

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2015



Logan and Associates, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista (the "City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

As discussed in Note 10 to the financial statements, the City has corrected its reporting of accrued interest payable in the Water Fund. The December 31, 2014 financial statements have been restated to correct the misstatement. Our opinion is not modified with respect to this matter.

## *Other Matters*

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress volunteer firefighters pension plan and old hire fire pension plan, and budgetary comparison schedules on pages i – xi and 29 – 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

*Logan and Associates, LLC*

Aurora, Colorado  
June 20, 2016

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

Management of the City of Monte Vista offers readers this narrative overview and analysis of the financial activities for the City of Monte Vista as of December 31, 2015.

In compliance with Governmental Accounting Standards Board Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis (MD&A). This discussion and analysis of the City's financial performance provides an overview of activities during the prior two years ending December 31, 2014 and December 31, 2015.

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, 2015, the City of Monte Vista's government-wide net position totaled \$10,060,409. Of this amount, net position related to governmental activities totals \$5,674,364 and net position for business-type activities total \$4,386,045.

- Total net position for the City decreased by \$487,192 compared to 2014. Of this amount net position for governmental activities decreased by \$469,953 and net position for business-type activities decreased by \$17,239. Both the governmental activities and the business-type activities saw increases in current assets offset by depreciation of the capital assets.
- The net position for governmental activities includes \$4,315,385 of the net investment in capital assets, \$1,021,002 is restricted and \$337,977 is unrestricted. In business-type activities \$2,927,608 is invested in capital assets, \$42,505 is restricted for water acquisitions and \$1,415,932 is unrestricted.
- The City of Monte Vista's general source of governmental revenue made up of Taxes, License and Permits, Fines and Forfeits totaled \$2,094,218. Program revenues, in the form of charges for services, grants and contributions accounted for \$1,165,550 of total revenue.
- Total government-wide revenues of \$3,259,768 increased by \$386,519 compared to 2014. Of this amount, the City's charge for services, capital/operating grants and contributions increased by \$308,671 and general revenues increased by \$77,848 compared to 2014. A majority of the increase is attributable to grant revenue and donations.
- The Statement of Activities indicates that the City had \$3,934,395 in expenses related to governmental activities during 2015; an increase of \$303,145 compared to the prior year. Expenses in business-type activities totaled \$1,468,692, an increase of \$237,823 compared to 2014. Total revenue of \$4,915,895 was not adequate to provide for the above expenses resulting in a Net Change in Position of a negative \$487,192.
- At the end of 2015, the City of Monte Vista's governmental funds reported combined ending fund balance of \$1,412,295, an increase of \$47,914 compared to 2014. Of this total amount \$1,021,002 is restricted, \$524 is committed, \$11,786 is assigned and \$378,983 is unrestricted.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

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 position* presents information on all of the City of Monte Vista's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference is reported as net position. Over time, increases or decreases in net position 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 position changed during the current fiscal year. Changes in net position 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, public works and airport, culture and recreation, urban/economic development, and interest on long- term debt. The business-type activities of the City of Monte Vista include the Water and Sewer funds.

### **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 two 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 General Fund and the Recreation Fund. Individual fund information for the non-major funds is presented as supplemental information after the notes sections of this report. Non-major funds

**CITY OF MONTE VISTA, COLORADO**  
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include the Conservation Trust Fund, Urban Renewal Authority Fund, Grants Fund, Capital Improvements Fund, Capital Projects Fund and Debt Service 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 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 enterprise funds to account for their water and sewer operations, these funds are known as the Water Fund and the Sewer Fund. Effective January 1, 2013 the City was required to separate the prior City Services Utility Fund, which combined water and sewer operations, in order to meet loan covenants with the Colorado Water Resources & Power Development Authority.

#### **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 non-major funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Analysis of Net Position**

The focus of this financial analysis is on comparisons of the activities of the current year (2015) with those of the prior year (2014) and comparison of balances at year-end (December 31) for the same two years.

As noted earlier, the net position 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 \$10,060,409 at December 31, 2015.

The City's net position can be separated into three primary categories: 1) Net investment in capital assets 2) Restricted net position and 3) Unrestricted net position.

The largest portion of the City's net position reflects its investment of \$7,242,993 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.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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*Table 1 provides a summary of the City's net position at December 31 for the years 2014 and, 2015. Additional information is presented in the statement of net position.*

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 1,778,661	\$ 1,850,931	\$ 1,285,044	\$ 2,729,750	\$ 3,063,705	\$ 4,580,681
Noncurrent and Capital assets	8,052,233	7,410,497	5,241,090	5,256,220	13,293,323	12,666,717
<b>Total Assets</b>	<b>9,830,894</b>	<b>9,261,428</b>	<b>6,526,134</b>	<b>7,985,970</b>	<b>16,357,028</b>	<b>17,247,398</b>
**Current Liabilities	301,917	306,296	238,547	510,493	540,464	816,789
Noncurrent Liabilities	3,039,985	2,912,650	1,884,303	3,089,432	4,924,288	6,002,082
<b>Total Liabilities</b>	<b>3,341,902</b>	<b>3,218,946</b>	<b>2,122,850</b>	<b>3,599,925</b>	<b>5,464,752</b>	<b>6,818,871</b>
<b>Deferred Inflows of Revenue</b>	<b>344,675</b>	<b>368,118</b>	-	-	<b>344,675</b>	<b>368,118</b>
Net Position:						
Net Investment in Capital Assets	4,863,979	4,315,385	2,782,995	2,927,608	7,646,974	7,242,993
Restricted for:						
Emergencies	90,000	90,000	-	-	90,000	90,000
Capital Projects	550,806	582,316	-	-	550,806	582,316
Debt Service	156,387	159,832	-	-	156,387	159,832
Conservation Trust	90,983	101,562	-	-	90,983	101,562
Public Safety	-	87,292	-	-	-	87,292
Water Acquisition	-	-	42,501	42,505	42,501	42,505
Unrestricted	392,162	337,977	1,577,788	1,415,932	1,969,950	1,753,909
<b>Total Net Position</b>	<b>\$ 6,144,317</b>	<b>\$ 5,674,364</b>	<b>\$ 4,403,284</b>	<b>\$ 4,386,045</b>	<b>\$ 10,547,601</b>	<b>\$10,060,409</b>

\*\*Footnote: Increased Liabilities from 2014 compared to 2015 was due to the Baffle Curtain project that the work was completed in December 2015 and payment was not made to the Vendor until 2016 so we created a payable to account for this amount due.

An additional portion of the City's net position in the amount of \$1,063,507 represents resources that are subject to external restrictions. The remaining balance of \$1,753,909 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. During the current fiscal year the City of Monte Vista's net position decreased by \$487,192.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, 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.

**Analysis of Changes in Net Position**

The City's combined net position for the governmental and business-type funds decreased by \$487,192 from 2014 to 2015. Of this total amount, governmental net position decreased by \$469,953 and the business-type net position decreased by \$17,239. The decrease is primarily due to depreciation of capital asset for both funds.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Table 2 provides a summary of the changes in net position for the years 2014 and 2015. Additional information is presented in the Statement of Activities.

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
<b>Revenue:</b>						
<b>Program Revenue:</b>						
Charges for services	\$ 339,581	\$ 361,903	\$ 1,626,671	\$ 1,652,618	\$ 1,966,252	\$ 2,014,521
**Operating Grants and Contributions	489,716	761,745	-	-	489,716	761,745
Capital Grants & Contributions	27,582	41,902	4,300	3,100	31,882	45,002
<b>Sub Total Program Revenue:</b>	<b>856,879</b>	<b>1,165,550</b>	<b>1,630,971</b>	<b>1,655,718</b>	<b>2,487,850</b>	<b>2,821,268</b>
<b>General Revenue:</b>						
Taxes						
General Property Taxes - net	342,101	393,189	-	-	342,101	393,189
Sales and use taxes	1,392,827	1,366,092	-	-	1,392,827	1,366,092
Franchise taxes	178,449	159,490	-	-	178,449	159,490
Other taxes	58,684	3,116	-	-	58,684	3,116
Investment income	16,480	5,552	512	259	16,992	5,811
Miscellaneous	27,829	166,779	5,495	150	33,324	166,929
<b>Sub Total General Revenue:</b>	<b>2,016,370</b>	<b>2,094,218</b>	<b>6,007</b>	<b>409</b>	<b>2,022,377</b>	<b>2,094,627</b>
<b>Total Revenue:</b>	<b>2,873,249</b>	<b>3,259,768</b>	<b>1,636,978</b>	<b>1,656,127</b>	<b>4,510,227</b>	<b>4,915,895</b>
<b>Expenses:</b>						
General Government	839,593	725,654			839,593	725,654
Public Safety	1,208,656	1,264,099			1,208,656	1,264,099
Health and Welfare	107,954	89,886			107,954	89,886
Public Works and Airport	565,218	684,617			565,218	684,617
**Culture and Recreation	694,083	941,934			694,083	941,934
Urban Development	60,649	65,028			60,649	65,028
Interest on long term debt	155,097	163,177			155,097	163,177
Water	-	-	621,556	605,458	621,556	605,458
Sewer	-	-	649,323	863,234	649,323	863,234
<b>Total Expenses</b>	<b>3,631,250</b>	<b>3,934,395</b>	<b>1,270,879</b>	<b>1,468,692</b>	<b>4,902,129</b>	<b>5,403,087</b>
Increase/(Decrease) in net position (Before Transfer)	(758,001)	(674,627)	366,099	187,435	(391,902)	(487,192)
<b>Transfers:</b>						
Operating transfers (In/Out)	204,465	204,674	(204,465)	(204,674)	-	-
<b>Total Transfers</b>	<b>204,465</b>	<b>204,674</b>	<b>(204,465)</b>	<b>(204,674)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(553,536)</b>	<b>(469,953)</b>	<b>161,634</b>	<b>(17,239)</b>	<b>(391,902)</b>	<b>(487,192)</b>
<b>Net Assets - Beginning of Year</b>	<b>6,697,853</b>	<b>6,144,317</b>	<b>4,241,650</b>	<b>4,403,284</b>	<b>10,939,503</b>	<b>10,547,601</b>
<b>Net Assets - End of Year</b>	<b>\$ 6,144,317</b>	<b>\$ 5,674,364</b>	<b>\$ 4,403,284</b>	<b>\$ 4,386,045</b>	<b>\$ 10,547,601</b>	<b>\$ 10,060,409</b>

\*\*Footnote: The increase from 2014 to 2015 is due to a \$350,000 State Grant that came in as Grant Revenue and went back out to Monte Vista School District to reimburse them after completing the Sports Complex.

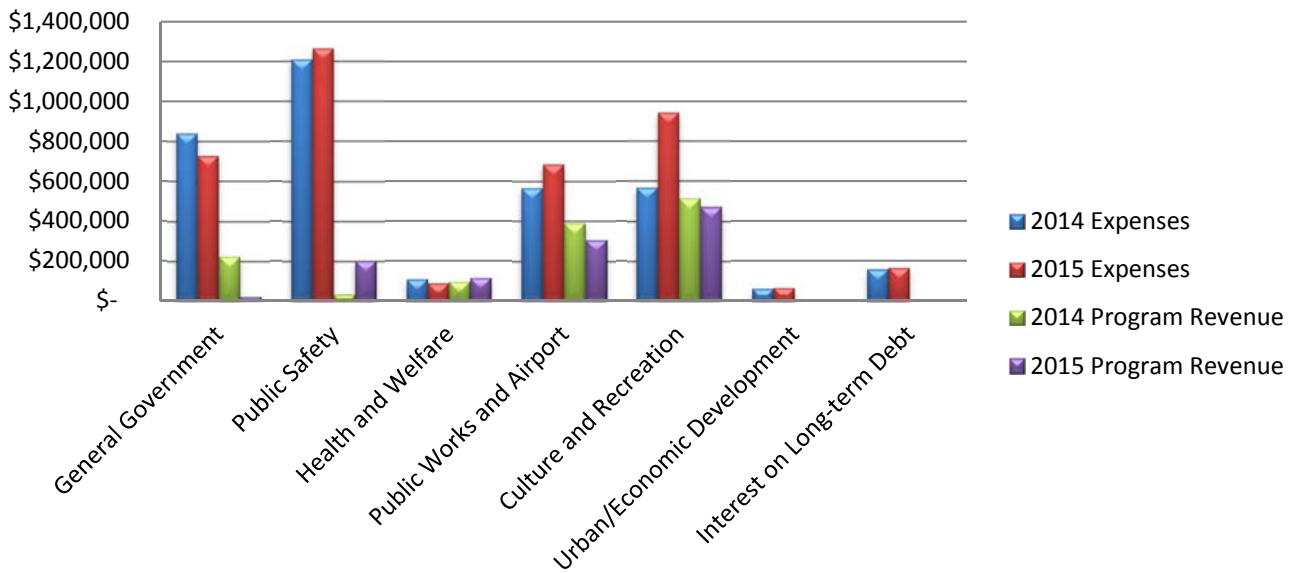
**Governmental Activities**

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

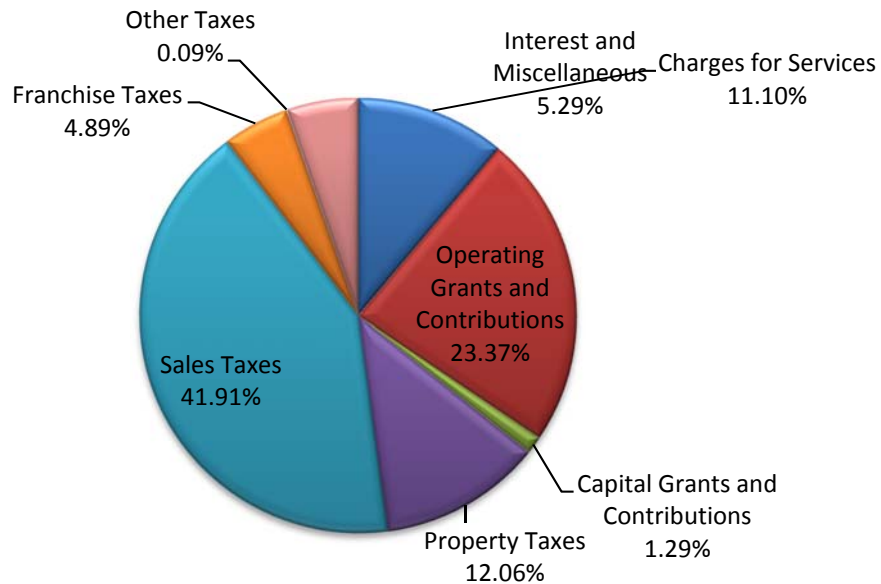
**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

Governmental activity expenses totaled \$3,934,395, an increase of \$303,145 from 2014. Major expenses included in governmental activities are; \$1,264,099 for public safety, \$725,654 for general government, \$941,934 for culture and recreation and \$684,617 for public works and airport. City funding for governmental activities was derived from \$2,094,218 in general revenue, primarily taxes, and program revenues contributed \$1,165,550. Governmental activity revenues increased by \$386,519 compared to 2014. Program revenue increased by \$308,671 and general revenues increased by \$77,848 from 2014.

**Governmental Activities - Expense and Program Revenue**



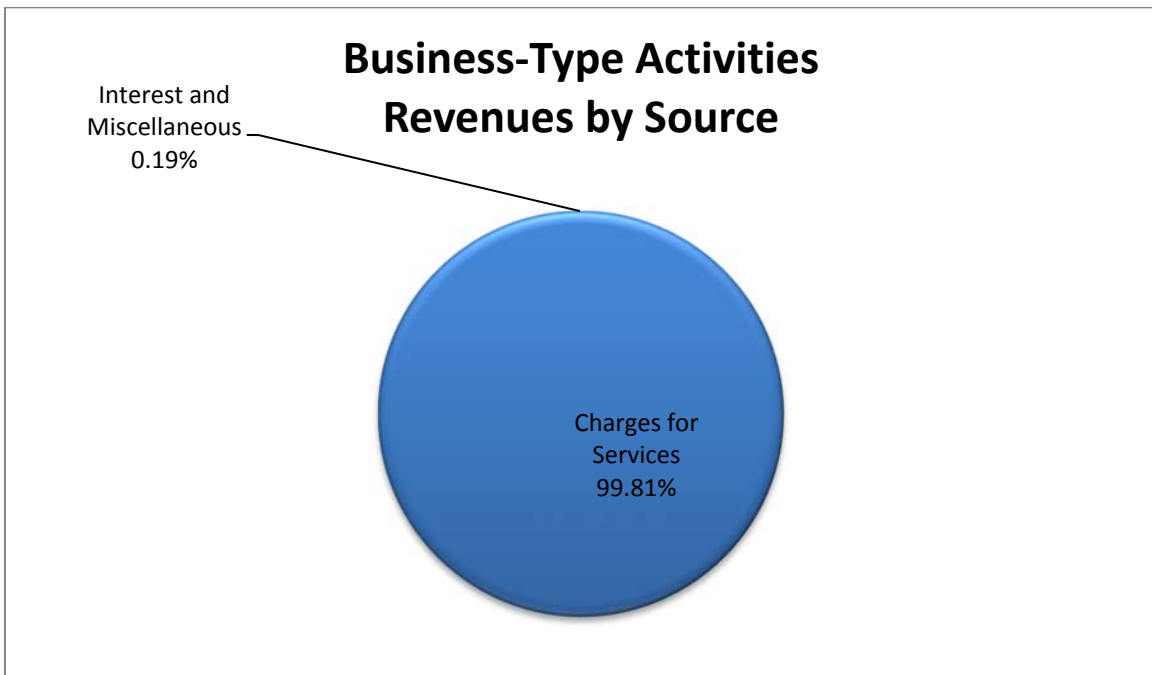
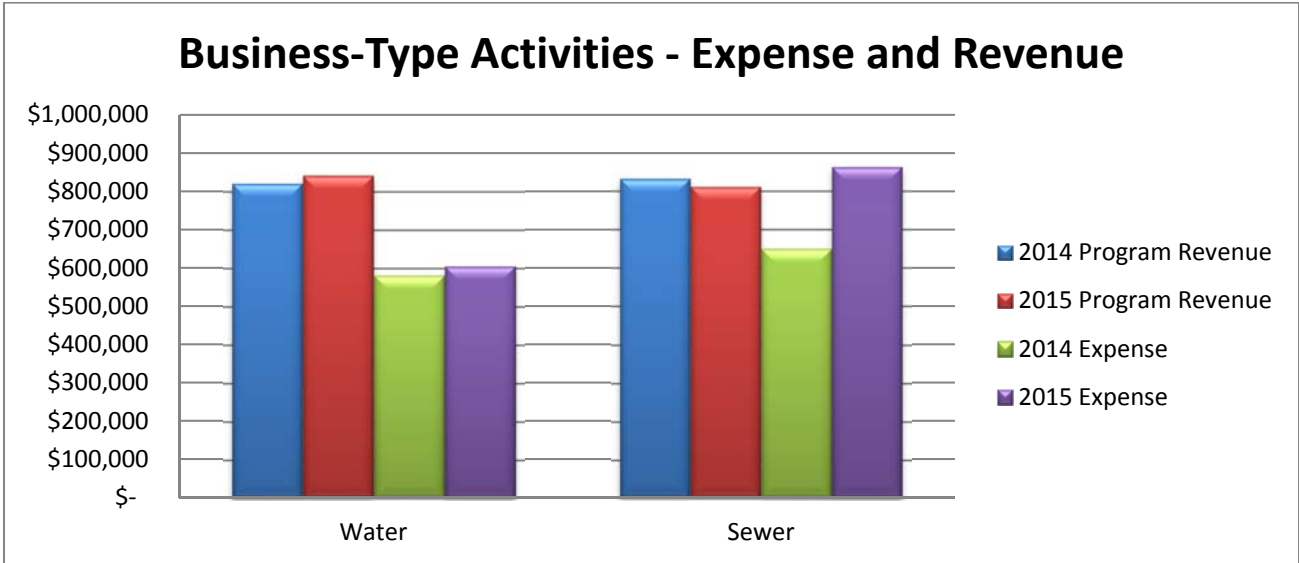
**Revenues by Source - Governmental Activities**



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**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 position decreased by \$17,239 in 2015. Business-type activity expenses totaled \$1,468,791 in 2015, an increase of \$197,813 compared to 2014. Funding for business-type activities was derived from \$1,655,718 in program revenue in 2015, an increase of \$24,747 compared to 2014.



**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

**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, 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, Capital Improvement Fund, and other non-major funds. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,412,295, an increase of \$47,914 from the prior year ending fund balances. The City's fund balances are classified based on the extent to which the City is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with GASB Statement No. 54, ***Fund Balance Reporting and Governmental Fund Type Definitions*** the fund balances for the City were classified in the following categories:

***Restricted Fund Balance*** – are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. As of December 31, 2015, the City's governmental funds reported a restricted fund balance of \$1,021,002, a majority of this fund balance is restricted for capital projects and improvements.

***Committed Fund Balance*** – are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Committed amounts cannot be used for any other purpose unless the Council removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The City's governmental funds reported a committed fund balance of \$524 as of December 31, 2015.

***Assigned Fund Balance*** – are amounts a government intend to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the governing body delegates the authority. The City's governmental funds reported an assigned fund balance of \$11,786 as of December 31, 2015.

***Unassigned Fund Balance*** – are amounts that are available for any purpose; these amounts are reported in the General Fund or for negative fund balance. The City's General Fund reported an unassigned fund balance of \$378,983 as of December 31, 2015.

***Revenue*** - Revenue in governmental funds was \$3,274,181 in 2015, an increase of \$221,529. A large portion of the increase in 2015 was increase in Grant Proceeds of \$272,029. Of the total revenue received in 2015, \$1,921,887 was generated by tax revenue; \$361,903 was generated through service charges while \$803,647 was generated by Grants and Contributions.

The General Fund is the primary operating governmental fund of the City. At the end of the 2015, the fund balance for the General Fund was \$556,779 a decrease of \$42,754 from 2014. Approximately \$379,487 of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted; not available for spending because it has been committed for TABOR reserves, Debt Service, Capital Projects and Conservation Trust.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

Other Governmental Fund balance for 2015 is \$856,020 and includes the Conservation Trust Fund with a fund balance of \$101,562, the Urban Renewal Authority Fund with a fund balance of \$527, Grants Fund with a balance of \$11,786, Capital Improvement fund with a fund balance of \$205,762, the Capital Projects Fund with a fund balance of \$376,554, the Debt Service Fund with a fund balance of \$159,832. The Recreation Fund is detailed as a separate fund in presentation of 2015 audited financial statements. In 2015, The Recreation Fund shows an ending fund balance of a negative \$504.

**Expenditures** - The governmental funds expenditure decreased by \$14,025 bringing the total expenditures for the fiscal year 2015 to \$3,503,577. Primary reason for the expenditure increase is in the area of Public Safety was due to the purchase of 2 new police cars. Culture and Recreation expenditures included expenditure of \$350,000 for the sports complex at the Monte Vista High School.

**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, 2015, the net position for the Water Fund was \$1,636,581 net position of the Sewer Fund was \$2,749,464 totaling \$4,386,045. This was a decrease in 2015 of \$17,239 from the prior year. At the end of the fiscal year the unrestricted net position for the Water and Sewer Funds totaled \$1,415,932, net investment in capital assets was \$2,927,608 and the restricted net position, which is committed to acquisition of water rights, totaled \$42,505.

### **General Fund Budgetary Highlights**

The City of Monte Vista generally adopted a supplemental appropriation in order to allow for previously unforeseen events. Every attempt is made to relate the budget to both the short and long term goals of the City Council.

For 2015, The original General Fund Budget adopted had revenue of \$2,200,667 with 1 supplemental budget amendment made increasing the revenue by \$350,000 for unforeseen grant proceeds which brought final budgeted revenue to \$2,550,667. On expenditures the original General Fund Budget adopted was \$2,352,436 with a supplemental budget amendment made to increase expenditure budget by \$424,168 which brought total expenditures to \$2,776,604. The Budget amendment adjusted final expenditure in Public Safety to allow \$74,168 for the Lease of 2 new police cars and an increase to Culture and Recreation and Capital Outlay for expenditures of \$350,000 for the grant proceeds that went to Monte Vista School District to complete the Sports Complex.

At December 31, 2015, the General Fund under-spent by \$1,124 compared to 2015 General Fund over-spent its budgeted expenditure by \$56,897. Total expenditures increased in 2015 by \$259,440 compared to the 2014 and without the \$350,000 sports complex grant revenue and expenditure, the overall expenditures for 2015 would have been lower than overall expenditures in 2014.

### **Capital Assets**

The City's capital assets for its governmental and business-type activities as of December 31, 2015 totaled \$12,141,717 (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 decrease in the City's investment in capital for the current fiscal year was \$605,608 due to depreciation.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

Major capital asset events during 2015 include the following:

- In 2015, purchased a Utility Pickup for Public Works Department and 2 new cars for the Police Department.
- Purchased new building for Monte Vista Kids Connection new home which is now under work in progress.
- Purchased new Baffle Curtains as part of the Sewage Treatment project that will continue into the New Year.

*Table 3 provides a summary of the City's capital assets (net of accumulated depreciation). Additional information on the City of Monte Vista's capital assets can be found in Note 5 of the Basic Financial Statements.*

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Land	\$ 1,118,799	\$ 1,104,386	\$ 22,000	\$ 22,000	\$ 1,140,799	\$ 1,126,386
Construction in Progress	57,651	57,651	18,323	161,573	75,974	219,224
Water Rights			941,451	941,451	941,451	941,451
Buildings	1,720,135	1,657,321	-	-	1,720,135	1,657,321
Infrastructure	1,700,155	1,441,446	-	-	1,700,155	1,441,446
Improvements-Bldg	404,152	372,441	-	-	404,152	372,441
Improvements-Other	1,928,919	1,769,271	-	-	1,928,919	1,769,271
W/S Treatment Plant			341,337	328,433	341,337	328,433
Transmission & Distrib.			3,252,116	3,113,834	3,252,116	3,113,834
Equipment & Vehicles	1,122,422	1,007,981	119,865	163,929	1,242,287	1,171,910
	<b>\$ 8,052,233</b>	<b>\$ 7,410,497</b>	<b>\$ 4,695,092</b>	<b>\$ 4,731,220</b>	<b>\$ 12,747,325</b>	<b>\$ 12,141,717</b>

**Debt Administration**

At year end, the City of Monte Vista's long-term liabilities totaled \$6,391,637. Of this amount, \$3,129,330 relates to governmental activities and \$3,262,307 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 with an outstanding debt of \$2,695,000. The purpose of the bonds were to provide paving and resurfacing of streets, provide curb and gutter and surface drainage, sidewalk improvements and such other related improvements.

Outstanding notes payable include a note with Colorado Water Resource and Power Development Authority to fund storm drainage improvements in the amount of \$240,040, an additional note with the Colorado Water Resource and Power Development Authority to fund water chlorination system improvements in the amount of \$306,807, a note with the Colorado Water Conservation Board to purchase water rights with an advanced payment of \$1,291,680 and a new note for Sewage Treatment Project with Colorado Water Resource and Power Development Authority in the amount of \$1,361,697.

The City has entered into capital lease agreements with San Luis Valley Federal Bank and KState Bank for repairs and maintenance of the building and to purchase 2 cop cars with a current balance at year-end 2015 of \$347,778. The City of Monte Vista's total long-term liabilities increased by \$1,156,654 during 2015. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

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

Property values remain fairly constant with marginal increases anticipated in 2015. Sales and property tax are the leading revenue source for the General Fund and it is forecast that City Sales Tax revenues will recover slightly in 2016.

City reserves are adequate to meet short-term contingencies but there is not sufficient funding for long-term capital equipment purchases which have been deferred for several years. While there is some minor spending flexibility in the Enterprise Funds, the General Fund has some anticipated revenue increases in the near future. The opening of the new Big R Store will help in a mild recovery.

Labor costs remain consistent. Performance base increases have been budgeted and implemented in 2016 for employees. Employee health care costs continue to erode the City's operational capability and the City anticipated a 10% increase in the budget for 2016. The long-term financial and regulatory impacts resulting from the Affordable Care Act also continue to be a source of increased costs and concern while there was a delay in the employer mandate until 2016 the full increase in healthcare costs after the Affordable Care Act remains to be seen.

Long term sustainability of the San Luis Valley's agriculture industry remains a concern; groundwater regulations will likely create a decrease in local agricultural production that will cause at this point unknown impact on municipal revenue. The City continues to keep an eye on the effects the "Final Rules" will have on the economy.

**Requests for Information**

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

City of Monte Vista  
Forrest Neuerburg, City Manager  
Lisa Robirds, Finance Director  
95 W. First Ave. Monte Vista, Colorado 81144  
719-852-2692



## **BASIC FINANCIAL STATEMENTS**

CITY OF MONTE VISTA, COLORADO

STATEMENT OF NET POSITION

December 31, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 439,089	\$ 1,095,957	\$ 1,535,046
Restricted Cash and Investments	623,678	1,439,117	2,062,795
Receivables			
Property Taxes	368,118	-	368,118
Other Governments	235,938	54,425	290,363
Accounts	174,881	41,255	216,136
Grants	9,227	-	9,227
Inventory	-	98,996	98,996
Prepaid Water Storage, Net of Accumulated Amortization	-	525,000	525,000
Capital Assets, Not Depreciated	1,162,037	1,125,024	2,287,061
Capital Assets, Net of Accumulated Depreciation	6,248,460	3,606,196	9,854,656
<b>TOTAL ASSETS</b>	<b>9,261,428</b>	<b>7,985,970</b>	<b>17,247,398</b>
<b>LIABILITIES</b>			
Accounts Payable	37,848	154,125	191,973
Accrued Liabilities	29,477	-	29,477
Accrued Interest	19,098	183,493	202,591
Unearned Revenue	3,193	-	3,193
Noncurrent Liabilities			
Due within One Year	216,680	172,875	389,555
Due in More Than One Year	2,912,650	3,089,432	6,002,082
<b>TOTAL LIABILITIES</b>	<b>3,218,946</b>	<b>3,599,925</b>	<b>6,818,871</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Property Tax Revenue	368,118	-	368,118
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,315,385	2,927,608	7,242,993
Restricted for Emergencies	90,000	-	90,000
Restricted for Parks	101,562	-	101,562
Restricted for Debt Service	159,832	-	159,832
Restricted for Public Safety	87,292	-	87,292
Restricted for Capital Projects	582,316	-	582,316
Restricted for Water Acquisition		42,505	42,505
Unrestricted	337,977	1,415,932	1,753,909
<b>TOTAL NET POSITION</b>	<b>\$ 5,674,364</b>	<b>\$ 4,386,045</b>	<b>\$ 10,060,409</b>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 725,654	\$ 17,915	\$ 3,925	\$ -
Public Safety	1,264,099	142,349	60,165	-
Health and Welfare	89,886	116,083	-	-
Public Works and Airport	684,617	65,566	242,361	-
Culture and Recreation	941,934	19,990	451,544	41,902
Urban/Economic Development	65,028	-	3,750	-
Interest on Long-Term Debt	163,177	-	-	-
<b>Total Governmental Activities</b>	<b>3,934,395</b>	<b>361,903</b>	<b>761,745</b>	<b>41,902</b>
<b>Business-Type Activities</b>				
Water	605,458	841,553	-	1,600
Sewer	798,805	811,065	-	1,500
Interest on Long-Term Debt	64,429	-	-	-
<b>Total Business-Type Activities</b>	<b>1,468,692</b>	<b>1,652,618</b>	<b>-</b>	<b>3,100</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 5,403,087</b>	<b>\$ 2,014,521</b>	<b>\$ 761,745</b>	<b>\$ 45,002</b>

GENERAL REVENUES  
Sales and Use Taxes  
Property Taxes  
Franchise Taxes  
Other Taxes  
Intergovernmental Revenues not  
Restricted to Specific Program  
Investment Income  
Miscellaneous  
TRANSFERS

TOTAL GENERAL REVENUES  
AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning, As Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION

**PRIMARY GOVERNMENT**

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (703,814)	\$ -	\$ (703,814)
(1,061,585)	-	(1,061,585)
26,197	-	26,197
(376,690)	-	(376,690)
(428,498)	-	(428,498)
(61,278)	-	(61,278)
(163,177)	-	(163,177)
<u>(2,768,845)</u>	<u>-</u>	<u>(2,768,845)</u>
-	237,695	237,695
-	13,760	13,760
-	(64,429)	(64,429)
<u>-</u>	<u>187,026</u>	<u>187,026</u>
<u>(2,768,845)</u>	<u>187,026</u>	<u>(2,581,819)</u>
1,366,092	-	1,366,092
393,189	-	393,189
159,490	-	159,490
3,116	-	3,116
4,928	-	4,928
5,552	259	5,811
161,851	150	162,001
204,674	(204,674)	-
<u>2,298,892</u>	<u>(204,265)</u>	<u>2,094,627</u>
(469,953)	(17,239)	(487,192)
<u>6,144,317</u>	<u>4,403,284</u>	<u>10,547,601</u>
<u>\$ 5,674,364</u>	<u>\$ 4,386,045</u>	<u>\$ 10,060,409</u>

CITY OF MONTE VISTA, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2015

	GENERAL FUND	RECREATION FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
<b>ASSETS</b>				
Cash and Investments	\$ 168,432	\$ 1,430	\$ 269,227	\$ 439,089
Restricted Cash and Investments	87,292	-	536,386	623,678
Property Taxes Receivable	368,118	-	-	368,118
Due From Other Governments	185,528	-	50,410	235,938
Accounts Receivable	153,181	21,700	-	174,881
Grants Receivable	9,227	-	-	9,227
Due From Other Funds	22,029	-	-	22,029
<b>TOTAL ASSETS</b>	<b>\$ 993,807</b>	<b>\$ 23,130</b>	<b>\$ 856,023</b>	<b>\$ 1,872,960</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 37,670	\$ 175	\$ 3	\$ 37,848
Accrued Liabilities	29,477	-	-	29,477
Unearned Revenue	1,763	1,430	-	3,193
Due to Other Funds	-	22,029	-	22,029
<b>TOTAL LIABILITIES</b>	<b>68,910</b>	<b>23,634</b>	<b>3</b>	<b>92,547</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	368,118	-	-	368,118
<b>FUND EQUITY</b>				
Fund Balance (Deficit)				
Restricted for Emergencies	90,000	-	-	90,000
Restricted for Parks	-	-	101,562	101,562
Restricted for Debt Service	-	-	159,832	159,832
Restricted for Public Safety	87,292	-	-	87,292
Restricted for Capital Projects	-	-	582,316	582,316
Committed to Economic Development	-	-	524	524
Assigned to Airport Projects	-	-	11,786	11,786
Unassigned	379,487	(504)	-	378,983
<b>TOTAL FUND EQUITY</b>	<b>556,779</b>	<b>(504)</b>	<b>856,020</b>	<b>1,412,295</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>	<b>\$ 993,807</b>	<b>\$ 23,130</b>	<b>\$ 856,023</b>	<b>\$ 1,872,960</b>

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

CITY OF MONTE VISTA, COLORADO

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	\$ 1,412,295
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	7,410,497
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include loans payable of (\$2,695,000), capital leases (\$347,778), accrued compensated absences (\$86,552) and accrued interest payable (\$19,098)	<u>(3,148,428)</u>
Net position of governmental activities	<u>\$ 5,674,364</u>

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

# CITY OF MONTE VISTA, COLORADO

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Year Ended December 31, 2015

	GENERAL FUND	RECREATION FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
<b>REVENUES</b>				
Taxes	\$ 1,601,150	\$ -	\$ 320,737	\$ 1,921,887
Licenses and Permits	17,115	-	-	17,115
Charges for Services	188,659	19,990	-	208,649
Intergovernmental	545,774	95,108	161,257	802,139
Fines and Forfeitures	136,139	-	-	136,139
Investment Income	2,038	-	3,514	5,552
Miscellaneous	155,737	26,341	622	182,700
<b>TOTAL REVENUES</b>	<b>2,646,612</b>	<b>141,439</b>	<b>486,130</b>	<b>3,274,181</b>
<b>EXPENDITURES</b>				
General Government	524,784	-	41,395	566,179
Public Safety	1,155,892	-	-	1,155,892
Health and Welfare	83,866	-	-	83,866
Public Works and Airport	447,955	-	-	447,955
Culture and Recreation	459,688	327,639	3,143	790,470
Urban/Economic Development	-	-	11,184	11,184
Capital Outlay	72,636	-	13,204	85,840
Debt Service				
Principal	19,652	-	198,460	218,112
Interest	11,007	-	133,072	144,079
<b>TOTAL EXPENDITURES</b>	<b>2,775,480</b>	<b>327,639</b>	<b>400,458</b>	<b>3,503,577</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(128,868)</b>	<b>(186,200)</b>	<b>85,672</b>	<b>(229,396)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Issuance of Debt	72,636	-	-	72,636
Transfers In	237,358	218,679	372,253	828,290
Transfers Out	(223,880)	(25,079)	(374,657)	(623,616)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>86,114</b>	<b>193,600</b>	<b>(2,404)</b>	<b>277,310</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(42,754)</b>	<b>7,400</b>	<b>83,268</b>	<b>47,914</b>
FUND BALANCE (DEFICIT), Beginning	599,533	(7,904)	772,752	1,364,381
FUND BALANCE (DEFICIT), Ending	<u>\$ 556,779</u>	<u>\$ (504)</u>	<u>\$ 856,020</u>	<u>\$ 1,412,295</u>

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

CITY OF MONTE VISTA, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2015

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 47,914
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of (\$699,959) and disposal of land (\$14,413) exceeded capital outlay of \$72,636 in the current period	(641,736)
Capital lease proceeds are reported as other financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(72,636)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include bond payments of \$150,000 and payments of capital leases of \$68,112.	218,112
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 the governmental funds. This includes the change in accrued compensated absences (\$2,509) and accrued accrued interest payable (\$19,098)	<u>(21,607)</u>
Change in Net Position of Governmental Activities	<u>\$ (469,953)</u>

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



CITY OF MONTE VISTA, COLORADO

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2015

	WATER FUND	SEWER FUND	TOTALS
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 662,288	\$ 433,669	\$ 1,095,957
Restricted Cash and Investments	42,505	1,396,612	1,439,117
Accounts Receivable	17,201	24,054	41,255
Due from County Treasurer	28,339	26,086	54,425
Inventory	90,357	8,639	98,996
<b>Total Current Assets</b>	<b>840,690</b>	<b>1,889,060</b>	<b>2,729,750</b>
<b>Noncurrent Assets</b>			
Prepaid Water Storage, Net of Accumulated Amortization	525,000	-	525,000
Capital Assets, Not Depreciated	952,451	172,573	1,125,024
Capital Assets, Net of Accumulated Depreciation	1,149,924	2,456,272	3,606,196
<b>Total Noncurrent Assets</b>	<b>2,627,375</b>	<b>2,628,845</b>	<b>5,256,220</b>
<b>TOTAL ASSETS</b>	<b>3,468,065</b>	<b>4,517,905</b>	<b>7,985,970</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	10,241	143,884	154,125
Accrued Compensated Absences	13,056	13,598	26,654
Accrued Interest Payable	181,693	1,800	183,493
Loans Payable, Current Portion	11,578	134,643	146,221
<b>Total Current Liabilities</b>	<b>216,568</b>	<b>293,925</b>	<b>510,493</b>
<b>Noncurrent Liabilities</b>			
Accrued Compensated Absences	28,007	7,422	35,429
Loans Payable	1,586,909	1,467,094	3,054,003
<b>Total Noncurrent Liabilities</b>	<b>1,614,916</b>	<b>1,474,516</b>	<b>3,089,432</b>
<b>TOTAL LIABILITIES</b>	<b>1,831,484</b>	<b>1,768,441</b>	<b>3,599,925</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	503,888	2,423,720	2,927,608
Restricted for Water Acquisition	42,505	-	42,505
Unrestricted	1,090,188	325,744	1,415,932
<b>TOTAL NET POSITION</b>	<b>\$ 1,636,581</b>	<b>\$ 2,749,464</b>	<b>\$ 4,386,045</b>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended December 31, 2015

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUES			
Charges for Services	\$ 841,553	\$ 811,065	\$ 1,652,618
Miscellaneous	82	68	150
TOTAL OPERATING REVENUES	<u>841,635</u>	<u>811,133</u>	<u>1,652,768</u>
OPERATING EXPENSES			
Operations and Maintenance	538,281	667,631	1,205,912
Depreciation and Amortization	67,177	131,174	198,351
TOTAL OPERATING EXPENSES	<u>605,458</u>	<u>798,805</u>	<u>1,404,263</u>
OPERATING INCOME	<u>236,177</u>	<u>12,328</u>	<u>248,505</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	96	163	259
Interest Expenses	(51,992)	(12,437)	(64,429)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(51,896)</u>	<u>(12,274)</u>	<u>(64,170)</u>
INCOME BEFORE CAPITAL CONTRIBUTIOND AND TRANSFERS	<u>184,281</u>	<u>54</u>	<u>184,335</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions			
Tap Fees	1,600	1,500	3,100
Transfers (Out)	(102,338)	(102,336)	(204,674)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(100,738)</u>	<u>(100,836)</u>	<u>(201,574)</u>
CHANGE IN NET POSITION	83,543	(100,782)	(17,239)
NET POSITION, Beginning, As Restated	<u>1,553,038</u>	<u>2,850,246</u>	<u>4,403,284</u>
NET POSITION, Ending	<u>\$ 1,636,581</u>	<u>\$ 2,749,464</u>	<u>\$ 4,386,045</u>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended December 31, 2015  
 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 820,660	\$ 803,824	\$ 1,624,484
Cash Received from Others	82	68	150
Cash Paid to Suppliers	(221,862)	(337,593)	(559,455)
Cash Paid to Employees	(306,851)	(343,428)	(650,279)
Net Cash Provided by Operating Activities	<u>292,029</u>	<u>122,871</u>	<u>414,900</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Payments to Other Funds	<u>(102,338)</u>	<u>(102,336)</u>	<u>(204,674)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase and Construction of Capital Assets	(15,877)	(54,354)	(70,231)
Loan Proceeds	-	1,396,612	1,396,612
Long-term Debt Principal Paid	(11,577)	(96,906)	(108,483)
Interest Paid	(325)	(12,902)	(13,227)
Tap Fees Received	1,600	1,500	3,100
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(26,179)</u>	<u>1,233,950</u>	<u>1,207,771</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	<u>96</u>	<u>163</u>	<u>259</u>
Net Increase in Cash and Cash Equivalents	163,608	1,254,648	1,418,256
CASH AND CASH EQUIVALENTS, Beginning	<u>541,185</u>	<u>575,633</u>	<u>1,116,818</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 704,793</u>	<u>\$ 1,830,281</u>	<u>\$ 2,535,074</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	<u>\$ 236,177</u>	<u>\$ 12,328</u>	<u>\$ 248,505</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	67,177	131,174	198,351
Changes in Assets and Liabilities			
Accounts Receivable	(6,783)	(5,505)	(12,288)
Due from County Treasurer	(14,110)	(1,736)	(15,846)
Inventory	2,332	(648)	1,684
Accounts Payable	2,467	(19,465)	(16,998)
Accrued Compensated Absences	4,769	6,723	11,492
Total Adjustments	<u>55,852</u>	<u>110,543</u>	<u>166,395</u>
Net Cash Provided by Operating Activities	<u>\$ 292,029</u>	<u>\$ 122,871</u>	<u>\$ 414,900</u>

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The City of Monte Vista (the "City") was incorporated July 19, 1886 and was re-organized as a home-rule municipality under Article 20 the of Colorado Constitution on March 22, 1922. The City is governed by a council-manager form of government through a Mayor and four-member City Council elected by the residents. The City, authorized through its charter, provides the following services: public safety, public works, water, sanitation, culture & recreation, public improvements, planning and zoning, airport operations, economic development and general administrative services

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the City's more significant accounting policies follows.

**Reporting Entity**

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the City includes the following entity in its reporting entity.

*Monte Vista Urban Renewal Authority*

The Monte Vista Urban Renewal Authority (the "URA") was created to redevelop or rehabilitate certain blighted areas within City limits. The URA has a separate governing board with members appointed by the City Council. Although the URA is legally separate from the City, the URA's primary revenue source comes from the City and the City has operational and management responsibilities. The URA does not issue separate financial statements and is blended in the City's financial statements as a special revenue fund.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

charges for interfund services that are reasonably equivalent to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial, capital and debt resources of the City. The difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources of the City is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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 among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental and 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been 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 to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(Continued)

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grants and similar items are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

The City reports the following major governmental funds in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the City.

Recreation Fund – The Recreation Fund accounts for resources committed to activities for community programs, including Kids Connection. Sources of revenue include subsidies from the General Fund, Rio Grande County grants, facility rentals fees, membership dues and program registration fees.

The City reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the financial activities associated with the provision of water services.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

*Sewer Fund* – The Sewer Fund accounts for the financial activities associated with the provision of sewer services.

**Assets, Liabilities, Net Position/Fund Balances**

*Cash and Investments* – Cash equivalents include investments with original maturities of three months or less. Pooled cash and investments are considered cash equivalents. Negative balances in pooled cash and investments at year end are reported as Due to/from Other Funds. Investments are reported at fair value.

*Due to/from Other Funds* – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as due to/from other funds.

*Grants, Other Governments and Accounts Receivable* – Grants, other governments and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Inventory* – Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies for the Water and Sewer Funds. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

*Capital Assets* – Capital assets, which include property, plant, buildings and related improvements, equipment, vehicles, and all infrastructure (streets, bridges, underground drainage pipe, traffic signals, etc.) owned by the City, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such 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 asset lives are not capitalized.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Assets, Liabilities, Net Position/Fund Balances** (Continued)

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives.

Buildings	15 – 50 years
Improvements - Building	15 – 40 years
Improvements - Other	10 – 40 years
Infrastructure	15 – 50 years
Water and Sewer Treatment Plants	15 – 40 years
Transmission and Distribution Systems	5 – 40 years
Equipment and Vehicles	5 – 15 years

*Unearned Revenue* – Grants that have been collected but the corresponding expenditures have not been incurred are reported as unearned revenue.

*Deferred Inflows of Resources* – In addition to assets, the balance sheet – governmental funds and statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The City has an item related to property taxes levied in the current year to be collected in the following year at December 31, 2015.

*Compensated Absences* - Employees of the City are eligible for vacation beginning with their first pay period. They earn between 40 and 168 hours of vacation time each year, based on years of service. Employees may request to carry over a maximum of 80 hours to the next year. Unused hours in excess of 80 hours will be forfeited. Employees will be paid for all accrued vacation time at their current pay rate upon separation of employment.

Employees are allowed to accumulate sick leave up to a maximum of 240 hours. However, unused sick leave will not be paid upon separation of employment. Therefore, no liability for accumulated sick time is reported in the financial statements. Accrued vacation time is recognized as current salary costs when earned in the proprietary funds and when due in the governmental funds. A long-term liability is reported in the government-wide financial statements for the accrued vacation time.

*Long-Term Debt* - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position.



CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position/Fund Balances (Continued)**

In the governmental fund financial statements the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the year of the debt issuance. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

*Net Position* – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes the residual net position that does not meet the classification of “net investment in capital assets” or “restricted.”

*Fund Balance Classification* – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The City did not have any nonspendable resources at December 31, 2015.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City had classified emergency reserves as being restricted because State statute requires this restriction. In addition, the City had restricted amounts for parks, debt service, public safety and capital projects because of certain State statutes, bond and loan documents and third party restrictions.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position/Fund Balances (Continued)**

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, the City Council. The constraint may be removed or changed only through formal action of the City Council. The City had committed resources at December 31, 2015 for future economic development.
- Assigned – This classification includes amounts that are constrained by the City’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The City had assigned resources at December 31, 2015 for future airport projects.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The City has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the City uses restricted fund balance first, followed by committed, assigned and unassigned.

**Use of Estimates**

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

**Property Taxes**

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer’s Office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

The City has evaluated events subsequent to the year ended December 31, 2015 through June 20, 2016, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments at December 31, 2015, follows:

Petty Cash	\$ 600
Cash Deposits	2,027,648
Cash Held by Third Party	1,396,612
Investments	<u>172,981</u>
Total	<b><u>\$ 3,597,841</u></b>

Cash is reported in the financial statements as follows:

Cash and Investments	\$ 1,535,046
Restricted Cash and Investments	<u>2,062,795</u>
Total	<b><u>\$ 3,597,841</u></b>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2015, the City had bank deposits totaling \$2,059,209 of which \$1,530,255 were collateralized with securities held by the financial institutions' agents but not in the City's name.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments**

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. The City's investment policy follows State statutes.

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The City does not have a policy for managing credit risk or interest rate risk.

*Local Government Investment Pools* - At December 31, 2015, the City had \$172,981 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**Restricted Cash and Investments**

Restricted cash and investments for the Governmental Funds consist of unspent police seizure funds and surcharges of \$87,292 in the General Fund; \$159,832 for future debt service requirements in the Debt Service Fund; and \$376,554 of unspent capital projects funds in the Capital Projects Fund. The Propriety Funds restricted cash and investments consist of \$42,505 restricted by ordinance for water acquisition in the Water Fund; and \$1,396,612 of unspent loan proceeds for the sewer system expansion project in the Sewer Fund, which are held by an outside third party.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 3: INTERFUND BALANCES AND TRANSFERS**

Interfund balances at December 31, 2015, were comprised of the following:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General	Recreation	<b><u>\$ 22,029</u></b>

At December 31, 2015, the General Fund temporarily subsidized the negative cash balances of the Recreation Fund.

Interfund transfers for the year ended December 31, 2015, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Conservation Trust	\$ 7,605
General	Recreation	25,079
General	Water	102,338
General	Sewer	102,336
Recreation	General	195,937
Recreation	Conservation Trust	22,742
Urban Renewal Authority	General	7,500
Grants	General	20,443
Grants	Capital Projects	8,000
Capital Projects	Grants	55,440
Debt Service	Capital Improvements	<u>280,870</u>
Total		<b><u>\$ 828,290</u></b>

During the year ended December 31, 2015, transfers to the General Fund were reimbursements for administrative costs and rent charges, including payments in lieu of taxes from the Water and Sewer Funds. The General Fund transferred funds to the Recreation, Urban Renewal Authority and Grants Funds to subsidize operations in these funds. The General Fund transferred funds to the Grants Fund to provide for grant match. The Conservation Trust Fund transferred funds to the Recreation Fund for reimbursement of eligible parks related expenditures. The Capital Projects Fund transferred funds to the Grants Fund to provide for grant match. The Grants Fund transferred funds to the Capital Projects for reimbursement of project costs. The Capital Improvements Fund transferred funds to the Debt Service Fund for payment of principal and interest on the Series 2008 Sales Tax Revenue Refunding and Improvement Bonds.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015, is summarized below:

	Balances 12/31/2014	Additions/ Transfers	Deletions	Balances 12/31/2015
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 1,118,799	\$ -	\$ 14,413	\$ 1,104,386
Construction in Progress	57,651	-	-	57,651
Total Capital Assets, not being depreciated	<u>1,176,450</u>	<u>-</u>	<u>14,413</u>	<u>1,162,037</u>
Capital Assets, being depreciated				
Buildings	3,836,183	-	-	3,836,183
Infrastructure	3,490,517	-	-	3,490,517
Improvements - Buildings	841,922	-	-	841,922
Improvements - Other	2,924,851	-	-	2,924,851
Equipment and Vehicles	3,432,089	72,636	-	3,504,725
Total Capital Assets, being depreciated	<u>14,525,562</u>	<u>72,636</u>	<u>-</u>	<u>14,598,198</u>
Less accumulated depreciation				
Buildings	(2,116,048)	(62,814)	-	(2,178,862)
Infrastructure	(1,790,362)	(258,709)	-	(2,049,071)
Improvements - Buildings	(437,770)	(31,711)	-	(469,481)
Improvements - Other	(995,932)	(159,648)	-	(1,155,580)
Equipment and Vehicles	(2,309,667)	(187,077)	-	(2,496,744)
Total accumulated depreciation	<u>(7,649,779)</u>	<u>(699,959)</u>	<u>-</u>	<u>(8,349,738)</u>
Total Capital Assets, being depreciated, net	<u>6,875,783</u>	<u>(627,323)</u>	<u>-</u>	<u>6,248,460</u>
Governmental Activities Capital Assets, net	<u><b>\$ 8,052,233</b></u>	<u><b>\$ (627,323)</b></u>	<u><b>\$ 14,413</b></u>	<u><b>\$ 7,410,497</b></u>

Depreciation expense was charged to the City's Governmental Activities functions/programs as follows:

General Government	\$ 151,762
Public Safety	108,207
Health and Welfare	6,020
Public Works and Airport	228,662
Culture and Recreation	151,464
Urban/Economic Development	<u>53,844</u>
Total	<u><b>\$ 699,959</b></u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 4: CAPITAL ASSETS (Continued)**

	Balances 12/31/2014	Additions	Deletions/ Transfers	Balances 12/31/2015
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	941,451	-	-	941,451
Construction in Progress	18,323	143,250	-	161,573
Total Capital Assets, not being depreciated	<u>981,774</u>	<u>143,250</u>	<u>-</u>	<u>1,125,024</u>
Capital Assets, being depreciated				
Buildings	47,650	-	-	47,650
Water and Sewer Treatment Plants	4,636,251	-	-	4,636,251
Transmission and Distribution Systems	6,005,099	-	-	6,005,099
Equipment and Vehicles	772,392	70,231	-	842,623
Total Capital Assets, being depreciated	<u>11,461,392</u>	<u>70,231</u>	<u>-</u>	<u>11,531,623</u>
Less accumulated depreciation				
Buildings	(46,578)	(82)	-	(46,660)
Water and Sewer Treatment Plants	(4,295,195)	(13,613)	-	(4,308,808)
Transmission and Distribution Systems	(2,752,430)	(138,835)	-	(2,891,265)
Equipment and Vehicles	(653,873)	(24,821)	-	(678,694)
Total accumulated depreciation	<u>(7,748,076)</u>	<u>(177,351)</u>	<u>-</u>	<u>(7,925,427)</u>
Total Capital Assets, being depreciated, net	<u>3,713,316</u>	<u>(107,120)</u>	<u>-</u>	<u>3,606,196</u>
Business-type Activities Capital Assets, net	<u><u>\$ 4,695,090</u></u>	<u><u>\$ 36,130</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,731,220</u></u>

Depreciation expense was charged to the City's Business-type Activities as follows:

Water	\$ 46,177
Sewer	<u>131,174</u>
Total	<u><u>\$ 177,351</u></u>

**NOTE 5: PREPAID WATER STORAGE**

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. The City made two installment payments of \$100,000 and \$530,000 in 2010 and 2014, respectively. The prepaid water storage will be amortized over the 30 year life of the agreement, at \$21,000 per year. As of December 31, 2015, the balance of the prepaid water storage, net of accumulated amortization was \$525,000.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 6: LONG-TERM DEBT**

**Governmental Activities**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2015.

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015	Due Within One Year
<b>Governmental Activities</b>					
2008 Sales Tax Revenue Bonds	\$ 2,845,000	\$ -	\$ 150,000	\$ 2,695,000	\$ 155,000
Capital Leases	343,254	72,636	68,112	347,778	27,462
Accrued Compensated Absences	84,043	2,509	-	86,552	34,218
	<b><u>\$ 3,272,297</u></b>	<b><u>\$ 75,145</u></b>	<b><u>\$ 218,112</u></b>	<b><u>\$ 3,129,330</u></b>	<b><u>\$ 216,680</u></b>

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

**Sales Tax Revenue Bonds**

\$3,680,000 Sales Tax Revenue Refunding and Improvement Bonds, Series 2008, were issued to refinance the Sales Tax Revenue Bonds, Series 1996 and finance future streets paving and resurfacing, provide curb, gutter, storm drainage, sidewalk improvements and such other related improvements recommended by the one cent sales tax committee and approved by City Council. The bonds are secured by a first lien on ½ of the City's 2% sales tax. Principal and interest payments are due semi-annually on June 1 and December 1 through December 1, 2028. Interest accrues at a rate of 4% per annum. During the year ended December 31, 2015, pledged revenues derived from the dedicated 1% sales tax totaling \$320,737 were available to pay annual debt service of \$280,870.

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 155,000	\$ 123,970	\$ 278,970
2017	165,000	116,840	281,840
2018	170,000	109,250	279,250
2019	180,000	101,430	281,430
2020	185,000	93,150	278,150
2021 - 2025	1,075,000	328,900	1,403,900
2026 - 2028	765,000	71,300	836,300
	<b><u>\$ 2,695,000</u></b>	<b><u>\$ 944,840</u></b>	<b><u>\$ 3,639,840</u></b>



CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 6: LONG-TERM DEBT (Continued)**

**Governmental Activities (Continued)**

**Capital Leases**

The City has entered into capital lease agreements to finance energy performance contract repairs and maintenance, and purchase of vehicles. These leases bear interest at rates ranging from 3.35% to 3.38% per annum, and mature between June 2020 and January 2028. Capital assets totaling \$72,636 are reported in the financial statements under these lease agreements.

Following is a schedule of future minimum lease payments required under the outstanding capital leases at December 31, 2015.

<u>Year Ended December 31</u>	
2016	\$ 39,250
2017	39,870
2018	40,511
2019	41,170
2020	33,864
2021 - 2025	140,313
2026 - 2028	<u>93,743</u>
Total Minimum Lease Payments	428,721
Less: Interest	<u>(80,943)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 347,778</u></u>

**Business-type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2015.

	Balance <u>12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2015</u>	Due Within <u>One Year</u>
<b>Business-type Activities</b>					
2010 Water Loan	\$ 1,291,680	\$ -	\$ -	\$ 1,291,680	\$ -
2011 Water Loan	318,384	-	11,577	306,807	11,578
1999 Sewer Loan	302,031	-	61,991	240,040	64,812
2015 Sewer Loan	-	1,396,612	34,915	1,361,697	69,831
Accrued Compensated Absences	50,591	11,492	-	62,083	26,654
	<u><u>\$ 1,962,686</u></u>	<u><u>\$ 1,408,104</u></u>	<u><u>\$ 108,483</u></u>	<u><u>\$ 3,262,307</u></u>	<u><u>\$ 172,875</u></u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 6: LONG-TERM DEBT (Continued)**

**Business-type Activities (Continued)**

**Water Loans**

During 2010, the City entered into a \$1,693,770 loan agreement with the Colorado Water Conservation Board for acquisition of water rights and water storage. Principal and interest payments are due annually over a 30-year period at a date to be determined. Repayment will be determined when the loan is fully advanced. As of December 31, 2015, \$1,291,680 has been advanced to the City. Interest accrues at 4% per annum.

During 2011, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), in the principal amount of \$400,000, for construction and improvements to the water distribution system. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2042. The loan is non-interest bearing.

The CWRPDA water loan is payable solely from revenues of the City's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2015, net revenues of \$304,954 were available to pay annual debt service of \$11,577. Remaining debt service at December 31, 2015 was \$306,807.

**Sewer Loans**

During 1999, the City entered into a loan agreement with the CWRPDA in the principal amount of \$968,000 to finance repairs to the City's sewer treatment systems. Principal and interest payments are due semi-annually on May 1 and November 1, through May 1, 2019. Interest accrues at 4.5% per annum.

During 2015, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), in the principal amount of \$1,396,612, for construction of the City's sewer system expansion project. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2035. The loan is non-interest bearing.

This loans are payable solely from revenues of the City's sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2015, net revenues of \$145,002 were available to pay annual debt service of \$109,808. Remaining debt service at December 31, 2015 was \$1,601,737.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 6: LONG-TERM DEBT** (Continued)

**Business-type Activities** (Continued)

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 146,220	\$ 10,081	\$ 156,301
2017	149,169	7,131	156,300
2018	152,253	4,048	156,301
2019	118,031	824	118,855
2020	81,408	-	81,408
2021 - 2025	407,041	-	407,041
2026 - 2030	407,041	-	407,041
2031 - 2035	372,126	-	372,126
2036 - 2040	57,889	-	57,889
2041 - 2042	17,366	-	17,366
Amortization terms unknown	1,291,680	-	1,291,680
	<u>\$ 3,200,224</u>	<u>\$ 22,084</u>	<u>\$ 3,222,308</u>

**NOTE 7: PUBLIC ENTITY RISK POOL**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 7: PUBLIC ENTITY RISK POOL (Continued)**

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of the entity.

**NOTE 8: PENSION PLANS**

**Defined Contribution Pension Plans**

*City Employees* - The City contributes to a single employer defined contribution money purchase pension plan on behalf of its full-time employees, except for sworn police officers. The contribution requirements of Plan participants and the City are established and may be amended by the City Council. The Plan is administered by ICMA Retirement Corporation. The City is required to contribute 0.5% of each participant's covered payroll. Employees are not required to contribute to the plan. For the year ended December 31, 2015, there were no employee contributions and the City recognized pension expense of \$4,803.

Employees become 100% vested in the City's contributions and earnings after three years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are either used to cover a portion of the pension plan's administrative expenses or are returned to the City. For the year ended December 31, 2015, the City reported returned forfeitures in the amount of \$1,263.

*City Sworn Police Officers* - The City contributes to a single employer defined contribution money purchase pension plan on behalf of its sworn police officers. The contribution requirements of Plan participants and the City are established and may be amended by the City Council. The Plan is administered by ICMA Retirement Corporation. The City is required to contribute 6.7% of each participant's covered payroll. Employees are required to contribute 6.2% of covered payroll to the plan. For the year ended December 31, 2015, employee contributions totaled \$36,098 and the City recognized pension expense of \$37,975.

Employees become 100% vested in the City's contributions and earnings after three years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are either used to cover a portion of the pension plan's administrative expenses or are returned to the City. For the year ended December 31, 2015, the City reported returned forfeitures in the amount of \$15,670.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 8: PENSION PLANS (Continued)**

**457 Deferred Compensation Plan**

The City has a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation. Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years. Effective January 1, 2015, the City will match up to 3% of the participating employee's contributions to the plan. For the year ended December 31, 2015, the City contributed \$34,441 to the plan.

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the City.

Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The City's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

In November 1997, voters within the City authorized the City to collect, retain and expend all revenues and other funds in excess of the revenue limitations of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2015, the emergency reserve of \$90,000 was reported as restricted fund balance in the General Fund.

The URA is not subject to the Amendment. See: Marian L. Olson v. City of Golden, et. al. 53 P.3d 747 (Co. App.), certiorari denied.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

**NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)**

**Claims and Judgments**

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2015, significant amounts of grant expenses have not been audited, but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

**NOTE 10: PRIOR PERIOD RESTATEMENT**

During the year ended December 31, 2015, the City obtained additional guidance on reporting accrued interest payable for the CWCB water loan. It was determined that the interest accruing each year on the loan should be reported as expense even though the loan repayment terms have not been defined. As a result of this prior period adjustment, the January 1, 2015 Water Fund liabilities and net position were restated by \$130,026, in order to recognize the accrued interest payable for the year ended December 31, 2014 as follows:

Beginning Net Position, as previously reported at January 1, 2015	\$ 1,683,064
Accrued Interest Payable at January 1, 2015	<u>(130,026)</u>
Net Position, January 1, 2015, as restated	<u><b>\$ 1,553,038</b></u>

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended December 31, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Taxes				
Sales	\$ 345,000	\$ 345,000	\$ 320,737	\$ (24,263)
Sales - Rio Grande County	740,000	740,000	724,618	(15,382)
Property and Specific Ownership	386,500	386,500	393,189	6,689
Franchise	169,400	169,400	159,490	(9,910)
Other	12,350	12,350	3,116	(9,234)
Licenses and Permits	7,600	7,600	17,115	9,515
Charges for Services	174,100	174,100	188,659	14,559
Intergovernmental	194,431	544,431	545,774	1,343
Fines and Forfeitures	100,100	100,100	136,139	36,039
Interest	1,000	1,000	2,038	1,038
Miscellaneous	70,186	70,186	155,737	85,551
<b>TOTAL REVENUES</b>	<b>2,200,667</b>	<b>2,550,667</b>	<b>2,646,612</b>	<b>95,945</b>
<b>EXPENDITURES</b>				
General Government				
City Council	47,280	47,280	44,379	2,901
City Clerk	43,231	43,231	44,599	(1,368)
Municipal Court	69,960	69,960	74,813	(4,853)
City Manager	54,325	54,325	47,860	6,465
Elections	10,000	10,000	8,515	1,485
Finance	80,212	80,212	84,409	(4,197)
City Attorney	35,000	35,000	35,573	(573)
Purchasing and General Services	121,310	121,310	143,166	(21,856)
Community Developemnt	40,706	40,706	41,470	(764)
<b>Total General Governments</b>	<b>502,024</b>	<b>502,024</b>	<b>524,784</b>	<b>(22,760)</b>
Public Safety				
Police	1,185,383	1,185,383	1,155,892	29,491
<b>Total Public Safety</b>	<b>1,185,383</b>	<b>1,185,383</b>	<b>1,155,892</b>	<b>29,491</b>
Health and Welfare				
Code Enforcement	36,728	36,728	30,365	6,363
Pest Control	50,618	50,618	53,501	(2,883)
<b>Total Health and Welfare</b>	<b>\$ 87,346</b>	<b>\$ 87,346</b>	<b>\$ 83,866</b>	<b>\$ 3,480</b>

(Continued)

See the accompanying Independent Auditor's Report.



CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended December 31, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
Public Works and Airport				
Streets and Lighting	\$ 334,076	\$ 334,076	\$ 341,909	\$ (7,833)
City Shop and Buildings	81,223	81,223	86,490	(5,267)
Airport	20,662	20,662	19,556	1,106
Total Public Works and Airport	<u>435,961</u>	<u>435,961</u>	<u>447,955</u>	<u>(11,994)</u>
Culture and Recreation				
Parks and Recreation	93,722	443,722	429,004	14,718
Vali3 Theatre	-	-	30,684	(30,684)
Total Culture and Recreation	<u>93,722</u>	<u>443,722</u>	<u>459,688</u>	<u>(15,966)</u>
Capital Outlay	<u>10,000</u>	<u>84,168</u>	<u>72,636</u>	<u>11,532</u>
Debt Service				
Principal	38,000	38,000	19,652	18,348
Interest	-	-	11,007	(11,007)
Total Culture and Recreation	<u>38,000</u>	<u>38,000</u>	<u>30,659</u>	<u>7,341</u>
TOTAL EXPENDITURES	<u>2,352,436</u>	<u>2,776,604</u>	<u>2,775,480</u>	<u>1,124</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(151,769)</u>	<u>(225,937)</u>	<u>(128,868)</u>	<u>97,069</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Debt	-	74,168	72,636	(1,532)
Transfers In	229,545	229,545	237,358	7,813
Transfers Out	(239,930)	(239,930)	(223,880)	16,050
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,385)</u>	<u>63,783</u>	<u>86,114</u>	<u>22,331</u>
NET CHANGE IN FUND BALANCE	(162,154)	(162,154)	(42,754)	119,400
FUND BALANCE, Beginning	<u>162,154</u>	<u>162,154</u>	<u>599,533</u>	<u>437,379</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,779</u>	<u>\$ 556,779</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
RECREATION FUND  
Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 22,300	\$ 19,990	\$ (2,310)
Intergovernmental	72,700	95,108	22,408
Miscellaneous	39,000	26,341	(12,659)
TOTAL REVENUES	134,000	141,439	7,439
EXPENDITURES			
Administration and Programs	238,014	221,610	16,404
Kids Connection	138,337	106,029	32,308
TOTAL EXPENDITURES	376,351	327,639	48,712
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(242,351)	(186,200)	56,151
OTHER FINANCING SOURCES (USES)			
Transfers In	267,430	218,679	(48,751)
Transfers Out	(25,079)	(25,079)	-
TOTAL OTHER FINANCING SOURCES (USES)	242,351	193,600	(48,751)
NET CHANGE IN FUND BALANCE	-	7,400	7,400
FUND BALANCE (DEFICIT), Beginning	-	(7,904)	(7,904)
FUND BALANCE (DEFICIT), Ending	\$ -	\$ (504)	\$ (504)

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

Budgets are legally adopted for all funds of the City. A budget is not presented for the Monte Vista Park Authority, a component unit. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- In September, Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Budgets amended by the City Council during the year have been presented in the budgetary comparison schedules for each fund amended.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the City Council.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF MONTE VISTA, COLORADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2015

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	GRANTS FUND	CAPITAL IMPROVEMENTS FUND
<b>ASSETS</b>				
Cash and Investments	\$ 101,562	\$ 527	\$ 11,786	\$ 155,352
Restricted Cash and Investments	-	-	-	-
Due From Other Governments	-	-	-	50,410
<b>TOTAL ASSETS</b>	<b>\$ 101,562</b>	<b>\$ 527</b>	<b>\$ 11,786</b>	<b>\$ 205,762</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 3	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>FUND EQUITY</b>				
Restricted for Parks	101,562	-	-	-
Restricted for Debt Service	-	-	-	-
Restricted for Capital Projects	-	-	-	205,762
Committed to Economic Development	-	524	-	-
Assigned to Airport	-	-	11,786	-
<b>TOTAL FUND EQUITY</b>	<b>101,562</b>	<b>524</b>	<b>11,786</b>	<b>205,762</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 101,562</b>	<b>\$ 527</b>	<b>\$ 11,786</b>	<b>\$ 205,762</b>

See the accompanying Independent Auditor's Report.

CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
\$ -	\$ -	\$ 269,227
376,554	159,832	536,386
-	-	50,410
<u>\$ 376,554</u>	<u>\$ 159,832</u>	<u>\$ 856,023</u>
\$ -	\$ -	\$ 3
-	-	3
-	-	101,562
-	159,832	159,832
376,554	-	582,316
-	-	524
-	-	11,786
<u>376,554</u>	<u>159,832</u>	<u>856,020</u>
<u>\$ 376,554</u>	<u>\$ 159,832</u>	<u>\$ 856,023</u>

CITY OF MONTE VISTA, COLORADO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended December 31, 2015

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	GRANTS FUND	CAPITAL IMPROVEMENTS FUND
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 320,737
Intergovernmental	41,902	3,750	115,605	-
Investment Income	-	-	-	-
Miscellaneous	23	599	-	-
<b>TOTAL REVENUES</b>	<b>41,925</b>	<b>4,349</b>	<b>115,605</b>	<b>320,737</b>
EXPENDITURES				
General Government	-	-	41,395	-
Culture and Recreation	999	2,144	-	-
Urban/Economic Development	-	11,184	-	-
Capital Outlay	-	-	8,000	-
Debt Service				
Principal	-	-	-	48,460
Interest and Fiscal Charges	-	-	-	2,202
<b>TOTAL EXPENDITURES</b>	<b>999</b>	<b>13,328</b>	<b>49,395</b>	<b>50,662</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	40,926	(8,979)	66,210	270,075
OTHER FINANCING SOURCES (USES)				
Transfers In	-	7,500	28,443	-
Transfers (Out)	(30,347)	-	(55,440)	(280,870)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(30,347)</b>	<b>7,500</b>	<b>(26,997)</b>	<b>(280,870)</b>
CHANGE IN FUND BALANCES	10,579	(1,479)	39,213	(10,795)
FUND BALANCES, Beginning	90,983	2,003	(27,427)	216,557
FUND BALANCES, Ending	\$ 101,562	\$ 524	\$ 11,786	\$ 205,762

See the accompanying Independent Auditor's Report.

CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
\$ -	\$ -	\$ 320,737
-	-	161,257
69	3,445	3,514
-	-	622
<u>69</u>	<u>3,445</u>	<u>486,130</u>
-	-	41,395
-	-	3,143
-	-	11,184
5,204	-	13,204
-	150,000	198,460
-	130,870	133,072
<u>5,204</u>	<u>280,870</u>	<u>400,458</u>
<u>(5,135)</u>	<u>(277,425)</u>	<u>85,672</u>
55,440	280,870	372,253
(8,000)	-	(374,657)
<u>47,440</u>	<u>280,870</u>	<u>(2,404)</u>
42,305	3,445	83,268
<u>334,249</u>	<u>156,387</u>	<u>772,752</u>
<u>\$ 376,554</u>	<u>\$ 159,832</u>	<u>\$ 856,020</u>



CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 URBAN RENEWAL AUTHORITY  
 Year Ended December 31, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 3,750	\$ 3,750
Miscellaneous	1,000	1,000	599	(401)
TOTAL REVENUES	1,000	1,000	4,349	3,349
EXPENDITURES				
Culture and Recreation	2,550	2,550	2,144	406
Urban/Economic Development	5,950	13,419	11,184	2,235
TOTAL EXPENDITURES	8,500	15,969	13,328	2,641
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,500)	(14,969)	(8,979)	5,990
OTHER FINANCING SOURCES (USES)				
Transfers In	7,500	14,969	7,500	(7,469)
NET CHANGE IN FUND BALANCE	-	-	(1,479)	(1,479)
FUND BALANCE, Beginning	-	-	2,003	2,003
FUND BALANCE, Ending	\$ -	\$ -	\$ 524	\$ 524

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 GRANTS FUND  
 Year Ended December 31, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 817,544	\$ 898,152	\$ 115,605	\$ (782,547)
TOTAL REVENUES	817,544	898,152	115,605	(782,547)
EXPENDITURES				
General Government	-	39,214	41,395	(2,181)
Capital Outlay	882,544	882,544	8,000	874,544
TOTAL EXPENDITURES	882,544	921,758	49,395	872,363
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(65,000)	(23,606)	66,210	89,816
OTHER FINANCING SOURCES (USES)				
Transfers In	65,000	65,000	28,443	(36,557)
Transfers Out	-	-	(55,440)	(55,440)
TOTAL OTHER FINANCING SOURCES (USES)	65,000	65,000	(26,997)	(91,997)
NET CHANGE IN FUND BALANCE	-	41,394	39,213	(2,181)
FUND BALANCE (DEFICIT), Beginning	-	-	(27,427)	(27,427)
FUND BALANCE, Ending	\$ -	\$ 41,394	\$ 11,786	\$ (29,608)

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes			
Sales Taxes	\$ 345,000	\$ 320,737	\$ (24,263)
Interest	200	-	(200)
TOTAL REVENUES	<u>345,200</u>	<u>320,737</u>	<u>(24,463)</u>
EXPENDITURES			
Capital Outlay	13,500	-	13,500
Debt Service			
Principal	51,000	48,460	2,540
Interest and Fiscal Charges	-	2,202	(2,202)
TOTAL EXPENDITURES	<u>64,500</u>	<u>50,662</u>	<u>13,838</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>280,700</u>	<u>270,075</u>	<u>(10,625)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(280,700)</u>	<u>(280,870)</u>	<u>(170)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(280,700)</u>	<u>(280,870)</u>	<u>(170)</u>
NET CHANGE IN FUND BALANCE	-	(10,795)	(10,795)
FUND BALANCE, Beginning	<u>-</u>	<u>216,557</u>	<u>216,557</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 205,762</u>	<u>\$ 205,762</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS FUND  
 Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Interest	\$ -	\$ 69	\$ 69
TOTAL REVENUES	-	69	69
EXPENDITURES			
Capital Outlay	-	5,204	(5,204)
TOTAL EXPENDITURES	-	5,204	(5,204)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(5,135)	(5,135)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	55,440	55,440
Transfers Out	(65,000)	(8,000)	57,000
TOTAL OTHER FINANCING SOURCES (USES)	(65,000)	47,440	112,440
NET CHANGE IN FUND BALANCE	(65,000)	42,305	107,305
FUND BALANCE, Beginning	65,000	334,249	269,249
FUND BALANCE, Ending	\$ -	\$ 376,554	\$ 376,554

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Interest	\$ 300	\$ 3,445	3,145
TOTAL REVENUES	300	3,445	3,145
EXPENDITURES			
Debt Service			
Principal	150,000	150,000	-
Interest	131,000	130,870	130
TOTAL EXPENDITURES	281,000	280,870	130
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(280,700)	(277,425)	3,275
OTHER FINANCING SOURCES			
Transfers In	280,700	280,870	170
NET CHANGE IN FUND BALANCE	-	3,445	3,445
FUND BALANCE, Beginning	-	156,387	156,387
FUND BALANCE, Ending	\$ -	\$ 159,832	\$ 159,832

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 (Non-GAAP Budgetary Basis)  
 WATER FUND  
 Year Ended December 31, 2015

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 880,700	\$ 841,553	\$ (39,147)
Tap Fees	-	1,600	1,600
Lease Proceeds	165,000	-	(165,000)
Investment Income	500	96	(404)
Miscellaneous	1,500	82	(1,418)
<b>TOTAL REVENUES</b>	<b>1,047,700</b>	<b>843,331</b>	<b>(204,369)</b>
<b>EXPENDITURES</b>			
Operations and Maintenance	875,543	538,281	337,262
Capital Outlay	-	15,877	(15,877)
Debt Service			
Principal	44,743	11,577	33,166
Interest	66,543	51,992	14,551
Transfers Out	102,233	102,338	(105)
<b>TOTAL EXPENDITURES</b>	<b>1,089,062</b>	<b>720,065</b>	<b>368,997</b>
<b>NET INCOME (LOSS), Budget Basis</b>	<b>\$ (41,362)</b>	<b>123,266</b>	<b>\$ 164,628</b>
<b>GAAP BASIS ADJUSTMENTS</b>			
Capital Outlay		15,877	
Amortization		(21,000)	
Depreciation		(46,177)	
Principal Paid on Long-Term Debt		11,577	
<b>NET INCOME, GAAP Basis</b>		<b>83,543</b>	
<b>NET POSITION, Beginning, As Restated</b>		<b>1,553,038</b>	
<b>NET POSITION, Ending</b>		<b>\$ 1,636,581</b>	

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE (Non-GAAP Budgetary Basis) SEWER FUND Year Ended December 31, 2015

	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>			
Charges for Services	\$ 835,500	\$ 811,065	\$ (24,435)
Tap Fees	1,500	1,500	-
Loan Proceeds	4,000,000	1,396,612	(2,603,388)
Grant Proceeds	300,000	-	(300,000)
Investment Income	600	163	(437)
Miscellaneous	1,600	68	(1,532)
<b>TOTAL REVENUES</b>	<b>5,139,200</b>	<b>2,209,408</b>	<b>(2,929,792)</b>
<b>EXPENDITURES</b>			
Operations and Maintenance	679,166	667,631	11,535
Capital Outlay	4,460,000	197,604	4,262,396
Debt Service			
Principal	61,991	96,906	(34,915)
Interest	12,902	12,437	465
Transfers Out	102,233	102,336	(103)
<b>TOTAL EXPENDITURES</b>	<b>5,316,292</b>	<b>1,076,914</b>	<b>4,239,378</b>
<b>NET INCOME (LOSS), Budget Basis</b>	<b>\$ (177,092)</b>	<b>1,132,494</b>	<b>\$ 1,309,586</b>
<b>GAAP BASIS ADJUSTMENTS</b>			
Capital Outlay		197,604	
Depreciation		(131,174)	
Proceeds from Issuance of Debt		(1,396,612)	
Principal Paid on Long-Term Debt		96,906	
<b>NET INCOME, GAAP Basis</b>		<b>(100,782)</b>	
<b>NET POSITION, Beginning</b>		<b>2,850,246</b>	
<b>NET POSITION, Ending</b>		<b>\$ 2,749,464</b>	

See the accompanying Independent Auditor's Report.

## STATE COMPLIANCE



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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City of Monte Vista
		YEAR ENDING : December 2015
This Information From The Records Of (example - City of _ or County of City of Monte Vista)	Prepared By: Phone:	Lisa Robirds 719-852-2692

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	218,802
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,213
2. General fund appropriations	0	b. Snow and ice removal	4,376
3. Other local imposts (from page 2)	467,159	c. Other	0
4. Miscellaneous local receipts (from page 2)	35,204	d. Total (a. through c.)	5,589
5. Transfers from toll facilities		4. General administration & miscellaneous	98,963
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	342,395
a. Bonds - Original Issues		6. Total (1 through 5)	665,749
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	100,770
7. Total (1 through 6)	502,363	b. Redemption	115,500
<b>B. Private Contributions</b>		c. Total (a. + b.)	216,270
<b>C. Receipts from State government (from page 2)</b>		2. Notes:	
	163,386	a. Interest	2,202
<b>D. Receipts from Federal Government (from page 2)</b>		b. Redemption	48,460
	0	c. Total (a. + b.)	50,662
<b>E. Total receipts (A.7 + B + C + D)</b>		3. Total (1.c + 2.c)	266,932
	665,749	<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	
			932,681

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	2,298,450	0	110,191	2,188,259
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	48,460	0	48,460	0

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

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
334,249	665,749	932,681	67,317	0

Notes and Comments:

See the accompanying Independent Auditor's Report.

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2015	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	190,240	a. Interest on investments	23
b. Other local imposts:		b. Traffic Fines & Penalties	35,181
1. Sales Taxes	209,071	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees		d. Parking Meter Fees	0
3. Liens		e. Sale of Surplus Property	0
4. Licenses		f. Charges for Services	0
5. Specific Ownership &/or Other	67,848	g. Other Misc. Receipts	0
6. Total (1. through 5.)	276,919	h. Other	0
c. Total (a. + b.)	467,159	i. Total (a. through h.)	35,204
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	145,147	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	18,239	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	18,239	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	163,386	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
<b>Notes and Comments:</b>			

See the accompanying Independent Auditor's Report.