

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2010



Wall, Smith, Bateman & Associates, Inc.

Certified Public Accountants

CITY OF MONTE VISTA, COLORADO
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monte Vista, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, 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 8, 2011, on our consideration of the City'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

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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's financial statements as a whole. The combining and individual nonmajor fund financial statements, and 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 procedures, including comparing and reconciling such information directly to the underlying accounting and other 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 8, 2011

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, 2010.

In compliance with Statement Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis, or MD&A. This discussion and analysis of the City of Monte Vista's financial performance provides an overview of the City's financial activities for two fiscal years ending December 31, 2009 and December 31, 2010.

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, 2010, the City of Monte Vista has government-wide net assets totaling \$9,464,517. Of this amount, net assets related to governmental activities total \$6,498,558 and net assets related to business-type activities total \$2,965,959.
- Total net assets of the City increased by \$1,093,581, or 13%, compared to 2009. Of this amount net assets for governmental activities increased by \$69,800 and net assets for business-type activities increased by \$1,023,781. A majority of the increase in net assets for business-type activities is attributable to capital additions.
- The City of Monte Vista's general revenue and special items, primarily taxes, account for \$2,095,198 or 31% of total revenue. Program revenues, in the form of charges for services, grants and contributions, accounted for \$4,573,780 or 69% of total revenue.
- Total government-wide revenues increased by \$606,903 compared to 2009. Of this amount, the City's capital/operating grants and contributions increased by \$321,947, general revenues increased by \$40,558 and charges for service increased by \$244,398 compared to 2009.
- The City had \$4,193,468 in expenses related to governmental activities in 2010, an increase of \$756,619 compared to the prior year. Expenses in business-type activities totaled \$1,381,929, an increase of \$124,847 compared to 2009. Total revenues of \$6,668,978 were adequate to provide for the above expenses.
- At the end of 2010, the City of Monte Vista's governmental funds reported combined ending fund balances of \$2,842,186, a decrease of \$324,511 compared to 2009. Of this total amount, \$957,482 is available for spending at the City's discretion (unreserved fund balance) and \$1,640,580 is designated for capital construction projects (designated unreserved fund balance).
- The City of Monte Vista's total debt increased by \$375,705 during the current fiscal year. The key factor to the increase was a loan the city acquired from the Colorado Water Conservation Board which would enable the City to purchase water and water storage so as to satisfy the requirements of an acceptable augmentation plan for the City.

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

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

financial position and activities. The City of Monte Vista's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Monte Vista that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Monte Vista include general government, public safety, health and welfare, highway and streets, culture and recreation, 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 three 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) Grant Fund, (3) and the Capital Projects Fund. Individual fund information for the nonmajor funds is presented as supplemental information after the notes section

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

of this report. Nonmajor funds include the Recreation Fund, Capital Improvement Fund, Debt Service Fund, Conservation Trust Fund and Urban Renewal Fund.

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.

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 (2010) with those of the prior year (2009) 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 \$9,464,517 at December 31, 2010.

The City's combined net assets for the governmental and business-type funds increased by \$1,093,581 from 2009 to 2010. Of this total amount, governmental net assets increased by \$69,800 and business-type net assets increased by \$1,023,781, primarily due to capital additions.

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 \$5,601,529 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 2009 and, 2010. Additional information is presented in the statement of net assets.

| City of Monte Vista Net Assets | | | | | | |
|--|--------------------------------|----------------------|---------------------------------|---------------------|-------------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total Government | |
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Current and other assets | \$ 4,001,578 | \$ 3,298,250 | \$ 1,211,785 | \$ 1,196,537 | \$ 5,213,363 | \$ 4,494,787 |
| Noncurrent and Capital assets | 6,950,961 | 7,185,679 | 1,454,298 | 3,000,011 | 8,405,259 | 10,185,690 |
| Total Assets | \$ 10,952,539 | \$ 10,483,929 | \$ 2,666,083 | \$ 4,196,548 | \$ 13,618,622 | \$ 14,680,477 |
| | | | | | | |
| Current Liabilities | \$ 1,016,603 | \$ 603,791 | \$ 106,765 | \$ 80,410 | \$ 1,123,368 | \$ 684,201 |
| Noncurrent Liabilities | 3,507,178 | 3,381,580 | 617,140 | 1,150,179 | 4,124,318 | 4,531,759 |
| Total Liabilities | \$ 4,523,781 | \$ 3,985,371 | \$ 723,905 | \$ 1,230,589 | \$ 5,247,686 | \$ 5,215,960 |
| | | | | | | |
| Net assets | | | | | | |
| Investment in capital assets, net of related debt | \$ 3,455,961 | \$ 3,810,679 | \$ 880,513 | \$ 1,790,850 | \$ 4,336,474 | \$ 5,601,529 |
| Restricted for: | | | | | | |
| TABOR | \$ 96,000 | \$ 90,000 | \$ - | \$ - | \$ 96,000 | \$ 90,000 |
| Capital Projects | 2,002,551 | 1,640,580 | - | - | 2,002,551 | 1,640,580 |
| Debt Service | 152,399 | 154,124 | - | - | 152,399 | 154,124 |
| Unrestricted | 721,847 | 803,175 | 1,061,665 | 1,175,109 | 1,783,512 | 1,978,284 |
| Total Net Assets | \$ 6,428,758 | \$ 6,498,558 | \$ 1,942,178 | \$ 2,965,959 | \$ 8,370,936 | \$ 9,464,517 |

A portion of the City's net assets of \$1,884,704 represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,978,284, 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.

During the current fiscal year the City of Monte Vista's net assets increased by \$1,093,581. A majority of the increase is attributable to capital additions.

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 \$4,193,468, an increase of \$756,619 compared to 2009. Major expenses included in governmental activities are; \$1,116,503 for public safety, \$1,465,312 for culture and recreation, \$701,365 for general government, and \$547,833 for highway and streets. A majority of the increase in governmental activity expenses was attributable to contributions to the City Service Utility Fund for a grant funded project. City funding for governmental activities was derived from \$2,333,312 in general revenue, primarily taxes, and program revenues contributed \$1,929,956. Governmental activity revenues decreased by \$580,985 compared to 2009. Of this amount program revenues decreased by \$621,171, primarily capital grants and contributions, and general revenues increased by \$40,186.

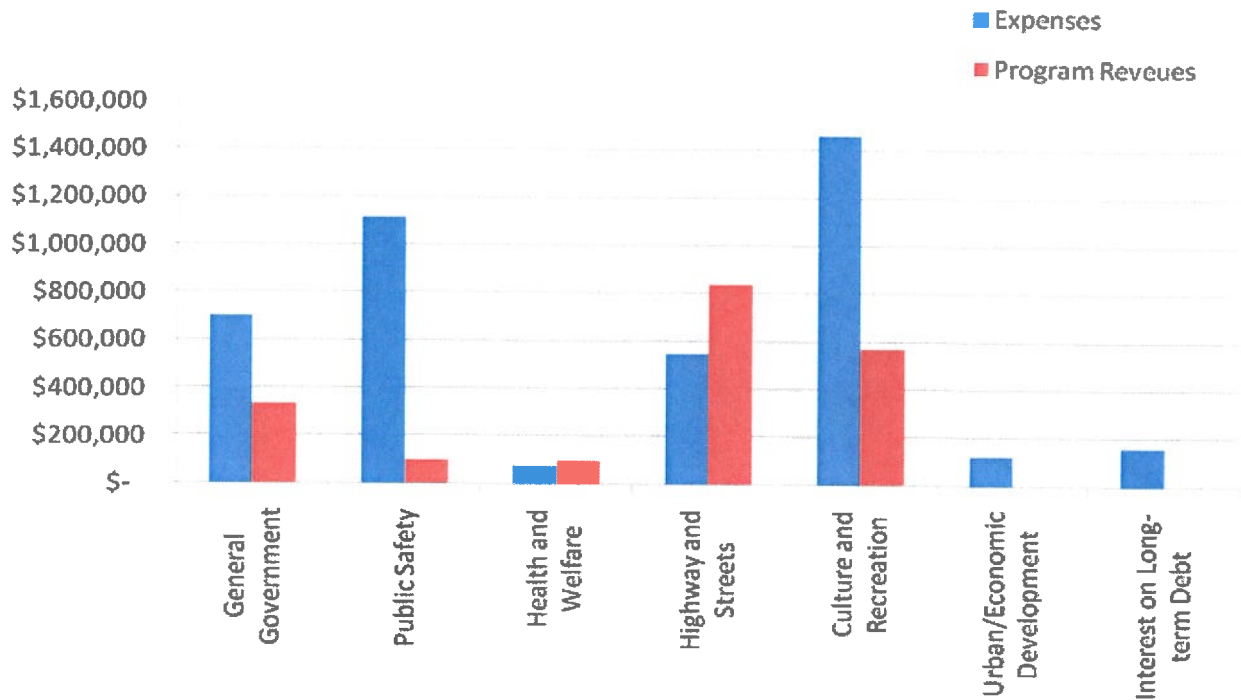
**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2 provides a summary of the changes in net assets for the years 2009 and 2010. Additional information is presented in the Statement of Activities.

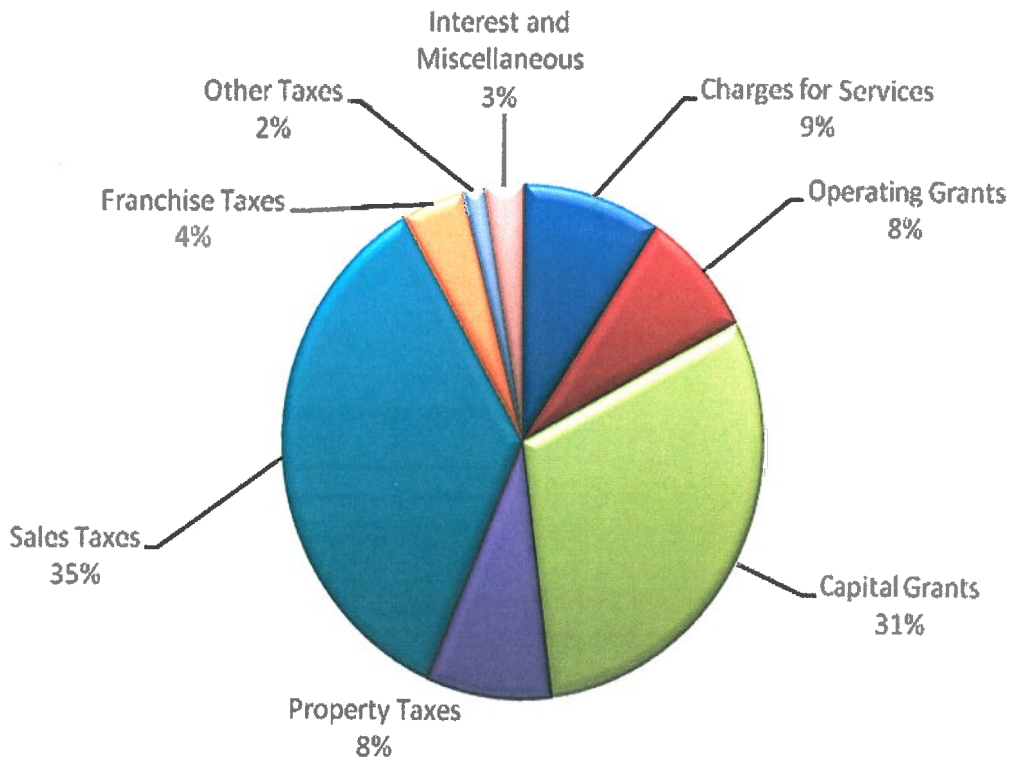
| | City of Monte Vista Changes in Net Assets | | | | | |
|--|--|---------------------|--------------------------|---------------------|-----------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total Government-wide | |
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 323,103 | \$ 374,307 | \$ 1,428,208 | \$ 1,621,402 | \$ 1,751,311 | \$ 1,995,709 |
| Operating Grants and Contributions | 303,795 | 320,635 | - | - | 303,795 | 320,635 |
| Capital Grants & Contributions | 1,924,229 | 1,235,014 | 28,100 | 1,022,422 | 1,952,329 | 2,257,436 |
| General Revenues: | | | | | | |
| Taxes | | | | | | |
| General Property Taxes - net | 338,137 | 335,530 | - | - | 338,137 | 335,530 |
| Sales and use taxes | 1,415,097 | 1,423,476 | - | - | 1,415,097 | 1,423,476 |
| Franchise taxes | 163,429 | 169,196 | - | - | 163,429 | 169,196 |
| Other taxes | 67,897 | 58,959 | - | - | 67,897 | 58,959 |
| Investment income | 44,641 | 25,418 | 2,684 | 1,819 | 47,325 | 27,237 |
| Miscellaneous | 22,352 | 79,160 | 403 | 1,640 | 22,755 | 80,800 |
| Total Revenue | <u>\$ 4,602,680</u> | <u>\$ 4,021,695</u> | <u>\$ 1,459,395</u> | <u>\$ 2,647,283</u> | <u>\$ 6,062,075</u> | <u>\$ 6,668,978</u> |
| Expenses | | | | | | |
| General Government | \$ 820,976 | \$ 701,365 | \$ - | \$ - | \$ 820,976 | \$ 701,365 |
| Public Safety | 1,026,036 | 1,116,503 | - | - | 1,026,036 | 1,116,503 |
| Health and Welfare | 85,612 | 76,666 | - | - | 85,612 | 76,666 |
| Highway and Streets | 522,199 | 547,833 | - | - | 522,199 | 547,833 |
| Culture and Recreation | 591,233 | 1,465,312 | - | - | 591,233 | 1,465,312 |
| Urban Development | 224,750 | 125,019 | - | - | 224,750 | 125,019 |
| Interest on long term debt | 166,043 | 160,770 | - | - | 166,043 | 160,770 |
| City Service Utility | - | - | 1,257,082 | 1,381,929 | 1,257,082 | 1,381,929 |
| Total Expenses | <u>\$ 3,436,849</u> | <u>\$ 4,193,468</u> | <u>\$ 1,257,082</u> | <u>\$ 1,381,929</u> | <u>\$ 4,693,931</u> | <u>\$ 5,575,397</u> |
| Increase in net assets before transfers | <u>\$ 1,165,831</u> | <u>\$ (171,773)</u> | <u>\$ 202,313</u> | <u>\$ 1,265,354</u> | <u>\$ 1,368,144</u> | <u>\$ 1,093,581</u> |
| Transfers | | | | | | |
| Operating transfers | 83,408 | 83,408 | (83,408) | (83,408) | - | - |
| PILT Transfers | 158,165 | 158,165 | (158,165) | (158,165) | - | - |
| Total Transfers | <u>241,573</u> | <u>241,573</u> | <u>(241,573)</u> | <u>(241,573)</u> | <u>-</u> | <u>-</u> |
| Increase in Net Assets | <u>\$ 1,407,404</u> | <u>\$ 69,800</u> | <u>\$ (39,260)</u> | <u>\$ 1,023,781</u> | <u>\$ 1,368,144</u> | <u>\$ 1,093,581</u> |
| Net Assets - 1/1/2010 | <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> |
| Net Assets - 12/31/2010 | <u>\$ 6,428,758</u> | <u>\$ 6,498,558</u> | <u>\$ 1,942,178</u> | <u>\$ 2,965,959</u> | <u>\$ 8,370,936</u> | <u>\$ 9,464,517</u> |

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

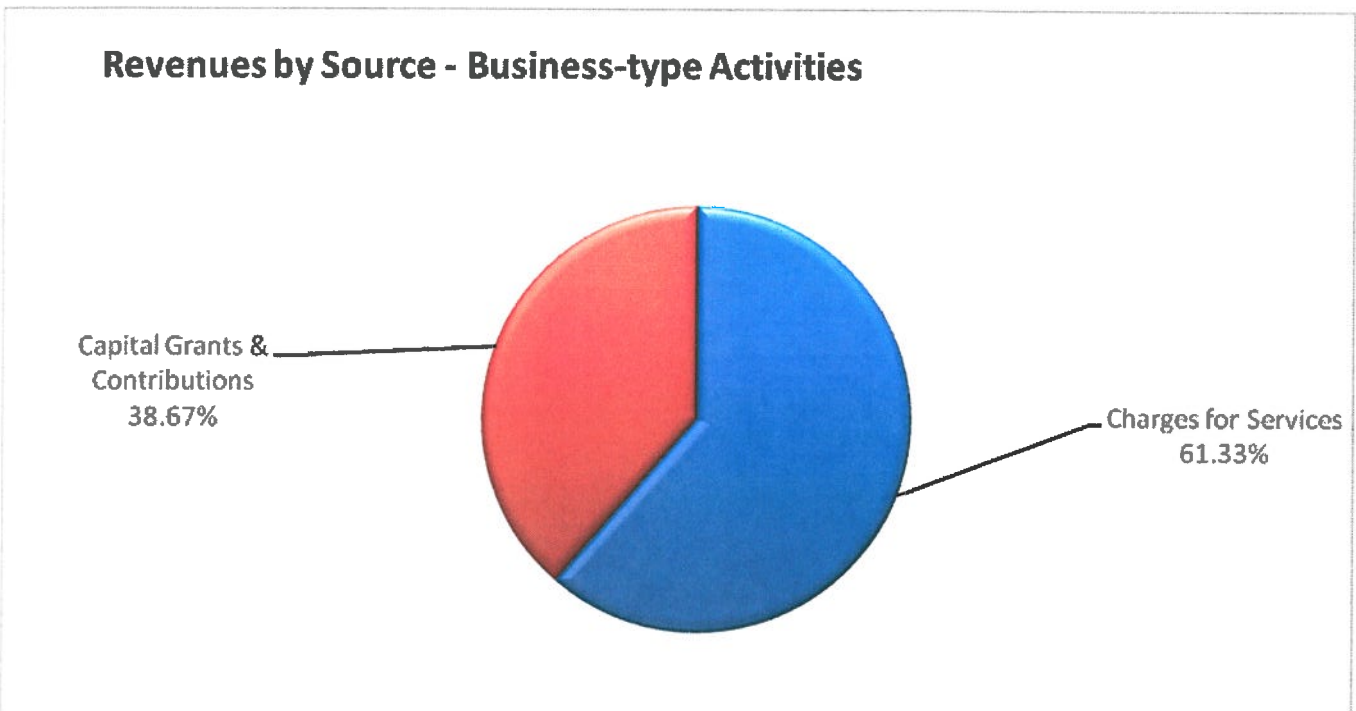
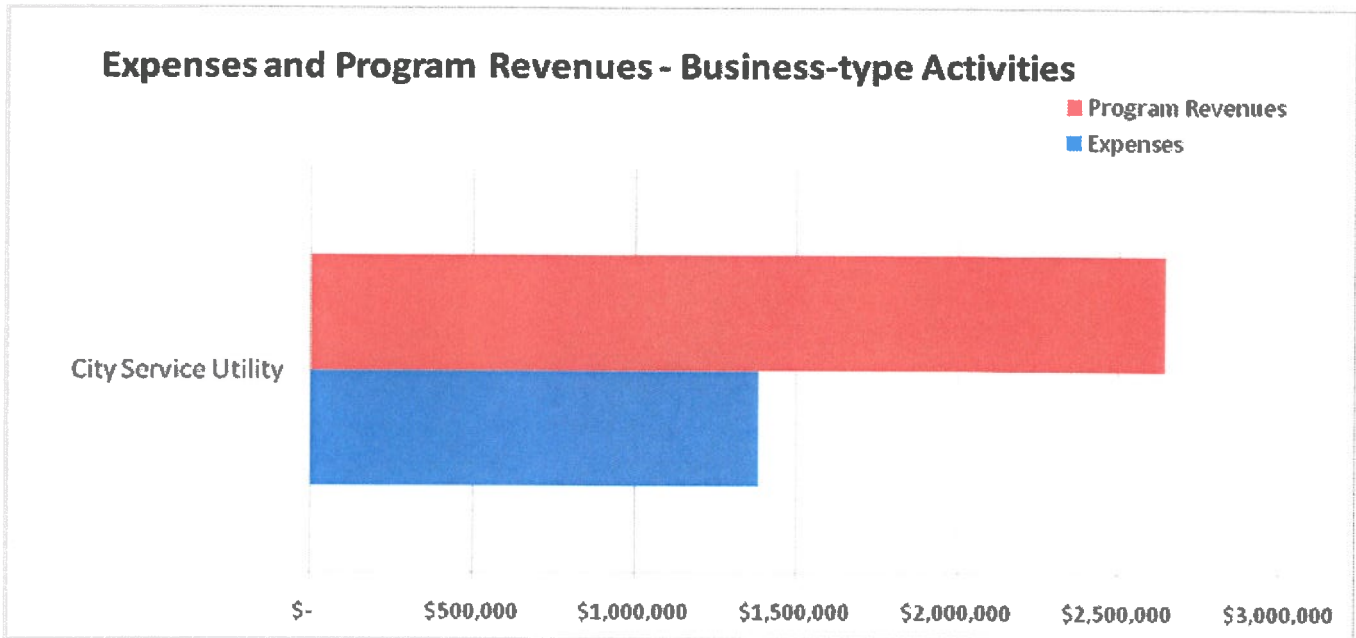


**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 increased by \$1,023,781 in 2010, primarily due to capital grants and contributions.

Business-type activity expenses totaled \$1,381,929, an increase of \$124,847 compared to 2009. Funding for business-type activities was derived from \$2,643,824 in program revenues, an increase of \$1,187,516 compared to 2009. A majority of the increase in program revenues was due to a contribution from a grant project that provided storm sewer on Clearview Drive.



**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 \$2,842,186, a decrease of \$324,511 from the prior year ending fund balances. Approximately \$957,482 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 | \$1,640,580 |
| Reserved for Debt Service | \$ 154,124 |
| Tabor Emergency Reserve | \$ 90,000 |

Revenue. Revenues in governmental funds decreased from \$4,760,550 to \$4,121,736, a decrease of \$638,814 from the prior year. The majority of the decrease was in intergovernmental revenue (\$810,470) while tax revenue increased by \$3,184, charges for services increase by \$79,819 and other sources increase by \$88,654 compared to 2009. Of total revenue received in 2010, \$1,981,153 (48%) was generated by tax revenue, \$1,533,352 (37%) by intergovernmental revenue, \$230,997 (6%) by charges for services, and \$376,234 (9%) 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 \$580,790. Total unreserved and reserved fund balance was \$670,790 an increase of \$26,584 compared to last year’s ending balance.

General Fund revenues increased by \$66,230 compared to 2009. Of this amount, tax revenue increased by \$4,361, licenses and permits increased by \$658, intergovernmental revenue decreased by \$23,031, charges for services increased by \$60,820, fines and forfeits increased by \$25,137, and interest and miscellaneous decreased by \$1,715.

The Capital Projects Fund has a total fund balance of \$1,640,580, 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 \$361,971. Most of the decrease in fund balance reflects the cost of providing matching funds for the final phase of the Clearview storm drain and street improvement grant.

Expenditures. The governmental funds experienced a decrease of \$627,411 in expenditures bringing the total expenditures for the fiscal year to \$4,530,181. Of this amount \$2,233,718 relates to the General Fund, \$1,574,779 to the Grant Fund, \$128,506 to the Capital Projects Fund, and \$593,178 to other nonmajor governmental funds.

General Fund expenditures total \$2,233,718, of this amount \$606,160 (27%) relates to general government, \$1,045,778 (47%) to public safety, \$74,047 (3%) to health and welfare, \$322,948 (15%) to highway and streets, \$96,902 (4%) to culture and recreation, \$78,165 (3%) to urban/economic development, and \$9,718 (1%) to capital outlay.

- *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, 2010, net assets for the City Service Utility Fund were \$2,965,959, an increase of \$1,023,781 from the prior year. Most of the increase

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

was due to capital acquisition of water rights and capital contribution from a grant project that provided storm sewer. At the end of the fiscal year the unrestricted net assets for the City Service Utility Fund was \$1,175,109 and invested in capital assets, net of related debt, was \$1,790,850.

General Fund Budgetary Highlights

During the fiscal year, the General Fund budget was amended from an original budget expenditure total of \$2,240,277 to a final budget of \$2,281,440. The original revenue budget of \$2,360,797 was also amended to a final budget of \$2,370,797. All recommended amendments for budget changes came from the Finance Department and City Manager to City Council via Ordinance as required.

- At December 31, 2010, the General Fund under-spent its budgeted expenditures by \$47,722. Total expenditures increased by \$20,032 compared to the previous fiscal year.
- Actual revenue in the General Fund exceeded the final budget by \$13,461. Total Revenue increased by \$66,230 compared to the previous fiscal year.

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2010 total \$10,039,797 (net of accumulated depreciation). Capital assets include land, construction in progress, water rights, buildings, improvements, water and sewer treatment plants, transmission and distribution, equipment, and vehicles. The total increase in the City's investment in capital for the current fiscal year for the governmental activities was a \$236,438 and a \$1,447,010 increase for business-type activities.

Major capital asset events during 2010 include the following:

- Sewer line replacement at a cost of \$37,500.
- A variety of street improvement projects at a cost of \$65,985.
- Final improvements to the storm water and road system on Clearview Drive at a cost of \$909,916 for 2010. The project was completed in two years; total cost of the project was \$1,746,108. This project was partly funded by a Community Development Block Grant (CDBG) in the amount of \$1,300,000 and the City provided \$446,108 in matching funds.
- Improvements to the airport beacon tower and fencing at a cost of \$115,271. Project was mostly funded by an FAA grant.
- Final phase of the Ski Hi Park Rodeo Arena improvements, partly funded by Energy Impact Assistance funds and GOGO Funds. Project costs for 2010 total \$494,243 and include improvements to the south seating area. Total project costs for both phases were \$1,029,404.
- Purchase of water rights in order to satisfy the requirements of an acceptable augmentation plan at cost of \$555,000 for 2010. The city obtained a loan from the Colorado Water Conservation Board in the amount of \$1,677,000 for this two year project.
- 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 costs for 2010 total \$40,850. The project is expected to be completed by late November 2011. The project is partly funded by a Community

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

Development Block Grant (CDBG) in the amount of \$1,000,000 and Valley-Wide Health Systems will provide \$500,000 in partner funds.

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 | |
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Land | \$ 822,665 | \$ 869,263 | \$ 22,000 | \$ 22,000 | \$ 844,665 | \$ 891,263 |
| Construction in Progress | 1,371,353 | 40,950 | - | - | 1,371,353 | 40,950 |
| Water Rights | - | - | 129,751 | 684,751 | 129,751 | 684,751 |
| Buildings | 1,158,459 | 1,110,403 | 8,076 | 6,153 | 1,166,535 | 1,116,556 |
| Infrastructure | 1,574,674 | 2,198,709 | - | - | 1,574,674 | 2,198,709 |
| Improvements-Bldg | 294,983 | 284,011 | - | - | 294,983 | 284,011 |
| Improvements-Other | 837,101 | 1,891,632 | - | - | 837,101 | 1,891,632 |
| W/S Treatment Plant | - | - | 65,853 | 47,902 | 65,853 | 47,902 |
| Transmission & Distrib. | - | - | 1,105,655 | 2,020,746 | 1,105,655 | 2,020,746 |
| Equipment | 602,809 | 538,907 | 76,098 | 64,698 | 678,907 | 603,605 |
| Vehicles | 256,237 | 220,844 | 30,635 | 38,828 | 286,872 | 259,672 |
| | <u>\$ 6,918,281</u> | <u>\$ 7,154,719</u> | <u>\$ 1,438,068</u> | <u>\$ 2,885,078</u> | <u>\$ 8,356,349</u> | <u>\$ 10,039,797</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 \$4,731,368. Of this amount, \$3,529,307 relates to governmental activities and \$1,202,061 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 and a note that was approved on August 2010 from the Colorado Conservation Board for a water project in the amount of \$1,677,000; this project would enable the City to purchase water and water storage so as to satisfy the requirements of an acceptable augmentation plan for the City. During 2010, \$585,000 was advanced from this loan and the remaining funds will be used during 2011. Repayment of this loan will be determined when the loan is fully utilized. 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 increased by \$375,705 during the current fiscal year, primarily due to the new loan. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Table 4 provides a summary of the City's long-term debt obligations at December 31, 2010.

| City of Monte Vista Long-Term Debt | | | | | | |
|---------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| Bonds Payable | \$ 3,495,000 | \$ 3,375,000 | \$ - | \$ - | \$ 3,495,000 | \$ 3,375,000 |
| Notes Payable | - | - | 573,784 | 1,109,161 | 573,784 | 1,109,161 |
| Capital Leases Payable | - | - | - | - | - | - |
| Compensated Absences | 193,900 | 154,307 | 92,979 | 92,900 | 286,879 | 247,207 |
| Total | <u>\$ 3,688,900</u> | <u>\$ 3,529,307</u> | <u>\$ 666,763</u> | <u>\$ 1,202,061</u> | <u>\$ 4,355,663</u> | <u>\$ 4,731,368</u> |

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

Economic Factors and Next Year's Budgets

The Monte Vista economy continues to be affected by the slow recovery of the national economy. Sales tax revenue continues to decline though at a slower rate than experienced in 2009. City sales tax was down less than one-half of one percent in 2010 while county sales tax contributions were up 1.45% over 2009 revenues. Though the rate of decline has slowed, the long-term trend has shown sales tax revenue has been flat for most of the past ten years and down almost 5% the last two years. Property taxes declined by less than one percent and are expected to decline when the reassessment is completed by the County. City reserves are adequate to meet short-term contingencies but remain below optimal levels 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 2011 budget is reflective of the concerns over the state of the current economy. However, there are unknown variables that will have a significant impact in the enterprise fund. They include the cost of complying with the state chlorination order (est. \$400,000), state mandated water augmentation plan (est. up to \$2,000,000 paid through long-term loans), 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 state unfunded mandates.

The City's financial capacity continues to be below thresholds necessary to fund infrastructure and general improvement projects. The median family income in Monte Vista 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 2010 census shows both the City and the county losing population while the median age of our citizens continues to rise. The City has been very successful in obtaining grants, but the total infrastructure costs far exceed normal grant maximums. Grant opportunities have also been greatly reduced as the state and federal governments cut budgets in order to reduce large deficits. It will be necessary for the City to develop increased public/private partnerships as a means to overcome the loss of grant opportunities. More importantly, the City needs to aggressively pursue new business and industry in order to generate additional revenue streams to meet future operational and capital improvement requirements.

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.

Requests for Information

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

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

CITY OF MONTE VISTA, COLORADO
BASIC FINANCIAL STATEMENTS

CITY OF MONTE VISTA, COLORADO
STATEMENT OF NET ASSETS
December 31, 2010

| | Primary Government | | TOTAL |
|--|------------------------------------|-------------------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 579,928 | \$ 985,901 | \$ 1,565,829 |
| Restricted Cash and Cash Equivalents | 1,794,704 | 29,249 | 1,823,953 |
| Accounts Receivable | 50,297 | 35,036 | 85,333 |
| Allowance for Doubtful Accounts | (19,289) | - | (19,289) |
| Property Taxes Receivable | 341,014 | - | 341,014 |
| Due from Other Governments | 423,991 | 48,330 | 472,321 |
| Due from County Treasurer | 127,605 | 21,162 | 148,767 |
| Inventory of Materials and Supplies | - | 76,859 | 76,859 |
| Total Current Assets | 3,298,250 | 1,196,537 | 4,494,787 |
| Noncurrent Assets: | | | |
| Prepaid Water Storage Expense | - | 100,000 | 100,000 |
| Unamortized Bond Issuance Costs | 30,960 | 14,932 | 45,892 |
| Capital Assets: | | | |
| Land | 869,263 | 22,000 | 891,263 |
| Construction in Progress | 40,950 | - | 40,950 |
| Infrastructure | 3,020,387 | - | 3,020,387 |
| Water Rights | - | 684,751 | 684,751 |
| Buildings | 2,992,408 | 46,018 | 3,038,426 |
| Building Improvements | 626,484 | 1,632 | 628,116 |
| Other Improvements | 2,349,068 | - | 2,349,068 |
| Equipment | 1,511,577 | 506,781 | 2,018,358 |
| Treatment Plant | - | 4,275,923 | 4,275,923 |
| Transmission and Distribution | - | 4,253,022 | 4,253,022 |
| Vehicles and Heavy Road Equipment | 910,698 | 211,412 | 1,122,110 |
| Less: Accumulated Depreciation/Depletion | (5,166,116) | (7,116,460) | (12,282,576) |
| Total Noncurrent Assets | 7,185,679 | 3,000,011 | 10,185,690 |
| TOTAL ASSETS | 10,483,929 | 4,196,548 | 14,680,477 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 106,292 | 24,597 | 130,889 |
| Other Payables | 5,476 | 3,931 | 9,407 |
| Deferred Tax Revenue | 341,014 | - | 341,014 |
| Deferred Revenue | 3,282 | - | 3,282 |
| Bonds Payable | 125,000 | - | 125,000 |
| Notes Payable | - | 51,882 | 51,882 |
| Compensated Absences | 22,727 | - | 22,727 |
| Total Current Liabilities | 603,791 | 80,410 | 684,201 |
| Noncurrent Liabilities: | | | |
| Bonds Payable | 3,250,000 | - | 3,250,000 |
| Notes Payable | - | 1,057,279 | 1,057,279 |
| Compensated Absences | 131,580 | 92,900 | 224,480 |
| Total Noncurrent Liabilities | 3,381,580 | 1,150,179 | 4,531,759 |
| TOTAL LIABILITIES | 3,985,371 | 1,230,589 | 5,215,960 |

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
STATEMENT OF NET ASSETS
December 31, 2010

| | Primary Government | | TOTAL |
|---|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 3,810,679 | 1,790,850 | 5,601,529 |
| Restricted for: | | | |
| TABOR | 90,000 | - | 90,000 |
| Capital Projects | 1,640,580 | - | 1,640,580 |
| Debt Service | 154,124 | - | 154,124 |
| Unrestricted | 803,175 | 1,175,109 | 1,978,284 |
| TOTAL NET ASSETS | \$ 6,498,558 | \$ 2,965,959 | \$ 9,464,517 |

CITY OF MONTE VISTA, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------|----------------------------------|--------------------------------|---|--------------------------|---------------------|
| | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities | Business-Type Activities | TOTAL |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | \$ 701,365 | \$ 6,715 | \$ 153,590 | \$ (370,301) | \$ - | \$ (370,301) |
| Public safety | 1,116,503 | 8,546 | 57,598 | (1,018,647) | - | (1,018,647) |
| Health and Welfare | 76,666 | - | - | 22,324 | - | 22,324 |
| Highways and streets | 547,833 | 170,126 | 644,043 | 287,402 | - | 287,402 |
| Culture and Recreation | 1,465,312 | 135,248 | 379,783 | (898,501) | - | (898,501) |
| Urban/Economic Development | 125,019 | - | - | (125,019) | - | (125,019) |
| Interest on long-term debt | 160,770 | - | - | (160,770) | - | (160,770) |
| Total Governmental Activities | 4,193,468 | 320,635 | 1,235,014 | (2,263,512) | - | (2,263,512) |
| Business-Type Activities: | | | | | | |
| City Service Utility | 1,381,929 | - | 1,022,422 | - | 1,261,895 | 1,261,895 |
| Total Business-Type Activities | 1,381,929 | - | 1,022,422 | - | 1,261,895 | 1,261,895 |
| Total Primary Government | \$ 5,575,397 | \$ 320,635 | \$ 2,257,436 | (2,263,512) | 1,261,895 | (1,001,617) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| General Property Taxes - Net | | | | 335,530 | - | 335,530 |
| Sales and Use Taxes | | | | 1,423,476 | - | 1,423,476 |
| Franchise Taxes | | | | 169,196 | - | 169,196 |
| Other Taxes | | | | 58,959 | - | 58,959 |
| Investment Income | | | | 25,418 | 1,819 | 27,237 |
| Miscellaneous | | | | 79,160 | 1,640 | 80,800 |
| Operating Transfers | | | | 83,408 | (83,408) | - |
| PILT Transfers | | | | 158,165 | (158,165) | - |
| Total General Revenues and Special Items | | | | 2,333,312 | (238,114) | 2,095,198 |
| Change in Net Assets | | | | 69,800 | 1,023,781 | 1,093,581 |
| Net Assets - Beginning | | | | 6,428,758 | 1,942,178 | 8,370,936 |
| Net Assets - Ending | | | | \$ 6,498,558 | \$ 2,965,959 | \$ 9,464,517 |

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2010

| | SPECIAL REVENUE | | | | CAPITAL PROJECTS FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---------------------|-------------------|---------------------|-------------------|-----------------------------|--------------------------------|--------------------------------|
| | GENERAL FUND | GRANT FUND | FUND | FUND | | | |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 261,060 | \$ - | \$ - | \$ - | \$ 318,868 | \$ 579,928 | |
| Restricted Cash and Cash Equivalents | - | - | - | 1,640,580 | 154,124 | 1,794,704 | |
| Accounts Receivable | 43,329 | - | - | - | 6,968 | 50,297 | |
| Allowance for Doubtful Accounts | (19,289) | - | - | - | - | (19,289) | |
| Property Taxes Receivable | 341,014 | - | - | - | - | 341,014 | |
| Due From Grant Fund | 216,737 | - | - | - | - | 216,737 | |
| Due From Other Governments | 103,198 | 261,600 | - | - | 59,193 | 423,991 | |
| Due From County Treasurer | 127,605 | - | - | - | - | 127,605 | |
| TOTAL ASSETS | \$ 1,073,654 | \$ 261,600 | \$ 1,640,580 | \$ 539,153 | \$ 3,514,987 | \$ 3,514,987 | |
| LIABILITIES AND FUND BALANCE | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ 55,012 | \$ 44,863 | \$ - | \$ 6,417 | \$ 106,292 | \$ 106,292 | |
| Other Payables | 5,476 | - | - | - | - | 5,476 | |
| Due to General Fund | - | 216,737 | - | - | - | 216,737 | |
| Deferred Property Tax Revenue | 341,014 | - | - | - | - | 341,014 | |
| Deferred Revenue | 1,362 | - | - | 1,920 | - | 3,282 | |
| TOTAL LIABILITIES | 402,864 | 261,600 | - | 8,337 | 672,801 | 672,801 | |
| FUND BALANCE | | | | | | | |
| Fund Balance | | | | | | | |
| Reserved for: | | | | | | | |
| Debt Service | - | - | - | - | 154,124 | 154,124 | |
| Tabor Emergency | 90,000 | - | - | - | - | 90,000 | |
| Unreserved, Designated | - | - | - | - | - | - | |
| For Subsequent Year Expenditures | - | - | - | - | 231,313 | 231,313 | |
| Unreserved, Undesignated | - | - | - | - | - | - | |
| General Fund | 580,790 | - | - | - | - | 580,790 | |
| Special Revenue Funds | - | - | - | - | 145,379 | 145,379 | |
| Capital Projects Fund | - | - | 1,640,580 | - | - | 1,640,580 | |
| TOTAL FUND BALANCE | 670,790 | - | 1,640,580 | 530,816 | 2,842,186 | 2,842,186 | |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 1,073,654 | \$ 261,600 | \$ 1,640,580 | \$ 539,153 | \$ 3,514,987 | \$ 3,514,987 | |

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, 2010

| | | |
|---|------------------|--------------------------------|
| Total governmental fund balances | \$ | 2,842,186 |
| 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. | | 7,154,719 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Bonds Payable | \$ (3,375,000) | |
| Compensated Absences | <u>(154,307)</u> | |
| | | (3,529,307) |
| 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>30,960</u> |
| Net assets of governmental activities | \$ | <u><u>6,498,558</u></u> |

CITY OF MONTE VISTA, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2010

| | SPECIAL REVENUE | | | | |
|---|-------------------|------------------|-----------------------------|--------------------------------|--------------------------------|
| | GENERAL FUND | GRANT FUND | CAPITAL PROJECTS FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
| REVENUES | | | | | |
| Taxes | \$ 1,645,794 | \$ - | \$ - | \$ 335,359 | \$ 1,981,153 |
| Licenses and Permits | 8,499 | - | - | - | 8,499 |
| Intergovernmental Revenue | 359,395 | 1,060,092 | - | 113,865 | 1,533,352 |
| Charges for Services | 179,453 | - | - | 51,544 | 230,997 |
| Fines and Forfeits | 90,230 | - | - | - | 90,230 |
| Interest and Miscellaneous | 100,887 | 125,870 | 23,591 | 27,157 | 277,505 |
| TOTAL REVENUE | 2,384,258 | 1,185,962 | 23,591 | 527,925 | 4,121,736 |
| EXPENDITURES | | | | | |
| General Government | 606,160 | - | - | - | 606,160 |
| Public Safety | 1,045,778 | 8,546 | - | - | 1,054,324 |
| Health and Welfare | 74,047 | - | - | - | 74,047 |
| Highways and Streets | 322,948 | - | 62,521 | - | 385,469 |
| Culture and Recreation | 96,902 | 3,913 | - | 296,094 | 396,909 |
| Urban/Economic Development | 78,165 | 1,603 | - | 2,655 | 82,423 |
| Capital Outlay | 9,718 | 1,560,717 | 65,985 | 13,659 | 1,650,079 |
| Debt Service | - | - | - | 280,770 | 280,770 |
| TOTAL EXPENDITURES | 2,233,718 | 1,574,779 | 128,506 | 593,178 | 4,530,181 |
| Excess (Deficiency) of Revenues Over Expenditures | 150,540 | (388,817) | (104,915) | (65,253) | (408,445) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of Assets | 500 | - | - | 26 | 526 |
| Transfers In | 99,038 | 379,522 | - | 486,124 | 964,684 |
| Transfers Out | (223,494) | - | (257,056) | (400,726) | (881,276) |
| TOTAL OTHER FINANCING SOURCES (USES) | (23,956) | 379,522 | (257,056) | 85,424 | 83,934 |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | 26,584 | (9,295) | (361,971) | 20,171 | (324,511) |
| Fund Balance at Beginning of Year | 644,206 | 9,295 | 2,002,551 | 510,645 | 3,166,697 |
| Fund Balance at End of Year | \$ 670,790 | \$ - | \$ 1,640,580 | \$ 530,816 | \$ 2,842,186 |

See Notes to the Basic Financial Statements

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, 2010

Net change in fund balances - total governmental funds \$ (324,511)

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 additions | \$ | 1,707,339 | |
| Fixed asset contribution to City Service Utility Fund | | (973,292) | |
| Depreciation expense | | (497,609) | |
| | | | |
| Excess of capital outlay over depreciation | | | 236,438 |

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 | | 120,000 | |
| Capital Lease Principal Payments | | - | |
| | | | |
| | | | 118,280 |

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 | | | 39,593 |
| | | | |

Change in net assets of governmental funds **\$ 69,800**

**CITY OF MONTE VISTA, COLORADO
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 December 31, 2010**

| | CITY SERVICE UTILITY FUND |
|---|--------------------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 985,901 |
| Restricted Cash and Cash Equivalents | 29,249 |
| Accounts Receivable | 35,036 |
| Due From Other Governments | 48,330 |
| Due From County Treasurer | 21,162 |
| Inventory | 76,859 |
| Total Current Assets | 1,196,537 |
| Noncurrent Assets: | |
| Prepaid Water Storage Expense | 100,000 |
| Land | 22,000 |
| Water Rights | 684,751 |
| Buildings | 47,650 |
| Equipment | 506,781 |
| Treatment Plant | 4,275,923 |
| Transmission and Distribution | 4,253,022 |
| Vehicles | 211,412 |
| Accumulated Depreciation | (7,116,460) |
| Bond Issue Costs | 38,949 |
| Accumulated Amortization | (24,017) |
| Total Noncurrent Assets | 3,000,011 |
| TOTAL ASSETS | 4,196,548 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 24,597 |
| Notes Payable | 51,882 |
| Accrued Interest Payable | 3,931 |
| Total Current Liabilities | 80,410 |
| Noncurrent Liabilities: | |
| Notes Payable | 1,057,279 |
| Accrued Compensated Absences | 92,900 |
| Total Noncurrent Liabilities | 1,150,179 |
| TOTAL LIABILITIES | 1,230,589 |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 1,790,850 |
| Unrestricted | 1,175,109 |
| TOTAL NET ASSETS | \$ 2,965,959 |

CITY OF MONTE VISTA, COLORADO
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
December 31, 2010

| | <u>CITY SERVICE UTILITY FUND</u> |
|--|---|
| OPERATING REVENUES | |
| Charges for Services | \$ 1,613,609 |
| Miscellaneous | 9,433 |
| Total Operating Revenues | <u>1,623,042</u> |
| OPERATING EXPENSES | |
| Personnel Services | 682,557 |
| Supplies | 32,067 |
| Fuel | 15,325 |
| Communications and Postage | 15,446 |
| Insurance and Bonds | 38,569 |
| Utilities | 114,485 |
| Rents and Payments | 160 |
| Professional Services | 220,484 |
| Travel | 3,270 |
| Repairs and Maintenance | 45,118 |
| Depreciation | 145,913 |
| Equipment | 24,620 |
| Uniform Maintenance | 1,520 |
| Payment in Lieu of Taxes | 158,165 |
| State Permit Fees | 12,873 |
| Other | 4,625 |
| Total Operating Expenses | <u>1,515,197</u> |
| Operating Income (Loss) | 107,845 |
| NONOPERATING REVENUES (EXPENSES) | |
| State Grants | 48,330 |
| Interest on Investments | 1,819 |
| Interest Expense | <u>(24,897)</u> |
| Total Nonoperating Revenues (Expenses) | <u>25,252</u> |
| Income (Loss) Before Other Revenue and Operating Transfers | 133,097 |
| CAPITAL CONTRIBUTIONS and TRANSFERS | |
| Water and Sewer Taps | 800 |
| Contribution from General Government | 973,292 |
| Transfers Out | <u>(83,408)</u> |
| Total Capital Contributions and Transfers | <u>890,684</u> |
| Changes in Net Assets | 1,023,781 |
| Net Assets at beginning of year | <u>1,942,178</u> |
| Net Assets at end of year | <u>\$ 2,965,959</u> |

**CITY OF MONTE VISTA, COLORADO
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2010**

| | <u>CITY SERVICE UTILITY FUND</u> |
|---|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received From Customers | \$ 1,657,007 |
| Cash Paid to Employees | (682,636) |
| Cash Paid to Suppliers/Vendors | (654,581) |
| Cash Paid to Other Funds for Taxes | (158,165) |
| | <hr/> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 161,625 |
| | <hr/> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Cash Transferred (to)/from Other Funds | (83,408) |
| | <hr/> |
| NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | (83,408) |
| | <hr/> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Capital Acquisitions | (619,632) |
| Proceeds from Issuance of Debt | 585,000 |
| Principal Payments | (49,624) |
| Cash Received from Capital Contributions (Tap Fees) | 800 |
| Interest Paid | (25,269) |
| | <hr/> |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (108,725) |
| | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest Received | 1,819 |
| | <hr/> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 1,819 |
| | <hr/> |
| NET INCREASE (DECREASE) IN CASH | (28,689) |
| | <hr/> |
| CASH AT BEGINNING OF YEAR | 1,043,839 |
| | <hr/> |
| CASH AT END OF YEAR | \$ 1,015,150 |
| | <hr/> <hr/> |
| OPERATING INCOME (LOSS) | \$ 107,845 |
| Adjustments to Reconcile Net Income to Net Cash Provided | |
| by Operating Activities | |
| Depreciation expense | 145,913 |
| Amortization expense | 1,298 |
| (Increase) Decrease in accounts receivable | 37,386 |
| (Increase) Decrease in due from county treasurer | (3,421) |
| (Increase) Decrease in prepaids | (100,000) |
| (Increase) Decrease in inventory | 924 |
| Increase (Decrease) in accounts payable | (28,241) |
| Increase (Decrease) in compensated absences | (79) |
| | <hr/> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 161,625 |
| | <hr/> <hr/> |

NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Capital assets contributed from General Government was \$973,292

See Notes to the Basic Financial Statements

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

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, 2010

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 **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.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

- 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, 2010

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 2010 property tax levy due January 1, 2011 has been recorded in the financial statements as a receivable and a corresponding deferred revenue in the financial statements.

Inventory

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

Capital Assets

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

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

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

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

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

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

Compensated Absences

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

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

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

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

Long-Term Obligations

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

Interest Capitalization

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

Deferred Revenue

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

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, 2010

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). When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. 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 2010. 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, 2010

NOTE 3 CASH, DEPOSITS AND INVESTMENTS

CASH AND DEPOSITS

Colorado State Statutes govern the City's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At December 31, 2010, \$2,517,282 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, 2010

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, 2010, the local government investment pool (COLOTRUST) in which the City had invested, was rated AAAM by Standard & Poor's.

| | |
|--------------------------------|---------------------|
| Cash on Hand and in Bank | \$ 3,220,785 |
| COLOTRUST | <u>168,997</u> |
| Total Deposits and Investments | <u>\$ 3,389,782</u> |

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--------------------------------------|------------------------------------|-------------------------------------|---------------------|
| Cash and Cash Equivalents | \$ 579,928 | \$ 985,901 | \$ 1,565,829 |
| Restricted Cash and Cash Equivalents | <u>1,794,704</u> | <u>29,249</u> | <u>1,823,953</u> |
| Total Cash and Cash Equivalents | <u>\$ 2,374,632</u> | <u>\$ 1,015,150</u> | <u>\$ 3,389,782</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 \$29,249 in the City Service Utility Fund is restricted by ordinance for water acquisition. Cash investments of \$154,124 in the Debt Service Fund are contractually restricted for service of the City's bonds. Cash and investments of \$1,640,580 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, 2010

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The City reports interfund balances between many of its funds. The balances resulted from the time lag between dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2010 were as follows:

| Receivable Fund | Payable Fund | Amount |
|------------------------|---------------------|---------------|
| General Fund | Grant Fund | \$ 216,737 |
| | | \$ 216,737 |

This balance results from the time lag between the dates that reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers during the year ended December 31, 2010 were as follows:

| Transfer In | Transfer Out | Amount |
|------------------------------|--------------------------|-------------------|
| General Fund | City Service Utility | \$ 83,408 |
| | Recreation Fund | 15,630 |
| | | 99,038 |
| Recreation Fund | General Fund | 201,624 |
| Grant Fund | General Fund | 19,370 |
| | Capital Improvement Fund | 67,695 |
| | Capital Projects Fund | 257,056 |
| | Conservation Trust Fund | 35,401 |
| | | 379,522 |
| Urban Renewal Authority Fund | General Fund | 2,500 |
| Debt Service Fund | Capital Improvement Fund | 282,000 |
| | TOTALS | \$ 962,184 |

The General Fund transferred monies for operations into the Recreation Fund and the Urban Renewal Authority 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, 2010

NOTE 5 CAPITAL ASSETS

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

| | BALANCE 12/31/2009 | Additions | Deletions | BALANCE 12/31/2010 |
|---|-----------------------|---------------------|---------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 822,665 | \$ 46,598 | \$ - | \$ 869,263 |
| Construction in Progress | 1,371,353 | 40,950 | 1,371,353 | 40,950 |
| Total capital assets not being depreciated | <u>2,194,018</u> | <u>87,548</u> | <u>1,371,353</u> | <u>910,213</u> |
| Capital assets being depreciated | | | | |
| Buildings | 3,037,408 | - | 45,000 | 2,992,408 |
| Infrastructure | 2,181,585 | 838,802 | - | 3,020,387 |
| Improvements - Building | 612,826 | 13,658 | - | 626,484 |
| Improvements - Other | 1,217,568 | 1,144,675 | 13,175 | 2,349,068 |
| Machinery and Equipment | 1,501,860 | 9,717 | - | 1,511,577 |
| Cars and Road Vehicles | 899,698 | 11,000 | - | 910,698 |
| Total capital assets being depreciated | <u>9,450,945</u> | <u>2,017,852</u> | <u>58,175</u> | <u>11,410,622</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,878,949 | 48,056 | 45,000 | 1,882,005 |
| Infrastructure | 606,911 | 214,767 | - | 821,678 |
| Improvements - Building | 317,843 | 24,630 | - | 342,473 |
| Improvements - Other | 380,467 | 90,144 | 13,175 | 457,436 |
| Machinery and Equipment | 899,051 | 73,619 | - | 972,670 |
| Cars and Road Vehicles | 643,461 | 46,393 | - | 689,854 |
| Total accumulated depreciation | <u>4,726,682</u> | <u>497,609</u> | <u>58,175</u> | <u>5,166,116</u> |
| Total Capital Assets being depreciated, net | <u>4,724,263</u> | <u>1,520,243</u> | <u>-</u> | <u>6,244,506</u> |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | <u>\$ 6,918,281</u> | <u>\$ 1,607,791</u> | <u>\$ 1,371,353</u> | <u>\$ 7,154,719</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 22,000 | \$ - | \$ - | \$ 22,000 |
| Water Rights | 129,751 | 555,000 | - | 684,751 |
| Total capital assets not being depreciated | <u>151,751</u> | <u>555,000</u> | <u>-</u> | <u>706,751</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 | 3,231,956 | 1,021,066 | - | 4,253,022 |
| Vehicles | 194,555 | 16,857 | - | 211,412 |
| Total capital assets being depreciated | <u>8,256,865</u> | <u>1,037,923</u> | <u>-</u> | <u>9,294,788</u> |
| Less: accumulated depreciation | <u>6,970,548</u> | <u>145,913</u> | <u>-</u> | <u>7,116,461</u> |
| Total Capital Assets being depreciated, net | <u>1,286,317</u> | <u>892,010</u> | <u>-</u> | <u>2,178,327</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | <u>\$ 1,438,068</u> | <u>\$ 1,447,010</u> | <u>\$ -</u> | <u>\$ 2,885,078</u> |

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

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

| | |
|---|-------------------|
| Governmental activities: | |
| General Government | \$ 134,460 |
| Public Safety | 62,179 |
| Health and Welfare | 2,619 |
| Highways and Streets | 160,644 |
| Culture and Recreation | 95,111 |
| Urban Development | 11,049 |
| Leased Buildings | 31,547 |
| Total depreciation expense - governmental activities | <u>\$ 497,609</u> |
| | |
| Business-type activities: | |
| City Service Utility | \$ 126,039 |
| Wastewater Treatment Facility | 17,952 |
| Leased Buildings | 1,922 |
| Total depreciation expense - business-type activities | <u>\$ 145,913</u> |

NOTE 6 PREPAID WATER STORAGE EXPENSE

The City entered into a contract with San Luis Valley Irrigation District in September 2010 for a 30 year lease of water storage in the amount of \$630,000. A \$100,000 installment was paid in 2010 and the remainder will be paid before the end of 2012. The prepaid amount will be recognized as expense over the life of the lease in equal amounts of \$21,000 per year beginning in 2011. As of December 31, 2010 the balance of prepaid water storage expense is \$100,000.

NOTE 7 OPERATING LEASES

The City has entered into an operating lease arrangement for several copy machines. Rental Expense for the operating lease for the year ended December 31, 2010 was approximately \$5,826.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

| | Ending Balance 12/31/2009 | Additions | Deletions | Ending Balance 12/31/2010 | Due Within One Year |
|---------------------------|---------------------------------|-------------------|-------------------|---------------------------------|---------------------------|
| Governmental activities: | | | | | |
| Bonds Payable | \$ 3,495,000 | \$ - | \$ 120,000 | \$ 3,375,000 | \$ 125,000 |
| Compensated Absences | 193,900 | - | 39,593 | 154,307 | - |
| Governmental activities | <u>\$ 3,688,900</u> | <u>\$ -</u> | <u>\$ 159,593</u> | <u>\$ 3,529,307</u> | <u>\$ 125,000</u> |
| Business-type activities: | | | | | |
| Notes Payable | \$ 573,784 | \$ 585,000 | \$ 49,623 | \$ 1,109,161 | \$ 51,882 |
| Compensated Absences | 92,979 | - | 79 | 92,900 | - |
| Business-type activities | <u>\$ 666,763</u> | <u>\$ 585,000</u> | <u>\$ 49,702</u> | <u>\$ 1,202,061</u> | <u>\$ 51,882</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, 2010

The annual debt service for the bonds is as follows:

| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTALS</u> |
|-----------|---------------------|---------------------|---------------------|
| 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 | 150,000 | 130,870 | 280,870 |
| 2016-2020 | 855,000 | 544,640 | 1,399,640 |
| 2021-2025 | 1,075,000 | 328,900 | 1,403,900 |
| 2026-2028 | 765,000 | 71,300 | 836,300 |
| | <u>\$ 3,375,000</u> | <u>\$ 1,661,290</u> | <u>\$ 5,036,290</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. \$ 524,161

Note payable to Colorado Water Conservation Board, was obtained on August 18, 2010, in the amount of \$1,693,770, with an interest rate of 4.00%, and annual payments of \$97,951 payable over a 30 year period. During 2010, \$585,000 was advanced on the loan; remaining funds will be used during 2011 for water acquisition and storage projects. Repayment will be determined when the loan is fully advanced. 585,000

Total Notes Payable \$ 1,109,161

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

| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTALS</u> |
|-----------|-------------------|-------------------|-------------------|
| 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 | 61,991 | 12,902 | 74,893 |
| 2016-2019 | 240,040 | 22,085 | 262,125 |
| | <u>\$ 524,161</u> | <u>\$ 112,429</u> | <u>\$ 636,590</u> |

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 9 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 2010, other than police employees was \$1,321,655 and the total covered payroll was \$1,230,133. 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 2010 was \$99,736 for the City and 35 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 \$491,815. The 14.2% contribution for 2010 was \$69,838 for the City, and the 6.2% contribution for 2010 was \$32,542 for the employees. There were 14 employees participating in the plan. Employees are automatically vested in their contributions and they become fully vested in the City's contributions and earnings after five years of service.

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

Deferred Compensation Plan

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

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

NOTE 10 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, 2010

NOTE 11 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 | \$ 842,079 | \$ 780,963 | \$ 1,623,042 |
| Operating Expense | 709,514 | 659,770 | 1,369,284 |
| Depreciation Expense | 36,478 | 109,435 | 145,913 |
| Total Operating Expense | <u>745,992</u> | <u>769,205</u> | <u>1,515,197</u> |
| OPERATING INCOME (LOSS) | 96,087 | 11,758 | 107,845 |
| Nonoperating Revenues (Expenses) | - | 25,252 | 25,252 |
| Capital Contributions | 800 | 973,292 | 974,092 |
| Operating Transfers | <u>(41,704)</u> | <u>(41,704)</u> | <u>(83,408)</u> |
| NET INCOME (LOSS) | <u>\$ 55,183</u> | <u>\$ 968,598</u> | <u>\$ 1,023,781</u> |
| Property, Plant and Equipment | | | |
| Additions | \$ 673,702 | \$ 1,019,220 | \$ 1,692,922 |
| Accumulated Depreciation | \$ 2,092,215 | \$ 5,024,245 | \$ 7,116,460 |
| Notes Payable | \$ 847,081 | \$ 262,080 | \$ 1,109,161 |

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 12 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, 2010, CIRSA had assets of \$77,743,315, liabilities of \$41,754,371 (including \$25,583,329 reserved for unpaid losses and loss adjustment expenses, net of excess insurance recoverables) and net assets of \$35,988,944. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2010 amounted to \$21,127,182 and total expenses were \$24,824,010, resulting in an excess of expenses over revenues of \$3,696,828.

NOTE 13 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, 2010

NOTE 14 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 \$3,621,903, total liabilities of \$520,583, and net assets of \$3,101,320 at December 31, 2009.

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 15 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
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2010

| | <u>BUDGETED AMOUNTS</u> | | <u>ACTUAL</u> | <u>VARIANCE WITH</u> |
|--|-------------------------|------------------|-------------------|----------------------|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | <u>FINAL BUDGET</u> |
| | | | | <u>POSITIVE</u> |
| | | | | <u>(NEGATIVE)</u> |
| REVENUES | | | | |
| Taxes | \$ 1,658,483 | \$ 1,658,483 | \$ 1,645,794 | \$ (12,689) |
| Licenses and Permits | 9,900 | 9,900 | 8,499 | (1,401) |
| Intergovernmental Revenue | 348,879 | 348,879 | 359,395 | 10,516 |
| Charges for Services | 195,735 | 186,735 | 179,453 | (7,282) |
| Fines and Forfeits | 54,400 | 73,400 | 90,230 | 16,830 |
| Interest and Miscellaneous | 93,400 | 93,400 | 100,887 | 7,487 |
| TOTAL REVENUES | <u>2,360,797</u> | <u>2,370,797</u> | <u>2,384,258</u> | <u>13,461</u> |
| EXPENDITURES | | | | |
| General Government | 625,349 | 666,512 | 606,160 | 60,352 |
| Public Safety | 1,017,181 | 1,017,181 | 1,045,778 | (28,597) |
| Health and Welfare | 94,175 | 94,175 | 74,047 | 20,128 |
| Highways and Streets | 316,017 | 316,017 | 322,948 | (6,931) |
| Culture and Recreation | 92,365 | 92,365 | 96,902 | (4,537) |
| Urban/Economic Development | 85,472 | 85,472 | 78,165 | 7,307 |
| Capital Outlay | 9,718 | 9,718 | 9,718 | - |
| TOTAL EXPENDITURES | <u>2,240,277</u> | <u>2,281,440</u> | <u>2,233,718</u> | <u>47,722</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>120,520</u> | <u>89,357</u> | <u>150,540</u> | <u>61,183</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | 200 | 200 | 500 | 300 |
| Transfers In | 99,038 | 99,038 | 99,038 | - |
| Transfers Out | (219,424) | (228,424) | (223,494) | 4,930 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(120,186)</u> | <u>(129,186)</u> | <u>(123,956)</u> | <u>5,230</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | 334 | (39,829) | 26,584 | 66,413 |
| Fund Balance at Beginning of Year | <u>-</u> | <u>45,000</u> | <u>644,206</u> | <u>599,206</u> |
| Fund Balance at End of Year | <u>\$ 334</u> | <u>\$ 5,171</u> | <u>\$ 670,790</u> | <u>\$ 665,619</u> |

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GRANT FUND
For the Year Ended December 31, 2010

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|-------------------------|------------------|------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Intergovernmental Revenue | | | | |
| State Grants | \$ 250,000 | \$ 253,947 | \$ 256,801 | \$ 2,854 |
| Federal Grants | 1,178,800 | 1,469,800 | 803,291 | (666,509) |
| Total Intergovernmental Revenue | 1,428,800 | 1,723,747 | 1,060,092 | (663,655) |
| Donations and Contributions | 148,210 | 125,870 | 125,870 | - |
| TOTAL REVENUES | 1,577,010 | 1,849,617 | 1,185,962 | (663,655) |
| EXPENDITURES | | | | |
| Public Safety | 19,000 | 15,000 | 8,546 | 6,454 |
| Culture and Recreation | - | - | 3,913 | (3,913) |
| Urban/Economic Development | - | 5,000 | 1,603 | 3,397 |
| Capital Outlay | 1,779,810 | 2,228,406 | 1,560,717 | 667,689 |
| TOTAL EXPENDITURES | 1,798,810 | 2,248,406 | 1,574,779 | 673,627 |
| Excess (Deficiency) of Revenues Over Expenditures | (221,800) | (398,789) | (388,817) | 9,972 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer In | 221,800 | 389,495 | 379,522 | (9,973) |
| TOTAL OTHER FINANCING SOURCES (USES) | 221,800 | 389,495 | 379,522 | (9,973) |
| Excess (deficiency) of Revenues Over Expenditures and Other Sources (Uses) | - | (9,294) | (9,295) | (1) |
| Fund Balances at Beginning of Year | - | 9,294 | 9,295 | 1 |
| Fund Balances at End of Year | \$ - | \$ - | \$ - | \$ - |

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

CITY OF MONTE VISTA, COLORADO

SUPPLEMENTARY INFORMATION

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

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

SPECIAL REVENUE FUNDS

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

Recreation Fund – This fund is used to account for activities provided for community programs. Sources of revenue consist of membership dues, and registration fees for programs.

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, 2010

| | SPECIAL REVENUE FUNDS | | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|-----------------------|-------------------------------|---------------------------------------|--------------------------------|-------------------------|--|
| | RECREATION FUND | CONSERVATION TRUST FUND | URBAN RENEWAL AUTHORITY FUND | CAPITAL IMPROVEMENT FUND | DEBT SERVICE FUND | |
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 40,843 | \$ 5,517 | \$ 7,028 | \$ 265,480 | \$ - | \$ 318,868 |
| Restricted Cash and Cash Equivalents | - | - | - | - | 154,124 | 154,124 |
| Accounts Receivable | 6,968 | - | - | - | - | 6,968 |
| Due from Other Governments | - | - | - | 59,193 | - | 59,193 |
| TOTAL ASSETS | \$ 47,811 | \$ 5,517 | \$ 7,028 | \$ 324,673 | \$ 154,124 | \$ 539,153 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 5,989 | - | \$ 428 | - | - | \$ 6,417 |
| Deferred Revenue | 1,920 | - | - | - | - | 1,920 |
| TOTAL LIABILITIES | 7,909 | - | 428 | - | - | 8,337 |
| FUND BALANCE | | | | | | |
| Fund Balance | | | | | | |
| Reserved for: | | | | | | |
| Debt Service | - | - | - | - | 154,124 | 154,124 |
| Unreserved, Designated | | | | | | |
| For Subsequent Year Expenditures | - | 3,329 | 1,300 | 226,684 | - | 231,313 |
| Unreserved, Undesignated | 39,902 | 2,188 | 5,300 | 97,989 | - | 145,379 |
| TOTAL FUND BALANCE | 39,902 | 5,517 | 6,600 | 324,673 | 154,124 | 530,816 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 47,811 | \$ 5,517 | \$ 7,028 | \$ 324,673 | \$ 154,124 | \$ 539,153 |

CITY OF MONTE VISTA, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2010

| | SPECIAL REVENUE FUNDS | | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|-----------------------|-------------------------------|---------------------------------------|--------------------------------|-------------------------|--|
| | RECREATION FUND | CONSERVATION TRUST FUND | URBAN RENEWAL AUTHORITY FUND | CAPITAL IMPROVEMENT FUND | DEBT SERVICE FUND | |
| REVENUES | | | | | | |
| Taxes | - | - | - | \$ 335,359 | - | \$ 335,359 |
| Intergovernmental Revenue | 76,137 | 37,728 | - | - | - | 113,865 |
| Charges for Services | 51,544 | - | - | - | - | 51,544 |
| Interest and Miscellaneous | 25,840 | 11 | 261 | 550 | 495 | 27,157 |
| TOTAL REVENUE | <u>153,521</u> | <u>37,739</u> | <u>261</u> | <u>335,909</u> | <u>495</u> | <u>527,925</u> |
| EXPENDITURES | | | | | | |
| Culture and Recreation | 296,094 | - | - | - | - | 296,094 |
| Urban/Economic Development | - | - | 2,655 | - | - | 2,655 |
| Capital Outlay | 13,659 | - | - | - | - | 13,659 |
| Debt Service | - | - | - | - | 280,770 | 280,770 |
| TOTAL EXPENDITURES | <u>309,753</u> | <u>-</u> | <u>2,655</u> | <u>-</u> | <u>280,770</u> | <u>593,178</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(156,232)</u> | <u>37,739</u> | <u>(2,394)</u> | <u>335,909</u> | <u>(280,275)</u> | <u>(65,253)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 201,624 | - | 2,500 | - | 282,000 | 486,124 |
| Transfers Out | (15,630) | (35,401) | - | (349,695) | - | (400,726) |
| Sale of Fixed Assets | 26 | - | - | - | - | 26 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>186,020</u> | <u>(35,401)</u> | <u>2,500</u> | <u>(349,695)</u> | <u>282,000</u> | <u>85,424</u> |
| Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) | 29,788 | 2,338 | 106 | (13,786) | 1,725 | 20,171 |
| Fund Balance at Beginning of Year | <u>10,114</u> | <u>3,179</u> | <u>6,494</u> | <u>338,459</u> | <u>152,399</u> | <u>510,645</u> |
| Fund Balance at End of Year | <u>\$ 39,902</u> | <u>\$ 5,517</u> | <u>\$ 6,600</u> | <u>\$ 324,673</u> | <u>\$ 154,124</u> | <u>\$ 530,816</u> |

CITY OF MONTE VISTA, COLORADO
OTHER SCHEDULES AND REPORTS

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
ALL MAJOR CAPITAL PROJECTS FUNDS, NON-MAJOR GOVERNMENTAL FUNDS, AND ALL PROPRIETARY FUNDS
BUDGET AND ACTUAL
For the Year Ended December 31, 2010

| | BUDGETED AMOUNTS | | EXPENDITURES REPORTED ON THE GAAP BASIS | | ADJUSTMENTS TO BUDGETARY BASIS | | EXPENDITURES ON THE BUDGETARY BASIS | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|------------------------------------|------------------|--------------|---|------------|--------------------------------|--------------|-------------------------------------|------------|--|
| | ORIGINAL | FINAL | | | | | | | |
| Governmental Funds | | | | | | | | | |
| Major Capital Projects Funds | | | | | | | | | |
| Capital Projects Fund | \$ 277,000 | \$ 423,000 | \$ 385,562 | \$ - | \$ - | \$ 385,562 | \$ 385,562 | \$ 37,438 | |
| Total Major Capital Projects Funds | \$ 277,000 | \$ 423,000 | \$ 385,562 | \$ - | \$ - | \$ 385,562 | \$ 385,562 | \$ 37,438 | |
| Non-major Governmental Funds | | | | | | | | | |
| Special Revenue Funds | | | | | | | | | |
| Recreation Fund | \$ 315,199 | \$ 337,199 | \$ 325,383 | \$ - | \$ - | \$ 325,383 | \$ 325,383 | \$ 11,816 | |
| Conservation Trust Fund | 42,500 | 42,500 | 35,401 | - | - | 35,401 | 35,401 | 7,099 | |
| Urban Renewal Authority Fund | 4,000 | 4,000 | 2,655 | - | - | 2,655 | 2,655 | 1,345 | |
| Capital Improvements | 522,000 | 522,000 | 349,695 | - | - | 349,695 | 349,695 | 172,305 | |
| Debt Service Funds | | | | | | | | | |
| Debt Service | 283,000 | 283,000 | 280,770 | - | - | 280,770 | 280,770 | 2,230 | |
| Total Non-major Governmental Funds | \$ 1,166,699 | \$ 1,188,699 | \$ 993,904 | \$ - | \$ - | \$ 993,904 | \$ 993,904 | \$ 194,795 | |
| Proprietary Funds | | | | | | | | | |
| Enterprise Funds | | | | | | | | | |
| City Service Utility Fund | \$ 1,579,511 | \$ 2,367,011 | \$ 1,623,502 | \$ 623,342 | \$ 623,342 | \$ 2,246,844 | \$ 2,246,844 | \$ 120,167 | |
| Total Enterprise Funds | \$ 1,579,511 | \$ 2,367,011 | \$ 1,623,502 | \$ 623,342 | \$ 623,342 | \$ 2,246,844 | \$ 2,246,844 | \$ 120,167 | |

Adjustments to budgetary basis include principal reductions on long-term debt, costs of capitalized assets, and depreciation expense.

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

| FEDERAL GRANT/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE | CFDA NUMBER | PASS-THROUGH ENTITY IDENTIFYING NUMBER | FEDERAL EXPENDITURES |
|---|------------------------|---|---------------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| COLORADO DEPT. OF LOCAL AFFAIRS | | | |
| <i>CDBG - State-Administered Small Cities Program Cluster</i> | | | |
| Community Development Block Grants/State's Program - Clearview Stormwater Drainage Improvement Project | 14.228 | 08-017 | \$ 644,043 |
| Community Development Block Grants/State's Program - Monte Vista Medical Clinic | 14.228 | 08-025 | 40,950 |
| Total for <i>CDBG - State-Administered Small Cities Program Cluster</i> | | | <u>684,993</u> |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Bulletproof Vest Partnership Program | 16.607 | | 825 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 10-DJ07-7-1 | 8,546 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Airport Improvement Program - 3-08-0042-10 | 20.106 | | <u>109,752</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 804,116</u></u> |

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 basic 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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista, Colorado (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 8, 2011. 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*.

This report is intended solely for the information and use of management, the Honorable Mayor, City Council, others within the entity, and 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 8, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the City of Monte Vista, Colorado's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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, 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 8, 2011

**CITY OF MONTE VISTA, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

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:

CFDA Number(s)

14.228

Name of Federal Program or Cluster

CDBG – State-Administered Small Cities Program Cluster

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

Section IV –Prior Year Audit Findings

None

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

| | |
|--|---|
| LOCAL HIGHWAY FINANCE REPORT | City or County: City YEAR ENDING : December 2010 |
| This Information From The Records Of (example - City of _ or County of _) City of Monte Vista, Colorado | Prepared By: Lori McGraw Phone: 719-852-5926 |

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT | ITEM | AMOUNT |
|--|-----------|---|-----------|
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 1,028,166 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 194,662 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 4,015 |
| 2. General fund appropriations | | b. Snow and ice removal | 13,394 |
| 3. Other local imposts (from page 2) | 644,393 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 312,480 | d. Total (a. through c.) | 17,409 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 69,275 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 239,797 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 1,549,309 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | 123,793 |
| 7. Total (1 through 6) | 956,873 | b. Redemption | 92,400 |
| B. Private Contributions | | c. Total (a. + b.) | 216,193 |
| C. Receipts from State government (from page 2) | 164,586 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 644,043 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 1,765,502 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 216,193 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 1,765,502 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

| | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| A. Bonds (Total) | 2,691,150 | | 92,400 | 2,598,750 |
| 1. Bonds (Refunding Portion) | | | | |
| B. Notes (Total) | | | | 0 |

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 1,276,907 | 1,765,502 | 1,765,502 | 1,276,907 | 0 |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|-----------------------------------|---------------------------|---|---------------------------|
| A.3. Other local imposts: | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and Assessments | 27,002 | a. Interest on investments | 23,592 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 37,266 |
| 1. Sales Taxes | 552,982 | 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 | 64,409 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 617,391 | h. Other | 251,622 |
| c. Total (a. + b.) | 644,393 | i. Total (a. through h.) | 312,480 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |

| ITEM | AMOUNT | ITEM | AMOUNT |
|--|---------|--|---------------------------|
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 147,030 | 1. FHWA (from Item I.D.5.) | |
| 2. State general funds | | 2. Other Federal agencies: | |
| 3. Other State funds: | | a. Forest Service | |
| a. State bond proceeds | | b. FEMA | |
| b. Project Match | | c. HUD | |
| c. Motor Vehicle Registrations | 17,556 | d. Federal Transit Admin | |
| d. Other (Specify) - DOLA Grant | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | 644,043 |
| f. Total (a. through e.) | 17,556 | g. Total (a. through f.) | 644,043 |
| 4. Total (1. + 2. + 3.f) | 164,586 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

| | ON NATIONAL HIGHWAY SYSTEM (a) | OFF NATIONAL HIGHWAY SYSTEM (b) | TOTAL (c) |
|---|---|--|---------------------------|
| A.1. Capital outlay: | | | |
| a. Right-Of-Way Costs | | | 0 |
| b. Engineering Costs | | 75,050 | 75,050 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 65,985 | 65,985 |
| (4). System Enhancement & Operation | | 887,131 | 887,131 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 953,116 | 953,116 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 1,028,166 | 1,028,166 |
| | | | (Carry forward to page 1) |

Notes and Comments: