

**CITY OF MONTE VISTA, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2009**

**CITY OF MONTE VISTA, COLORADO**  
**TABLE OF CONTENTS**  
**December 31, 2009**

	PAGE
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	16
Governmental Fund Financial Statements:	
Balance Sheet	17
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities	20
Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund	21
Recreation Fund	24
Grant Fund	25
Proprietary Fund Financial Statements	
Statement of Net Assets	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets	27
Statement of Cash Flows	28
Notes to the Basic Financial Statements	29
<b>Supplementary Information:</b>	
Combining Statements of Nonmajor Governmental Funds:	
Combining Balance Sheet	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	48
	49
<b>Other Schedules and Reports:</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Capital Projects Fund	50
Conservation Trust Fund	51
Urban Renewal Fund	52
Capital Improvement Fund	53
Debt Service Fund	54
Schedules of Revenues, Expenses, and Changes in Net Assets – Budget and Actual	
City Service Utility Fund	55
Schedule of Expenditures of Federal Awards	57
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	58
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	60
Schedule of Findings and Questioned Costs	62
Local Highway Finance Report	

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monte Vista, Colorado, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista, Colorado, as of December 31, 2009, and the respective changes in financial position, and cash flows, where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2010, on our consideration of the City of Monte Vista, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and City Council

City of Monte Vista, Colorado

Pg 2

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monte Vista, Colorado's financial statements as a whole. The combining and individual nonmajor fund financial statements, schedules, and reports listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wall, Smith, Bateman and Associates, Inc.*

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

April 22, 2010

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

As management of the City of Monte Vista, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City of Monte Vista for the fiscal year ended December 31, 2009.

In compliance with Statement Number 34 also known as GASB 34, 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, 2008 and December 31, 2009.

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

### **Financial Highlights**

- As of December 31, 2009, the City of Monte Vista has government-wide net assets totaling \$8,370,936. Of this amount, net assets related to governmental activities total \$6,428,758 and net assets related to business-type activities total \$1,942,178.
- Total net assets of the City increased by \$1,368,144, or 19.5%, compared to 2008. Of this amount net assets for governmental activities increased by \$1,407,404 and net assets for business-type activities decreased by \$39,260. A majority of the increase in net assets for governmental activities is attributable to capital additions, primarily funded by grant contributions.
- The City of Monte Vista's General Revenue and Special Items, primarily taxes, account for \$2,054,640 or 34% of total revenue. Program revenues, in the form of charges for services, grants and contributions, accounted for \$4,007,435 or 66% of total revenue.
- Total Government-wide revenues increased by \$1,125,123 compared to 2008. Of this amount, the City's capital/operating grants and contributions increased by \$1,490,593, general revenues decreased by \$212,473 and charges for service decreased by \$152,997 compared to 2008.
- The City had \$3,436,849 in expenses related to governmental activities in 2009, an increase of \$797,963 compared to the prior year. Expenses in business-type activities totaled \$1,257,082, a decrease of \$31,742 compared to 2008. Total revenues of \$6,062,075 were adequate to provide for the above expenses.
- At the end of 2009, the City of Monte Vista's governmental funds reported combined ending fund balances of \$3,166,697, a decrease of \$313,339 compared to 2008. Of this total amount, \$915,747 is available for spending at the City's discretion (unreserved fund balance) and \$2,002,551 is designated capital construction projects (designated unreserved fund balance).
- The City of Monte Vista's total debt decreased by \$185,374 during the current fiscal year. The key factor to the decrease was normal debt service payments.

### **Overview of the Financial Statements**

This 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 sectors business.

The *statement of net assets* presents information on all of the City of Monte Vista's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monte Vista, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds, and proprietary funds.

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

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

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

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

### **Notes to the Financial Statements**

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

### **Other Information**

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

### **Government-wide Financial Analysis**

The focus of this financial analysis is on comparisons of the activities of the current year (2009) with those of the prior year (2008) and comparison of balances at year-end (December 31) for the same two years.

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the City of Monte Vista, assets exceeded liabilities by \$8,370,936 at December 31, 2009.

The City's combined net assets for the governmental and business-type funds increased by \$1,368,144 from 2008 to 2009. Of this total amount, governmental net assets increased by \$1,407,404 and business-type net assets decreased by \$39,260.

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

The largest portion of the City's net assets reflects its investment of \$4,336,474 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. The City of Monte Vista uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

*Table 1 provides a summary of the City's net assets at December 31 for the years 2008 and, 2009. Additional information is presented in the statement of net assets.*

<b>City of Monte Vista Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Current and other assets	\$ 3,924,546	\$ 4,001,578	\$ 1,199,807	\$ 1,211,785	\$ 5,124,353	\$ 5,213,363
Noncurrent and Capital assets	<u>5,371,589</u>	<u>6,950,961</u>	<u>1,569,356</u>	<u>1,454,298</u>	<u>6,940,945</u>	<u>8,405,259</u>
<b>Total Assets</b>	<b>\$ 9,296,135</b>	<b>\$ 10,952,539</b>	<b>\$ 2,769,163</b>	<b>\$ 2,666,083</b>	<b>\$ 12,065,298</b>	<b>\$ 13,618,622</b>
Current Liabilities	\$ 567,952	\$ 1,016,603	\$ 124,423	\$ 106,765	\$ 692,375	\$ 1,123,368
Noncurrent Liabilities	<u>3,706,829</u>	<u>3,507,178</u>	<u>663,302</u>	<u>617,140</u>	<u>4,370,131</u>	<u>4,124,318</u>
<b>Total Liabilities</b>	<b>\$ 4,274,781</b>	<b>\$ 4,523,781</b>	<b>\$ 787,725</b>	<b>\$ 723,905</b>	<b>\$ 5,062,506</b>	<b>\$ 5,247,686</b>
Net assets						
Investment in capital assets, net of related debt	\$ 1,758,741	\$ 3,455,961	\$ 928,947	\$ 880,513	\$ 2,687,688	\$ 4,336,474
Restricted for:						
TABOR	\$ 91,000	\$ 96,000	\$ -	\$ -	\$ 91,000	\$ 96,000
Capital Projects	2,234,627	2,002,551	-	-	2,234,627	2,002,551
Debt Service	151,506	152,399	-	-	151,506	152,399
Unrestricted	<u>785,480</u>	<u>721,847</u>	<u>1,052,491</u>	<u>1,061,665</u>	<u>1,837,971</u>	<u>1,783,512</u>
<b>Total Net Assets</b>	<b>\$ 5,021,354</b>	<b>\$ 6,428,758</b>	<b>\$ 1,981,438</b>	<b>\$ 1,942,178</b>	<b>\$ 7,002,792</b>	<b>\$ 8,370,936</b>

A portion of the City's net assets of \$2,250,950 represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,783,512, unrestricted net assets, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City of Monte Vista's net assets increased by \$1,368,144 during the current fiscal year. A majority of the increase is attributable to capital additions, primarily funded by grant contributions.

**Governmental Activities**

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

Governmental activity expenses totaled \$3,436,849, an increase of \$797,963 compared to 2008. Major expenses included in this amount are; \$1,026,036 for public safety, \$820,976 for general government, \$591,199 for culture and recreation and \$522,199 for highway and streets. A majority of the increase in governmental activity expenses was attributable to grant funded projects. City funding for governmental activities was derived from \$2,293,126 in general revenue, primarily taxes, and program revenues contributed \$2,551,127. Governmental Activity revenues increased by \$1,249,301 compared to 2008. Of this amount Program revenues increase by \$1,451,191 and general revenues decreased by \$201,890. A majority of the decrease in general revenues was a result of a 6 percent decline in sales tax revenue over the prior year.

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

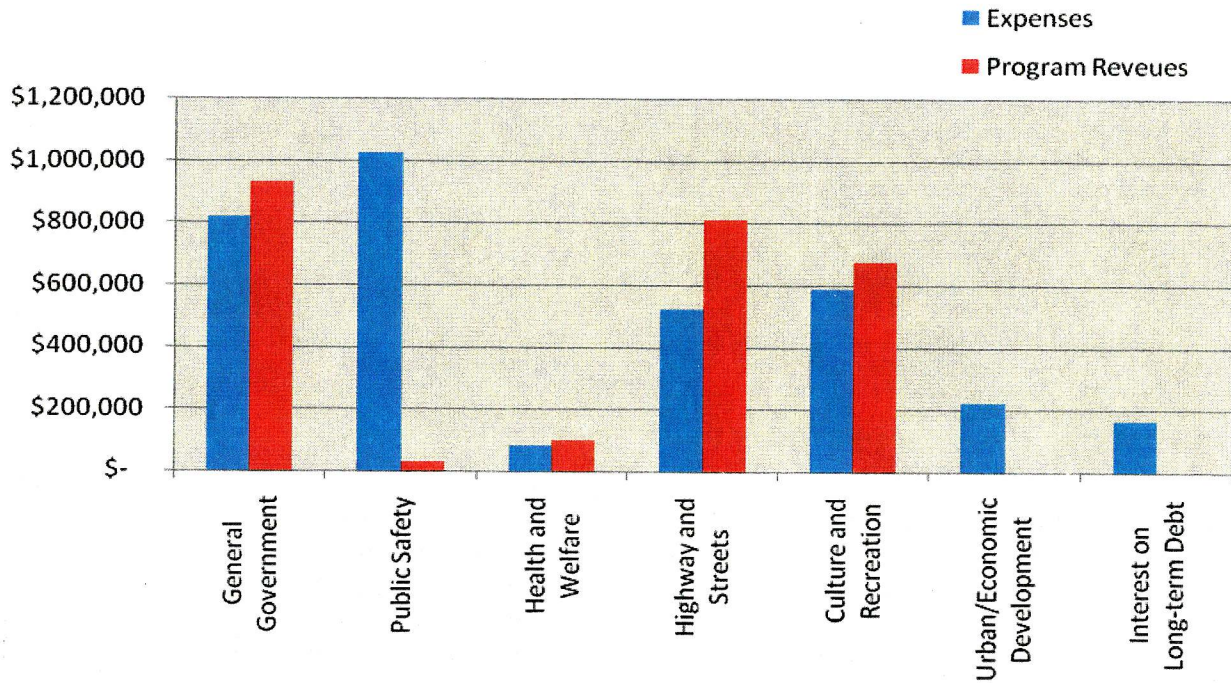
Capital grants for governmental activities increased by \$1,924,229, mostly as a result of an aggressive grant application strategy during the current year. The new grant awards furnished resources to support three of the City of Monte Vista's functions: general government, highway and streets, and culture and recreation.

*Table 2 provides a summary of the changes in net assets for the years 2008 and 2009. Additional information is presented in the Statement of Activities.*

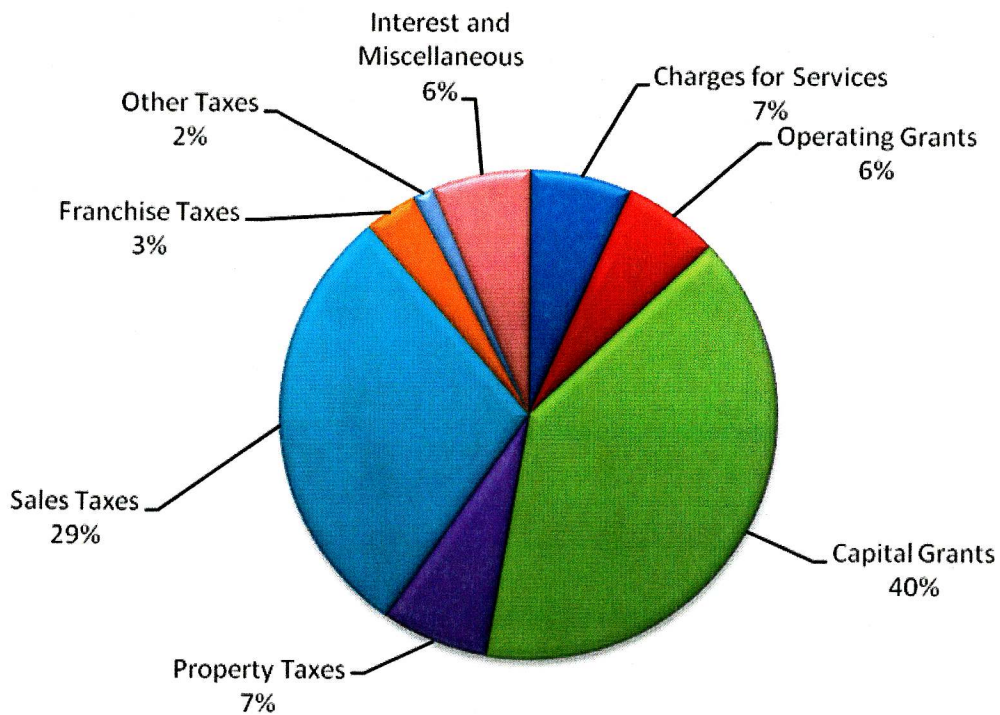
	City of Monte Vista Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total Government-wide	
	2008	2009	2008	2009	2008	2009
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 354,355	\$ 323,103	\$ 1,549,953	\$ 1,428,208	1,904,308	1,751,311
Operating Grants and Contributions	745,581	303,795	-	-	745,581	303,795
Capital Grants & Contributions	-	1,924,229	19,950	28,100	19,950	1,952,329
<b>General Revenues:</b>						
<b>Taxes</b>						
General Property Taxes - net	341,906	338,137	-	-	341,906	338,137
Sales and use taxes	1,516,223	1,415,097	-	-	1,516,223	1,415,097
Franchise taxes	181,615	163,429	-	-	181,615	163,429
Other taxes	71,483	67,897	-	-	71,483	67,897
Investment income	78,981	44,641	14,698	2,684	93,679	47,325
Miscellaneous	61,001	22,352	1,206	403	62,207	22,755
<b>Total Revenue</b>	<u>\$ 3,351,145</u>	<u>\$ 4,602,680</u>	<u>\$ 1,585,807</u>	<u>\$ 1,459,395</u>	<u>\$ 4,936,952</u>	<u>\$ 6,062,075</u>
<b>Expenses</b>						
General Government	\$ 402,477	\$ 820,976	\$ -	\$ -	\$ 402,477	\$ 820,976
Public Safety	1,038,298	1,026,036	-	-	1,038,298	1,026,036
Health and Welfare	63,414	85,612	-	-	63,414	85,612
Highway and Streets	566,281	522,199	-	-	566,281	522,199
Culture and Recreation	319,671	591,233	-	-	319,671	591,233
Urban Development	81,081	224,750	-	-	81,081	224,750
Interest on long term debt	167,664	166,043	-	-	167,664	166,043
City Service Utility	-	-	1,288,824	1,257,082	1,288,824	1,257,082
<b>Total Expenses</b>	<u>\$ 2,638,886</u>	<u>\$ 3,436,849</u>	<u>\$ 1,288,824</u>	<u>\$ 1,257,082</u>	<u>\$ 3,927,710</u>	<u>\$ 4,693,931</u>
<b>Increase in net assets before transfers</b>	\$ 712,259	\$ 1,165,831	\$ 296,983	\$ 202,313	\$ 1,009,242	\$ 1,368,144
<b>Transfers</b>						
Operating transfers	85,642	83,408	(85,642)	(83,408)	-	-
PILT Transfers	158,165	158,165	(158,165)	(158,165)	-	-
<b>Total Transfers</b>	<u>243,807</u>	<u>241,573</u>	<u>(243,807)</u>	<u>(241,573)</u>	<u>-</u>	<u>-</u>
<b>Increase in Net Assets</b>	\$ 956,066	\$ 1,407,404	\$ 53,176	\$ (39,260)	\$ 1,009,242	\$ 1,368,144
<b>Net Assets - 1/1/2009</b>	<u>\$ 4,065,288</u>	<u>\$ 5,021,354</u>	<u>\$ 1,928,262</u>	<u>\$ 1,981,438</u>	<u>\$ 5,993,550</u>	<u>\$ 7,002,792</u>
<b>Net Assets - 12/31/2009</b>	<u>\$ 5,021,354</u>	<u>\$ 6,428,758</u>	<u>\$ 1,981,438</u>	<u>\$ 1,942,178</u>	<u>\$ 7,002,792</u>	<u>\$ 8,370,936</u>

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

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**

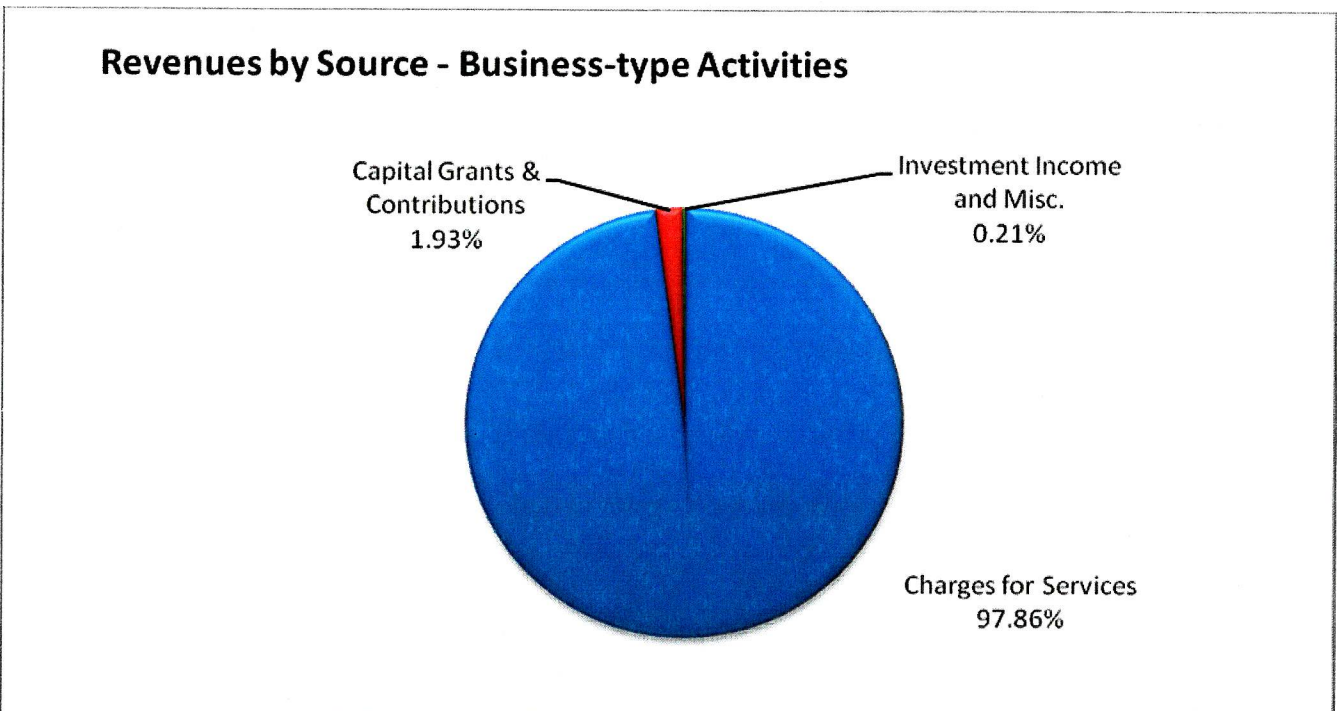
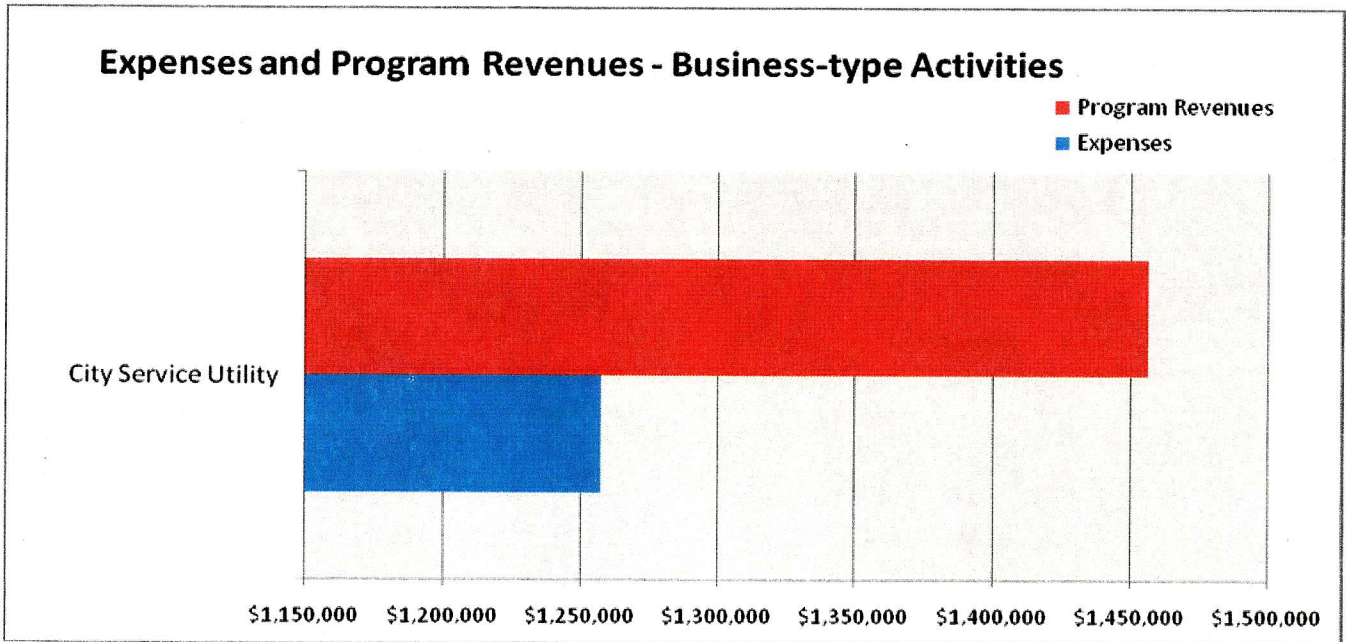


**CITY OF MONTE VISTA, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Business-type Activities**

As mentioned earlier, business-type activities are funded in large part through the assignment of user fees imposed on external parties in exchange for services. Business-type activities net assets decreased by \$39,260 in 2009.

Business-type activity expenses totaled \$1,257,082, a decrease of \$31,742 compared to 2008. Funding for business-type activities was derived from \$1,456,308 in program revenues, a decrease of \$113,595 compared to 2008. Charges for services account for 86 percent of the decrease in program revenues.



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

**Financial Analysis of the Government's Funds**

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

- ***Governmental Funds.*** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City of Monte Vista include the General Fund, Recreation Fund, Grant Fund, Capital Projects Fund, and other nonmajor funds. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,166,697, a decrease of \$313,339 from the prior year ending fund balances. Approximately \$915,747 of the fund balance constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved; not available for spending because it has been committed as follows:

Reserved for Capital Projects	\$2,002,551
Reserved for Debt Service	\$ 152,399
Tabor Emergency Reserve	\$ 96,000

***Revenue.*** Revenues in governmental funds increased from \$3,502,488 to \$4,760,550, an increase of \$1,258,062 from the prior year. The majority of the increase was in intergovernmental revenue (\$1,504,981). Tax revenue decreased by \$126,337 compared to 2008. Of total revenue received in 2009, \$1,977,969 (42%) was generated by tax revenue, \$2,343,823 (49%) by intergovernmental revenue, \$151,178 (3%) by charges for services, and \$287,580 (6%) by other sources.

The General Fund is the primary operating governmental fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$548,206. Total unreserved and reserved fund balance was \$644,206; an increase of \$8,823 compared to last year's ending balance.

General Fund revenues decreased by \$170,853 compared to 2008. Of this amount, tax revenue decreased by \$104,995, licenses and permits decreased by \$793, intergovernmental revenue decreased by \$4,152, charges for services decreased by \$4,826, fines and forfeits decreased by \$6,685 and interest and miscellaneous decreased by \$49,402.

The Capital Projects Fund has a total fund balance of \$2,002,551, all of which is reserved for street related capital improvements and projects. The net decrease in fund balance during the current year in the Capital Project Fund was \$232,076. Most of the decrease in fund balance reflects the cost of providing matching funds for the Clearview storm drain and street improvement grant.

***Expenditures.*** The governmental funds experienced a decrease of \$114,240 in expenditures bringing the total expenditures for the fiscal year to \$5,157,592.

- ***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, 2009, net assets for the City Service Utility Fund were \$1,942,178, a decrease of \$39,260 from the prior year. At the end of the fiscal year the unrestricted net assets for the City Service Utility Fund was \$1,061,665.

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

### **General Fund Budgetary Highlights**

During the fiscal year, the General Fund budget was amended from an original budget expenditure total of \$2,416,710 to a final budget of \$2,312,052. The original revenue budget of \$2,465,540 was also amended to a final budget of \$2,387,047. All recommended amendments for budget changes came from the Finance Department and City Manager to City Council via Ordinance as required.

- At December 31, 2009, the General Fund under-spent its budgeted expenditures by \$98,366. Total expenditures decreased by \$124,626 compared to the previous fiscal year.
- Actual revenue in the General Fund was less than the final budget by \$69,019. The majority of the decrease was in tax revenue (\$48,067).

### **Capital Assets**

The City's capital assets for its governmental and business-type activities as of December 31, 2009 total \$8,356,349 (net of accumulated depreciation). Capital assets include land, construction in progress, water rights, buildings, improvements, water and sewer treatment plants, transmission and distribution, equipment, and vehicles. The total increase in the City's investment in capital assets for the current fiscal year was a \$1,581,092 increase for governmental activities and \$113,761 decrease for business-type activities.

Major capital asset events during 2009 include the following:

- Vehicle additions for the police department at a cost of \$42,241.
- Storm drain improvements at a cost of \$27,300.
- A variety of street construction projects which include street and bridge improvements at a cost of \$58,390.
- Improvements to the storm water and road system on Clearview Drive at a cost of \$836,192 for 2009. The project is expected to be completed in July 2010. The project is partly funded by a Community Development Block Grant (CDBG) in the amount of \$1,300,000 and the City will provide \$668,000 in matching funds.
- Improvements to the airport runway and lighting system at a cost of \$400,376. Project was mostly funded by an FAA grant.
- Phase II of Ski Hi Park Rodeo Arena improvements, partly funded by Energy Impact Assistance funds and GOGO Funds. Project costs for 2009 total \$529,734 and include improvements to the south seating area.
- Through CDBG funding a building was acquired for eventual use as a medical clinic. The City of Monte Vista, in collaboration with Valley-Wide Health Systems, Inc., plans to renovate the building into a new clinic that will provide primary health services to all residents. The project commenced in 2009 with the purchase of the building at a cost of \$340,265. Renovations are expected to be completed in 2010. The project is partly funded by a Community Development Block Grant (CDBG) in the amount of \$1,000,000 and Valley-Wide Health Systems will provide \$500,000 in partner funds.

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

*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	
	2008	2009	2008	2009	2008	2009
Land	\$ 730,793	\$ 822,665	\$ 22,000	\$ 22,000	\$ 752,793	\$ 844,665
Construction in Progress	152,254	1,371,353	-	-	152,254	1,371,353
Water Rights	-	-	129,751	129,751	129,751	129,751
Buildings	945,126	1,158,459	9,998	8,076	955,124	1,166,535
Infrastructure	1,720,576	1,574,674	-	-	1,720,576	1,574,674
Improvements-Bldg	319,428	294,983	-	-	319,428	294,983
Improvements-Other	509,004	837,101	-	-	509,004	837,101
W/S Treatment Plant	-	-	84,271	65,853	84,271	65,853
Transmission & Distrib.	-	-	1,175,799	1,105,655	1,175,799	1,105,655
Equipment	704,392	602,809	91,344	76,098	795,736	678,907
Vehicles	255,616	256,237	38,666	30,635	294,282	286,872
	<u>\$ 5,337,189</u>	<u>\$ 6,918,281</u>	<u>\$ 1,551,829</u>	<u>\$ 1,438,068</u>	<u>\$ 6,889,018</u>	<u>\$ 8,356,349</u>

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

**Debt Administration**

At year end, the City of Monte Vista's long-term debt obligations totaled \$4,355,663. Of this amount, \$3,688,900 relates to governmental activities and \$666,763 relates to business-type activities. Bonds payable include the Series 2008 Sales Tax Revenue refunding and Improvement Bonds payable to SunTrust Equipment Finance & Leasing Corp. Notes payable includes a note to Colorado Water Resource and Power Development Authority. Compensated absences include: employee sick and vacation leave accrued prior to February 1, 2004 and not thereafter and unused vacation accrued up to a maximum allowable. The City of Monte Vista's total debt decreased by \$185,374 during the current fiscal year. More detailed information about the City's long-term liabilities is presented in Note 7 to the financial statements.

*Table 4 provides a summary of the City's long-term debt obligations at December 31, 2009.*

City of Monte Vista Long-Term Debt						
	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Bonds Payable	\$ 3,610,000	\$ 3,495,000	\$ -	\$ -	\$ 3,610,000	\$ 3,495,000
Notes Payable	-	-	621,249	573,784	621,249	573,784
Capital Leases Payable	2,848	-	-	-	2,848	-
Compensated Absences	217,423	193,900	89,517	92,979	306,940	286,879
Total	<u>\$ 3,830,271</u>	<u>\$ 3,688,900</u>	<u>\$ 710,766</u>	<u>\$ 666,763</u>	<u>\$ 4,541,037</u>	<u>\$ 4,355,663</u>

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

### **Economic Factors and Next Year's Budgets**

The local economy for Monte Vista in 2009 was sluggish. The closure of a significant business impacted sales tax and lodging tax revenues. Though conservative in our estimates, sales tax revenue was almost three percent below budget and almost five and one half percent below 2008 collections. City reserves are adequate to meet short-term contingencies but reserves remain below optimal levels as defined by the Finance Director and City Manager.

The cost of business continues to rise. Though energy costs (gasoline) are well below 2008 peaks, and external labor costs are stable, increases in employee health care costs continue to erode the city's operational capability. The city recognizes the value of employees and continues to look at ways to make wages and benefits competitive. However, the current cost sharing formula for health care benefits may have to be adjusted if the upward cost trend continues.

The 2010 budget is reflective of the concerns over the state of the current economy. However, there are unknown variables that are not included in the 2010 budget, but will have a significant impact in the enterprise fund. They include the cost of complying with the state chlorination order (est. \$150,000+), state mandated water augmentation plan (est. up to \$2,000,000 paid through long-term loans), and the final costs associated with the completion of the Ski-Hi grandstands project. Though the city restructured water and sewer rates in 2010 to reflect operating increases and to adjust to changing water use patterns, the long-term health of the enterprise fund will require increases in rates to meet the financial burden placed upon the city by the state and their unfunded mandates. The city also implemented a streetlight maintenance fee to offset energy costs and maintenance costs of the almost 300 city owned streetlights.

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

The citizens of Colorado have placed three questions on the November 2010 ballot; Proposition 101 and Amendments 60 and 61. The ballot questions, if passed, will greatly affect the state and every county and municipalities ability to provide services in 2011. The city has undertaken but not yet completed an analysis of the three questions to determine the fiscal impact should any or all of the questions are pass.

In summary, the short and long term financial projections indicate the City must continue to be conservative in its spending patterns while working diligently to identify and pursue additional revenue sources. The City Council and staff have recognized the current economic trends and are preparing the City to meet the current challenges while continuing to plan for the future - a future that is uncertain pending the outcome of the state-wide election in November 2010.

### **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**

**This page left blank intentionally.**

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009**

	<b>Primary Government</b>		<b>TOTAL</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 973,487	\$ 941,392	\$ 1,914,879
Restricted Cash and Cash Equivalents	2,154,950	102,447	2,257,397
Accounts Receivable	68,937	72,422	141,359
Allowance for Doubtful Accounts	(28,355)	-	(28,355)
Property Taxes Receivable	339,358	-	339,358
Due from Other Governments	367,556	-	367,556
Due from County Treasurer	125,645	17,741	143,386
Inventory of Materials and Supplies	-	77,783	77,783
<b>Total Current Assets</b>	<b>4,001,578</b>	<b>1,211,785</b>	<b>5,213,363</b>
<b>Noncurrent Assets:</b>			
Unamortized Bond Issuance Costs	32,680	16,230	48,910
<b>Capital Assets:</b>			
Land	822,665	22,000	844,665
Construction in Progress	1,371,353	-	1,371,353
Infrastructure	2,181,585	-	2,181,585
Water Rights	-	129,751	129,751
Buildings	3,037,408	46,018	3,083,426
Building Improvements	612,826	1,632	614,458
Other Improvements	1,217,568	-	1,217,568
Equipment	1,501,860	506,781	2,008,641
Treatment Plant	-	4,275,923	4,275,923
Transmission and Distribution	-	3,231,956	3,231,956
Vehicles and Heavy Road Equipment	899,698	194,555	1,094,253
Less: Accumulated Depreciation/Depletion	(4,726,682)	(6,970,548)	(11,697,230)
<b>Total Noncurrent Assets</b>	<b>6,950,961</b>	<b>1,454,298</b>	<b>8,405,259</b>
<b>TOTAL ASSETS</b>	<b>10,952,539</b>	<b>2,666,083</b>	<b>13,618,622</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	370,306	52,838	423,144
Other Payables	44,510	4,303	48,813
Deferred Tax Revenue	339,358	-	339,358
Deferred Revenue	80,707	-	80,707
Bonds Payable	120,000	-	120,000
Notes Payable	-	49,624	49,624
Compensated Absences	61,722	-	61,722
<b>Total Current Liabilities</b>	<b>1,016,603</b>	<b>106,765</b>	<b>1,123,368</b>
<b>Noncurrent Liabilities:</b>			
Bonds Payable	3,375,000	-	3,375,000
Notes Payable	-	524,161	524,161
Compensated Absences	132,178	92,979	225,157
<b>Total Noncurrent Liabilities</b>	<b>3,507,178</b>	<b>617,140</b>	<b>4,124,318</b>
<b>TOTAL LIABILITIES</b>	<b>4,523,781</b>	<b>723,905</b>	<b>5,247,686</b>

See Notes to the Basic Financial Statements

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009**

	<u>Primary Government</u>		<u>TOTAL</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	3,455,961	880,513	4,336,474
Restricted for:			
TABOR	96,000	-	96,000
Capital Projects	2,002,551	-	2,002,551
Debt Service	152,399	-	152,399
Unrestricted	721,847	1,061,665	1,783,512
<b>TOTAL NET ASSETS</b>	<u>\$ 6,428,758</u>	<u>\$ 1,942,178</u>	<u>\$ 8,370,936</u>

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants & Contributions		Primary Government			
			Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	TOTAL	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 820,976	\$ 153,652	\$ 47,534	\$ 730,567	\$ 110,777	\$ -	\$ 110,777	
Public safety	1,026,036	30,973	-	-	(995,063)	-	(995,063)	
Health and Welfare	85,612	99,762	-	-	14,150	-	14,150	
Highways and streets	522,199	5,450	151,854	655,957	291,062	-	291,062	
Culture and Recreation	591,233	33,266	104,407	537,705	84,145	-	84,145	
Urban/Economic Development	224,750	-	-	-	(224,750)	-	(224,750)	
Interest on long-term debt	166,043	-	-	-	(166,043)	-	(166,043)	
<b>Total Governmental Activities</b>	<b>3,436,849</b>	<b>323,103</b>	<b>303,795</b>	<b>1,924,229</b>	<b>(885,722)</b>	<b>-</b>	<b>(885,722)</b>	
<b>Business-Type Activities:</b>								
City Service Utility	1,257,082	1,428,208	-	28,100	-	199,226	199,226	
<b>Total Business-Type Activities</b>	<b>1,257,082</b>	<b>1,428,208</b>	<b>-</b>	<b>28,100</b>	<b>-</b>	<b>199,226</b>	<b>199,226</b>	
<b>Total Primary Government</b>	<b>\$ 4,693,931</b>	<b>\$ 1,751,311</b>	<b>\$ 303,795</b>	<b>\$ 1,952,329</b>	<b>(885,722)</b>	<b>199,226</b>	<b>(686,496)</b>	
			<b>General Revenues:</b>					
			Taxes:					
			General Property Taxes - Net		338,137	-	338,137	
			Sales and Use Taxes		1,415,097	-	1,415,097	
			Franchise Taxes		163,429	-	163,429	
			Other Taxes		67,897	-	67,897	
			Investment Income		44,641	2,684	47,325	
			Miscellaneous		22,352	403	22,755	
			Operating Transfers		83,408	(83,408)	-	
			PIL/T Transfers		158,165	(158,165)	-	
			<b>Total General Revenues and Special Items</b>		<b>2,293,126</b>	<b>(238,486)</b>	<b>2,054,640</b>	
			Change in Net Assets		1,407,404	(39,260)	1,368,144	
			<b>Net Assets - Beginning</b>		<b>5,021,354</b>	<b>1,981,438</b>	<b>7,002,792</b>	
			<b>Net Assets - Ending</b>		<b>\$ 6,428,758</b>	<b>\$ 1,942,178</b>	<b>\$ 8,370,936</b>	

See Notes to the Basic Financial Statements

**This page left blank intentionally.**

**CITY OF MONTE VISTA, COLORADO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**December 31, 2009**

	<u>SPECIAL REVENUE FUNDS</u>					
	<u>GENERAL FUND</u>	<u>RECREATION FUND</u>	<u>GRANT FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 446,025	\$ 87,247	\$ 150,114	\$ -	\$ 290,101	\$ 973,487
Restricted Cash and Cash Equivalents	-	-	-	2,002,551	152,399	2,154,950
Accounts Receivable	62,232	6,705	-	-	-	68,937
Allowance for Doubtful Accounts	(28,355)	-	-	-	-	(28,355)
Property Taxes Receivable	339,358	-	-	-	-	339,358
Due From Other Governments	103,691	67,691	137,574	-	58,600	367,556
Due From County Treasurer	125,645	-	-	-	-	125,645
<b>TOTAL ASSETS</b>	<b>\$ 1,048,596</b>	<b>\$ 161,643</b>	<b>\$ 287,688</b>	<b>\$ 2,002,551</b>	<b>\$ 501,100</b>	<b>\$ 4,001,578</b>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 59,416	\$ 71,389	\$ 238,932	\$ -	\$ 569	\$ 370,306
Other Payables	5,049	-	39,461	-	-	44,510
Deferred Property Tax Revenue	339,358	-	-	-	-	339,358
Deferred Revenue	567	80,140	-	-	-	80,707
<b>TOTAL LIABILITIES</b>	<b>404,390</b>	<b>151,529</b>	<b>278,393</b>	<b>-</b>	<b>569</b>	<b>834,881</b>
<b>FUND BALANCE</b>						
Fund Balance						
Reserved for:						
Debt Service	-	-	-	-	152,399	152,399
Tabor Emergency	96,000	-	-	-	-	96,000
Unreserved, Designated	-	-	-	-	-	-
For Subsequent Year Expenditures	-	-	-	-	177,000	177,000
Unreserved, Undesignated	548,206	10,114	9,295	-	-	548,206
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	9,295	-	171,132	190,541
Capital Projects Fund	-	-	-	2,002,551	-	2,002,551
<b>TOTAL FUND BALANCE</b>	<b>644,206</b>	<b>10,114</b>	<b>9,295</b>	<b>2,002,551</b>	<b>500,531</b>	<b>3,166,697</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,048,596</b>	<b>\$ 161,643</b>	<b>\$ 287,688</b>	<b>\$ 2,002,551</b>	<b>\$ 501,100</b>	<b>\$ 4,001,578</b>

See Notes to the Basic Financial Statements

**CITY OF MONTE VISTA, COLORADO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET ASSETS**  
**December 31, 2009**

<b>Total governmental fund balances</b>	\$	3,166,697
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.		6,918,281
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	\$ (3,495,000)	
Compensated Absences	<u>(193,900)</u>	
		(3,688,900)
Certain transactions from the advanced refunding of bonds are expensed in the governmental funds, but are required to be capitalized and amortized in the government-wide financial statements.		
Bond Issue Costs		<u>32,680</u>
<b>Net assets of governmental activities</b>	<b>\$</b>	<b><u><u>6,428,758</u></u></b>

**CITY OF MONTE VISTA, COLORADO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended December 31, 2009**

	<u>SPECIAL REVENUE FUNDS</u>					
	<u>GENERAL</u>	<u>RECREATION</u>	<u>GRANT</u>	<u>CAPITAL</u>	<u>OTHER</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUND</u>	<u>PROJECTS</u>	<u>GOVERNMENTAL</u>	<u>GOVERNMENTAL</u>
				<u>FUND</u>	<u>FUNDS</u>	<u>FUNDS</u>
<b>REVENUES</b>						
Taxes	\$ 1,641,433	-	-	-	\$ 336,536	\$ 1,977,969
Licenses and Permits	7,841	-	-	-	-	7,841
Intergovernmental Revenue	382,426	190,942	1,729,544	-	40,911	2,343,823
Charges for Services	118,633	32,545	-	-	-	151,178
Fines and Forfeits	65,093	-	-	-	-	65,093
Interest and Miscellaneous	102,602	9,102	59,362	41,708	1,872	214,646
<b>TOTAL REVENUE</b>	<b>2,318,028</b>	<b>232,589</b>	<b>1,788,906</b>	<b>41,708</b>	<b>379,319</b>	<b>4,760,550</b>
<b>EXPENDITURES</b>						
General Government	675,770	-	-	-	-	675,770
Public Safety	946,136	-	-	-	-	946,136
Health and Welfare	82,993	-	-	-	-	82,993
Highways and Streets	344,171	-	-	57,417	-	401,588
Culture and Recreation	115,530	384,701	11,074	-	377	511,682
Urban/Economic Development	46,270	-	17,316	-	2,772	66,358
Capital Outlay	-	-	2,106,567	27,300	55,307	2,189,174
Debt Service	2,816	-	-	15	281,060	283,891
<b>TOTAL EXPENDITURES</b>	<b>2,213,686</b>	<b>384,701</b>	<b>2,134,957</b>	<b>84,732</b>	<b>339,516</b>	<b>5,157,592</b>
Excess (Deficiency) of Revenues Over Expenditures	104,342	(152,112)	(346,051)	(43,024)	39,803	(397,042)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Assets	295	-	-	-	-	295
Transfers In	99,038	175,351	324,869	-	281,060	880,318
Transfers Out	(194,852)	(15,630)	-	(189,052)	(397,376)	(796,910)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(95,519)</b>	<b>159,721</b>	<b>324,869</b>	<b>(189,052)</b>	<b>(116,316)</b>	<b>83,703</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	8,823	7,609	(21,182)	(232,076)	(76,513)	(313,339)
<b>Fund Balance at Beginning of Year</b>	<b>635,383</b>	<b>2,505</b>	<b>30,477</b>	<b>2,234,627</b>	<b>577,044</b>	<b>3,480,036</b>
<b>Fund Balance at End of Year</b>	<b>\$ 644,206</b>	<b>\$ 10,114</b>	<b>\$ 9,295</b>	<b>\$ 2,002,551</b>	<b>\$ 500,531</b>	<b>\$ 3,166,697</b>

**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, 2009**

**Net change in fund balances - total governmental funds** \$ (313,339)

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	\$	2,220,492	
Fixed asset deletions		(149,697)	
Depreciation expense		(489,703)	
		1,581,092	1,581,092

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

Bond Issuance Costs		(1,720)	
Bond Principal Payments		115,000	
Capital Lease Principal Payments		2,848	
		116,128	116,128

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		23,523	
		23,523	

**Change in net assets of governmental funds** \$ 1,407,404

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2009**

	<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>
<b>REVENUES</b>				
Taxes				
General Property Taxes, Net	\$ 341,500	\$ 341,500	\$ 338,137	\$ (3,363)
Specific Ownership Tax	54,000	54,000	47,821	(6,179)
Sales Tax	1,113,000	1,113,000	1,078,561	(34,439)
Severance Tax	-	-	2,891	2,891
Franchise Tax	167,000	167,000	163,429	(3,571)
Occupational Tax	12,000	12,000	10,174	(1,826)
Airport Gas Tax	2,000	2,000	420	(1,580)
<b>Total Taxes</b>	<u>1,689,500</u>	<u>1,689,500</u>	<u>1,641,433</u>	<u>(48,067)</u>
Licenses and Permits				
Liquor Licenses	2,100	2,100	1,809	(291)
Other Licenses and Permits	8,000	8,000	6,032	(1,968)
<b>Total Licenses and Permits</b>	<u>10,100</u>	<u>10,100</u>	<u>7,841</u>	<u>(2,259)</u>
Intergovernmental Revenue				
Payment In Lieu of Taxes	158,165	158,165	158,165	-
Additional Motor Vehicle Fees	17,000	17,000	18,282	1,282
Cigarette Tax	7,000	7,000	6,591	(409)
Highway User Tax	119,582	119,582	128,588	9,006
County Road and Bridge Fund	23,000	23,000	23,266	266
Miscellaneous Grants	118,493	40,000	47,534	7,534
<b>Total Intergovernmental Revenue</b>	<u>443,240</u>	<u>364,747</u>	<u>382,426</u>	<u>17,679</u>
Charges for Services				
Police Security	9,000	9,000	8,490	(510)
Pest Control Collections	90,000	90,000	89,463	(537)
Airport Charges/Rentals	9,900	9,900	10,381	481
Weed Control	500	500	10,299	9,799
<b>Total Charges for Services</b>	<u>109,400</u>	<u>109,400</u>	<u>118,633</u>	<u>9,233</u>
Fines and Forfeits				
Court Fines and Forfeits	71,600	71,600	61,523	(10,077)
Jail Charges	6,000	6,000	3,570	(2,430)
<b>Total Fines and Forfeits</b>	<u>77,600</u>	<u>77,600</u>	<u>65,093</u>	<u>(12,507)</u>
Interest and Miscellaneous				
Interest on Investments	10,000	10,000	999	(9,001)
Rent	44,200	44,200	44,234	34
Refund of Expenditures	8,000	8,000	5,450	(2,550)
Pension Forfeitures	28,500	28,500	30,602	2,102
Donations and Contributions	34,800	34,800	10,211	(24,589)
Miscellaneous Revenue	10,200	10,200	11,106	906
<b>Total Interest and Miscellaneous</b>	<u>135,700</u>	<u>135,700</u>	<u>102,602</u>	<u>(33,098)</u>
<b>TOTAL REVENUES</b>	<u>2,465,540</u>	<u>2,387,047</u>	<u>2,318,028</u>	<u>(69,019)</u>

See Notes to the Basic Financial Statements

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2009**

	<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>
<b>EXPENDITURES</b>				
General Government				
City Council	30,717	30,717	31,629	(912)
Judicial	46,050	46,050	43,535	2,515
Election	15,000	15,000	10,476	4,524
City Clerk	66,713	66,713	68,535	(1,822)
City Manager	91,548	91,548	90,240	1,308
Finance Director	66,512	66,512	65,730	782
City Attorney	43,000	43,000	43,000	-
Planning and Zoning	74,142	74,142	95,171	(21,029)
City Shop	13,441	13,441	10,106	3,335
Human Resources	23,284	23,284	22,220	1,064
Purchasing and General Services	117,011	117,011	112,367	4,644
Leased Building	55,661	55,661	53,775	1,886
Airport	17,953	17,953	17,456	497
Grants to Others	11,900	11,900	11,530	370
<b>Total General Government</b>	<u>672,932</u>	<u>672,932</u>	<u>675,770</u>	<u>(2,838)</u>
Public Safety				
Police Department	831,011	726,353	690,191	36,162
Police Support	239,508	239,508	228,991	10,517
Police Building	31,450	31,450	26,954	4,496
<b>Total Public Safety</b>	<u>1,101,969</u>	<u>997,311</u>	<u>946,136</u>	<u>51,175</u>
Health and Welfare				
Animal Control	53,119	53,119	56,185	(3,066)
Pest Control	37,994	37,994	26,808	11,186
<b>Total Health and Welfare</b>	<u>91,113</u>	<u>91,113</u>	<u>82,993</u>	<u>8,120</u>
Highways and Streets				
Streets	281,497	281,497	283,849	(2,352)
Street Lighting	61,500	61,500	60,322	1,178
<b>Total Highways and Streets</b>	<u>342,997</u>	<u>342,997</u>	<u>344,171</u>	<u>(1,174)</u>
Culture and Recreation				
Parks	89,337	89,337	115,530	(26,193)
Urban/Economic Development				
Main Street	118,362	118,362	46,270	72,092
Debt Service	-	-	2,816	(2,816)
<b>TOTAL EXPENDITURES</b>	<u>2,416,710</u>	<u>2,312,052</u>	<u>2,213,686</u>	<u>98,366</u>

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2009**

	<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	48,830	74,995	104,342	29,347
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	500	500	295	(205)
Transfers In	125,203	99,038	99,038	-
Transfers Out	(164,533)	(206,192)	(194,852)	11,340
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(38,830)</b>	<b>(106,654)</b>	<b>(95,519)</b>	<b>11,135</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	10,000	(31,659)	8,823	40,482
<b>Fund Balance at Beginning of Year</b>	<b>-</b>	<b>40,000</b>	<b>635,383</b>	<b>595,383</b>
<b>Fund Balance at End of Year</b>	<b>\$ 10,000</b>	<b>\$ 8,341</b>	<b>\$ 644,206</b>	<b>\$ 635,865</b>

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**RECREATION FUND**  
**For the Year Ended December 31, 2009**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Charges for Services				
Youth Sports	\$ 14,000	\$ 14,000	\$ 10,830	\$ (3,170)
Adult Sports	4,500	4,500	2,325	(2,175)
Sponsor Fees	1,000	1,000	3,050	2,050
Building Rent	18,000	18,000	11,774	(6,226)
Vending Machine Revenue	300	300	170	(130)
Outdoor Recreation	-	-	2,580	2,580
Special Events	1,800	3,200	1,816	(1,384)
<b>Total Charges for Services</b>	<b>39,600</b>	<b>41,000</b>	<b>32,545</b>	<b>(8,455)</b>
Intergovernmental Revenue				
Monte Vista Kids Club Program	-	60,100	55,560	(4,540)
GoCo Marsh Playground Pass Through Grant	-	135,400	135,382	(18)
<b>Total Intergovernmental Revenue</b>	<b>-</b>	<b>195,500</b>	<b>190,942</b>	<b>(4,558)</b>
Interest and Miscellaneous				
Refund of Expenditures	500	500	570	70
Miscellaneous Revenue	-	4,000	8,532	4,532
<b>Total Interest and Miscellaneous</b>	<b>500</b>	<b>4,500</b>	<b>9,102</b>	<b>4,602</b>
<b>TOTAL REVENUES</b>	<b>40,100</b>	<b>241,000</b>	<b>232,589</b>	<b>(8,411)</b>
<b>EXPENDITURES</b>				
Culture and Recreation				
Administration	(64,864)	70,536	50,240	20,296
Recreation	60,435	62,060	72,186	(10,126)
Ski Hi Park	36,540	36,540	52,633	(16,093)
Ski Hi Pool	8,250	8,250	1,203	7,047
MV Kids Club	-	71,401	71,657	(256)
GoCo Marsh Playground Pass Through Grant	135,400	135,400	135,382	18
Grants In Aid	1,400	1,400	1,400	-
<b>Total Culture and Recreation</b>	<b>177,161</b>	<b>385,587</b>	<b>384,701</b>	<b>886</b>
<b>TOTAL EXPENDITURES</b>	<b>177,161</b>	<b>385,587</b>	<b>384,701</b>	<b>886</b>
Excess (Deficiency) of Revenues Over Expenditures	(137,061)	(144,587)	(152,112)	(7,525)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	152,691	184,350	175,351	(8,999)
Transfers Out	(15,630)	(15,630)	(15,630)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>137,061</b>	<b>168,720</b>	<b>159,721</b>	<b>(8,999)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	24,133	7,609	(16,524)
<b>Fund Balance at Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>2,505</b>	<b>2,505</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ 24,133</b>	<b>\$ 10,114</b>	<b>\$ (14,019)</b>

See Notes to the Basic Financial Statements

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GRANT FUND**  
**For the Year Ended December 31, 2009**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Intergovernmental Revenue				
Airport Grants	\$ 461,842	\$ 461,842	\$ 390,367	\$ (71,475)
GOCO Arena Grant	250,000	160,000	103,602	(56,398)
EIAF Arena Grant	350,000	300,000	239,418	(60,582)
First Avenue Improvement Grant	480,000	100,000	-	(100,000)
CDBG Medical Center Grant	-	350,000	340,200	(9,800)
CDBG Clearview Drive Grant	2,000,000	2,000,000	655,957	(1,344,043)
Other Grants	19,000	-	-	-
<b>Total Intergovernmental Revenue</b>	<b>3,560,842</b>	<b>3,371,842</b>	<b>1,729,544</b>	<b>(1,642,298)</b>
Donations and Contributions	80,000	60,000	59,303	(697)
Interest and Miscellaneous	-	-	59	59
<b>TOTAL REVENUES</b>	<b>3,640,842</b>	<b>3,431,842</b>	<b>1,788,906</b>	<b>(1,642,936)</b>
<b>EXPENDITURES</b>				
Public Safety	19,000	-	-	-
Culture and Recreation				
GOCO Arena Grant	360,000	10,000	9,025	975
EIAF Arena Grant	350,000	-	2,049	(2,049)
<b>Total Culture and Recreation</b>	<b>710,000</b>	<b>10,000</b>	<b>11,074</b>	<b>(1,074)</b>
Urban/Economic Development				
First Avenue Improvement Grant	500,000	120,000	17,316	102,684
Capital Outlay				
Airport Grant	473,684	473,684	400,376	73,308
EIAF Arena Grant	-	300,000	237,370	62,630
GOCO Arena Grant	-	350,000	292,364	57,636
CDBG Monte Vista Family Medical Center Grant	-	350,000	340,265	9,735
CDBG Clearview Storm Drain Grant	2,666,000	2,666,000	836,192	1,829,808
<b>Total Capital Outlay</b>	<b>3,139,684</b>	<b>4,139,684</b>	<b>2,106,567</b>	<b>2,033,117</b>
<b>TOTAL EXPENDITURES</b>	<b>4,368,684</b>	<b>4,269,684</b>	<b>2,134,957</b>	<b>2,134,727</b>
Excess (Deficiency) of Revenues Over Expenditures	(727,842)	(837,842)	(346,051)	491,791
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	727,842	807,842	324,869	(482,973)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>727,842</b>	<b>807,842</b>	<b>324,869</b>	<b>(482,973)</b>
Excess (deficiency) of Revenues Over Expenditures and Other Sources (Uses)	-	(30,000)	(21,182)	8,818
<b>Fund Balances at Beginning of Year</b>	<b>-</b>	<b>30,000</b>	<b>30,477</b>	<b>477</b>
<b>Fund Balances at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,295</b>	<b>\$ 9,295</b>

See Notes to the Basic Financial Statements

**CITY OF MONTE VISTA, COLORADO  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 December 31, 2009**

**CITY SERVICE  
 UTILITY FUND**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	941,392
Restricted Cash and Cash Equivalents		102,447
Accounts Receivable		72,422
Due From County Treasurer		17,741
Inventory		77,783
<b>Total Current Assets</b>		<b>1,211,785</b>

**Noncurrent Assets:**

Land		22,000
Water Rights		129,751
Buildings		47,650
Equipment		506,781
Treatment Plant		4,275,923
Transmission and Distribution		3,231,956
Vehicles		194,555
Accumulated Depreciation		(6,970,548)
Bond Issue Costs		38,949
Accumulated Amortization		(22,719)
<b>Total Noncurrent Assets</b>		<b>1,454,298</b>

**TOTAL ASSETS**

**2,666,083**

**LIABILITIES**

**Current Liabilities:**

Accounts Payable		52,838
Notes Payable		49,624
Accrued Interest Payable		4,303
<b>Total Current Liabilities</b>		<b>106,765</b>

**Noncurrent Liabilities:**

Notes Payable		524,161
Accrued Compensated Absences		92,979
<b>Total Noncurrent Liabilities</b>		<b>617,140</b>

**TOTAL LIABILITIES**

**723,905**

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt		880,513
Unrestricted		1,061,665
		<b>1,942,178</b>

**TOTAL NET ASSETS**

**\$ 1,942,178**

**CITY OF MONTE VISTA, COLORADO  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 December 31, 2009**

	<b><u>CITY SERVICE UTILITY FUND</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 1,421,355
Miscellaneous	<u>7,256</u>
<b>Total Operating Revenues</b>	<b><u>1,428,611</u></b>
<b>OPERATING EXPENSES</b>	
Personnel Services	679,501
Supplies	40,531
Fuel	13,185
Communications and Postage	14,971
Insurance and Bonds	38,710
Utilities	109,105
Rents and Payments	150
Professional Services	96,882
Travel	4,122
Repairs and Maintenance	35,594
Depreciation	141,060
Equipment	36,455
Uniform Maintenance	1,213
Payment in Lieu of Taxes	158,165
State Permit Fees	12,550
Other	<u>5,981</u>
<b>Total Operating Expenses</b>	<b><u>1,388,175</u></b>
Operating Income (Loss)	40,436
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest on Investments	2,684
Interest Expense	<u>(27,072)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>(24,388)</u></b>
Income (Loss) Before Other Revenue and Operating Transfers	16,048
<b>CAPITAL CONTRIBUTIONS and TRANSFERS</b>	
Water and Sewer Taps	800
Contribution from Capital Improvement Fund	27,300
Transfers Out	<u>(83,408)</u>
<b>Total Capital Contributions and Transfers</b>	<b><u>(55,308)</u></b>
Changes in Net Assets	(39,260)
<b>Net Assets at beginning of year</b>	<b><u>1,981,438</u></b>
<b>Net Assets at end of year</b>	<b><u>\$ 1,942,178</u></b>

**CITY OF MONTE VISTA, COLORADO  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 For the Year Ended December 31, 2009**

	<u>CITY SERVICE UTILITY FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Customers	\$ 1,413,382
Cash Paid to Employees	(676,039)
Cash Paid to Suppliers/Vendors	(436,880)
Cash Paid to Other Funds for Taxes	(158,165)
	<u>142,298</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Cash Transferred (to)/from Other Funds	(83,408)
	<u>(83,408)</u>
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal Payments	(47,464)
Cash Received from Capital Contributions (Tap Fees)	800
Interest Paid	(27,428)
	<u>(74,092)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	2,684
	<u>2,684</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	
<b>NET INCREASE (DECREASE) IN CASH</b>	(12,518)
<b>CASH AT BEGINNING OF YEAR</b>	1,056,357
	<u>1,056,357</u>
<b>CASH AT END OF YEAR</b>	\$ 1,043,839
	<u>1,043,839</u>
<b>OPERATING INCOME (LOSS)</b>	\$ 40,436
<b>Adjustments to Reconcile Net Income to Net Cash Provided</b>	
<b>by Operating Activities</b>	
Depreciation expense	141,060
Amortization expense	1,298
(Increase) Decrease in accounts receivable	(14,718)
(Increase) Decrease in due from county treasurer	(511)
(Increase) Decrease in inventory	(9,267)
Increase (Decrease) in accounts payable	(19,462)
Increase (Decrease) in compensated absences	3,462
	<u>3,462</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 142,298
	<u>142,298</u>
<b>NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>	
Capital assets contributed from Capital Improvement Fund was \$27,300	

See Notes to the Basic Financial Statements

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**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, culture-recreation, public improvements, planning and zoning, and general administrative services.

***Component Units***

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

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

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

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

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

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

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

The City reports the following major governmental funds:

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

- The *Grant Fund* is used to account for the various grants the City receives. The monies may be expended only for the purposes defined by the granting agency.
- The *Capital Projects Fund* is used to account for the expenditure of the Series 2008 Sales Tax Revenue Bond monies on capital projects throughout the City.

The City reports the following major enterprise fund:

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

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

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

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

## **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

### ***Cash and Investments***

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

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

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

***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 2009 property tax levy due January 1, 2010 has been recorded in the financial statements as a receivable and a corresponding deferred revenue in the financial statements.

***Inventory***

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

***Capital Assets***

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

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

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

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

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

***Compensated Absences***

On February 1, 2004 the City adopted a compensated absence policy which entitled employees to 40 to 168 hours of vacation leave each year. The number of hours received depends upon the number of completed years of service. Unused vacation leave may accumulate up to a maximum of the entitled

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

annual vacation. Employees with prior accumulated vacation on February 1, 2004 were allowed to carry forward that balance in addition to the new maximum levels. Any vacation leave accrued in excess of the maximum allowable accrued vacation leave will be lost to the employee and shall not be deemed an obligation of the City.

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

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

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

***Long-Term Obligations***

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

***Interest Capitalization***

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

***Deferred Revenue***

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

***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.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

***Fund Equity***

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

***Use of Estimates***

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

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

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

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

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

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The City Council adopted supplemental appropriations during 2009. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 3 CASH, DEPOSITS AND INVESTMENTS**

**CASH AND DEPOSITS**

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

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

***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At December 31, 2009, \$2,858,225 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

**INVESTMENTS**

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

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

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

***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, 2009, the local government investment pool (COLOTRUST) in which the City had invested, was rated AAA by Standard & Poor's.

Cash on Hand and in Bank	\$ 3,605,393
COLOTRUST	<u>566,883</u>
Total Deposits and Investments	<u>\$ 4,172,276</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 973,487	\$ 941,392	\$ 1,914,879
Restricted Cash and Cash Equivalents	<u>2,154,950</u>	<u>102,447</u>	<u>2,257,397</u>
Total Cash and Cash Equivalents	<u>\$ 3,128,437</u>	<u>\$ 1,043,839</u>	<u>\$ 4,172,276</u>

***Interest Rate Risk***

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

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

***Restrictions on Cash and Investments***

Cash of \$102,447 in the City Service Utility Fund is restricted by ordinance for water acquisition. Cash investments of \$152,399 in the Debt Service Fund are contractually restricted for service of the City's bonds. Cash and investments of \$2,002,551 in the Capital Projects Fund are contractually restricted for capital construction projects

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund transfers during the year ended December 31, 2009 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	City Service Utility	\$ 83,408
	Recreation Fund	15,630
		<u>99,038</u>
Recreation Fund	General Fund	175,351
Grant Fund	General Fund	19,501
	Capital Improvement Fund	67,316
	Capital Projects Fund	189,052
	Conservation Trust Fund	49,000
		<u>324,869</u>
Debt Service Fund	Capital Improvement Fund	281,060
	<b>TOTALS</b>	<b><u>\$ 880,318</u></b>

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

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

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

The Capital Improvement Fund transferred funds into the Debt Service Fund for payment on the Series 2008 Sales Tax Revenue Refunding and Improvement Bonds.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009, was as follows:

	BALANCE 12/31/2008	Additions	Deletions	BALANCE 12/31/2009
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 730,793	\$ 91,872	\$ -	\$ 822,665
Construction in Progress	152,254	1,368,796	149,697	1,371,353
Total capital assets not being depreciated	<u>883,047</u>	<u>1,460,668</u>	<u>149,697</u>	<u>2,194,018</u>
Capital assets being depreciated				
Buildings	2,778,590	258,818	-	3,037,408
Infrastructure	2,123,196	58,389	-	2,181,585
Improvements - Building	612,826	-	-	612,826
Improvements - Other	817,192	400,376	-	1,217,568
Machinery and Equipment	1,501,860	-	-	1,501,860
Cars and Road Vehicles	857,457	42,241	-	899,698
Total capital assets being depreciated	<u>8,691,121</u>	<u>759,824</u>	<u>-</u>	<u>9,450,945</u>
Less accumulated depreciation for:				
Buildings	1,833,464	45,485	-	1,878,949
Infrastructure	402,620	204,291	-	606,911
Improvements - Building	293,398	24,445	-	317,843
Improvements - Other	308,188	72,279	-	380,467
Machinery and Equipment	797,468	101,583	-	899,051
Cars and Road Vehicles	601,841	41,620	-	643,461
Total accumulated depreciation	<u>4,236,979</u>	<u>489,703</u>	<u>-</u>	<u>4,726,682</u>
Total Capital Assets being depreciated, net	<u>4,454,142</u>	<u>270,121</u>	<u>-</u>	<u>4,724,263</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 5,337,189</u>	<u>\$ 1,730,789</u>	<u>\$ 149,697</u>	<u>\$ 6,918,281</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	129,751	-	-	129,751
Total capital assets not being depreciated	<u>151,751</u>	<u>-</u>	<u>-</u>	<u>151,751</u>
Capital assets being depreciated				
Buildings and Shops	47,650	-	-	47,650
Equipment	506,781	-	-	506,781
Water and Sewer Treatment Plant	4,275,923	-	-	4,275,923
Transmission and Distribution	3,204,656	27,300	-	3,231,956
Vehicles	194,555	-	-	194,555
Total capital assets being depreciated	<u>8,229,565</u>	<u>27,300</u>	<u>-</u>	<u>8,256,865</u>
Less: accumulated depreciation	6,829,488	141,060	-	6,970,548
Total Capital Assets being depreciated, net	<u>1,400,077</u>	<u>(113,760)</u>	<u>-</u>	<u>1,286,317</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 1,551,828</u>	<u>\$ (113,760)</u>	<u>\$ -</u>	<u>\$ 1,438,068</u>

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

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

Governmental activities:	
General Government	\$ 137,182
Public Safety	79,900
Health and Welfare	2,619
Highways and Streets	150,209
Culture and Recreation	79,551
Urban Development	8,695
Leased Buildings	31,547
Total depreciation expense - governmental activities	<u>\$ 489,703</u>
Business-type activities:	
City Service Utility	\$ 120,722
Wastewater Treatment Facility	18,416
Leased Buildings	1,922
Total depreciation expense - business-type activities	<u>\$ 141,060</u>

**NOTE 6 OPERATING LEASES**

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

The future minimum rental payments under all operating leases outstanding at December 31, 2009 are as follows:

2010	\$ 5,826
2011	5,826
2012	5,826
2013	5,826
2014	<u>5,826</u>
	<u>\$ 29,130</u>

Rental Expense for the operating lease for the year ended December 31, 2009 was approximately \$5,281.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 7 LONG-TERM LIABILITIES**

*Changes in Long-term Liabilities*

	Ending Balance <u>12/31/2008</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>12/31/2009</u>	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 3,610,000	\$ -	\$ 115,000	\$ 3,495,000	\$ 120,000
Capital Leases Payable	2,848	-	2,848	-	-
Compensated Absences	<u>217,423</u>	-	<u>23,523</u>	<u>193,900</u>	<u>61,722</u>
Governmental activities	<u>\$ 3,830,271</u>	<u>\$ -</u>	<u>\$ 141,371</u>	<u>\$ 3,688,900</u>	<u>\$ 181,722</u>
Business-type activities:					
Notes Payable	\$ 621,249	\$ -	\$ 47,465	\$ 573,784	\$ 49,624
Compensated Absences	<u>89,517</u>	<u>3,462</u>	<u>-</u>	<u>92,979</u>	<u>-</u>
Business-type activities	<u>\$ 710,766</u>	<u>\$ 3,462</u>	<u>\$ 47,465</u>	<u>\$ 666,763</u>	<u>\$ 49,624</u>

**GOVERNMENTAL ACTIVITIES:**

*Sales Tax Revenue Bonds Payable*

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

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

The annual debt service for the bonds is as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTALS</u>
2010	\$ 120,000	\$ 160,770	\$ 280,770
2011	125,000	155,250	280,250
2012	130,000	149,500	279,500
2013	135,000	143,520	278,520
2014	140,000	137,310	277,310
2015-2019	820,000	582,360	1,402,360
2020-2024	1,025,000	376,050	1,401,050
2025-2028	1,000,000	117,300	1,117,300
	<u>\$ 3,495,000</u>	<u>\$ 1,822,060</u>	<u>\$ 5,317,060</u>

**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.

\$ 573,784

Total Notes Payable

\$ 573,784

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

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTALS</u>
2010	\$ 49,624	\$ 25,268	\$ 74,892
2011	51,882	23,010	74,892
2012	54,243	20,649	74,892
2013	56,712	18,183	74,895
2014	59,293	15,600	74,893
2015-2019	302,030	34,987	337,017
	<u>\$ 573,784</u>	<u>\$ 137,697</u>	<u>\$ 711,481</u>

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 8 PENSION PLANS**

**Defined Contribution Plans**

The City offers a 401A defined contribution plan through ICMA Retirement Corporation. This plan is available to all eligible full-time City employees, except sworn police officers. The total payroll for 2009, other than police employees was \$1,269,510 and the total covered payroll was \$1,206,370. The City is required to contribute 8% of covered payroll and the employee is required to contribute nothing. The employees become 100% vested in the City's contribution and earnings after three years of service. The eight percent contribution for 2009 was \$96,514 for the City and 37 employees were participating in the plan.

The City police pension plan is in a 401A defined contribution plan through ICMA Retirement Corporation. Under this plan, the City contributes 14.2% of qualified employee earnings. Employee contributions of 6.2% are determined by the employer in accordance with IRC rules. The total covered payroll for the police pension plan was \$416,172. The 14.2% contribution for 2009 was \$59,128 for the City, and the 6.2% contribution for 2009 was \$25,758 for the employees. There were 13 employees participating in the plan. Employees are automatically vested in their contributions and they become fully vested in the City's contributions and earnings after five years of service.

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

**Deferred Compensation Plan**

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

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

**NOTE 9 POST-EMPLOYMENT HEALTH CARE BENEFITS**

All City employees covered by COBRA insurance may continue their health insurance after a reduction in work hours or termination of employment. The City recognizes no cost for such coverage, as the premium cost is reimbursed 100% to the City for the extended coverage period on those electing to continue COBRA coverage.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 10 SEGMENT INFORMATION FOR ENTERPRISE FUND**

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

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

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue	\$ 739,612	\$ 688,999	\$ 1,428,611
Operating Expense	599,327	647,789	1,247,116
Depreciation Expense	35,265	105,794	141,059
Total Operating Expense	<u>634,592</u>	<u>753,583</u>	<u>1,388,175</u>
OPERATING INCOME (LOSS)	105,020	(64,584)	40,436
Nonoperating Revenues (Expenses)	1,342	(25,730)	(24,388)
Capital Contributions	800	27,300	28,100
Operating Transfers	<u>(41,704)</u>	<u>(41,704)</u>	<u>(83,408)</u>
NET INCOME (LOSS)	<u>\$ 65,458</u>	<u>\$ (104,718)</u>	<u>\$ (39,260)</u>
Property, Plant and Equipment			
Additions	\$ -	\$ 27,300	\$ 27,300
Accumulated Depreciation	\$ 2,020,493	\$ 4,950,055	\$ 6,970,548
Notes Payable	\$ 286,892	\$ 286,892	\$ 573,784

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 11 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, 2009, CIRSA had assets of \$77,038,970, liabilities of \$37,353,198 (including \$22,695,188 reserved for unpaid losses and loss adjustment expenses, net of excess insurance recoverables) and net assets of \$39,685,772. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2009 amounted to \$21,683,444 and total expenses were \$20,556,264, resulting in an excess of revenues over expenses of \$1,127,180.

**NOTE 12 TABOR EMERGENCY RESERVE**

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

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

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

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

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 13 JOINT VENTURE**

***San Luis Valley Regional Solid Waste Authority***

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

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

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

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

The most recent audited financial statements of the authority report total assets of \$3,400,559, total liabilities of \$388,040, and net assets of \$3,012,519 at December 31, 2008.

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

**NOTE 14 COMMITMENTS AND CONTINGENCIES**

***Litigation***

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

***Grant Programs***

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

***Construction Projects***

The City is in the process of upgrading the grandstands at the Ski Hi Arena. The estimated completion date is May 2010, and the remaining estimated cost associated with the construction is \$954,257. The City received EIAF and GOCO grants to fund this project.

The City is in the process of road construction on Clearview Drive for storm water and street improvements. The estimated completion date is mid 2010, and the remaining estimated cost associated with the construction is \$479,947. The City is using bond proceeds and CDBG grants to fund the project.

# **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.

**This page left blank intentionally.**

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

**SPECIAL REVENUE FUNDS**

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

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

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

**Capital Improvement Fund** – This fund is used to account for the collection of the one percent sales tax to pay the series 2008 Sales Tax Revenue Bond.

**DEBT SERVICE FUND**

**Debt Service Fund** – This fund is used for the annual payment and reserve funds required by the Series 2008 Sales Tax Revenue Bond.

**CITY OF MONTE VISTA, COLORADO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
For the Year Ended December 31, 2009**

	SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	CAPITAL IMPROVEMENT FUND	DEBT SERVICE FUND	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,179	\$ 7,063	\$ 279,859	\$ -	\$ 290,101
Restricted Cash and Cash Equivalents	-	-	-	152,399	152,399
Due from Other Governments	-	-	58,600	-	58,600
<b>TOTAL ASSETS</b>	<u>\$ 3,179</u>	<u>\$ 7,063</u>	<u>\$ 338,459</u>	<u>\$ 152,399</u>	<u>\$ 501,100</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	-	\$ 569	-	-	\$ 569
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>569</u>	<u>-</u>	<u>-</u>	<u>569</u>
<b>FUND BALANCE</b>					
Fund Balance					
Reserved for:					
Debt Service	-	-	-	152,399	152,399
Unreserved, Designated					
For Subsequent Year Expenditures	-	1,000	176,000	-	177,000
Unreserved, Undesignated	3,179	5,494	162,459	-	171,132
<b>TOTAL FUND BALANCE</b>	<u>3,179</u>	<u>6,494</u>	<u>338,459</u>	<u>152,399</u>	<u>500,531</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 3,179</u>	<u>\$ 7,063</u>	<u>\$ 338,459</u>	<u>\$ 152,399</u>	<u>\$ 501,100</u>

**CITY OF MONTE VISTA, COLORADO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2009**

	SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	CAPITAL IMPROVEMENT FUND	DEBT SERVICE FUND	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 336,536	\$ -	\$ 336,536
Intergovernmental Revenue	40,911	-	-	-	40,911
Interest and Miscellaneous	51	21	907	893	1,872
<b>TOTAL REVENUE</b>	<b>40,962</b>	<b>21</b>	<b>337,443</b>	<b>893</b>	<b>379,319</b>
<b>EXPENDITURES</b>					
Culture and Recreation	377	-	-	-	377
Urban/Economic Development	-	2,772	-	-	2,772
Capital Outlay	11,118	-	44,189	-	55,307
Debt Service	-	-	-	281,060	281,060
<b>TOTAL EXPENDITURES</b>	<b>11,495</b>	<b>2,772</b>	<b>44,189</b>	<b>281,060</b>	<b>339,516</b>
Excess (Deficiency) of Revenues Over Expenditures	29,467	(2,751)	293,254	(280,167)	39,803
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	281,060	281,060
Transfers Out	(49,000)	-	(348,376)	-	(397,376)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(49,000)</b>	<b>-</b>	<b>(348,376)</b>	<b>281,060</b>	<b>(116,316)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(19,533)	(2,751)	(55,122)	893	(76,513)
<b>Fund Balance at Beginning of Year</b>	<b>22,712</b>	<b>9,245</b>	<b>393,581</b>	<b>151,506</b>	<b>577,044</b>
<b>Fund Balance at End of Year</b>	<b>\$ 3,179</b>	<b>\$ 6,494</b>	<b>\$ 338,459</b>	<b>\$ 152,399</b>	<b>\$ 500,531</b>

**This page left blank intentionally.**

**CITY OF MONTE VISTA, COLORADO**

**OTHER SCHEDULES AND REPORTS**

**This page left blank intentionally.**

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Year Ended December 31, 2009**

	<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>
<b>REVENUES</b>				
Interest and Miscellaneous	\$ 14,000	\$ 14,000	\$ 41,708	\$ 27,708
<b>TOTAL REVENUE</b>	<u>14,000</u>	<u>14,000</u>	<u>41,708</u>	<u>27,708</u>
<b>EXPENDITURES</b>				
Street Repair and Maintenance	110,000	110,000	57,417	52,583
Capital Outlay	-	-	27,300	(27,300)
Debt Service				
Issuance Costs	-	-	15	(15)
<b>TOTAL EXPENDITURES</b>	<u>110,000</u>	<u>110,000</u>	<u>84,732</u>	<u>25,268</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(96,000)</u>	<u>(96,000)</u>	<u>(43,024)</u>	<u>52,976</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(666,000)	(666,000)	(189,052)	476,948
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(666,000)</u>	<u>(666,000)</u>	<u>(189,052)</u>	<u>476,948</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(762,000)	(762,000)	(232,076)	529,924
<b>Fund Balance at Beginning of Year</b>	<u>762,000</u>	<u>762,000</u>	<u>2,234,627</u>	<u>1,472,627</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,002,551</u>	<u>\$ 2,002,551</u>

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CONSERVATION TRUST FUND**  
**For the Year Ended December 31, 2009**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental Revenue				
State Lottery Proceeds	\$ 46,000	\$ 46,000	\$ 40,911	\$ (5,089)
Interest on Investments	400	400	51	(349)
<b>TOTAL REVENUES</b>	<b>46,400</b>	<b>46,400</b>	<b>40,962</b>	<b>(5,438)</b>
<b>EXPENDITURES</b>				
Culture and Recreation	10,500	1,000	377	623
Capital Outlay	15,000	12,000	11,118	882
<b>TOTAL EXPENDITURES</b>	<b>25,500</b>	<b>13,000</b>	<b>11,495</b>	<b>1,505</b>
Excess (Deficiency) of Revenues Over Expenditures	20,900	33,400	29,467	(3,933)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(50,000)	(49,000)	1,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(50,000)</b>	<b>(49,000)</b>	<b>1,000</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	20,900	(16,600)	(19,533)	(2,933)
<b>Fund Balance at Beginning of Year</b>	<b>-</b>	<b>20,000</b>	<b>22,712</b>	<b>2,712</b>
<b>Fund Balance at End of Year</b>	<b>\$ 20,900</b>	<b>\$ 3,400</b>	<b>\$ 3,179</b>	<b>\$ (221)</b>

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**URBAN RENEWAL AUTHORITY FUND**  
**For the Year Ended December 31, 2009**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Interest on Investments	\$ 175	\$ 175	\$ 21	\$ (154)
<b>TOTAL REVENUES</b>	<u>175</u>	<u>175</u>	<u>21</u>	<u>(154)</u>
<b>EXPENDITURES</b>				
Urban/Economic Development				
Urban Renewal	2,150	2,150	1,660	490
Transportation Museum	1,800	1,800	1,112	688
Total Urban/Economic Development	<u>3,950</u>	<u>3,950</u>	<u>2,772</u>	<u>1,178</u>
<b>TOTAL EXPENDITURES</b>	<u>3,950</u>	<u>3,950</u>	<u>2,772</u>	<u>1,178</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,775)</u>	<u>(3,775)</u>	<u>(2,751)</u>	<u>1,024</u>
<b>Fund Balance at Beginning of Year</b>	<u>4,000</u>	<u>4,000</u>	<u>9,245</u>	<u>5,245</u>
<b>Fund Balance at End of Year</b>	<u>\$ 225</u>	<u>\$ 225</u>	<u>\$ 6,494</u>	<u>\$ 6,269</u>

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT FUND**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Taxes				
Sales Tax	\$ 345,000	\$ 345,000	\$ 336,536	\$ (8,464)
Interest on Investments	3,500	3,500	907	(2,593)
<b>TOTAL REVENUES</b>	<u>348,500</u>	<u>348,500</u>	<u>337,443</u>	<u>(11,057)</u>
<b>EXPENDITURES</b>				
Capital Outlay	71,000	71,000	44,189	26,811
<b>TOTAL EXPENDITURES</b>	<u>71,000</u>	<u>71,000</u>	<u>44,189</u>	<u>26,811</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>277,500</u>	<u>277,500</u>	<u>293,254</u>	<u>15,754</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(357,225)	(351,060)	(348,376)	2,684
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(357,225)</u>	<u>(351,060)</u>	<u>(348,376)</u>	<u>2,684</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	(79,725)	(73,560)	(55,122)	18,438
<b>Fund Balance at Beginning of Year</b>	<u>100,000</u>	<u>100,000</u>	<u>393,581</u>	<u>293,581</u>
<b>Fund Balance at End of Year</b>	<u>\$ 20,275</u>	<u>\$ 26,440</u>	<u>\$ 338,459</u>	<u>\$ 312,019</u>

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Interest on Investments	\$ 12,000	\$ 12,000	\$ 893	\$ (11,107)
<b>TOTAL REVENUES</b>	<u>12,000</u>	<u>12,000</u>	<u>893</u>	<u>(11,107)</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal Payments	115,000	115,000	115,000	-
Interest Payments	166,060	166,060	166,060	-
Administrative Services	200	200	-	200
Total Debt Service	<u>281,260</u>	<u>281,260</u>	<u>281,060</u>	<u>200</u>
<b>TOTAL EXPENDITURES</b>	<u>281,260</u>	<u>281,260</u>	<u>281,060</u>	<u>200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(269,260)</u>	<u>(269,260)</u>	<u>(280,167)</u>	<u>(10,907)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>281,060</u>	<u>281,060</u>	<u>281,060</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>281,060</u>	<u>281,060</u>	<u>281,060</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	11,800	11,800	893	(10,907)
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>151,506</u>	<u>151,506</u>
<b>Fund Balance at End of Year</b>	<u>\$ 11,800</u>	<u>\$ 11,800</u>	<u>\$ 152,399</u>	<u>\$ 140,599</u>

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**CITY SERVICE UTILITY FUND**  
**For the Year Ended December 31, 2009**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>OPERATING REVENUES</b>				
Charges for Services				
Water Charges	\$ 746,500	\$ 746,500	\$ 737,104	\$ (9,396)
Sewer Charges	910,000	770,000	673,330	(96,670)
Storm Drain Fee	11,250	11,250	10,921	(329)
<b>Total Charges for Services</b>	<b>1,667,750</b>	<b>1,527,750</b>	<b>1,421,355</b>	<b>(106,395)</b>
Miscellaneous	7,000	7,000	7,256	256
<b>Total Operating Revenues</b>	<b>1,674,750</b>	<b>1,534,750</b>	<b>1,428,611</b>	<b>(106,139)</b>
<b>OPERATING EXPENSES</b>				
Personnel Services	694,906	694,906	679,501	15,405
Supplies	66,500	66,500	40,531	25,969
Fuel	18,625	18,625	13,185	5,440
Communications and Postage	15,200	15,200	14,971	229
Insurance and Bonds	39,800	39,800	38,710	1,090
Utilities	121,000	121,000	109,105	11,895
Rents and Payments	300	300	150	150
Professional Services	103,000	103,000	96,882	6,118
Travel	9,000	9,000	4,122	4,878
Repairs and Maintenance	55,500	55,500	35,594	19,906
Small Equipment and Repairs	196,000	106,000	36,455	69,545
Uniform Maintenance	1,600	1,600	1,213	387
State Permit Fees	5,000	5,000	12,550	(7,550)
Payment in Lieu of Taxes	158,165	158,165	158,165	-
Miscellaneous	5,000	5,000	5,981	(981)
<b>Total Operating Expenses</b>	<b>1,489,596</b>	<b>1,399,596</b>	<b>1,247,115</b>	<b>152,481</b>
Operating Income (Loss)	185,154	135,154	181,496	46,342
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest on Accounts	15,000	15,000	2,684	(12,316)
Debt Service	(91,900)	(91,900)	(74,537)	17,363
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(76,900)</b>	<b>(76,900)</b>	<b>(71,853)</b>	<b>5,047</b>
Income Before Contributions and Transfers	108,254	58,254	109,643	51,389
<b>Capital Contributions</b>				
Sewer Tap Fees	7,500	7,500	-	(7,500)
Water Tap Fees	4,000	4,000	800	(3,200)
Contribution from Capital Improvement Fund	-	-	27,300	27,300
<b>Total Capital Contributions</b>	<b>11,500</b>	<b>11,500</b>	<b>28,100</b>	<b>(10,700)</b>

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET ASSETS - BUDGET AND ACTUAL**  
**CITY SERVICE UTILITY FUND**  
**For the Year Ended December 31, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>OPERATING TRANSFERS</b>				
Transfers Out	(83,408)	(83,408)	(83,408)	-
<b>Total Operating Transfers</b>	<u>(83,408)</u>	<u>(83,408)</u>	<u>(83,408)</u>	<u>-</u>
Net Income (Loss) - Budget Basis	36,346	(13,654)	54,335	<u>\$ 67,989</u>
Add: Principal Payments			47,465	
Less: Depreciation			<u>(141,060)</u>	
Net Income (Loss)	36,346	(13,654)	(39,260)	
<b>Net Assets at Beginning of Year</b>	<u>-</u>	<u>50,000</u>	<u>1,981,438</u>	
<b>Net Assets at End of Year</b>	<u>\$ 36,346</u>	<u>\$ 36,346</u>	<u>\$ 1,942,178</u>	

**This page left blank intentionally.**

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2009**

<b>FEDERAL GRANT/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</b>	<b>CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>CDBG - State-Administered Small Cities Program Cluster</i>			
Community Development Block Grants/State's Program	14.228	08-017	\$ 655,957
Community Development Block Grants/State's Program	14.228	08-025	340,200
<b>Total for CDBG - State-Administered Small Cities Program Cluster</b>			<b>996,157</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804		11,283
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Airport Improvement Program - 3-08-0042-08	20.106		134,509
Airport Improvement Program - 3-08-0042-09	20.106		245,848
			<b>380,357</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,387,797</b>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Monte Vista, Colorado and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monte Vista, Colorado, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 22, 2010. 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and City Council

2

This report is intended solely for the information and use of management, the Honorable Mayor and City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wall, Smith, Bateman and Associates, Inc.*

WALL, SMITH, BATEMAN AND ASSOCIATES, INC.  
Alamosa, Colorado

April 22, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

***Compliance***

We have audited the compliance of City of Monte Vista, Colorado with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, City of Monte Vista, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

***Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

To the Honorable Mayor and City Council

2

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Honorable Mayor and City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wall, Smith, Bateman and Associates, Inc.*

WALL, SMITH, BATEMAN AND ASSOCIATES, INC.  
Alamosa, Colorado

April 22, 2010

**This page left blank intentionally.**

**CITY OF MONTE VISTA, COLORADO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2009**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unqualified

**Internal control over financial reporting:**

- Material weakness(es) identified? \_\_\_\_\_yes ✓\_\_\_\_\_no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes ✓\_\_\_\_\_none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_yes ✓\_\_\_\_\_no

**Federal Awards**

**Internal control over major programs:**

- Material weakness(es) identified? \_\_\_\_\_yes ✓\_\_\_\_\_no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? \_\_\_\_\_yes ✓\_\_\_\_\_none reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? \_\_\_\_\_yes ✓\_\_\_\_\_no

**Identification of major programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG - State Administered Small Cities Program Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_yes ✓\_\_\_\_\_no

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Monte Vista
	YEAR ENDING : December 2009

This Information From The City of Monte Vista	Prepared By: Lori McGraw Phone:719-852-2692
---	--

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	852,813
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	242,920
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7,690
2. General fund appropriations		b. Snow and ice removal	8,000
3. Other local imposts (from page 2)	568,963	c. Other	
4. Miscellaneous local receipts (from page 2)	25,120	d. Total (a. through c.)	15,690
5. Transfers from toll facilities		4. General administration & miscellaneous	68,881
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	225,681
a. Bonds - Original Issues		6. Total (1 through 5)	1,405,985
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	127,866
7. Total (1 through 6)	594,083	b. Redemption	88,550
<b>B. Private Contributions</b>		c. Total (a. + b.)	216,416
<b>C. Receipts from State government (from page 2)</b>	146,870	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	616,496	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,357,449	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	216,416
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,622,401

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	2,779,700		88,550	2,691,150
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,541,859	1,357,449	1,622,401	1,276,907	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2009

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	55,188	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	25,120
1. Sales Taxes	442,688	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	71,087	g. Other Misc. Receipts	
6. Total (1. through 5.)	513,775	h. Other	
c. Total (a. + b.)	568,963	i. Total (a. through h.)	25,120
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	128,588	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	18,282	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	616,496
f. Total (a. through e.)	18,282	g. Total (a. through f.)	616,496
4. Total (1. + 2. + 3.f)	146,870	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		45,551	45,551
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		56,082	56,082
(4). System Enhancement & Operation		751,180	751,180
(5). Total Construction (1) + (2) + (3) + (4)	0	807,262	807,262
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	852,813	852,813
			(Carry forward to page 1)

Notes and Comments: