.

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2008

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	191,995	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	22,618
1. Sales Taxes	371,472	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	74,597	g. Other Misc. Receipts	169,881
6. Total (1. through 5.)	446,069	h. Other	
c. Total (a. + b.)	638,064	i. Total (a. through h.)	192,499
	(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	121,686	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	16,991	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	16,991	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	138,677	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		82,462	82,462
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	82,462	82,462
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	82,462	82,462
			(Carry forward to page 1)

Notes and Comments: