

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2005

CITY OF MONTE VISTA, COLORADO
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Monte Vista
Monte Vista, Colorado 81144

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista, Colorado (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, business-type activities, and each major fund, and the aggregate remaining fund information of the City of Monte Vista, Colorado, as of December 31, 2005, and the respective changes in financial position, cash flows, and the respective budgetary comparison for the General Fund and each Major Special Revenue Fund, 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 and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are 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.

The Honorable Mayor and Members of the
City Council
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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 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, budgetary 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

April 13, 2006

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 for the City of Monte Vista. The City is in the second year of reporting a major new reporting format in compliance with the Governmental Accounting Standards Board Statement Number 34 also known as GASB34.

In compliance with this reporting requirement, 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, 2004 and December 31, 2005.

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

Financial Highlights

- As of December 31, 2005 the City of Monte Vista has government-wide net assets totaling \$3,046,849. Of this amount net assets related to governmental activities total \$1,281,628 and net assets related to business-type activities total \$1,765,221. The City's net assets change from 2004 to 2005 are as follows:
 - Governmental Activities, an increase of \$1,255,248 (from \$26,380 in 2004 to \$1,281,628 in 2005) approximately 72% of the increase was due to the closure of the Leased Building Fund, Health and Welfare Fund, Lifeline Fund, and the Employee Benefit Fund. These funds were no longer in use; therefore the funds fixed assets and fund balances were added to the governmental activities.
 - Business-type Activities, a decrease of \$557,718 (from \$2,322,939 in 2004 to \$1,765,221 in 2005) due to the fund closures mentioned above.

- General revenue items, primarily taxes, account for \$2,086,954 or 49% of all revenues. Program revenues in the form of charges for services, grants and contributions, accounted for \$2,126,897 or 51% of total revenues. The City's general and program revenues change from 2004 to 2005 are as follows:
 - General Revenues, an increase of \$57,012 (from \$2,029,942 in 2004 to \$2,086,954 in 2005).
 - Program Revenues, an increase of \$157,505 (from \$1,969,392 in 2004 to \$2,126,897 in 2005). Approximately \$149,666 of the increase came from Operating and Capital Grants and Contributions.

- The City had \$2,270,978 in expenses related to governmental activities in 2005, an increase of \$192,841 or 10% over the prior year. Expenses in Business-type activities increased by \$28,716 or 2.25% (from \$1,274,059 in 2004 to \$1,245,343 in 2005). Total revenues of \$4,213,851 were adequate to provide for the above expenses.

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.

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

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 sector 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*) 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, urban development, and interest on long-term debt. The business-type activities of the City of Monte Vista include city service utility, and leased building.

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.

The City of Monte Vista maintains five 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 Parks and Recreation Fund, (3) the Capital Improvement fund, (4) the Capital Projects Fund, (5) and the Debt Service Fund. Individual fund information for the nonmajor funds is presented as supplemental information after the notes section of this report.

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

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. The City of Monte Vista maintains two types of proprietary 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 its city service utility fund, leased building fund, and nonmajor funds. This will be the last year the leased building fund and the health and welfare fund will be reported in proprietary funds due to the closure of these funds as mention earlier.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City of Monte Vista's various functions. The Internal Service Fund is used to account for the costs of health insurance for the other funds on a cost-reimbursement basis. Because this service predominately benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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.

Government-wide Financial Analysis

The City's combined net assets for the governmental and business-type funds increased \$697,530 from 2004 to 2005. The increase is made up of the following:

- Governmental net assets increased by \$1,255,248 due primarily to the closure of the Leased Building Fund, Health & Welfare Fund, Lifeline Fund, and the Employee Benefit Fund. As stated earlier, these funds were no longer in use therefore the funds fixed assets and fund balances were added to the governmental activities.
- Business-type net assets decreased by \$557,718 primarily due to the closure of the funds stated above.

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 \$3,046,849 at December 31, 2005. Of this amount, \$742,948 is restricted for various purposes including the TABOR emergency reserve as required by the Colorado State Statutes.

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.

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

Table 1 provides a summary of the City's net assets at December 31, 2005. Additional information is presented in the statement of net assets.

| City of Monte Vista Net Assets | | | | | | |
|--|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total Government | |
| | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> | <u>2004</u> | <u>2005</u> |
| Current and other assets | \$ 1,505,278 | \$ 1,712,778 | \$ 597,785 | \$ 763,720 | \$ 2,103,063 | \$ 2,476,498 |
| Noncurrent and Capital assets | <u>1,400,023</u> | <u>2,328,710</u> | <u>3,116,734</u> | <u>2,040,608</u> | <u>4,516,757</u> | <u>4,369,318</u> |
| Total Assets | \$ 2,905,301 | \$ 4,041,488 | \$ 3,714,519 | \$ 2,804,328 | \$ 6,619,820 | \$ 6,845,816 |
| Current Liabilities | \$ 537,692 | \$ 585,680 | \$ 150,969 | \$ 91,521 | \$ 688,661 | \$ 677,201 |
| Noncurrent Liabilities | <u>2,341,229</u> | <u>2,174,180</u> | <u>1,240,611</u> | <u>947,586</u> | <u>3,581,840</u> | <u>3,121,766</u> |
| Total Liabilities | \$ 2,878,921 | \$ 2,759,860 | 1,391,580 | \$ 1,039,107 | 4,270,501 | \$ 3,798,967 |
| Net assets | | | | | | |
| Investment in capital assets, net of related debt | \$ (814,918) | \$ 254,902 | \$ 1,861,634 | \$ 1,103,959 | \$ 1,046,716 | \$ 1,358,861 |
| Restricted for: | | | | | | |
| TABOR | \$ 72,000 | \$ 72,000 | \$ - | \$ - | \$ 72,000 | 72,000 |
| Capital Projects | - | 364,774 | - | - | - | 364,774 |
| Debt Service | 261,417 | 306,174 | - | - | 261,417 | 306,174 |
| Compensated Absences | 267,422 | - | 91,341 | - | 358,763 | - |
| Unrestricted | <u>240,459</u> | <u>283,778</u> | <u>369,964</u> | <u>661,262</u> | <u>610,423</u> | <u>945,040</u> |
| Total Net Assets | \$ 26,380 | \$ 1,281,628 | \$ 2,322,939 | \$ 1,765,221 | \$ 2,349,319 | \$ 3,046,849 |

Governmental Activities

Governmental activity expenses totaled \$2,270,978. Major expenses included in this amount are; \$411,262 from general government, \$904,069 from public safety, and \$407,530 from culture and recreation. City funding for governmental activities was derived from \$2,919,240 (83%) in general revenue and program revenues contributed \$606,986 (17%). Program revenue funds were secured from \$320,572 in charges for services and \$286,414 in grants and contributions.

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

Total revenues collected for governmental activities improved by \$975,031 compared to the prior fiscal year. Operating transfers (72% or \$708,272) was the greatest source of the increase due to the closure of the Leased Building Fund, Health and Welfare Fund, Lifeline Fund, and Employee Benefit Fund.

**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. Net assets in Business-type activities decreased by \$557,718 due to the closure of the funds mentioned earlier. The funds were no longer in use therefore the funds were closed and the fixed assets previously reported in these funds were added to the governmental activities in the government-wide statements resulting in a decrease in net assets in the business-type activities and an increase in the governmental activities.

Table 2 provides a summary of the changes in net assets for the years 2004 and 2005. 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 | |
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| Revenues | | | | | | |
| Program Revenues: | \$ 268,005 | \$ 320,572 | \$ 1,498,908 | \$ 1,454,180 | \$ 1,766,913 | \$ 1,774,752 |
| Charges for services | 115,155 | 175,014 | - | - | 115,155 | 175,014 |
| Operating Grants and Contributions | 42,781 | 111,400 | 44,543 | 65,731 | 87,324 | 177,131 |
| General Revenues: | | | | | | |
| Taxes | | | | | | |
| General Property Taxes - net | 268,812 | 276,311 | - | - | 268,812 | 276,311 |
| Sales and use taxes | 1,346,225 | 1,392,770 | - | - | 1,346,225 | 1,392,770 |
| Highway users taxes | 128,281 | 120,930 | - | - | 128,281 | 120,930 |
| Franchise taxes | 158,733 | 164,436 | - | - | 158,733 | 164,436 |
| Other taxes | 74,402 | 71,296 | - | - | 74,402 | 71,296 |
| Investment income | 5,781 | 16,818 | 2,537 | 5,982 | 8,318 | 22,800 |
| Miscellaneous | 15,520 | 10,242 | 29,651 | 3,055 | 45,171 | 13,297 |
| Operating transfers | - | 708,272 | - | (683,158) | - | 25,114 |
| PILT Transfers | 127,500 | 158,165 | (127,500) | (158,165) | - | - |
| Total Revenue | \$ 2,551,195 | \$ 3,526,226 | \$ 1,448,139 | \$ 687,625 | \$ 3,999,334 | \$ 4,213,851 |
| Expenses | | | | | | |
| General Government | \$ 565,084 | \$ 411,262 | \$ - | \$ - | \$ 565,084 | \$ 411,262 |
| Public Safety | 754,580 | 904,069 | - | - | 754,580 | 904,069 |
| Health and Welfare | - | 63,247 | 55,513 | - | 55,513 | 63,247 |
| Highway and Streets | 269,839 | 347,376 | - | - | 269,839 | 347,376 |
| Culture and Recreation | 377,643 | 407,530 | - | - | 377,643 | 407,530 |
| Urban Development | 13,526 | 24,107 | - | - | 13,526 | 24,107 |
| Interest on long term debt | 97,465 | 113,387 | - | - | 97,465 | 113,387 |
| City Service Utility | - | - | 1,118,475 | 1,136,475 | 1,118,475 | 1,136,475 |
| Leased Building | - | - | 100,071 | 108,868 | 100,071 | 108,868 |
| Total Expenses | \$ 2,078,137 | \$ 2,270,978 | \$ 1,274,059 | \$ 1,245,343 | \$ 3,352,196 | \$ 3,516,321 |
| Change in Net Assets | \$ 473,058 | \$ 1,255,248 | \$ 174,080 | \$ (557,718) | \$ 647,138 | \$ 697,530 |
| Net Assets - Beginning | \$ (446,678) | \$ 26,380 | \$ 2,148,859 | \$ 2,322,939 | \$ 1,702,181 | \$ 2,349,319 |
| Net Assets - Ending | \$ 26,380 | \$ 1,281,628 | \$ 2,322,939 | \$ 1,765,221 | \$ 2,349,319 | \$ 3,046,849 |

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

Financial Analysis of the Government's Funds

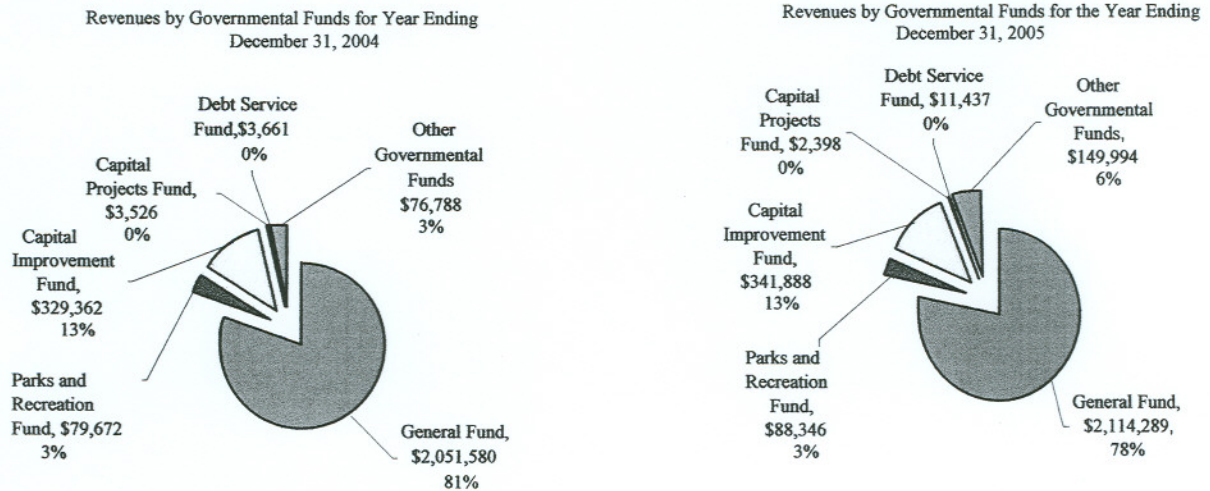
The City of Monte Vista uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements.

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, Parks & Recreation 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 \$1,265,954, an increase of \$141,054 from the prior year ending fund balances. Of this amount \$523,006 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 | \$364,774 |
| Reserved for Debt Service | \$306,174 |
| Tabor Emergency Reserve | \$ 72,000 |

Revenue. Revenues in Governmental funds increased from \$2,544,589 to \$2,708,352, an increase of \$163,763. Of this total revenue \$1,897,644 (70%) was generated by taxes, \$28,293 by licenses and permits, \$487,144 by intergovernmental revenue, \$185,814 by charges for services, and \$108,827 by other sources.

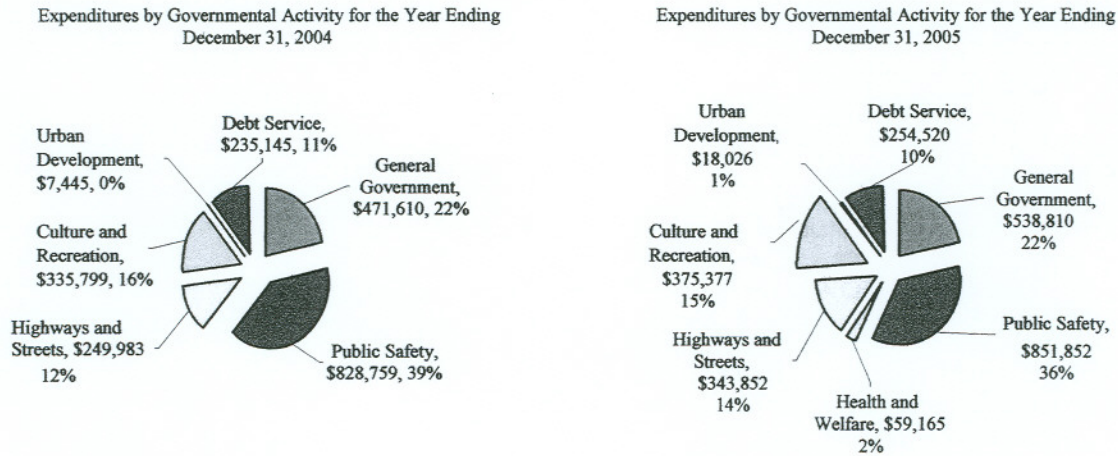
Chart 1 provides a summary of Revenues by governmental funds for the years 2004 and 2005. Additional information for year ending December 31, 2005 is presented in the statement of Revenues, Expenditures, and Changes in fund Balances.



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

Expenditures. The governmental funds experienced a slight increase of \$312,861 in expenditures bringing the total expenditures for the fiscal year to \$2,441,602. The increase is attributed to increased activity in the following areas, \$67,200 (general government), \$23,093 (public safety), \$59,165 (health & welfare), \$93,869 (highways and streets), \$39,578 (culture and recreation), \$10,581 (urban development), and \$19,375 (debt service). As can be seen by reviewing chart 2, most of the expenditures are close to maintaining the same percentage of expenditures over last year.

Chart 2 provides a summary of Expenditures by governmental activity for the years 2004 and 2005. Additional information for year ending December 31, 2005 is presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances.



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 \$259,253; a decrease of \$9,620 compared to last year's ending balance. The decrease can be attributed to the closure of the Health and Welfare Fund; a transfer of \$120,388 was needed in order to cover the negative fund balance/retained earnings.

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, 2005 net assets for the City Utility Service Fund were \$1,765,221, an increase of \$133,515 from the prior year.

General Fund Budgetary Highlights

- During the fiscal year the General Fund budget was amended from an original budget expenditure total of \$2,040,592 to a final budget of \$2,084,592. All recommended amendments for budget changes came from the Finance Department and City Manager to City Council via Ordinance as required. For the General Fund, the original budget for revenues was \$2,046,783 and the final budget was \$2,075,916.
- Actual revenue received during the fiscal year was \$43,373 greater than the final budget. Total revenue (does not include transfers or undesignated reserves) received during the fiscal year was \$62,709 greater than the previous fiscal year.

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

- At December 31, 2005, the General Fund under-spent its budgeted expenditures by \$24,844. (does not include transfers), mostly in the departments of City Manager, Finance Director, and Street Projects.

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2005 total \$4,346,594 (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. 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 | |
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| Land | \$ 285,475 | \$ 360,475 | \$ 97,000 | \$ 22,000 | \$ 382,475 | \$ 382,475 |
| Construction in Progress | - | 111,569 | - | - | - | 111,569 |
| Water Rights | - | - | 129,751 | 129,751 | 129,751 | 129,751 |
| Buildings | 173,037 | 891,004 | 784,569 | 13,959 | 957,606 | 904,963 |
| Infrastructure | - | 23,072 | - | - | - | 23,072 |
| Improvements-Bldg | 350,194 | 330,325 | - | - | 350,194 | 330,325 |
| Improvements-Other | 54,428 | 47,372 | - | - | 54,428 | 47,372 |
| W/S Treatment Plant | - | - | 543,542 | 349,366 | 543,542 | 349,366 |
| Transmission & Distrib. | - | - | 1,485,355 | 1,392,985 | 1,485,355 | 1,392,985 |
| Equipment | 266,759 | 339,543 | 50,151 | 107,395 | 316,910 | 446,938 |
| Vehicles | 270,130 | 225,349 | 3,644 | 2,429 | 273,774 | 227,778 |
| | <u>\$ 1,400,023</u> | <u>\$ 2,328,709</u> | <u>\$ 3,094,012</u> | <u>\$ 2,017,885</u> | <u>\$ 4,494,035</u> | <u>\$ 4,346,594</u> |

Capital additions during 2005 include:

| | |
|---|------------------|
| Airport Grant Master Plan | \$ 77,319 |
| 3 rd Avenue Project design and study | \$ 34,250 |
| Street improvement | \$ 24,725 |
| DTR Radio equipment | \$109,575 |
| Mower tractor w/loader | <u>\$ 17,168</u> |
| Total Additions Governmental Activities | <u>\$263,037</u> |
| Sensus meters | \$ 6,599 |
| Hand-held meter read device | \$ 7,701 |
| Caterpillar 420D 4WDE Backhoe | <u>\$ 72,249</u> |
| Total Additions Business-type Activities | <u>\$ 86,549</u> |

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

Debt Administration

At year end, the City of Monte Vista's long-term debt obligations totaled \$3,319,793. Of this amount \$2,313,036 relates to governmental activities and \$1,006,757 relates to business-type activities. Bonds payable include a Series 1998 Sales Tax Revenue Bond payable to the Depository Trust Company, New York, New York. Capital leases include lease payable to JINCO Leasing Corp. for the Dehumidifying System at the Ski Hi Pool (as of December 31, 2005 this note is paid in full). Notes payable include several notes payable to Sunflower Bank. Compensated absences include; employee sick 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 6 to the financial statements.

Table 4 provides a summary of the City's Long-term debt obligations at December 31, 2005.

| City of Monte Vista Long-Term Debt | | | | | | |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 |
| Bonds Payable | \$ 2,135,000 | \$ 2,025,000 | \$ - | \$ - | \$ 2,135,000 | \$ 2,025,000 |
| Notes Payable | 71,616 | 48,808 | 1,232,380 | 915,226 | 1,303,996 | 964,034 |
| Capital Leases Payable | 8,325 | - | - | - | 8,325 | - |
| Compensated Absences | 267,422 | 239,228 | 91,341 | 91,531 | 358,763 | 330,759 |
| Total | <u>\$ 2,482,363</u> | <u>\$ 2,313,036</u> | <u>\$ 1,323,721</u> | <u>\$ 1,006,757</u> | <u>\$ 3,806,084</u> | <u>\$ 3,319,793</u> |

Economic Factors and Next Year's Budgets

In 2001 a flattening of the revenue stream and increases in expenditures created budget shortfalls. The additional loss of a large industrial waste user precipitated significant decline in utility revenue without the concurrent expenditure reductions. Both events coupled with poor management oversight resulted in a severe financial crisis.

Since 2003, the city has achieved financial stability. Though fund balances are not at pre-crises levels, the city is no longer violating state budgeting law. The city has minimal reserves but enough to cover operations for a short period in the event of catastrophic revenue shortfalls. Revenues in all non-utility funds remain flat but stable. The utility funds have seen and will continue to experience rate increases necessary for the effective operation of those utilities. Operationally the city will continue to provide minimal services until cash fund balances are restored to pre-crises levels.

In 2005, the city retired a short-term debt obligation several years early providing over \$75,000 in additional operating capacity. The municipal pool closed indefinitely in 2006 resulting in a savings over \$100,000 annually.

Staffing requests are not expected to increase though an internal study of the Human Resources operation may determine an additional employee may be required. The city's health care benefits are reduced by 25 percent while casualty and property insurance and worker's compensation should see a less than three percent increase.

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

A capital improvements program has been implemented to pave the remaining four miles of unpaved streets. The program is expected to take 5-7 years to complete. In 2006, over \$800,000 in paving projects are forecast with most of the funding generated from a CDBG grant. Additionally over \$700,000 of work will be done at the municipally owned airport with over \$600,000 of the funds coming from federal and state sources. Several engineering studies will have been completed that will provide the city with the information required to make informed decisions regarding improvement to the storm drains, wastewater system, water system, the ski-hi complex and the parks and recreation operations..

The city will continue reviewing cost centers with the intention of developing a more concise cost reporting system for the parks department. In 2006, the city installed new financial software and beginning 2007 will result in over \$25,000 a year in savings over the previous system.

In summary, the city is well on the way to financial recovery, with service levels minimal but increasing at a manageable rate. Financial controls are established and a repeat of the past is not possible. Revenue and expenditure projections are realistic and budgets are followed.

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, 2005

| | Primary Government | | TOTAL |
|---|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 1,066,284 | \$ 664,483 | \$ 1,730,767 |
| Accounts Receivable | 36,458 | 22,184 | 58,642 |
| Allowance for Doubtful Accounts | (22,439) | - | (22,439) |
| Property Taxes Receivable | 302,954 | - | 302,954 |
| Due from Other Governments | 226,651 | - | 226,651 |
| Due from County Treasurer | 102,870 | 14,298 | 117,168 |
| Inventory of Materials and Supplies | - | 62,755 | 62,755 |
| Total Current Assets | <u>1,712,778</u> | <u>763,720</u> | <u>2,476,498</u> |
| Noncurrent Assets: | | | |
| Unamortized Bond Issuance Costs | - | 21,423 | 21,423 |
| Capital Assets: | | | |
| Land | 360,475 | 22,000 | 382,475 |
| Construction in Progress | 111,569 | - | 111,569 |
| Infrastructure | 24,725 | - | 24,725 |
| Water Rights | - | 129,751 | 129,751 |
| Buildings | 2,589,306 | 46,018 | 2,635,324 |
| Building Improvements | 550,987 | - | 550,987 |
| Other Improvements | 310,582 | - | 310,582 |
| Equipment | 859,036 | 473,636 | 1,332,672 |
| Treatment Plant | - | 4,260,903 | 4,260,903 |
| Transmission and Distribution | - | 3,139,165 | 3,139,165 |
| Vehicles and Heavy Road Equipment | 776,639 | 138,341 | 914,980 |
| Less: Accumulated Depreciation/Depletion | (3,254,609) | (6,190,629) | (9,445,238) |
| Total Noncurrent Assets | <u>2,328,710</u> | <u>2,040,608</u> | <u>4,369,318</u> |
| TOTAL ASSETS | <u>4,041,488</u> | <u>2,804,328</u> | <u>6,845,816</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 60,503 | 23,616 | 84,119 |
| Other Payables | 16,694 | 8,734 | 25,428 |
| Deferred Tax Revenue | 302,954 | - | 302,954 |
| Deferred Revenue | 66,673 | - | 66,673 |
| Bonds Payable | 115,000 | - | 115,000 |
| Notes Payable | 23,856 | 59,171 | 83,027 |
| Total Current Liabilities | <u>585,680</u> | <u>91,521</u> | <u>677,201</u> |
| Noncurrent Liabilities: | | | |
| Bonds Payable | 1,910,000 | - | 1,910,000 |
| Notes Payable | 24,952 | 856,055 | 881,007 |
| Compensated Absences | 239,228 | 91,531 | 330,759 |
| Total Noncurrent Liabilities | <u>2,174,180</u> | <u>947,586</u> | <u>3,121,766</u> |
| TOTAL LIABILITIES | <u>2,759,860</u> | <u>1,039,107</u> | <u>3,798,967</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 254,902 | 1,103,959 | 1,358,861 |
| Restricted for: | | | |
| TABOR | 72,000 | - | 72,000 |
| Capital Projects | 364,774 | - | 364,774 |
| Debt Service | 306,174 | - | 306,174 |
| Unrestricted | 283,778 | 661,262 | 945,040 |
| TOTAL NET ASSETS | <u>\$ 1,281,628</u> | <u>\$ 1,765,221</u> | <u>\$ 3,046,849</u> |

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

| <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 | \$ 411,262 | \$ 115,107 | \$ 6,000 | \$ - |
| Public safety | 904,069 | 11,670 | 18,955 | 109,575 |
| Health and Welfare | 63,247 | 90,279 | - | - |
| Highways and streets | 347,376 | 7,596 | 55,108 | - |
| Culture and Recreation | 407,530 | 95,920 | 94,951 | 1,825 |
| Urban Development | 24,107 | - | - | - |
| Interest on long-term debt | 113,387 | - | - | - |
| Total Governmental Activities | \$ 2,270,978 | \$ 320,572 | \$ 175,014 | \$ 111,400 |
| Business-Type Activities: | | | | |
| City Service Utility | \$ 1,136,475 | \$ 1,411,433 | \$ - | \$ 65,731 |
| Leased Building | 108,868 | 42,747 | - | - |
| Total Business-Type Activities | 1,245,343 | 1,454,180 | - | 65,731 |
| Total Primary Government | \$ 3,516,321 | \$ 1,774,752 | \$ 175,014 | \$ 177,131 |

General Revenues:

Taxes:

General Property Taxes - Net
Sales and Use Taxes
Highway User 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

| Governmental Activities | Business-Type Activities | TOTAL |
|----------------------------|-----------------------------|-----------------------|
| \$ (290,155) | \$ - | \$ (290,155) |
| (763,869) | - | (763,869) |
| 27,032 | - | 27,032 |
| (284,672) | - | (284,672) |
| (214,834) | - | (214,834) |
| (24,107) | - | (24,107) |
| (113,387) | - | (113,387) |
| <u>\$ (1,663,992)</u> | <u>\$ -</u> | <u>\$ (1,663,992)</u> |
| \$ - | \$ 340,689 | \$ 340,689 |
| - | (66,121) | (66,121) |
| - | 274,568 | 274,568 |
| <u>\$ (1,663,992)</u> | <u>\$ 274,568</u> | <u>\$ (1,389,424)</u> |
| \$ 276,311 | \$ - | \$ 276,311 |
| 1,392,770 | - | 1,392,770 |
| 120,930 | - | 120,930 |
| 164,436 | - | 164,436 |
| 71,296 | - | 71,296 |
| 16,818 | 5,982 | 22,800 |
| 10,242 | 3,055 | 13,297 |
| 708,272 | (683,158) | 25,114 |
| 158,165 | (158,165) | - |
| <u>2,919,240</u> | <u>(832,286)</u> | <u>2,086,954</u> |
| 1,255,248 | (557,718) | 697,530 |
| <u>26,380</u> | <u>2,322,939</u> | <u>2,349,319</u> |
| <u>\$ 1,281,628</u> | <u>\$ 1,765,221</u> | <u>\$ 3,046,849</u> |

CITY OF MONTE VISTA, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

| | <u>GENERAL FUND</u> | <u>PARKS AND RECREATION FUND</u> | <u>CAPITAL IMPROVEMENT FUND</u> | <u>CAPITAL PROJECTS FUND</u> |
|---|-------------------------|--|---|--------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 82,604 | \$ 18,838 | \$ 264,125 | \$ 364,774 |
| Accounts Receivable | 38,713 | (2,255) | - | - |
| Allowance for Doubtful Accounts | (22,439) | - | - | - |
| Property Taxes Receivable | 302,954 | - | - | - |
| Due From Other Governments | 125,006 | - | 60,743 | - |
| Due From County Treasurer | 102,870 | - | - | - |
| TOTAL ASSETS | <u>\$ 629,708</u> | <u>\$ 16,583</u> | <u>\$ 324,868</u> | <u>\$ 364,774</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 50,807 | \$ 8,533 | \$ - | \$ - |
| Other Payables | 16,694 | - | - | - |
| Deferred Property Tax Revenue | 302,954 | - | - | - |
| Deferred Revenue | - | 5,000 | - | - |
| TOTAL LIABILITIES | <u>370,455</u> | <u>13,533</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | |
| Fund Balance | | | | |
| Reserved | | | | |
| Capital Projects Reserve | - | - | - | 364,774 |
| Debt Service Reserve | - | - | - | - |
| Tabor Emergency Reserve | 72,000 | - | - | - |
| Unreserved | | | | |
| Undesignated | 187,253 | 3,050 | 324,868 | - |
| TOTAL FUND BALANCE | <u>259,253</u> | <u>3,050</u> | <u>324,868</u> | <u>364,774</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 629,708</u> | <u>\$ 16,583</u> | <u>\$ 324,868</u> | <u>\$ 364,774</u> |

See Notes to the Basic Financial Statements

| DEBT SERVICE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------|--------------------------------|--------------------------------|
| \$ 306,174 | \$ 29,769 | \$ 1,066,284 |
| - | - | 36,458 |
| - | - | (22,439) |
| - | - | 302,954 |
| - | 40,902 | 226,651 |
| - | - | 102,870 |
| <u>\$ 306,174</u> | <u>\$ 70,671</u> | <u>\$ 1,712,778</u> |
| | | |
| \$ - | \$ 1,163 | \$ 60,503 |
| - | - | 16,694 |
| - | - | 302,954 |
| - | 61,673 | 66,673 |
| <u>-</u> | <u>62,836</u> | <u>446,824</u> |
| | | |
| - | - | 364,774 |
| 306,174 | - | 306,174 |
| - | - | 72,000 |
| - | 7,835 | 523,006 |
| <u>306,174</u> | <u>7,835</u> | <u>1,265,954</u> |
| <u>\$ 306,174</u> | <u>\$ 70,671</u> | <u>\$ 1,712,778</u> |

CITY OF MONTE VISTA, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET ASSETS
December 31, 2005

| | | |
|---|-----------------------------|-------------------------|
| Total governmental fund balances | \$ | 1,265,954 |
| 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. | | 2,328,710 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Bonds Payable | (2,025,000) | |
| Notes Payable | (48,808) | |
| Compensated Absences | (239,228) | |
| | <u> </u> | <u>(2,313,036)</u> |
| Net assets of governmental activities | \$ | <u>1,281,628</u> |

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

| | <u>GENERAL FUND</u> | <u>PARKS AND RECREATION FUND</u> | <u>CAPITAL IMPROVEMENT FUND</u> | <u>CAPITAL PROJECTS FUND</u> |
|---|-------------------------|--|---|--------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 1,557,188 | \$ - | \$ 340,456 | \$ - |
| Licenses and Permits | 28,923 | - | - | - |
| Intergovernmental Revenue | 339,312 | - | - | - |
| Charges for Services | 99,626 | 86,188 | - | - |
| Donations | - | - | - | - |
| Fines and Forfeits | 62,369 | - | - | - |
| Interest and Miscellaneous | 26,871 | 2,158 | 1,432 | 2,398 |
| TOTAL REVENUE | <u>2,114,289</u> | <u>88,346</u> | <u>341,888</u> | <u>2,398</u> |
| EXPENDITURES | | | | |
| General Government | 484,121 | - | - | - |
| Public Safety | 832,897 | - | - | - |
| Health and Welfare | 59,165 | - | - | - |
| Highways and Streets | 309,519 | - | - | - |
| Culture and Recreation | 19,192 | 356,185 | - | - |
| Urban Development | - | - | 1,000 | - |
| Debt Service | - | 18,889 | 18,723 | - |
| TOTAL EXPENDITURES | <u>1,704,894</u> | <u>375,074</u> | <u>19,723</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>409,395</u> | <u>(286,728)</u> | <u>322,165</u> | <u>2,398</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | 1,969 | 786 | - | - |
| Lease on Baseball Field | - | 605 | - | - |
| Operating Transfers In | 80,848 | 319,755 | - | - |
| Operating Transfers Out | (501,832) | (9,057) | (250,400) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(419,015)</u> | <u>312,089</u> | <u>(250,400)</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | <u>(9,620)</u> | <u>25,361</u> | <u>71,765</u> | <u>2,398</u> |
| Fund Balance at Beginning of Year | <u>268,873</u> | <u>(22,311)</u> | <u>253,103</u> | <u>362,376</u> |
| Fund Balance at End of Year | <u>\$ 259,253</u> | <u>\$ 3,050</u> | <u>\$ 324,868</u> | <u>\$ 364,774</u> |

See Notes to the Basic Financial Statements

| DEBT SERVICE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-------------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ 1,897,644 |
| - | - | 28,923 |
| - | 147,832 | 487,144 |
| - | - | 185,814 |
| - | 1,825 | 1,825 |
| - | - | 62,369 |
| 11,437 | 337 | 44,633 |
| <u>11,437</u> | <u>149,994</u> | <u>2,708,352</u> |
| 172 | 54,517 | 538,810 |
| - | 18,955 | 851,852 |
| - | - | 59,165 |
| - | 34,333 | 343,852 |
| - | - | 375,377 |
| - | 17,026 | 18,026 |
| 216,908 | - | 254,520 |
| <u>217,080</u> | <u>124,831</u> | <u>2,441,602</u> |
| (205,643) | 25,163 | 266,750 |
| - | - | 2,755 |
| - | - | 605 |
| 250,400 | 24,201 | 675,204 |
| - | (42,971) | (804,260) |
| <u>250,400</u> | <u>(18,770)</u> | <u>(125,696)</u> |
| 44,757 | 6,393 | 141,054 |
| 261,417 | 1,442 | 1,124,900 |
| <u>\$ 306,174</u> | <u>\$ 7,835</u> | <u>\$ 1,265,954</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, 2005

Net change in fund balances - total governmental funds \$ 141,054

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 | \$ | 153,462 | |
| Fixed assets contributed from Homeland Security Grant - Rio Grande County | | 109,575 | |
| Fixed assets transferred from proprietary funds | | 817,814 | |
| Fixed assets deleted net of accumulated depreciation | | (6,049) | |
| Depreciation expense | | (146,116) | |
| Excess of capital outlay over depreciation | | | 928,686 |

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:

| | | | |
|--------------------------|--|---------|---------|
| Bonds Payable | | 110,000 | |
| Notes Payable | | 22,808 | |
| Capital Leases Payable | | 8,325 | |
| Total principal payments | | | 141,133 |

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 | | | 28,194 |
|----------------------|--|--|--------|

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The City discontinued the use of the Internal Service Fund during 2005 and went to an outsourced health insurance plan.

| | | | |
|---|--|--|---------|
| Prior year adjustment to reflect consolidation of the Internal Service Fund | | | 19,514 |
| Closing net revenue (expense to the governmental activities) | | | (3,333) |
| | | | 19,514 |

Change in net assets of governmental funds \$ 1,255,248

CITY OF MONTE VISTA, COLORADO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <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 | | | | |
| Taxes | | | | |
| General Property Taxes, Net | \$ 276,500 | \$ 276,500 | \$ 276,311 | \$ (189) |
| Specific Ownership Tax | 50,000 | 50,000 | 49,541 | (459) |
| Sales Tax | 1,008,858 | 1,008,858 | 1,052,314 | 43,456 |
| Franchise Tax | 145,000 | 145,000 | 164,436 | 19,436 |
| Occupational Tax | 11,500 | 11,500 | 11,946 | 446 |
| Airport Gas Tax | 1,500 | 1,500 | 2,640 | 1,140 |
| Total Taxes | <u>1,493,358</u> | <u>1,493,358</u> | <u>1,557,188</u> | <u>63,830</u> |
| Licenses and Permits | | | | |
| Liquor Licenses | 2,500 | 2,500 | 3,353 | 853 |
| Other Licenses and Permits | 31,000 | 31,000 | 25,570 | (5,430) |
| Total Licenses and Permits | <u>33,500</u> | <u>33,500</u> | <u>28,923</u> | <u>(4,577)</u> |
| Intergovernmental Revenue | | | | |
| DOLA Administration Grant | - | 3,000 | 3,000 | - |
| Payment In Lieu of Taxes | 158,165 | 158,165 | 158,165 | - |
| Additional Motor Vehicle Fees | 17,000 | 17,000 | 17,320 | 320 |
| Cigarette Tax | 8,000 | 8,000 | 7,169 | (831) |
| Highway User Tax | 131,760 | 131,760 | 120,930 | (10,830) |
| County Road and Bridge Fund | 25,000 | 25,000 | 20,858 | (4,142) |
| Miscellaneous Grants | - | 3,000 | 3,000 | - |
| Airport Leases | 7,300 | 7,300 | 8,870 | 1,570 |
| Total Intergovernmental Revenue | <u>347,225</u> | <u>353,225</u> | <u>339,312</u> | <u>(13,913)</u> |
| Charges for Services | | | | |
| Police Security | 12,500 | 12,500 | 9,090 | (3,410) |
| Highway Maintenance | 2,500 | 2,500 | - | (2,500) |
| Pest Control Collections | 86,000 | 86,000 | 87,129 | 1,129 |
| Weed Control Collections | 1,500 | 1,500 | 3,150 | 1,650 |
| Airport Gas Sales | 500 | 500 | 257 | (243) |
| Total Charges for Services | <u>103,000</u> | <u>103,000</u> | <u>99,626</u> | <u>(3,374)</u> |
| Fines and Forfeits | | | | |
| Court Fines and Forfeits | 49,000 | 64,000 | 61,829 | (2,171) |
| Jail Charges | 1,000 | 1,000 | 540 | (460) |
| Total Fines and Forfeits | <u>50,000</u> | <u>65,000</u> | <u>62,369</u> | <u>(2,631)</u> |
| Interest and Miscellaneous | | | | |
| Interest on Investments | 200 | 200 | 1,202 | 1,002 |
| Refund of Expenditures | 3,000 | 3,000 | 7,596 | 4,596 |
| Pension Forfeitures | 5,000 | 9,000 | 9,075 | 75 |
| Miscellaneous Revenue | 6,500 | 10,633 | 8,998 | (1,635) |
| Total Interest and Miscellaneous | <u>14,700</u> | <u>22,833</u> | <u>26,871</u> | <u>4,038</u> |
| TOTAL REVENUES | <u>2,041,783</u> | <u>2,070,916</u> | <u>2,114,289</u> | <u>43,373</u> |

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <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> |
| EXPENDITURES | | | | |
| General Government | | | | |
| City Council | 42,099 | 42,099 | 37,242 | 4,857 |
| Judicial | 38,220 | 38,220 | 36,591 | 1,629 |
| Elections | 3,000 | 3,000 | 2,802 | 198 |
| City Clerk | 60,120 | 60,120 | 58,879 | 1,241 |
| City Manager | 117,790 | 117,790 | 91,069 | 26,721 |
| Finance Director | 106,171 | 106,171 | 93,893 | 12,278 |
| City Attorney | 38,010 | 38,010 | 38,836 | (826) |
| Building Inspector | 62,869 | 62,869 | 79,127 | (16,258) |
| Municipal Building | 26,672 | 26,672 | 29,558 | (2,886) |
| City Shop | 14,198 | 14,198 | 11,124 | 3,074 |
| Grants in Aid - SLV Info Center | 5,000 | 5,000 | 5,000 | - |
| Total General Government | <u>514,149</u> | <u>514,149</u> | <u>484,121</u> | <u>30,028</u> |
| Public Safety | | | | |
| Police Department | 641,235 | 641,235 | 650,068 | (8,833) |
| Police Support | 185,133 | 185,133 | 182,829 | 2,304 |
| Total Public Safety | <u>826,368</u> | <u>826,368</u> | <u>832,897</u> | <u>(6,529)</u> |
| Health and Welfare | | | | |
| Animal Control | 40,438 | 40,438 | 35,616 | 4,822 |
| Pest Control | 24,524 | 24,524 | 23,549 | 975 |
| Total Health and Welfare | <u>64,962</u> | <u>64,962</u> | <u>59,165</u> | <u>5,797</u> |
| Highways and Streets | | | | |
| Streets | 254,875 | 254,875 | 258,034 | (3,159) |
| Street Project | 15,000 | 15,000 | - | 15,000 |
| Street Lighting | 42,000 | 42,000 | 51,485 | (9,485) |
| Total Highways and Streets | <u>311,875</u> | <u>311,875</u> | <u>309,519</u> | <u>2,356</u> |
| Culture and Recreation | | | | |
| Airport | 12,384 | 12,384 | 19,192 | (6,808) |
| Total Culture and Recreation | <u>12,384</u> | <u>12,384</u> | <u>19,192</u> | <u>(6,808)</u> |
| TOTAL EXPENDITURES | <u>1,729,738</u> | <u>1,729,738</u> | <u>1,704,894</u> | <u>24,844</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>312,045</u> | <u>341,178</u> | <u>409,395</u> | <u>68,217</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | 5,000 | 5,000 | 1,969 | (3,031) |
| Transfers In | - | - | 80,848 | 80,848 |
| Transfers Out | (310,854) | (354,854) | (501,832) | (146,978) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(305,854)</u> | <u>(349,854)</u> | <u>(419,015)</u> | <u>(69,161)</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | 6,191 | (8,676) | (9,620) | (944) |
| Fund Balance at Beginning of Year | <u>-</u> | <u>10,000</u> | <u>268,873</u> | <u>258,873</u> |
| Fund Balance at End of Year | <u>\$ 6,191</u> | <u>\$ 1,324</u> | <u>\$ 259,253</u> | <u>\$ 257,929</u> |

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <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 | | | | |
| Charges for Services | | | | |
| Water Slide Admissions | \$ 7,500 | \$ 7,500 | \$ 5,304 | \$ (2,196) |
| 30 day Admissions | 5,000 | 5,000 | 5,026 | 26 |
| Private Party Pool Admissions | 2,800 | 2,800 | 1,055 | (1,745) |
| Pool Admissions | 25,000 | 25,000 | 23,904 | (1,096) |
| Swimming Lessons | 2,000 | 2,000 | 3,080 | 1,080 |
| Youth Sports | 10,000 | 10,000 | 10,555 | 555 |
| Adult Softball | 7,500 | 7,500 | 7,760 | 260 |
| Sponsor Fees | 1,500 | 1,500 | 990 | (510) |
| Building Rent | 20,000 | 20,000 | 20,678 | 678 |
| Vending Machine Revenue | 4,250 | 4,250 | 4,064 | (186) |
| Pool Basket Rental | 400 | 400 | 218 | (182) |
| Pro Shop | 850 | 850 | 1,479 | 629 |
| Outdoor Recreation | 1,500 | 1,500 | 2,075 | 575 |
| Special Events | 3,000 | 3,000 | - | (3,000) |
| Gym Admissions | 200 | 200 | - | (200) |
| | <u>91,500</u> | <u>91,500</u> | <u>86,188</u> | <u>(5,312)</u> |
| Total Charges for Services | | | | |
| Interest and Miscellaneous | | | | |
| Refund of Expenditures | 750 | 750 | 1,681 | 931 |
| Miscellaneous Revenue | 1,900 | 6,900 | 477 | (6,423) |
| | <u>2,650</u> | <u>7,650</u> | <u>2,158</u> | <u>(5,492)</u> |
| Total Interest and Miscellaneous | | | | |
| TOTAL REVENUES | <u>94,150</u> | <u>99,150</u> | <u>88,346</u> | <u>(10,804)</u> |
| EXPENDITURES | | | | |
| Culture and Recreation | | | | |
| Administration | 68,840 | 68,840 | 55,009 | 13,831 |
| Recreation | 31,437 | 31,437 | 37,502 | (6,065) |
| Ski Hi Park | 46,765 | 53,265 | 51,339 | 1,926 |
| Ski Hi Pool | 121,652 | 141,652 | 121,850 | 19,802 |
| Parks | 74,333 | 74,333 | 90,085 | (15,752) |
| Grants In Aid | 900 | 900 | 400 | 500 |
| | <u>343,927</u> | <u>370,427</u> | <u>356,185</u> | <u>14,242</u> |
| Total Culture and Recreation | | | | |
| Debt Service | 19,000 | 19,000 | 18,889 | 111 |
| TOTAL EXPENDITURES | <u>362,927</u> | <u>389,427</u> | <u>375,074</u> | <u>14,353</u> |

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <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 | (268,777) | (290,277) | (286,728) | 3,549 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Lease on Baseball Field | 5,000 | 5,000 | 605 | (4,395) |
| Sale of Assets | - | - | 786 | 786 |
| Transfer to Leased Building Fund | (9,057) | (9,057) | (9,057) | - |
| Transfer from General Fund | 236,784 | 276,884 | 276,784 | (100) |
| Transfer from Conservation Trust | 36,050 | 36,050 | 42,971 | 6,921 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>268,777</u> | <u>308,877</u> | <u>312,089</u> | <u>3,212</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | - | 18,600 | 25,361 | 6,761 |
| Fund Balance at Beginning of Year | <u>-</u> | <u>-</u> | <u>(22,311)</u> | <u>(22,311)</u> |
| Fund Balance at End of Year | <u>\$ -</u> | <u>\$ 18,600</u> | <u>\$ 3,050</u> | <u>\$ (15,550)</u> |

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
CAPITAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|------------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Taxes | \$ 333,858 | \$ 333,858 | \$ 340,456 | \$ 6,598 |
| Interest on Investments | 300 | 300 | 1,432 | 1,132 |
| TOTAL REVENUES | <u>334,158</u> | <u>334,158</u> | <u>341,888</u> | <u>7,730</u> |
| EXPENDITURES | | | | |
| Urban Development | | | | |
| Seniors Transportation | 1,000 | 1,000 | 1,000 | - |
| Total Urban Development | 1,000 | 1,000 | 1,000 | - |
| Debt Service | | | | |
| Lease Payments | 18,800 | 18,800 | 18,723 | 77 |
| Total Debt Service | 18,800 | 18,800 | 18,723 | 77 |
| TOTAL EXPENDITURES | <u>19,800</u> | <u>19,800</u> | <u>19,723</u> | <u>77</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>314,358</u> | <u>314,358</u> | <u>322,165</u> | <u>7,807</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (314,358) | (314,358) | (250,400) | 63,958 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(314,358)</u> | <u>(314,358)</u> | <u>(250,400)</u> | <u>63,958</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | - | - | 71,765 | 71,765 |
| Fund Balance at Beginning of Year | <u>-</u> | <u>-</u> | <u>253,103</u> | <u>253,103</u> |
| Fund Balance at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 324,868</u> | <u>\$ 324,868</u> |

CITY OF MONTE VISTA, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2005

| | <u>CITY SERVICE UTILITY FUND</u> | <u>LEASED BUILDING FUND</u> | <u>NONMAJOR ENTERPRISE FUNDS</u> |
|--|--------------------------------------|---------------------------------|--|
| OPERATING REVENUES | | | |
| Charges for Services | \$ 1,409,678 | \$ 42,747 | \$ - |
| Insurance Deposits | - | - | - |
| Refund of Expenditures | - | 3,055 | - |
| Miscellaneous | 6,876 | - | - |
| Total Operating Revenues | <u>1,416,554</u> | <u>45,802</u> | <u>-</u> |
| OPERATING EXPENSES | | | |
| Personnel Services | 432,778 | 1,965 | - |
| Supplies | 17,606 | 1,031 | - |
| Fuel | 12,640 | - | - |
| Communications and Postage | 15,924 | - | - |
| Insurance and Bonds | 39,264 | 4,637 | - |
| Utilities | 83,778 | 37,627 | - |
| Rents and Payments | 804 | - | - |
| Professional Services | 103,506 | 13,105 | - |
| Travel | 888 | - | - |
| Uniform Maintenance | 335 | - | - |
| Repairs and Maintenance | 19,099 | 919 | - |
| Depreciation | 309,471 | 35,391 | - |
| Equipment | 27,852 | 250 | - |
| Lease-Computer | 14,291 | 2,157 | - |
| Bad Debt Expense | - | 3,056 | - |
| Miscellaneous | 10,922 | 86 | - |
| Claims | - | - | - |
| Insurance Premiums | - | - | - |
| Total Operating Expenses | <u>1,089,158</u> | <u>100,224</u> | <u>-</u> |
| Operating Income (Loss) | <u>327,396</u> | <u>(54,422)</u> | <u>-</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Payment in Lieu of Taxes | (158,165) | - | - |
| Interest on Investments | 4,445 | 1,158 | 379 |
| EIAF Study Grant | 21,060 | - | - |
| Interest Expense | (47,317) | (8,644) | - |
| Total Nonoperating Revenues (Expenses) | <u>(179,977)</u> | <u>(7,486)</u> | <u>379</u> |
| Income (Loss) Before Other Revenue and Operating Transfers | 147,419 | (61,908) | 379 |
| CAPITAL CONTRIBUTIONS (Water and Sewer Taps) | 39,550 | - | - |
| OPERATING TRANSFERS | | | |
| Transfers In | - | 123,881 | 139,477 |
| Transfers Out | (53,454) | (840,051) | (33,497) |
| Total Operating Transfers | <u>(53,454)</u> | <u>(716,170)</u> | <u>105,980</u> |
| Changes in Net Assets | 133,515 | (778,078) | 106,359 |
| Net Assets at beginning of year | <u>1,631,706</u> | <u>778,078</u> | <u>(106,359)</u> |
| Net Assets at end of year | <u>\$ 1,765,221</u> | <u>\$ -</u> | <u>\$ -</u> |

See Notes to the Basic Financial Statements

| TOTAL PROPRIETARY FUNDS | Governmental - Activities INTERNAL SERVICE FUND |
|-------------------------------|---|
| \$ 1,452,425 | \$ - |
| - | 291,308 |
| 3,055 | 6,855 |
| 6,876 | - |
| <u>1,462,356</u> | <u>298,163</u> |
| 434,743 | - |
| 18,637 | - |
| 12,640 | - |
| 15,924 | - |
| 43,901 | - |
| 121,405 | - |
| 804 | - |
| 104,834 | - |
| 888 | - |
| 335 | - |
| 20,018 | - |
| 344,862 | - |
| 28,102 | - |
| 16,448 | - |
| 3,056 | - |
| 22,785 | 1,478 |
| - | 16,077 |
| - | 259,056 |
| <u>1,189,382</u> | <u>276,611</u> |
| <u>272,974</u> | <u>21,552</u> |
| (158,165) | - |
| 5,982 | 228 |
| 21,060 | - |
| <u>(55,961)</u> | <u>-</u> |
| <u>(187,084)</u> | <u>228</u> |
| 85,890 | 21,780 |
| 39,550 | - |
| 263,358 | - |
| <u>(927,002)</u> | <u>(25,114)</u> |
| <u>(663,644)</u> | <u>(25,114)</u> |
| (538,204) | (3,334) |
| <u>2,303,425</u> | <u>3,334</u> |
| <u>\$ 1,765,221</u> | <u>\$ -</u> |

CITY OF MONTE VISTA, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
For the Year Ended December 31, 2005

| | <u>CITY SERVICE UTILITY FUND</u> | <u>LEASED BUILDING FUND</u> | <u>NONMAJOR ENTERPRISE FUNDS</u> |
|---|--------------------------------------|---------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received From Customers | \$ 1,420,965 | \$ 43,176 | \$ 5,196 |
| Cash Paid to Employees | (432,209) | (1,965) | (379) |
| Cash Paid to Suppliers/Vendors | (332,534) | (55,003) | (1,421) |
| Cash Paid for Operating Leases | (14,291) | (2,157) | - |
| Cash Paid for Rents and Payments | (804) | - | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>641,127</u> | <u>(15,949)</u> | <u>3,396</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Due to/(from) Other Funds | 125,372 | - | (123,784) |
| Cash Transferred (to)/from Other Funds | (53,454) | 73,482 | 105,980 |
| Cash Paid to Other Funds for Taxes | (158,165) | - | - |
| NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | <u>(86,247)</u> | <u>73,482</u> | <u>(17,804)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of Fixed Assets | (86,549) | - | - |
| Principal Payments | (138,437) | (178,715) | - |
| Cash Received from Grants | 21,060 | - | - |
| Cash Received from Capital Contributions (Tap Fees) | 39,550 | - | - |
| Interest Paid | (47,723) | (8,644) | - |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(212,099)</u> | <u>(187,359)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest Received | 4,445 | 1,158 | - |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>4,445</u> | <u>1,158</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH | 347,226 | (128,668) | (14,408) |
| CASH AT BEGINNING OF YEAR | <u>317,257</u> | <u>128,668</u> | <u>14,408</u> |
| CASH AT END OF YEAR | <u>\$ 664,483</u> | <u>\$ -</u> | <u>\$ -</u> |
| OPERATING INCOME (LOSS) | \$ 327,396 | \$ (54,422) | \$ - |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities | | | |
| Depreciation expense | 309,471 | 35,391 | - |
| (Increase) Decrease in accounts receivable | 2,326 | 430 | 4,817 |
| (Increase) Decrease in due from county treasurer | 2,085 | - | - |
| (Increase) Decrease in inventory | 5,587 | - | - |
| Increase (Decrease) in accounts payable | (6,307) | 2,652 | (1,421) |
| Increase (Decrease) in compensated absences | 569 | - | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 641,127</u> | <u>\$ (15,949)</u> | <u>\$ 3,396</u> |

See Notes to the Basic Financial Statements

| TOTAL ENTERPRISE FUNDS | Governmental - Activities INTERNAL SERVICE FUND |
|------------------------------|--|
| \$ 1,469,337 | \$ 298,196 |
| (434,553) | - |
| (388,958) | (291,021) |
| (16,448) | - |
| (804) | - |
| <u>628,574</u> | <u>7,175</u> |
| 1,588 | - |
| 126,008 | (25,114) |
| <u>(158,165)</u> | <u>-</u> |
| (30,569) | (25,114) |
| (86,549) | - |
| (317,152) | - |
| 21,060 | 1 |
| 39,550 | 2 |
| <u>(56,367)</u> | <u>-</u> |
| (399,458) | 3 |
| <u>5,603</u> | <u>228</u> |
| <u>5,603</u> | <u>228</u> |
| 204,150 | (17,708) |
| <u>460,333</u> | <u>17,711</u> |
| <u>\$ 664,483</u> | <u>\$ 3</u> |
| | |
| \$ 272,974 | \$ 14,697 |
| 344,862 | - |
| 7,573 | 33 |
| 2,085 | - |
| 5,587 | - |
| (5,076) | (14,410) |
| 569 | - |
| <u>\$ 628,574</u> | <u>\$ 320</u> |

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005

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.

Based on aforementioned criteria, the City of Monte Vista has no component units.

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, 2005

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.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005

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 *Parks and Recreation Fund* is used to account for activities provided for community parks and recreation programs. Sources of revenue consist of membership dues, swimming pool admissions, and registration fees for programs.
- The *Capital Improvement Fund* is used for the collection of the one percent sales tax to pay on the Series 1998 Sales Tax Revenue Bonds.
- 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 funds:

- The *City Service Utility Fund* accounts for user charges and expenses for operating, financing, and maintaining the City's water and sewer systems.
- The *Leased Building Fund* accounts for the rental income from building space leased to outside parties.

Additionally, the City reports the following fund:

- The *Employee Benefit Fund* is an internal service fund established to finance and account for the costs of health insurance for the other funds on a cost-reimbursement basis.

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.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005

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. The principal operating revenues of the internal service fund are service fees charged to the other funds and employee contributions. Operating expenses for the internal service fund include insurance premiums. 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.

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.

The investments recorded in the Debt Service Fund are restricted as a bond reserve according to the bond requirements.

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 2005 property tax levy due January 1, 2006 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.

CITY OF MONTE VISTA, COLORADO
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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 columns 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 |

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. 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.

Compensated Absences

The City employees are entitled to 40 to 168 hours of vacation leave each year. The number of hours received depend upon the number of completed years of service. Unused vacation leave may accumulate up to a maximum of the entitled annual vacation. 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.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The maximum amount of compensatory time that shall be accrued is 40 hours. Any employee reaching the maximum amount of compensatory time above will be paid overtime for hours in excess of the 40 hours.

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.

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.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 2005.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

Stewardship

Expenditures exceeded budgeted appropriations in the following funds: Employee Benefit Fund and Leased Building Fund. Such over-expenditures are a violation of Colorado statutes.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 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, 2005, \$1,399,020 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 adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* during the year ended December 31, 2005. 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
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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, 2005, 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 | | \$ 1,444,197 |
| ColoTrust | \$ 286,089 | |
| Other | 481 | |
| Cash and Investments in Custody of Others | | 286,570 |
| Total Deposits and Investments | | \$ 1,730,767 |

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 \$57,514 in the City Service Utility Fund is restricted by ordinance for water acquisition. Cash investments of \$306,174 in the Debt Service Fund are contractually restricted for service of the City's bonds. Cash and investments of \$364,774 in the Capital Projects Fund are contractually restricted for capital construction projects

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 INTERFUND TRANSFERS

Interfund receivable and payable balances at December 31, 2005 were as follows:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amount</u> |
|--------------------------------------|---------------------------|---------------------|
| General Fund | Leased Building Fund | \$ 41,326 |
| | Lifeline Fund | 14,408 |
| | Employee Benefit Fund | 25,114 |
| | | <u>80,848</u> |
| Parks & Recreation Fund | General Fund | 276,784 |
| | Conservation Trust Fund | 42,971 |
| | | <u>319,755</u> |
| Grant Fund | General Fund | 15,001 |
| Urban Renewal Authority Fund | General Fund | 9,200 |
| Leased Building Fund | General Fund | 61,370 |
| | Parks & Recreation Fund | 9,057 |
| | City Service Utility Fund | 53,454 |
| | | <u>123,881</u> |
| Health and Welfare Fund | General Fund | 139,477 |
| Debt Service Fund | Capital Improvement Fund | 250,400 |
| Government-wide Financial Statements | Leased Building Fund | 798,725 |
| | Health & Welfare Fund | 19,089 |
| | | <u>817,814</u> |
| | TOTALS | <u>\$ 1,756,376</u> |

During 2005, the City closed the following funds that were no longer in use into the General Fund: Leased Building Fund, Health and Welfare Fund, Lifeline Fund, and the Employee Benefit Fund. The fixed assets previously reported in those funds were added to the governmental activities in the government-wide financial statements.

The General Fund transferred monies for operation into the Parks and Recreation Fund, the Grant Fund, and the Urban Renewal Authority Funds.

The Conservation Trust fund transferred the lottery funds received into the Parks and Recreation Fund where the funds were spent in accordance with State Statute.

Transfers into the Leased Building Fund were rent charges for services.

The Capital Improvement Fund transferred \$250,400 into the Debt Service Fund for payment on the Series 1998 Sales Tax Revenue Bonds.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

| | BALANCE 12/31/2004 | Transfers | Additions | Deletions | BALANCE 12/31/2005 |
|---|-----------------------|---------------------|---------------------|-----------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 285,475 | \$ 75,000 | \$ - | \$ - | \$ 360,475 |
| Construction in Progress | - | - | 111,569 | - | 111,569 |
| Total capital assets not being depreciated | <u>285,475</u> | <u>75,000</u> | <u>111,569</u> | <u>-</u> | <u>472,044</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 935,813 | 1,653,493 | - | - | 2,589,306 |
| Infrastructure | - | - | 24,725 | - | 24,725 |
| Improvements - Building | 550,987 | - | - | - | 550,987 |
| Improvements - Other | 310,582 | - | - | - | 310,582 |
| Machinery and Equipment | 605,676 | 134,417 | 126,743 | 7,800 | 859,036 |
| Cars and Road Vehicles | 785,941 | - | - | 9,302 | 776,639 |
| Total capital assets being depreciated | <u>3,188,999</u> | <u>1,787,910</u> | <u>151,468</u> | <u>17,102</u> | <u>5,111,275</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 762,776 | 920,114 | 15,412 | - | 1,698,302 |
| Infrastructure | - | - | 1,653 | - | 1,653 |
| Improvements - Building | 200,793 | - | 19,869 | - | 220,662 |
| Improvements - Other | 256,154 | - | 7,056 | - | 263,210 |
| Machinery and Equipment | 338,917 | 124,982 | 57,345 | 1,751 | 519,493 |
| Cars and Road Vehicles | 515,811 | - | 44,781 | 9,302 | 551,290 |
| Total accumulated depreciation | <u>2,074,451</u> | <u>1,045,096</u> | <u>146,116</u> | <u>11,053</u> | <u>3,254,610</u> |
| Total Capital Assets being depreciated, net | <u>1,114,548</u> | <u>742,814</u> | <u>5,352</u> | <u>6,049</u> | <u>1,856,665</u> |
| GOVERNMENTAL ACTIVITIES | | | | | |
| CAPITAL ASSETS, NET | <u>\$ 1,400,023</u> | <u>\$ 817,814</u> | <u>\$ 116,921</u> | <u>\$ 6,049</u> | <u>\$ 2,328,709</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 97,000 | \$ (75,000) | \$ - | \$ - | \$ 22,000 |
| Water Rights | 129,751 | - | - | - | 129,751 |
| Total capital assets not being depreciated | <u>226,751</u> | <u>(75,000)</u> | <u>-</u> | <u>-</u> | <u>151,751</u> |
| Capital assets being depreciated | | | | | |
| Buildings and Shops | 1,699,511 | (1,653,493) | - | - | 46,018 |
| Equipment | 521,504 | (134,417) | 86,549 | - | 473,636 |
| Water and Sewer Treatment Plant | 4,260,903 | - | - | - | 4,260,903 |
| Transmission and Distribution | 3,139,165 | - | - | - | 3,139,165 |
| Vehicles | 138,341 | - | - | - | 138,341 |
| Total capital assets being depreciated | <u>9,759,424</u> | <u>(1,787,910)</u> | <u>86,549</u> | <u>-</u> | <u>8,058,063</u> |
| Less: accumulated depreciation | 6,892,163 | (1,045,096) | 344,862 | - | 6,191,929 |
| Total Capital Assets being depreciated, net | <u>2,867,261</u> | <u>(742,814)</u> | <u>(258,313)</u> | <u>-</u> | <u>1,866,134</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| CAPITAL ASSETS, NET | <u>\$ 3,094,012</u> | <u>\$ (817,814)</u> | <u>\$ (258,313)</u> | <u>\$ -</u> | <u>\$ 2,017,885</u> |

CITY OF MONTE VISTA, COLORADO
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Depreciation expense was charged to the functions/programs of the primary government as follows:

| | |
|---|-------------------|
| Governmental activities: | |
| General Government | \$ 12,215 |
| Public Safety | 52,217 |
| Health and Welfare | 4,082 |
| Highways and Streets | 28,249 |
| Culture and Recreation | 43,272 |
| Urban Development | 6,081 |
| Total depreciation expense - governmental activities | <u>\$ 146,116</u> |
| Business-type activities: | |
| City Service Utility | \$ 115,295 |
| Wastewater Treatment Facility | 194,176 |
| Leased Buildings | 35,391 |
| Total depreciation expense - business-type activities | <u>\$ 344,862</u> |

NOTE 6 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

| | Ending Balance 12/31/2004 | Additions | Deletions | Ending Balance 12/31/2005 | Due Within One Year |
|--|---------------------------------|---------------|-------------------|---------------------------------|---------------------------|
| Governmental activities: | | | | | |
| Bonds Payable | \$ 2,135,000 | \$ - | \$ 110,000 | \$ 2,025,000 | \$ 115,000 |
| Notes Payable | 71,616 | - | 22,808 | 48,808 | 23,856 |
| Capital Leases Payable | 8,325 | - | 8,325 | - | - |
| Compensated Absences | 267,422 | - | 28,194 | 239,228 | - |
| Governmental activities long-term liabilities | <u>\$ 2,482,363</u> | <u>\$ -</u> | <u>\$ 169,327</u> | <u>\$ 2,313,036</u> | <u>\$ 138,856</u> |
| Business-type activities: | | | | | |
| Notes Payable | \$ 1,232,380 | \$ - | \$ 317,154 | \$ 915,226 | \$ 63,264 |
| Compensated Absences | 91,341 | 190 | - | 91,531 | - |
| Business-type activities long-term liabilities | <u>\$ 1,323,721</u> | <u>\$ 190</u> | <u>\$ 317,154</u> | <u>\$ 1,006,757</u> | <u>\$ 63,264</u> |

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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GOVERNMENTAL ACTIVITIES:

Bonds Payable

Series 1998 Sales Tax Revenue Bonds are payable to the Depository Trust Company, New York, New York, in various annual installments that include interest at varying rates. Final payment is due December 1, 2018. 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.

As of December 31, 2005, the City had \$220,629 in a trust account held in a separate account with COLOTRUST. This amount has been reserved for debt service in the Debt Service Fund.

The annual debt service for the bonds is as follows:

| <u>YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTALS</u> |
|-------------|---------------------|-------------------|---------------------|
| 2006 | \$ 115,000 | \$ 102,068 | \$ 217,068 |
| 2007 | 120,000 | 96,892 | 216,892 |
| 2008 | 125,000 | 91,372 | 216,372 |
| 2009 | 130,000 | 85,560 | 215,560 |
| 2010 | 140,000 | 79,450 | 219,450 |
| 2011-2015 | 810,000 | 285,093 | 1,095,093 |
| 2015-2018 | <u>585,000</u> | <u>62,475</u> | <u>647,475</u> |
| | <u>\$ 2,025,000</u> | <u>\$ 802,910</u> | <u>\$ 2,827,910</u> |

Notes Payable

Note payable to Sunflower Bank, payable in monthly installments of \$570, including interest at 4.50%. Final payment due in 2007. The note is unsecured. Payments are made from the Parks and Recreation Fund. \$ 13,061

Note payable to Sunflower Bank, payable in monthly installments of \$1,768, including interest at 4.50%. Final payment due in 2007, collateralized by a street sweeper. Payments are made from the Capital Improvement Fund. 35,747

Total Notes Payable \$ 48,808

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

| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTALS</u> |
|------|------------------|-----------------|------------------|
| 2006 | \$ 23,856 | \$ 1,708 | \$ 25,564 |
| 2007 | <u>24,952</u> | <u>612</u> | <u>25,564</u> |
| | <u>\$ 48,808</u> | <u>\$ 2,320</u> | <u>\$ 51,128</u> |

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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. | \$ 751,602 |
| Note payable to the State of Colorado, Department of Local Affairs, payable in annual installments of \$16,048, including interest at 5.00%. Final payment due in 2023. This debt is recorded in the City Service Utility Fund. | 103,976 |
| Note payable to Sunflower Bank, payable in monthly installments of \$1,112, including interest at 4.50%. Final payment due in 2010. This is an unsecured note. This debt is recorded in the City Service Utility Fund. | <u>59,648</u> |
| Total Notes Payable | <u><u>\$ 915,226</u></u> |

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

| YEAR | PRINCIPAL | INTEREST | TOTALS |
|-----------|--------------------------|--------------------------|----------------------------|
| 2006 | \$ 63,264 | \$ 41,022 | \$ 104,286 |
| 2007 | 66,197 | 38,089 | 104,286 |
| 2008 | 69,266 | 35,020 | 104,286 |
| 2009 | 72,477 | 31,809 | 104,286 |
| 2010 | 75,837 | 28,449 | 104,286 |
| 2011-2015 | 328,145 | 94,853 | 422,998 |
| 2016-2019 | <u>240,040</u> | <u>22,083</u> | <u>262,123</u> |
| | <u><u>\$ 915,226</u></u> | <u><u>\$ 291,325</u></u> | <u><u>\$ 1,206,551</u></u> |

NOTE 7 PENSION PLANS

All full-time City employees, except sworn police officers are eligible to participate in this plan. The plan is a defined contribution plan administered by the ICMA Retirement Corporation. The total payroll for 2005, other than police employees was \$955,712 and the total covered payroll was \$789,761. The City is required to contribute 8% of covered payroll and the employee is required to contribute nothing. The employees are automatically vested in their contribution and earnings and become 100% vested in the City's contribution and earnings after three years of service. The eight percent contribution for 2005 was \$63,180 for the City and 31 employees were participating in the plan.

The City police pension plan is in an ICMA Retirement Corporation Money Purchase Plan under Internal Revenue Code Section 401. 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.

CITY OF MONTE VISTA, COLORADO
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The total payroll for the police pension plan was \$410,699 and the total covered payroll for police employees was \$405,824. The 14.2% contribution for 2005 was \$57,627 for the City, and the 6.2% contribution for 2005 was \$25,161 for the employees. There were 12 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.

NOTE 8 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>Leased Buildings</u> | <u>Total</u> |
|----------------------------------|-------------------|--------------------|-----------------------------|---------------------|
| Operating Revenue | \$ 714,719 | \$ 701,835 | \$ 45,802 | \$ 1,462,356 |
| Operating Expense | 371,073 | 408,614 | 61,777 | 841,464 |
| Depreciation Expense | 74,777 | 234,694 | 35,391 | 344,862 |
| Total Operating Expense | <u>445,850</u> | <u>643,308</u> | <u>97,168</u> | <u>1,186,326</u> |
| OPERATING INCOME (LOSS) | 268,869 | 58,527 | (51,366) | 276,030 |
| Nonoperating Revenues (Expenses) | (83,083) | (96,894) | (10,542) | (190,519) |
| Capital Contributions | 9,500 | 30,050 | - | 39,550 |
| Operating Transfers | <u>(26,727)</u> | <u>(26,727)</u> | <u>(716,170)</u> | <u>(769,624)</u> |
| NET INCOME (LOSS) | <u>\$ 168,559</u> | <u>\$ (35,044)</u> | <u>\$ (778,078)</u> | <u>\$ (644,563)</u> |
| Property, Plant and Equipment | | | | |
| Additions | \$ 50,424 | \$ 36,125 | \$ - | \$ 86,549 |
| Accumulated Depreciation | \$ 1,739,691 | \$ 4,450,934 | \$ - | \$ 6,190,625 |
| Notes Payable | \$ 427,789 | \$ 487,437 | \$ - | \$ 915,226 |

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 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 no 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, 2005, CIRSA had assets of \$50,606,535, liabilities of \$32,242,203 (including \$20,399,082 reserved for unpaid losses and loss adjustment expenses, net of excess insurance recoverables) and net assets of \$18,364,332. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2005 amounted to \$20,646,828 and total expenses were \$17,492,576, resulting in an excess of revenues over expenses of \$3,154,252.

Self-Funded Insurance

An internal service fund was created to account for the self-funded insurance plan. The City provides a self-funded health insurance program to cover all full-time employees. The city has purchased commercial insurance to cover the excess of annual claims over \$20,000 per participant. The City pays the first 80% of the monthly rate and the remaining 20% is provided from payroll withholdings.

The City discontinued the medical portion of the self-funded insurance plan beginning October 1, 2004. The City now purchases insurance from an outside vendor. The vision and dental self-insurance plans are still available to employees.

NOTE 10 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.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005

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. The City acquired a short-term loan without voter approval. The City has not the ability or intent to repay the loan within one year.

NOTE 11 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 \$2,792,626, total liabilities of \$413,021, and net assets of \$2,379,605 at December 31, 2005.

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.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005

NOTE 12 COMMITMENTS AND CONTINGENCIES

Litigation – The City is currently the defendant in several 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

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.

**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.

Grant Fund – This 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.

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, 2005

| | <u>CONSERVATION TRUST FUND</u> | <u>GRANT FUND</u> | <u>URBAN RENEWAL AUTHORITY FUND</u> | <u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u> |
|---|--|-----------------------|---|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ - | \$ 23,040 | \$ 6,729 | \$ 29,769 |
| Due From Other Governments | - | 40,902 | - | 40,902 |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 63,942</u> | <u>\$ 6,729</u> | <u>\$ 70,671</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ 283 | \$ 880 | \$ 1,163 |
| Deferred Revenue | - | 61,673 | - | 61,673 |
| TOTAL LIABILITIES | <u>-</u> | <u>61,956</u> | <u>880</u> | <u>62,836</u> |
| FUND BALANCE | | | | |
| Fund Balance | | | | |
| Unreserved | | | | |
| Undesignated | - | 1,986 | 5,849 | 7,835 |
| TOTAL FUND BALANCE | <u>-</u> | <u>1,986</u> | <u>5,849</u> | <u>7,835</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ -</u> | <u>\$ 63,942</u> | <u>\$ 6,729</u> | <u>\$ 70,671</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, 2005

| | CONSERVATION TRUST FUND | GRANT FUND | URBAN RENEWAL AUTHORITY FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|-------------------------------|-----------------|---------------------------------------|--|
| REVENUES | | | | |
| Intergovernmental Revenue | \$ 42,836 | \$ 104,996 | \$ - | \$ 147,832 |
| Donations | - | 1,825 | - | 1,825 |
| Interest and Miscellaneous | 135 | 154 | 48 | 337 |
| TOTAL REVENUE | <u>42,971</u> | <u>106,975</u> | <u>48</u> | <u>149,994</u> |
| EXPENDITURES | | | | |
| General Government | - | 54,517 | - | 54,517 |
| Public Safety | - | 18,955 | - | 18,955 |
| Highways and Streets | - | 34,333 | - | 34,333 |
| Urban Development | - | - | 17,026 | 17,026 |
| TOTAL EXPENDITURES | <u>-</u> | <u>107,805</u> | <u>17,026</u> | <u>124,831</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>42,971</u> | <u>(830)</u> | <u>(16,978)</u> | <u>25,163</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | - | 15,001 | 9,200 | 24,201 |
| Operating Transfers Out | <u>(42,971)</u> | <u>-</u> | <u>-</u> | <u>(42,971)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(42,971)</u> | <u>15,001</u> | <u>9,200</u> | <u>(18,770)</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | - | 14,171 | (7,778) | 6,393 |
| Fund Balance at Beginning of Year | <u>-</u> | <u>(12,185)</u> | <u>13,627</u> | <u>1,442</u> |
| Fund Balance at End of Year | <u>\$ -</u> | <u>\$ 1,986</u> | <u>\$ 5,849</u> | <u>\$ 7,835</u> |

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

ENTERPRISE FUNDS

An Enterprise Fund may be used to report any activity for which a fee is charged to external users for goods or services.

Health and Welfare Fund – This fund was used to account for user charges and expenses for operating the pest and animal control services provided by the City. This program has been merged into the general fund and the fund was closed during 2005.

Lifeline Fund – This fund was used to account for user charges and expenses for operating, financing, and maintaining the Lifeline program provided by the City. This program has ceased and the fund was closed during 2005.

CITY OF MONTE VISTA, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2005

| | HEALTH AND WELFARE FUND | LIFELINE PROGRAM FUND | TOTAL NONMAJOR ENTERPRISE FUNDS |
|---|--|--------------------------------------|--|
| OPERATING REVENUES | \$ - | \$ - | \$ - |
| OPERATING EXPENSES | - | - | - |
| Operating Income (Loss) | - | - | - |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest on Investments | 379 | - | 379 |
| Total Nonoperating Revenues (Expenses) | 379 | - | 379 |
| OPERATING TRANSFERS | | | |
| Transfers In | 139,477 | - | 139,477 |
| Transfers Out | (19,089) | (14,408) | (33,497) |
| Total Operating Transfers | 120,388 | (14,408) | 105,980 |
| Net Income (Loss) | 120,767 | (14,408) | 106,359 |
| Net Assets at Beginning of Year | (120,767) | 14,408 | (106,359) |
| Net Assets at End of Year | \$ - | \$ - | \$ - |

CITY OF MONTE VISTA, COLORADO
OTHER SCHEDULES AND REPORTS

CITY OF MONTE VISTA, COLORADO
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|---|-------------------------|-----------------|-------------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Interest and Miscellaneous | \$ 1,000 | \$ 1,000 | \$ 2,398 | \$ 1,398 |
| TOTAL REVENUE | <u>1,000</u> | <u>1,000</u> | <u>2,398</u> | <u>1,398</u> |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 1,000 | 1,000 | 2,398 | 1,398 |
| Fund Balance at Beginning of Year | <u>-</u> | <u>-</u> | <u>362,376</u> | <u>362,376</u> |
| Fund Balance at End of Year | <u>\$ 1,000</u> | <u>\$ 1,000</u> | <u>\$ 364,774</u> | <u>\$ 363,774</u> |

CITY OF MONTE VISTA, COLORADO
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|------------------|------------------|-------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Interest on Investments | \$ 2,700 | \$ 10,000 | \$ 11,437 | \$ 1,437 |
| TOTAL REVENUES | <u>2,700</u> | <u>10,000</u> | <u>11,437</u> | <u>1,437</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal Payments | 110,000 | 110,000 | 110,000 | - |
| Interest Payments | 106,908 | 106,908 | 106,908 | - |
| Administrative Services | 150 | 350 | 172 | 178 |
| Total Debt Service | <u>217,058</u> | <u>217,258</u> | <u>217,080</u> | <u>178</u> |
| TOTAL EXPENDITURES | <u>217,058</u> | <u>217,258</u> | <u>217,080</u> | <u>178</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(214,358)</u> | <u>(207,258)</u> | <u>(205,643)</u> | <u>1,615</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>214,358</u> | <u>250,400</u> | <u>250,400</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>214,358</u> | <u>250,400</u> | <u>250,400</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | - | 43,142 | 44,757 | 1,615 |
| Fund Balance at Beginning of Year | <u>-</u> | <u>-</u> | <u>261,417</u> | <u>261,417</u> |
| Fund Balance at End of Year | <u>\$ -</u> | <u>\$ 43,142</u> | <u>\$ 306,174</u> | <u>\$ 263,032</u> |

**CITY OF MONTE VISTA, COLORADO
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2005**

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|------------------|-----------|-----------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Intergovernmental Revenue | | | | |
| State Lottery Proceeds | \$ 36,000 | \$ 36,000 | \$ 42,836 | \$ 6,836 |
| Total Intergovernmental Revenue | 36,000 | 36,000 | 42,836 | 6,836 |
| Interest on Investments | 50 | 50 | 135 | 85 |
| TOTAL REVENUES | 36,050 | 36,050 | 42,971 | 6,921 |
| TOTAL EXPENDITURES | - | - | - | - |
| Excess (Deficiency) of Revenues Over Expenditures | 36,050 | 36,050 | 42,971 | 6,921 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers Out | (36,050) | (36,050) | (42,971) | (6,921) |
| TOTAL OTHER FINANCING SOURCES (USES) | (36,050) | (36,050) | (42,971) | (6,921) |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | - | - | - | - |
| Fund Balance at Beginning of Year | - | - | - | - |
| Fund Balance at End of Year | \$ - | \$ - | \$ - | \$ - |

CITY OF MONTE VISTA, COLORADO
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------------|----------------|-----------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Intergovernmental Revenue | | | | |
| Grants | \$ 601,500 | \$ 569,000 | \$ 104,996 | \$ (464,004) |
| Total Intergovernmental Revenue | 601,500 | 569,000 | 104,996 | (464,004) |
| Donations | - | - | 1,825 | 1,825 |
| Interest on Investments | - | - | 154 | 154 |
| TOTAL REVENUES | 601,500 | 569,000 | 106,975 | (462,025) |
| EXPENDITURES | | | | |
| General Government | | | | |
| Infrastructure Improvements | 205,900 | 205,900 | - | 205,900 |
| Travel and Schools | 500 | 500 | - | 500 |
| Professional Services | 200,000 | 100,000 | 54,517 | 45,483 |
| Miscellaneous | 1,100 | 1,100 | - | 1,100 |
| Total General Government | 407,500 | 307,500 | 54,517 | 252,983 |
| Public Safety | | | | |
| LEAF Program | 14,000 | 19,000 | 18,955 | 45 |
| Radio Tower Grant | - | 50,000 | - | 50,000 |
| Total Public Safety | 14,000 | 69,000 | 18,955 | 50,045 |
| Highways and Streets | | | | |
| CDBG Professional Services | 300,000 | 300,000 | 34,333 | 265,667 |
| Total Highways and Streets | 300,000 | 300,000 | 34,333 | 265,667 |
| TOTAL EXPENDITURES | 721,500 | 676,500 | 107,805 | 568,695 |
| Excess (Deficiency) of Revenues Over Expenditures | (120,000) | (107,500) | (830) | 106,670 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer In | 120,000 | 107,500 | 15,001 | 92,499 |
| TOTAL OTHER FINANCING SOURCES (USES) | 120,000 | 107,500 | 15,001 | 92,499 |
| Excess (deficiency) of Revenues Over Expenditures and Other Sources (Uses) | - | - | 14,171 | 14,171 |
| Fund Balances at Beginning of Year | - | - | (12,185) | (12,185) |
| Fund Balances at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,986</u> | <u>\$ 1,986</u> |

CITY OF MONTE VISTA, COLORADO
URBAN RENEWAL AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u> |
|--|-------------------------|-----------------|-----------------|---|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES | | | | |
| Interest on Investments | \$ - | \$ - | \$ 48 | \$ 48 |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>48</u> | <u>48</u> |
| EXPENDITURES | | | | |
| Urban Development | | | | |
| Urban Renewal | 2,600 | 16,600 | 15,500 | 1,100 |
| Transportation Museum | 2,600 | 2,600 | 1,526 | 1,074 |
| Total Urban Development | <u>5,200</u> | <u>19,200</u> | <u>17,026</u> | <u>2,174</u> |
| TOTAL EXPENDITURES | <u>5,200</u> | <u>19,200</u> | <u>17,026</u> | <u>2,174</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(5,200)</u> | <u>(19,200)</u> | <u>(16,978)</u> | <u>2,222</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>5,200</u> | <u>9,200</u> | <u>9,200</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>5,200</u> | <u>9,200</u> | <u>9,200</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | <u>-</u> | <u>(10,000)</u> | <u>(7,778)</u> | <u>2,222</u> |
| Fund Balance at Beginning of Year | <u>-</u> | <u>10,000</u> | <u>13,627</u> | <u>3,627</u> |
| Fund Balance at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,849</u> | <u>\$ 5,849</u> |

CITY OF MONTE VISTA, COLORADO
CITY SERVICE UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|------------------|------------------|------------------|---|
| | ORIGINAL | FINAL | | |
| OPERATING REVENUES | | | | |
| Charges for Services | | | | |
| Water Charges | \$ 672,000 | \$ 672,000 | \$ 710,669 | \$ 38,669 |
| Sewer Charges | 725,000 | 725,000 | 687,482 | (37,518) |
| Storm Drain Fee | 10,700 | 10,700 | 11,527 | 827 |
| | <u>1,407,700</u> | <u>1,407,700</u> | <u>1,409,678</u> | <u>1,978</u> |
| Miscellaneous | 9,500 | 9,500 | 6,876 | (2,624) |
| Total Operating Revenues | <u>1,417,200</u> | <u>1,417,200</u> | <u>1,416,554</u> | <u>(646)</u> |
| OPERATING EXPENSES | | | | |
| Personnel Services | 502,762 | 502,762 | 432,778 | 69,984 |
| Supplies | 24,000 | 24,000 | 17,606 | 6,394 |
| Fuel | 8,200 | 8,200 | 12,640 | (4,440) |
| Communications and Postage | 14,100 | 14,100 | 15,924 | (1,824) |
| Insurance and Bonds | 36,217 | 36,217 | 39,264 | (3,047) |
| Utilities | 103,500 | 103,500 | 83,778 | 19,722 |
| Rents and Payments | 965 | 965 | 804 | 161 |
| Professional Services | 103,025 | 103,025 | 103,506 | (481) |
| Travel | 3,900 | 3,900 | 888 | 3,012 |
| Repairs and Maintenance | 34,700 | 34,700 | 19,099 | 15,601 |
| Small Equipment and Repairs | 110,000 | 110,000 | 27,852 | 82,148 |
| Lease-Computer | 14,573 | 14,573 | 14,291 | 282 |
| Uniform Maintenance | 1,550 | 1,550 | 335 | 1,215 |
| Miscellaneous | 18,850 | 18,850 | 10,922 | 7,928 |
| | <u>976,342</u> | <u>976,342</u> | <u>779,687</u> | <u>196,655</u> |
| Total Operating Expenses | <u>976,342</u> | <u>976,342</u> | <u>779,687</u> | <u>196,655</u> |
| Operating Income (Loss) | <u>440,858</u> | <u>440,858</u> | <u>636,867</u> | <u>196,009</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Payment in Lieu of Taxes | (158,165) | (158,165) | (158,165) | - |
| EIAF Study Grant | - | - | 21,060 | 21,060 |
| Interest on Accounts | 1,000 | 1,000 | 4,445 | 3,445 |
| Debt Service | (104,535) | (104,535) | (185,754) | (81,219) |
| | <u>(261,700)</u> | <u>(261,700)</u> | <u>(318,414)</u> | <u>(56,714)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(261,700)</u> | <u>(261,700)</u> | <u>(318,414)</u> | <u>(56,714)</u> |
| Income Before Contributions and Transfers | 179,158 | 179,158 | 318,453 | 139,295 |
| Capital Contributions | | | | |
| Sewer Tap Fees | 25,000 | 25,000 | 30,050 | 5,050 |
| Water Tap Fees | 7,000 | 7,000 | 9,500 | 2,500 |
| | <u>32,000</u> | <u>32,000</u> | <u>39,550</u> | <u>7,550</u> |
| Total Capital Contributions | <u>32,000</u> | <u>32,000</u> | <u>39,550</u> | <u>7,550</u> |

CITY OF MONTE VISTA, COLORADO
CITY SERVICE UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------|-------------------|---------------------|---|
| | ORIGINAL | FINAL | | |
| OPERATING TRANSFERS | | | | |
| Transfers Out | (53,454) | (53,454) | (53,454) | - |
| Total Operating Transfers | (53,454) | (53,454) | (53,454) | - |
| Net Income (Loss) - Budget Basis | 157,704 | 157,704 | 304,549 | <u>\$ 146,845</u> |
| Add: Principal Payments | | | 138,437 | |
| Less: Depreciation | | | (309,471) | |
| Net Income (Loss) | | | 133,515 | |
| Net Assets at Beginning of Year | - | - | 1,631,706 | |
| Net Assets at End of Year | <u>\$ 157,704</u> | <u>\$ 157,704</u> | <u>\$ 1,765,221</u> | |

CITY OF MONTE VISTA, COLORADO
LEASED BUILDING FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|------------------|------------------|------------------|---|
| | ORIGINAL | FINAL | | |
| OPERATING REVENUES | | | | |
| Rent | \$ 52,000 | \$ 52,000 | \$ 42,747 | \$ (9,253) |
| Refund of Expenditures | - | - | 3,055 | 3,055 |
| Total Operating Revenues | <u>52,000</u> | <u>52,000</u> | <u>45,802</u> | <u>(6,198)</u> |
| OPERATING EXPENSES | | | | |
| Personnel Services | 4,408 | 4,408 | 1,965 | 2,443 |
| Supplies | 900 | 900 | 1,031 | (131) |
| Lease-Computer | 2,307 | 2,307 | 2,157 | (150) |
| Insurance and Bonds | 4,113 | 4,113 | 4,637 | (524) |
| Utilities | 25,000 | 28,000 | 37,627 | (9,627) |
| Professional Services | 8,953 | 11,953 | 13,105 | (1,152) |
| Equipment Maintenance | 500 | 500 | - | 500 |
| Operating Equipment | - | - | 250 | (250) |
| Physical Property Maintenance | 1,000 | 1,000 | 919 | 81 |
| Miscellaneous | - | - | 86 | (86) |
| Total Operating Expenses | <u>47,181</u> | <u>53,181</u> | <u>61,777</u> | <u>(8,596)</u> |
| Operating Income (Loss) | <u>4,819</u> | <u>(1,181)</u> | <u>(15,975)</u> | <u>(14,794)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest Expense | (8,700) | (8,700) | (8,256) | 444 |
| Principal Payments | (120,000) | (183,000) | (152,560) | 30,440 |
| Bad Debt Expense | - | - | (3,056) | (3,056) |
| Interest on Accounts | - | - | 1,158 | 1,158 |
| Total Nonoperating Revenues (Expenses) | <u>(128,700)</u> | <u>(191,700)</u> | <u>(162,714)</u> | <u>28,986</u> |
| Income Before Operating Transfers | (123,881) | (192,881) | (178,689) | 14,192 |
| OPERATING TRANSFERS | | | | |
| Transfers In | 123,881 | 123,881 | 123,881 | - |
| Transfers Out | - | - | (840,051) | (840,051) |
| Total Operating Transfers | <u>123,881</u> | <u>123,881</u> | <u>(716,170)</u> | <u>(840,051)</u> |
| Net Income - Budget Basis | - | (69,000) | (894,859) | <u>\$ (825,859)</u> |
| Add: Principal Payments | - | - | 152,172 | |
| Less: Depreciation | - | - | (35,391) | |
| Net Income (Loss) | - | (69,000) | (778,078) | |
| Net Assets at Beginning of Year | - | 69,000 | 778,078 | |
| Net Assets at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

CITY OF MONTE VISTA, COLORADO
HEALTH AND WELFARE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | <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> |
| OPERATING REVENUES | \$ - | \$ - | \$ - | \$ - |
| OPERATING EXPENSES | - | - | - | - |
| Operating Income | - | - | - | - |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Miscellaneous Revenues | - | - | 379 | 379 |
| Total Nonoperating Revenues (Expenses) | - | - | 379 | 379 |
| OPERATING TRANSFERS | | | | |
| Transfers In | - | - | 139,477 | 139,477 |
| Transfers Out | - | - | (19,089) | (19,089) |
| Total Operating Transfers | - | - | 120,388 | 120,388 |
| Net Income (Loss) - Budget Basis | - | - | 120,767 | <u>\$ 120,767</u> |
| Net Assets at Beginning of Year | - | - | (120,767) | |
| Net Assets at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

CITY OF MONTE VISTA, COLORADO
LIFELINE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|----------------------------------|------------------|-------|----------|---|
| | ORIGINAL | FINAL | | |
| OPERATING REVENUES | \$ - | \$ - | \$ - | \$ - |
| OPERATING EXPENSES | - | - | - | - |
| Operating Income | - | - | - | - |
| NONOPERATING REVENUES (EXPENSES) | - | - | - | - |
| OPERATING TRANSFERS | | | | |
| Transfers Out | - | - | (14,408) | (14,408) |
| Total Operating Transfers | - | - | (14,408) | (14,408) |
| Net Income (Loss) | - | - | (14,408) | (14,408) |
| Net Assets at Beginning of Year | - | - | 14,408 | 14,408 |
| Net Assets at End of Year | \$ - | \$ - | \$ - | \$ - |

CITY OF MONTE VISTA, COLORADO
EMPLOYEE BENEFIT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
For the Year Ended December 31, 2005

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|------------------|---------------|-----------------|---|
| | ORIGINAL | FINAL | | |
| OPERATING REVENUES | | | | |
| Insurance Deposits | \$ 16,000 | \$ 30,000 | \$ 291,308 | \$ 261,308 |
| Total Operating Revenues | <u>16,000</u> | <u>30,000</u> | <u>291,308</u> | <u>261,308</u> |
| OPERATING EXPENSES | | | | |
| Claims | 14,727 | 28,727 | 16,077 | 12,650 |
| Insurance Premiums | - | - | 259,056 | (259,056) |
| Miscellaneous | 1,273 | 1,273 | 1,478 | (205) |
| Total Operating Expenses | <u>16,000</u> | <u>30,000</u> | <u>276,611</u> | <u>(246,611)</u> |
| Operating Income (Loss) | <u>-</u> | <u>-</u> | <u>14,697</u> | <u>14,697</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest on Investments | - | - | 228 | 228 |
| Refunds of Expenditures | - | - | 6,855 | 6,855 |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>-</u> | <u>7,083</u> | <u>7,083</u> |
| OPERATING TRANSFERS | | | | |
| Transfers Out | - | - | (25,114) | (25,114) |
| Total Operating Transfers | <u>-</u> | <u>-</u> | <u>(25,114)</u> | <u>(25,114)</u> |
| Net Income (Loss) | - | - | (3,334) | (3,334) |
| Net Assets at Beginning of Year | <u>-</u> | <u>-</u> | <u>3,334</u> | <u>3,334</u> |
| Net Assets at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| | |
|--|--|
| LOCAL HIGHWAY FINANCE REPORT | City or County: Monte Vista YEAR ENDING : December 2005 |
| This Information From The Records Of (example - City of _ or County of _) City of Monte Vista | Prepared By: Vicki Bever Phone: (719) 852-5926 |

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---------|---|---------|
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 59,061 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 170,782 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 7,794 |
| 2. General fund appropriations | | b. Snow and ice removal | 8,333 |
| 3. Other local imposts (from page 2) | 109,862 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 29,810 | d. Total (a. through c.) | 16,127 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 66,202 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 312,172 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | |
| 7. Total (1 through 6) | 139,672 | b. Redemption | |
| B. Private Contributions | | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 138,250 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 34,250 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 312,172 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 312,172 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

| | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| A. Bonds (Total) | | | | 0 |
| 1. Bonds (Refunding Portion) | | | | |
| B. Notes (Total) | | | | 0 |

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | | 312,172 | 312,172 | | 0 |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2005

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 | 45,051 | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 29,810 |
| 1. Sales Taxes | 34,045 | 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 | 30,766 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 64,811 | h. Other | |
| c. Total (a. + b.) | 109,862 | i. Total (a. through h.) | 29,810 |
| | (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 | 120,930 | 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 | 17,320 | d. Federal Transit Admin | |
| d. Other (Specify) | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | 34,250 |
| f. Total (a. through e.) | 17,320 | g. Total (a. through f.) | 34,250 |
| 4. Total (1. + 2. + 3.f) | 138,250 | 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 | | 34,333 | 34,333 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 24,728 | 24,728 |
| (4). System Enhancement & Operation | | | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 24,728 | 24,728 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 59,061 | 59,061 |
| | | | (Carry forward to page 1) |

Notes and Comments: