

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2013



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2013

CITY OF MONTE VISTA, COLORADO
TABLE OF CONTENTS
December 31, 2013

	<u>PAGE</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government -wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	17
Governmental Fund Financial Statements:	
Balance Sheet	18
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities	21
Proprietary Fund Financial Statements :	
Statement of Net Position	22
Statement of Revenues, Expenses , and Changes in Net Position	23
Statement of Cash Flows	24
Notes to the Basic Financial Statements	25
Required Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual :	
General Fund	41
Grant Fund	42
Capital Improvement Fund	43
Supplementary Information:	
Combining Schedules of Nonmajor Governmental Funds:	
Combining Balance Sheet	44
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	45
Other Schedules and Reports:	
Schedule of Expenditures and Transfers Out-All Major Capital Projects Funds, Non-Major Governmental Funds, and All Proprietary Funds-Budget and Actual	46
Local Highway Finance Report	47



Wall,
Smith,
Bateman Inc.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista, Colorado, as of and for the year ended December 31, 2013, 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 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.

Auditors' 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 from 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 auditors' 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 entity'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 entity'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 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, Colorado, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monte Vista, Colorado's basic financial statements. The combining nonmajor fund financial schedules, the schedule of expenditures and transfers out, and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial schedules, schedule of expenditures and transfers out, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 financial statements as a whole.



Wall, Smith, Bateman Inc.
Alamosa, Colorado

June 12, 2014

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

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, 2013.

In compliance with Statement Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis, or MD&A. This discussion and analysis of the City's financial performance provides an overview of activities during the prior two years ending December 31, 2012 and December 31, 2013.

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

- Ø As of December 31, 2013, the City of Monte Vista's government-wide net position totaled \$11,029,519. Of this amount, net position related to governmental activities totals \$6,697,853 and net position for business-type activities total \$4,331,666.
- Ø Total net position for the City increased by \$315,444 compared to 2012. Of this amount net position for governmental activities increased by \$116,728 and net position for business-type activities increased by \$198,716.
- Ø The City of Monte Vista's general revenue and transfers, primarily taxes, account for \$2,090,394 total revenue. Program revenues, in the form of charges for services, grants and contributions accounted for \$2,909,783 of total revenue.
- Ø Total government-wide revenues decreased by \$128,627 compared to 2012. Of this amount, the City's capital/operating grants and contributions decreased by \$98,016, general revenues decreased by \$14,580 and charges for service decreased by \$16,031 compared to 2012. A majority of the decrease is attributable to a decline in grant revenue.
- Ø The Statement of Activities indicates that the City had \$3,419,609 in expenses related to governmental activities in 2013 an increase of \$15,759 compared to the prior year. Expenses in business-type activities totaled \$1,265,124, a decrease of \$54,779 compared to 2012. Total revenues of \$5,000,177 were adequate to provide for the above expenses.
- Ø At the end of 2013, the City of Monte Vista's governmental funds reported combined ending fund balances of \$1,783,008 a decrease of \$262,563 compared to 2012. Of this total amount \$1,001,717 is restricted, \$69,418 is committed and \$660,953 is unassigned and \$51,000 is assigned.
- Ø The City of Monte Vista's total debt increased by \$141,547 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

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, highway and streets, culture and recreation, urban/economic development, and interest on long-term debt. The business -type activities of the City of Monte Vista include 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 four separate major governmental funds. Individual fund information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) General Fund, (2) Grant Fund, (3) Capital Improvement Fund, (4) and the Capital Projects Fund. Individual fund information for the non-major funds is presented as supplemental information after the notes section of this report. Non-major funds include the Recreation Fund, Debt Service Fund, Conservation Trust Fund and Urban Renewal Fund.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

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 (2013) with those of the prior year (2012) 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 \$11,029,519 at December 31, 2013.

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 \$8,324,456 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. The City of Monte Vista uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Table 1 provides a summary of the City's net position at December 31 for the years 2012 and, 2013. Additional information is presented in the statement of net position.

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 2,712,904	\$ 2,261,865	\$ 932,349	\$ 1,063,510	\$ 3,645,253	\$ 3,325,375
Noncurrent and Capital assets	<u>7,930,921</u>	<u>8,422,561</u>	<u>5,005,564</u>	<u>4,847,411</u>	<u>12,936,485</u>	<u>13,269,972</u>
Total Assets	10,643,825	10,684,426	5,937,913	5,910,921	16,581,738	16,595,347
Current Liabilities	501,100	345,350	240,882	83,923	741,982	429,273
Noncurrent Liabilities	<u>3,207,925</u>	<u>3,287,548</u>	<u>1,564,081</u>	<u>1,495,332</u>	<u>4,772,006</u>	<u>4,782,880</u>
Total Liabilities	3,709,025	3,632,898	1,804,963	1,579,255	5,513,988	5,212,153
Deferred Inflows of Revenue	353,675	353,675	-	-	353,675	353,675
Net Position:						
Net Investment in Capital Assets	4,669,918	5,020,011	3,373,308	3,304,445	8,043,226	8,324,456
Restricted for:						
TABOR	90,000	90,000	-	-	90,000	90,000
Capital Projects	974,522	672,924	-	-	974,522	672,924
Debt Service	156,651	157,505	-	-	156,651	157,505
Conservation Trust	45,120	81,288	-	-	45,120	81,288
Water Acquisition	-	-	32,672	58,177	32,672	58,177
Unrestricted	<u>644,914</u>	<u>676,125</u>	<u>726,970</u>	<u>969,044</u>	<u>1,371,884</u>	<u>1,645,169</u>
Total Net Position	\$ 6,581,125	\$ 6,697,853	\$ 4,132,950	\$ 4,331,666	\$ 10,714,075	\$ 11,029,519

An additional portion of the City's net position of \$1,059,894 represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,645,169 unrestricted net position 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 increased by \$315,444.

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 increased by \$315,444 from 2012 to 2013. Of this total amount, governmental net position increased by \$116,728 and business-type net position increased by \$198,716.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Table 2 provides a summary of the changes in net position for the years 2012 and 2013. Additional information is presented in the Statement of Activities.

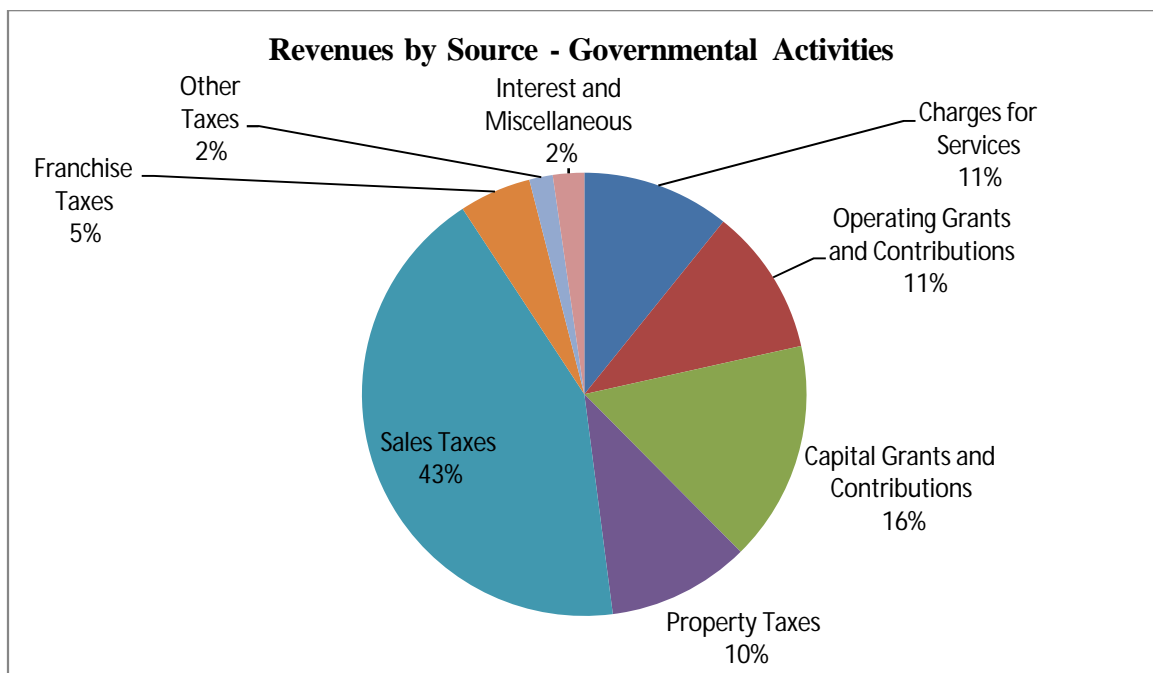
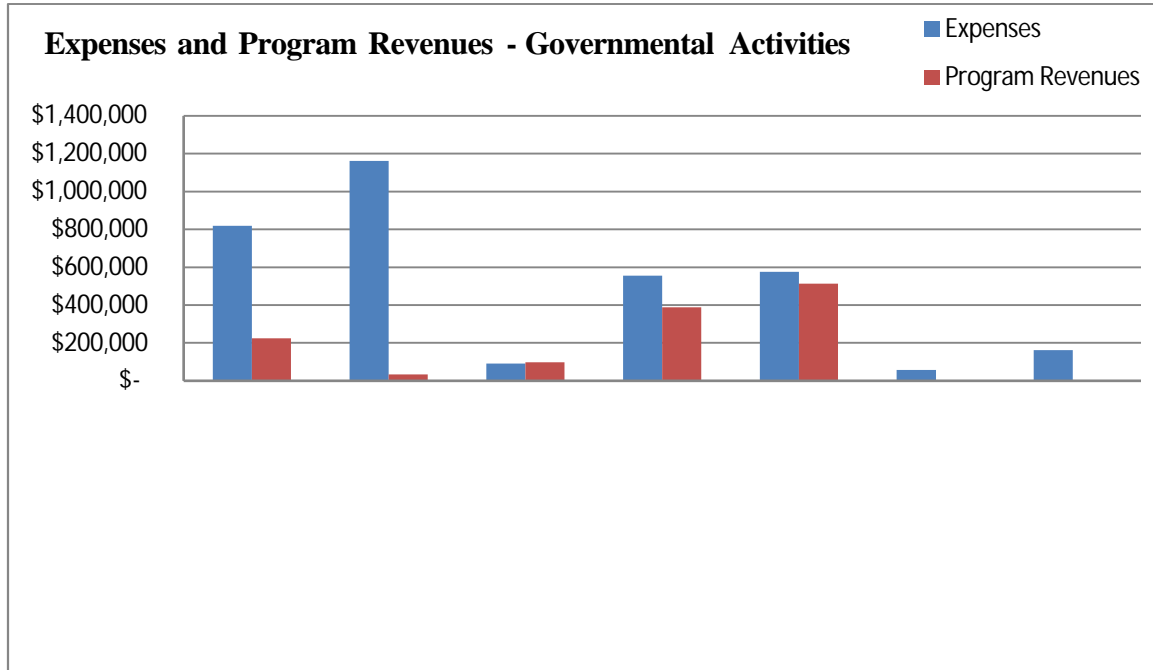
	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
<u>Revenues :</u>						
Program Revenues:						
Charges for services	\$ 340,968	\$ 360,090	\$ 1,679,410	\$ 1,644,257	\$ 2,020,378	\$ 2,004,347
Operating Grants and Contributions	401,005	358,212	-	-	401,005	358,212
Capital Grants & Contributions	545,059	537,762	57,388	9,462	602,447	547,224
General Revenues:						
Taxes						
General Property Taxes - net	346,127	346,466	-	-	346,127	346,466
Sales and use taxes	1,404,724	1,431,797	-	-	1,404,724	1,431,797
Franchise taxes	167,429	175,085	-	-	167,429	175,085
Other taxes	68,351	57,153	-	-	68,351	57,153
Investment income	7,234	5,242	1,709	896	8,943	6,138
Miscellaneous	59,762	70,631	49,638	3,124	109,400	73,755
	3,340,659	3,342,438	1,788,145	1,657,739	5,128,804	5,000,177
<u>Expenses :</u>						
General Government	738,777	818,141	-	-	738,777	818,141
Public Safety	1,178,385	1,161,493	-	-	1,178,385	1,161,493
Health and Welfare	99,584	91,327	-	-	99,584	91,327
Highway and Streets	522,247	554,527	-	-	522,247	554,527
Culture and Recreation	612,422	575,338	-	-	612,422	575,338
Urban Development	68,563	56,557	-	-	68,563	56,557
Interest on long term debt	183,872	162,226	-	-	183,872	162,226
Water	-	-	668,480	706,194	668,480	706,194
Sewer	-	-	651,423	558,930	651,423	558,930
Total Expenses	3,403,850	3,419,609	1,319,903	1,265,124	4,723,753	4,684,733
Increase in net assets transfers (Before Transfer)	(63,191)	(77,171)	468,242	392,615	405,051	315,444
<u>Transfers :</u>						
Operating transfers (In/Out)	83,408	35,733	(83,408)	(35,733)	-	-
PILT Transfers (In/Out)	158,165	158,166	(158,165)	(158,166)	-	-
Contributions (In/Out)	(760,853)	-	760,853	-	-	-
Total Transfers	(519,280)	193,899	519,280	(193,899)	-	-
Change in Net Position 12/31/13	(582,471)	116,728	987,522	198,716	405,051	315,444
Net Assets - Beginning of Year	7,163,596	6,581,125	3,145,428	4,132,950	10,309,024	10,714,075
Net Assets - End of Year	\$ 6,581,125	\$ 6,697,853	\$ 4,132,950	\$ 4,331,666	\$ 10,714,075	\$ 11,029,519

Governmental Activities

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

**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013**

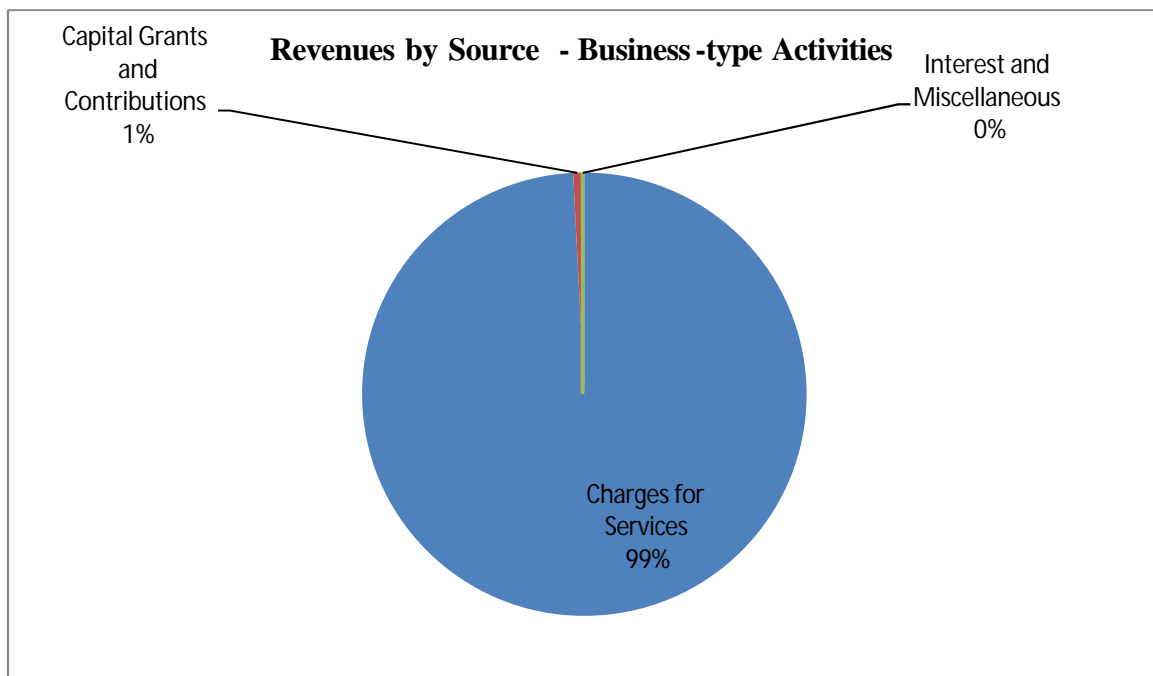
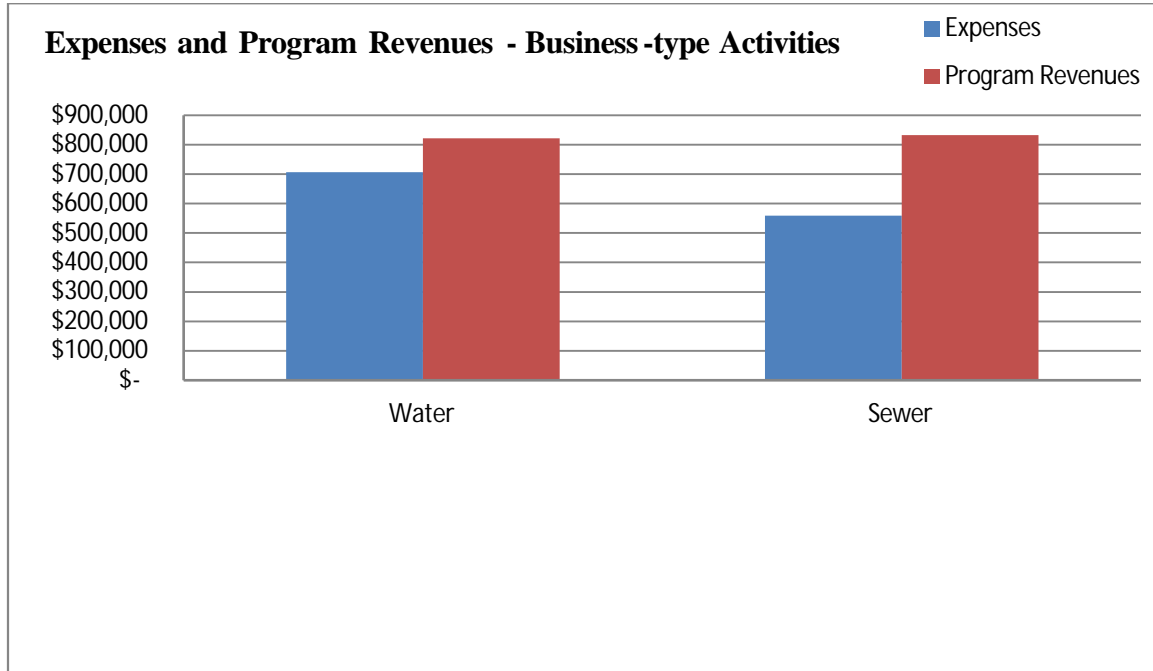
Governmental activity expenses totaled \$3,419,609, an increase of \$15,759 to 2012. Major expenses included in governmental activities are; \$1,161,493 for public safety, \$818,141 for general government, \$575,388 for culture and recreation and \$554,527 for highway and streets. City funding for governmental activities was derived from \$2,086,374 in general revenue, primarily taxes, and program revenues contributed \$1,256,064. Governmental activity revenues increased by \$1,779 compared to 2012. Of this amount program revenues decreased by \$30,968 and general revenues increased by \$32,747.



**CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013**

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 increased by \$198,716 in 2013. Business-type activity expenses totaled \$1,265,124, a decrease of \$54,779 compared to 2012. Funding for business-type activities was derived from \$1,653,719 in program revenues, a decrease of \$83,079 compared to 2012.



CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

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 \$1,783,088, a decrease of \$262,563 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, 2013, the City's governmental funds reported a restricted fund balance of \$1,001,717, 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 \$69,418 as of December 31, 2013.

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 \$51,000 as of December 31, 2013.

Unassigned Fund Balance – are amounts that are available for any purpose; these amounts are reported only in the General Fund. The City's General Fund reported an unassigned fund balance of \$660,953 as of December 31, 2013.

Revenue - Revenues in governmental funds decreased from \$3,455,280 to \$3,265,116, a decrease of \$190,164 from the prior year. A large portion of the decrease was in intergovernmental revenue with a decrease of \$274,066 with fines and forfeitures increasing by \$32,859. Of total revenue received in 2013, \$2,006,358 was generated by tax revenue, \$758,364 by intergovernmental revenue, \$229,974 by charges for services, \$103,776 by fines and forfeitures and \$166,644 by other sources.

The General Fund is the primary operating governmental fund of the City. At the end of the current fiscal year, the fund balance for the General Fund was \$829,115 an increase of \$49,967 from 2012. Approximately \$688,115 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.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

General Fund revenues increased by \$43,825 compared to 2012. Of this amount, tax revenue increased by \$18,008, intergovernmental revenue decreased by \$4,124, charges for services decreased by \$4,990, fines and forfeits increased by \$32,859, interest and miscellaneous increased by \$6,245 and licenses and permits decreased by \$4,173.

The Capital Projects Fund reported an ending fund balance of \$456,986. The net decrease in fund balance during the current year in the Capital Project Fund was \$274,175.

Expenditures - The governmental funds experienced an decrease of \$382,907 in expenditures bringing the total expenditures for the fiscal year to \$3,888,815. Of this amount \$2,500,904 relates to the General Fund, \$682,716 to the Grant Fund, \$27,045 to the Capital Projects Fund, \$50,662 to the Capital Improvement Fund and \$627,488 to other non-major governmental funds.

General Fund expenditures total \$2,500,904 of this amount \$724,814 relates to general government, \$1,000,166 to public safety, \$84,876 to health and welfare, \$337,656 to highway and streets, \$114,962 culture and recreation, \$224,955 to capital outlay and \$13,475 to debt service. General Fund expenditures for 2013 increased by \$327,129 compared to the prior year due to funding of the Energy Program Contract which was not included in the 2013 budget, the Lease agreement with San Luis Federal Bank to provide funding for the project totaled \$321,977, after taking that into account there was an increase of \$5,152 in expenditures from the prior year.

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, 2013, the net position for the Water Fund was \$1,518,878 net position of the Sewer Fund was \$2,812,712 totaling \$4,331,666, an increase of \$198,716 from the prior year. At the end of the fiscal year the unrestricted net position for the Water and Sewer Funds totaled \$969,044, net investment in capital assets was \$3,304,445 and the restricted net position, which is committed to acquisition of water rights, totaled \$58,177.

General Fund Budgetary Highlights

The City of Monte Vista generally adopts a supplemental appropriation in early December 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.

During 2013 there were no budget amendments from the original budget expenditure of \$2,372,034 and revenues of \$2,311,428.

- Ø At December 31, 2013, the General Fund over-spent its budgeted expenditures by \$336,649. Total expenditures decreased by \$327,129 compared to the previous fiscal year.
- Ø Actual revenue in the General Fund was more than the estimated budget by \$391,519. Total Revenue increased by \$43,825 compared to the previous fiscal year.
- Ø The Energy Performance Contract which was entered into on September 6, 2012 with Energy Systems Group has now been completed; energy costs savings over the next fifteen years should repay program costs according to the contract. A Lease with option to purchase agreement was entered on January 23, 2013 with San Luis Federal Bank for \$321,977 for funding of the Energy Performance Contract. The amount of this lease was not included in the 2013 approved budgeted, nor in a supplemental budget after the Lease Agreement was signed in January 2013. This omission created several accounts to be over budget at the end of 2013.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2013 totaled \$13,232,972 (net of accumulated depreciation). Capital assets include land, construction in progress, water rights, buildings, improvements, water and sewer treatment plants, transmission and distribution, equipment, and vehicles. The total increase in the City's investment in capital for the current fiscal year was \$354,487.

Major capital asset events during 2013 include the following:

- Ø Completion of a Skate Park at Montez Park . A majority of funding for this project was provided by a grant from Great Outdoors Colorado Trust Fund (GOCO).
- Ø Street lighting and infrastructure improvements on First Avenue at a cost of \$556,099 .
- Ø Boiler replacement at City Hall at a cost of \$190,729 .
- Ø Contribution of the movie theatre property on Adams Street, valued at \$232,063.

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 Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$ 1,061,298	\$ 1,118,799	\$ 22,000	\$ 22,000	\$ 1,083,298	\$ 1,140,799
Construction in Progress	433,759	1,651	-	-	433,759	1,651
Water Rights	-	-	941,451	941,451	941,451	941,451
Buildings	1,656,190	1,784,328	2,308	1,154	1,658,498	1,785,482
Infrastructure	1,731,691	1,837,437	-	-	1,731,691	1,837,437
Improvements-Bldg	267,792	436,074	-	-	267,792	436,074
Improvements-Other	1,681,507	2,062,275	-	-	1,681,507	2,062,275
W/S Treatment Plant	-	-	380,645	360,991	380,645	360,991
Transmission & Distrib.	-	-	3,487,165	3,341,210	3,487,165	3,341,210
Equipment	615,337	778,064	50,939	94,817	666,276	872,881
Vehicles	483,347	403,933	63,056	48,788	546,403	452,721
	\$ 7,930,921	\$ 8,422,561	\$ 4,947,564	\$ 4,810,411	\$ 12,878,485	\$ 13,232,972

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Debt Administration

At year end, the City of Monte Vista's long-term liabilities totaled \$5,074,000. Of this amount, 3,507,796 relates to governmental activities and 1,566,204 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 \$2,985,000. 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 \$361,324, an additional note with the Colorado Water Resource and Power Development Authority to fund water chlorination system improvements in the amount of \$329,962, and a note with the Colorado Water Conservation Board to purchase water rights with an advanced payment of \$814,680. Total loan approval for the note with Colorado Water Conservation Board was \$1,693,770 the remaining balance of \$879,090 was not used during 2013, repayment of this loan will be determined when the loan is fully utilized.

Capital Leases include a lease in which the City entered into on June 1, 2011 with Kansas State Bank of Manhattan for the purchase of a street sweeper with an outstanding balance on December 31, 2013 of \$95,572.

A Lease with option to purchase agreement was entered on January 23, 2013 with San Luis Federal Bank for \$321,977 to fund the Energy Performance Contract

Compensated absences include: employee sick and vacation leave accrued prior to February 1, 2004 and not thereafter and unused vacation accrued up to a maximum allowable. Liability for Compensated absences totaled \$165,484 as of December 31, 2013 a decrease of \$27,075 from 2012.

The City of Monte Vista's total debt increased by \$46,182 during the current fiscal year. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets

Property values remain fairly constant with marginal increases next year. Sales and property tax are the leading revenue source for the General Fund. The City annexed commercial property into the City limits during 2013 which should create increased property tax revenue. CDOT completed their major highway reconstruction project through downtown along with the City replacing sidewalk and sewer.

City reserves are adequate to meet short-term contingencies but funding for long-term capital equipment purchases which have been deferred for several years will need to be addressed.

Labor costs remain consistent, some positions remain unfilled. COLA and performance increases were eliminated from the budget for employees during 2014. Employee health care costs continue to erode the City's operational capability; health care services will again be bid in 2014 in an effort to contain costs and current cost sharing formula for health care benefits may have to be adjusted if the upward cost trend continues. The long-term financial and regulatory impacts resulting from the Affordable Care Act also continue to be a source of uncertainty and concern.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013

Long term sustainability of the San Luis Valley's agriculture industry is of great concern; groundwater regulations will likely create a large decrease in local agricultural production which could cause considerable impact on municipal revenue.

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
Lori McGraw, Finance Director
95 W. First Ave. Monte Vista, Colorado 81144
719-852-2692

CITY OF MONTE VISTA, COLORADO

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

CITY OF MONTE VISTA, COLORADO
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 761,111	\$ 866,726	\$ 1,627,837
Restricted Cash and Cash Equivalents	614,491	58,177	672,668
Accounts Receivable	82,512	32,029	114,541
Allowance for Doubtful Accounts	(10,279)	-	(10,279)
Property Taxes Receivable	353,675	-	353,675
Due from Other Governments	336,095	-	336,095
Due from County Treasurer	124,260	32,701	156,961
Inventory of Materials and Supplies	-	73,877	73,877
Total Current Assets	2,261,865	1,063,510	3,325,375
Noncurrent Assets:			
Prepaid Water Storage Expense	-	37,000	37,000
Capital Assets:			
Land	1,118,799	22,000	1,140,799
Construction in Progress	1,651	-	1,651
Infrastructure	3,369,090	-	3,369,090
Water Rights	-	941,451	941,451
Buildings	3,836,183	47,650	3,883,833
Building Improvements	841,922	-	841,922
Other Improvements	2,898,725	-	2,898,725
Equipment	2,007,080	531,411	2,538,491
Treatment Plant	-	4,636,251	4,636,251
Transmission and Distribution	-	5,948,238	5,948,238
Vehicles and Heavy Road Equipment	1,290,880	240,981	1,531,861
Less: Accumulated Depreciation/Depletion	(6,941,769)	(7,557,571)	(14,499,340)
Total Noncurrent Assets	8,422,561	4,847,411	13,269,972
TOTAL ASSETS	10,684,426	5,910,921	16,595,347
LIABILITIES			
Current Liabilities:			
Accounts Payable	122,819	10,342	133,161
Other Payables	-	2,710	2,710
Unearned Revenue - Grants	2,283	-	2,283
Bonds Payable	140,000	-	140,000
Lease Payable	74,296	-	74,296
Note Payable	-	70,871	70,871
Compensated Absences	5,952	-	5,952
Total Current Liabilities	345,350	83,923	429,273
Noncurrent Liabilities:			
Bonds Payable	2,845,000	-	2,845,000
Lease Payable	343,254	-	343,254
Note Payable	-	1,435,095	1,435,095
Compensated Absences	99,294	60,237	159,531
Total Noncurrent Liabilities	3,287,548	1,495,332	4,782,880
TOTAL LIABILITIES	3,632,898	1,579,255	5,212,153

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
STATEMENT OF NET POSITION
December 31, 2013

	<u>Primary Government</u>		<u>TOTAL</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Unavailable Revenue - Property Tax	353,675	-	353,675
NET POSITION			
Net Investment in Capital Assets	5,020,011	3,304,445	8,324,456
Restricted for:			
TABOR	90,000	-	90,000
Debt Service	157,505	-	157,505
Capital Projects and Improvements	672,924	-	672,924
Conservation Trust	81,288	-	81,288
Water Acquisition	-	58,177	58,177
Unrestricted	676,125	969,044	1,645,169
TOTAL NET POSITION	<u>\$ 6,697,853</u>	<u>\$ 4,331,666</u>	<u>\$ 11,029,519</u>

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		TOTAL	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 818,141	\$ 205,404	\$ 19,116		\$ (593,621)	\$ -	\$ (593,621)	
Public Safety	1,161,493	8,175	25,194	-	(1,128,124)	-	(1,128,124)	
Health and Welfare	91,327	97,071	-	-	5,744	-	5,744	
Highways and Streets	554,527	-	166,253	222,458	(165,816)	-	(165,816)	
Culture and Recreation	575,338	49,440	147,649	315,304	(62,945)	-	(62,945)	
Urban/Economic Development	56,557	-	-	-	(56,557)	-	(56,557)	
Interest on Long-term Debt	162,226	-	-	-	(162,226)	-	(162,226)	
Total Governmental Activities	3,419,609	360,090	358,212	537,762	(2,163,545)	-	(2,163,545)	
Business-Type Activities:								
Water Fund	706,194	814,438	-	6,962	-	115,206	115,206	
Sewer Fund	558,930	829,819	-	2,500	-	273,389	273,389	
Total Business-Type Activities	1,265,124	1,644,257	-	9,462	-	388,595	388,595	
Total Primary Government	\$ 4,684,733	\$ 2,004,347	\$ 358,212	\$ 547,224	(2,163,545)	388,595	(1,774,950)	
General Revenues and Transfers:								
Taxes:								
					346,466	-	346,466	
					1,431,797	-	1,431,797	
					175,085	-	175,085	
					57,153	-	57,153	
					5,242	896	6,138	
					70,631	3,124	73,755	
					193,899	(193,899)	-	
					2,280,273	(189,879)	2,090,394	
					Change in Net Position	116,728	198,716	315,444
					Net Position - Beginning	6,581,125	4,132,950	10,714,075
					Net Position - Ending	\$ 6,697,853	\$ 4,331,666	\$ 11,029,519

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2013

	SPECIAL REVENUE FUNDS					TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GRANT FUND	CAPITAL IMPROVEMENT FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	
ASSETS						
Cash and Cash Equivalents	\$ 453,057	\$ -	\$ 160,049	\$ -	\$ 148,005	\$ 761,111
Restricted Cash and Cash Equivalents	-	-	-	456,986	157,505	614,491
Accounts Receivable	44,240	24,200	-	-	14,072	82,512
Allowance for Doubtful Accounts	(10,279)	-	-	-	-	(10,279)
Property Taxes Receivable	353,675	-	-	-	-	353,675
Due from Other Funds	199,200	-	-	-	-	199,200
Due from Other Governments	105,206	175,000	55,889	-	-	336,095
Due from County Treasurer	124,260	-	-	-	-	124,260
TOTAL ASSETS	\$ 1,269,359	\$ 199,200	\$ 215,938	\$ 456,986	\$ 319,582	\$ 2,461,065
LIABILITIES						
Accounts Payable	\$ 84,807	\$ 27,162	\$ -	\$ -	\$ 10,850	\$ 122,819
Due to Other Funds	-	199,200	-	-	-	199,200
Unearned Revenue - Grants	1,762	-	-	-	521	2,283
TOTAL LIABILITIES	86,569	226,362	-	-	11,371	324,302
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Tax	353,675	-	-	-	-	353,675
FUND BALANCE						
Restricted						
Tabor Emergency	90,000	-	-	-	-	90,000
Debt Service	-	-	-	-	157,505	157,505
Capital Projects/Improvements	-	-	215,938	456,986	-	672,924
Conservation Trust	-	-	-	-	81,288	81,288
Committed						
Recreation	-	-	-	-	65,588	65,588
Economic Development	-	-	-	-	3,830	3,830
Assigned-Designated for Subsequent Years	51,000	-	-	-	-	51,000
Unassigned	688,115	(27,162)	-	-	-	660,953
TOTAL FUND BALANCE	829,115	(27,162)	215,938	456,986	308,211	1,783,088
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
	\$ 1,269,359	\$ 199,200	\$ 215,938	\$ 456,986	\$ 319,582	\$ 2,461,065

18 The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total governmental fund balances	\$	1,783,088
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		8,422,561
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds Payable	\$ (2,985,000)	
Lease Payable	(417,550)	
Compensated Absences	(105,246)	
	(3,507,796)	(3,507,796)
Net position of governmental activities	\$	6,697,853

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Year Ended December 31, 2013

	<u>SPECIAL REVENUE FUNDS</u>					TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GRANT FUND	CAPITAL IMPROVEMENT FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	
REVENUES						
Taxes	\$ 1,657,832	\$ -	\$ 348,526	\$ -	\$ -	\$ 2,006,358
Licenses and Permits	7,313	-	-	-	-	7,313
Intergovernmental Revenue	364,505	274,840	-	-	119,019	758,364
Charges for Services	180,790	-	-	-	49,184	229,974
Fines and Forfeits	103,776	-	-	-	-	103,776
Interest and Miscellaneous	66,753	80,253	176	1,965	10,184	159,331
TOTAL REVENUE	2,380,969	355,093	348,702	1,965	178,387	3,265,116
EXPENDITURES						
General Government	724,814	-	-	-	-	724,814
Public Safety	1,000,166	54,297	-	-	-	1,054,463
Health and Welfare	84,876	-	-	-	-	84,876
Highways and Streets	337,656	-	-	27,045	-	364,701
Culture and Recreation	114,962	-	-	-	334,827	449,789
Urban/Economic Development	-	-	-	-	2,600	2,600
Capital Outlay	224,955	628,419	-	-	11,541	864,915
Debt Service	13,475	-	50,662	-	278,520	342,657
TOTAL EXPENDITURES	2,500,904	682,716	50,662	27,045	627,488	3,888,815
Excess (Deficiency) of Revenues Over Expenditures	(119,935)	(327,623)	298,040	(25,080)	(449,101)	(623,699)
OTHER FINANCING SOURCES (USES)						
Transfers In	60,606	300,461	-	-	486,779	847,846
Transfers Out	(212,682)	-	(325,463)	(249,095)	(24,873)	(812,113)
Capital Lease Proceeds	321,978	-	-	-	-	321,978
Sale of Capital Assets	-	-	-	-	3,425	3,425
TOTAL OTHER FINANCING SOURCES (USES)	169,902	300,461	(325,463)	(249,095)	465,331	361,136
Net Change in Fund Balance	49,967	(27,162)	(27,423)	(274,175)	16,230	(262,563)
Fund Balance at Beginning of Year	779,148	-	243,361	731,161	291,981	2,045,651
Fund Balance at End of Year	\$ 829,115	\$ (27,162)	\$ 215,938	\$ 456,986	\$ 308,211	\$ 1,783,088

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds \$ (262,563)

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

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 exceeded capital outlays in the current period.

Fixed asset additions	\$	1,114,166	
Depreciation expense		(622,526)	
Excess of capital outlay over depreciation			491,640

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

Bond Principal Payments		135,000	
Lease Proceeds		(321,978)	
Lease Principal Payments		45,431	
			(141,547)

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

Compensated Absences			29,198

Change in net position of governmental activities \$ 116,728

CITY OF MONTE VISTA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2013

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 394,769	\$ 471,957	\$ 866,726
Restricted Cash and Cash Equivalents	58,177	-	58,177
Accounts Receivable	11,701	20,328	32,029
Due From County Treasurer	12,382	20,319	32,701
Inventory	66,960	6,917	73,877
Total Current Assets	<u>543,989</u>	<u>519,521</u>	<u>1,063,510</u>
Noncurrent Assets:			
Prepaid Water Storage Expense	37,000	-	37,000
Land	11,000	11,000	22,000
Water Rights	941,451	-	941,451
Buildings	23,825	23,825	47,650
Equipment	242,195	289,216	531,411
Treatment Plant	845,945	3,790,306	4,636,251
Transmission and Distribution	1,750,878	4,197,360	5,948,238
Vehicles	122,961	118,020	240,981
Accumulated Depreciation	(1,808,524)	(5,749,047)	(7,557,571)
Total Noncurrent Assets	<u>2,166,731</u>	<u>2,680,680</u>	<u>4,847,411</u>
TOTAL ASSETS	<u>2,710,720</u>	<u>3,200,201</u>	<u>5,910,921</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,411	4,931	10,342
Notes Payable	11,578	59,293	70,871
Accrued Interest Payable	-	2,710	2,710
Total Current Liabilities	<u>16,989</u>	<u>66,934</u>	<u>83,923</u>
Noncurrent Liabilities:			
Notes Payable	1,133,064	302,032	1,435,096
Accrued Compensated Absences	41,789	18,448	60,237
Total Noncurrent Liabilities	<u>1,174,853</u>	<u>320,480</u>	<u>1,495,333</u>
TOTAL LIABILITIES	<u>1,191,842</u>	<u>387,413</u>	<u>1,579,255</u>
NET POSITION			
Net Investment in Capital Assets	985,089	2,319,356	3,304,445
Restricted for Water Acquisition	58,177	-	58,177
Unrestricted	475,612	493,432	969,044
TOTAL NET POSITION	<u>\$ 1,518,878</u>	<u>\$ 2,812,788</u>	<u>\$ 4,331,666</u>

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2013

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for Services	\$ 807,118	\$ 829,799	\$ 1,636,917
Miscellaneous	8,683	1,781	10,464
Total Operating Revenues	<u>815,801</u>	<u>831,580</u>	<u>1,647,381</u>
OPERATING EXPENSES			
Personnel Services	360,676	303,660	664,336
Supplies	9,149	19,539	28,688
Fuel	8,167	14,209	22,376
Communications and Postage	9,691	6,476	16,167
Insurance and Bonds	23,413	22,901	46,314
Utilities	57,294	48,016	105,310
Professional Services	47,966	32,432	80,398
Repairs and Maintenance	11,916	12,241	24,157
Depreciation	49,300	142,101	191,401
Equipment	20,901	2,384	23,285
Payment in Lieu of Taxes	79,083	79,083	158,166
State Permit Fees	680	12,954	13,634
Water Storage	20,900	-	20,900
Other	7,058	3,345	10,403
Total Operating Expenses	<u>706,194</u>	<u>699,341</u>	<u>1,405,535</u>
Operating Income (Loss)	109,607	132,239	241,846
NONOPERATING REVENUES (EXPENSES)			
State Grants	2,062	2,500	4,562
Interest on Investments	365	531	896
Interest Expense	-	(17,755)	(17,755)
Total Nonoperating Revenues (Expenses)	<u>2,427</u>	<u>(14,724)</u>	<u>(12,297)</u>
Income (Loss) Before Other Revenue and Operating Transfers	112,034	117,515	229,549
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Water and Sewer Taps	4,900	-	4,900
Transfers Out	(17,586)	(18,147)	(35,733)
Total Capital Contributions and Transfers	<u>(12,686)</u>	<u>(18,147)</u>	<u>(30,833)</u>
Changes in Net Position	99,348	99,368	198,716
Net Position at beginning of year			
Consolidated City Service Utility Fund	-	-	4,132,950
Allocation of net position to restate beginning of year	<u>1,419,530</u>	<u>2,713,420</u>	<u>4,132,950</u>
Net Position at end of year	<u>\$ 1,518,878</u>	<u>\$ 2,812,788</u>	<u>\$ 4,331,666</u>

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 844,251	\$ 810,575	\$ 1,654,826
Cash Paid to Employees	(341,534)	(320,680)	(662,214)
Cash Paid to Suppliers/Vendors	(263,976)	(271,212)	(535,188)
Cash Paid to Other Funds for Taxes	(79,083)	(79,083)	(158,166)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	159,658	139,600	299,258
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Cash Transferred (to)/from Other Funds	(17,586)	(18,147)	(35,733)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(17,586)	(18,147)	(35,733)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Acquisitions	(3,033)	(51,215)	(54,248)
State Grants	2,062	2,500	4,562
Principal Payments	(11,578)	(56,712)	(68,290)
Cash Received from Capital Contributions (Tap Fees)	4,900	-	4,900
Interest Paid	-	(18,180)	(18,180)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(7,649)	(123,607)	(131,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	365	531	896
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	365	531	896
NET INCREASE (DECREASE) IN CASH	134,788	(1,623)	133,165
CASH AT BEGINNING OF YEAR	318,158	473,580	791,738
CASH AT END OF YEAR	\$ 452,946	\$ 471,957	\$ 924,903
OPERATING INCOME (LOSS)	\$ 109,607	\$ 132,239	\$ 241,846
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation expense	49,300	142,101	191,401
(Increase) Decrease in accounts receivable	8,691	(686)	8,005
(Increase) Decrease in due from county treasurer	19,759	(20,319)	(560)
(Increase) Decrease in prepaids	21,000	-	21,000
(Increase) Decrease in inventory	(6,692)	1,251	(5,441)
Increase (Decrease) in accounts payable	(61,149)	(97,966)	(159,115)
Increase (Decrease) in compensated absences	19,142	(17,020)	2,122
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 159,658	\$ 139,600	\$ 299,258

NON CASH INVESTING AND CAPITAL AND FINANCING ACTIVITIES:

Capital assets contributed from General Government was \$0

The accompanying notes are an integral part of this financial statement.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

Component Units

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

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

The City of Monte Vista has operational responsibility and manages the Monte Vista Urban Renewal Authority. The Authority is blended into the City's financial statements as a special revenue fund.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the City and its component units. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues other than grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers grant revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

- The **General Fund** is the general operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Grant Fund** is used to account for the various grants the City receives. The monies may be expended only for the purposes defined by the granting agency.
- The **Capital Improvement Fund** is used to account for the collection of the one percent sales tax. The use of the monies is restricted for capital improvement projects of the City. This includes the repayment of the Series 2008 Sales Tax Revenue Bonds.
- The **Capital Projects Fund** is used to account for the expenditure of the Series 2008 Sales Tax Revenue Bond monies on capital projects throughout the City.

The City reports the following major enterprise funds:

- The **Water Fund** accounts for user charges and expenses for operating, financing, and maintaining the City's water system.
- The **Sewer Fund** accounts for user charges and expenses for operating, financing, and maintaining the City's sewer system.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

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

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

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

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

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the City. Property tax revenue is recognized by the City to the extent it results in a current receivable. The 2013 property tax levy due January 1, 2014, has been recorded in the financial statements as a receivable and a corresponding deferred inflows of resources in the financial statements.

Inventory

Inventories held by all funds except the Water Fund and Sewer Fund have been recorded as expenditures at the time of purchase. Enterprise Fund inventories are stated at cost.

Capital Assets

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

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

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

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

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

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Compensated Absences

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

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

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

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

Long-Term Obligations

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

Interest Capitalization

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

Unearned Revenue

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

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Encumbrances

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported 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. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – are amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid insurance.
- *Restricted Fund Balance* – are restricted when constraints place 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.
- *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed by adopted ordinance or resolution of the City Council, the highest level of decision making authority. 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.
- *Assigned Fund Balance* – are amounts a government intends 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.
- *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance/net position is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Use of Estimates

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

New Accounting Pronouncements

During 2013, the City adopted the provision of GASB Statement No. 61, *the Financial Reporting Entity; Omnibus-an amendment of GASB Statements No. 14 and No. 34*. These requirements result in financial reporting entity financial statements being more relevant by improving the guidance for including, presenting, and disclosing information about components and equity interest transactions of a financial reporting entity.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

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

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. All budget amounts presented in the accompanying supplementary information reflect the final budget.

Stewardship

Expenditures in the General Fund exceeded appropriations during 2013 by \$336,649. This may be a violation of Colorado Revised State Statutes.

The Grant Fund has a deficit fund balance of \$27,162 as of December 31, 2013. This may be a violation of Colorado Revised State Statutes.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

CASH AND DEPOSITS

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

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

Cash on Hand and in Bank	\$ 1,921,314
COLOTRUST	<u>379,191</u>
Total Deposits and Investments	<u><u>\$ 2,300,505</u></u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 761,111	\$ 866,726	\$ 1,627,837
Restricted Cash and Cash Equivalents	<u>614,491</u>	<u>58,177</u>	<u>672,668</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,375,602</u></u>	<u><u>\$ 924,903</u></u>	<u><u>\$ 2,300,505</u></u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At December 31, 2013, \$1,427,515 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

INVESTMENTS

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

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

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

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

- Corporate or bank debt issued by eligible corporations or banks.

Credit Risk

The City’s investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The City's investment policy allows for the City to invest in local government investment pools. As of December 31, 2013, the local government investment pool (COLOTRUST) in which the City had invested, was rated AAAM by Standard & Poor's.

Interest Rate Risk

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

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

Restrictions on Cash and Investments

Cash of \$58,177 in the Water Fund is restricted by ordinance for water acquisition. Cash investments of \$157,505 in the Debt Service Fund are contractually restricted for service of the City’s bonds. Cash and investments of \$473,956 in the Capital Projects Fund are contractually restricted for capital construction projects.

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Interfund receivable and payable balances at December 31, 2013 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Grant Fund	\$ 199,200

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Interfund transfers during the year ended December 31, 2013 were as follows:

Transfer In	Transfer Out	Amount
General Fund	Recreation Fund	\$ 24,873
	Water Fund	17,586
	Sewer Fund	18,147
		60,606
Grant Fund	General Fund	4,903
	Capital Projects Fund	249,095
	Capital Improvement Fund	46,463
		300,461
Nonmajor Funds	General Fund	207,779
	Capital Improvement Fund	279,000
		486,779
	TOTALS	\$ 847,846

The General Fund transferred funds for operations into the Recreation and Urban Renewal Authority Funds.

The Recreation Fund, Water Fund, and Sewer Fund transferred rent charges for services into the General Fund for rent and a portion of administrative supplies and services.

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

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

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	BALANCE 12/31/2012	Additions	Deletions	BALANCE 12/31/2013
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,061,298	\$ 57,501	\$ -	\$ 1,118,799
Construction in Progress	433,759	1,651	433,759	1,651
Total capital assets not being depreciated	<u>1,495,057</u>	<u>59,152</u>	<u>433,759</u>	<u>1,120,450</u>
Capital assets being depreciated				
Buildings	3,647,208	188,975	-	3,836,183
Infrastructure	3,027,843	341,247	-	3,369,090
Improvements - Building	651,193	190,729	-	841,922
Improvements - Other	2,392,648	506,077	-	2,898,725
Machinery and Equipment	1,756,335	250,745	-	2,007,080
Cars and Road Vehicles	1,279,880	11,000	-	1,290,880
Total capital assets being depreciated	<u>12,755,107</u>	<u>1,488,773</u>	<u>-</u>	<u>14,243,880</u>
Less accumulated depreciation for:				
Buildings	1,991,018	60,837	-	2,051,855
Infrastructure	1,296,152	235,501	-	1,531,653
Improvements - Building	383,401	22,447	-	405,848
Improvements - Other	711,141	125,309	-	836,450
Machinery and Equipment	1,140,998	88,018	-	1,229,016
Cars and Road Vehicles	796,533	90,414	-	886,947
Total accumulated depreciation	<u>6,319,243</u>	<u>622,526</u>	<u>-</u>	<u>6,941,769</u>
Total Capital Assets being depreciated, net	<u>6,435,864</u>	<u>866,247</u>	<u>-</u>	<u>7,302,111</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 7,930,921</u>	<u>\$ 925,399</u>	<u>\$ 433,759</u>	<u>\$ 8,422,561</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	941,451	-	-	941,451
Total capital assets not being depreciated	<u>963,451</u>	<u>-</u>	<u>-</u>	<u>963,451</u>
Capital assets being depreciated				
Buildings and Shops	47,650	-	-	47,650
Equipment	510,663	54,248	33,500	531,411
Water and Sewer Treatment Plant	4,636,251	-	-	4,636,251
Transmission and Distribution	5,948,238	-	-	5,948,238
Vehicles	251,166	-	10,185	240,981
Total capital assets being depreciated	<u>11,393,968</u>	<u>54,248</u>	<u>43,685</u>	<u>11,404,531</u>
Less: accumulated depreciation				
Total Capital Assets being depreciated, net	<u>7,409,855</u>	<u>191,401</u>	<u>43,685</u>	<u>7,557,571</u>
Total Capital Assets being depreciated, net	<u>3,984,113</u>	<u>(137,153)</u>	<u>-</u>	<u>3,846,960</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 4,947,564</u>	<u>\$ (137,153)</u>	<u>\$ -</u>	<u>\$ 4,810,411</u>

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

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

Governmental activities:	
General Government	\$ 139,714
Public Safety	107,030
Health and Welfare	6,451
Highways and Streets	189,826
Culture and Recreation	125,549
Urban Development	23,507
Leased Buildings	30,449
Total depreciation expense - governmental activities	<u>\$ 622,526</u>
Business-type activities:	
Water Fund	\$ 49,300
Sewer Fund	142,101
Total depreciation expense - business-type activities	<u>\$ 191,401</u>

NOTE 6 PREPAID WATER STORAGE EXPENSE

The City entered into a contract with San Luis Valley Irrigation District in September 2010 for a 30 year lease of water storage in the amount of \$630,000. A \$100,000 installment was paid in 2010 and the remainder will be paid at the earlier of completion of the augmentation plan or four years from the effective date of the contract. The prepaid amount will be recognized as expense over the life of the lease in equal amounts of \$21,000 per year beginning in 2011. As of December 31, 2013, the balance of prepaid water storage expense is \$37,000.

NOTE 7 OPERATING LEASES

The City has entered into an operating lease arrangement for several copy machines. Rental Expense for the operating lease for the year ended December 31, 2013, was approximately \$5,826.

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Balance <u>12/31/2012</u>	Additions	Deletions	Balance <u>12/31/2013</u>	Due Within <u>One Year</u>
Governmental activities:					
Revenue Bonds Payable	\$ 3,120,000	\$ -	\$ 135,000	\$ 2,985,000	\$ 140,000
Leases Payable	141,003	321,978	45,431	417,550	74,296
Compensated Absences	134,444	-	29,198	105,246	5,952
Governmental activities	<u>\$ 3,395,447</u>	<u>\$ 321,978</u>	<u>\$ 209,629</u>	<u>\$ 3,507,796</u>	<u>\$ 220,248</u>
Business-type activities:					
Notes Payable	\$ 1,574,256	\$ -	\$ 68,290	\$ 1,505,966	\$ 70,871
Compensated Absences	58,115	2,123	-	60,238	-
Business-type activities	<u>\$ 1,632,371</u>	<u>\$ 2,123</u>	<u>\$ 68,290</u>	<u>\$ 1,566,204</u>	<u>\$ 70,871</u>

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

GOVERNMENTAL ACTIVITIES:

Sales Tax Revenue Bonds Payable

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

The annual debt service for the bonds is as follows:

	PRINCIPAL	INTEREST	TOTALS
2014	\$ 140,000	\$ 137,310	\$ 277,310
2015	150,000	130,870	280,870
2016	155,000	123,970	278,970
2017	165,000	116,840	281,840
2018	170,000	109,250	279,250
2019-2023	980,000	421,130	1,401,130
2024-2028	1,225,000	173,650	1,398,650
	\$ 2,985,000	\$ 1,213,020	\$ 4,198,020

Leases Payable

The City entered into a \$235,475 capital lease payable to Kansas State Bank of Manhattan, payable in five annual installments of \$50,662, beginning June 1, 2011, at 3.54% interest, for the purchase of a street sweeper. Final payment is due in 2015. Payments are made from the Capital Improvement Fund. This asset is recorded in the capital assets of the government-wide financial statements at \$235,475, less accumulated depreciation of \$34,966 at December 31, 2013. Principal balance at December 31, 2013, was \$95,572.

The City entered into a \$321,977 lease purchase agreement to San Luis Valley Federal Bank on January 31, 2013, payable in annual payments beginning February 1, 2014, at 3.35% interest, for the repairs and maintenance related to the Energy Performance Contract. Final Payment is due in 2028. Payments are made from the General Fund. Principal balance at December 31, 2013, was \$321,977.

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

	PRINCIPAL	INTEREST	TOTALS
2014	\$ 74,296	\$ 14,366	\$ 88,662
2015	61,258	11,683	72,941
2016	13,830	9,447	23,277
2017	14,914	8,984	23,898
2018	16,055	8,484	24,539
2019-2023	99,472	33,519	132,991
2024-2028	137,725	14,415	152,140
	\$ 417,550	\$ 100,898	\$ 518,448

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

BUSINESS-TYPE ACTIVITIES:

Notes Payable – City Service Utility Fund

Note payable to Colorado Water Resource and Power Development Authority, payable in semi-annual installments of \$37,446, including interest at 4.50%. Final payment due in 2019. \$ 361,324

Note payable to Colorado Water Resource and Power Development Authority, payable in semi-annual installments of \$6,667, including interest at 0.00%. Final payment due in 2042. 329,962

Note payable to Colorado Water Conservation Board, was obtained on August 18, 2010, in the amount of \$1,693,770, with an interest rate of 4.00%, and annual payments of \$97,951 payable over a 30 year period. As of December 31, 2013, \$814,680 was advanced on the loan; remaining funds will be used for water acquisition and storage projects. Repayment will be determined when the loan is fully advanced. 814,680

Total Notes Payable \$ 1,505,966

As of December 31, 2013, the City is in compliance with the rate covenant requirements applicable to the Colorado Resource and Power Development Authority and the Colorado Water Conservation Board loan agreements.

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

	PRINCIPAL	INTEREST	TOTALS
2014	\$ 70,871	\$ 15,600	\$ 86,471
2015	73,569	12,902	86,471
2016	76,390	10,081	86,471
2017	79,340	7,132	86,472
2018	82,423	4,408	86,831
2019-2023	94,510	-	94,510
2024-2028	57,888	-	57,888
2029-2033	57,888	-	57,888
2034-2038	57,888	-	57,888
2039-2042	40,519	-	40,519
Amortization terms undetermined	814,680	-	814,680
	\$ 1,505,966	\$ 50,123	\$ 1,556,089

NOTE 9 PENSION PLANS

Defined Contribution Plans

The City offers a 401A defined contribution plan through ICMA Retirement Corporation. This plan is available to all eligible full-time City employees, except sworn police officers. The total payroll for 2013, other than police employees was \$1,199,887 and the total covered payroll was \$1,028,080. The City is required to contribute 8% of covered payroll and the employee is required to contribute nothing. The employees become 100% vested in the City's contribution and earnings after three years of service. The eight percent contribution for 2013 was \$82,246 for the City and 29 employees were participating in the plan.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

The City police pension plan is in a 401A defined contribution plan through ICMA Retirement Corporation. Under this plan, the City contributes 14.2% of qualified employee earnings. Employee contributions of 6.2% are determined by the employer in accordance with IRC rules. The total covered payroll for the police pension plan was \$488,609. The 14.2% contribution for 2013 was \$69,383 for the City, and the 6.2% contribution for 2013 was \$30,294 for the employees. There were 14 employees participating in the plan. Employees are automatically vested in their contributions and they become fully vested in the City's contributions and earnings after five years of service.

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

Deferred Compensation Plan

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

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

NOTE 10 POST-EMPLOYMENT HEALTH CARE BENEFITS

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

NOTE 11 RISK MANAGEMENT

Colorado Intergovernmental Risk Sharing Agency (CIRSA)

The City is exposed to various risks of loss related to property and casualty losses. The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for member governments. All Colorado municipalities, which are members of the Colorado Municipal League, are eligible to participate in CIRSA. The City pays an annual contribution to CIRSA for its property and casualty, and workers' compensation insurance coverage. CIRSA is designed to be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2013, CIRSA had assets of \$79,179,012, liabilities of \$37,237,831 (including \$24,295,709 reserved for unpaid losses and loss adjustment expenses, net of excess insurance recoverables) and net position of \$41,941,181. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2013, amounted to \$22,240,069 and total expenses were \$16,971,510, resulting in an excess of revenues over expenses of \$5,268,559, before distributions.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 12 TABOR EMERGENCY RESERVE

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

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

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

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

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

NOTE 13 JOINT VENTURE

San Luis Valley Regional Solid Waste Authority

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

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

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

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

The most recent audited financial statements of the Authority report total assets of \$4,225,060, total liabilities of \$844,319, and net position of \$3,380,741 at December 31, 2013.

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

CITY OF MONTE VISTA, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 14 COMMITMENTS AND CONTINGENCIES

Litigation

The City is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

Grant Programs

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

NOTE 15 DIVISION OF CITY SERVICE UTILITY FUND

In 2013, the City was required to separate water and sewer activities in order to meet loan covenant requirements from Colorado Water Resources and Power Development Authority. Therefore, the City Service Utility Fund was separated into the Water Fund and Sewer Fund.

CITY OF MONTE VISTA, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the City's major special revenue funds.

This page left blank intentionally.

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 1,651,540	\$ 1,651,540	\$ 1,657,832	\$ 6,292
Licenses and Permits	6,740	6,740	7,313	573
Intergovernmental Revenue	356,498	356,498	364,505	8,007
Charges for Services	173,550	173,550	180,790	7,240
Fines and Forfeits	80,400	80,400	103,776	23,376
Interest and Miscellaneous	42,700	42,700	66,753	24,053
TOTAL REVENUES	<u>2,311,428</u>	<u>2,311,428</u>	<u>2,380,969</u>	<u>69,541</u>
EXPENDITURES				
General Government	526,191	526,191	724,814	(198,623)
Public Safety	989,627	989,627	1,000,166	(10,539)
Health and Welfare	78,875	78,875	84,876	(6,001)
Highways and Streets	267,367	267,367	337,656	(70,289)
Culture and Recreation	92,740	92,740	114,962	(22,222)
Capital Outlay	209,455	209,455	224,955	(15,500)
Debt Service	-	-	13,475	(13,475)
TOTAL EXPENDITURES	<u>2,164,255</u>	<u>2,164,255</u>	<u>2,500,904</u>	<u>(336,649)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>147,173</u>	<u>147,173</u>	<u>(119,935)</u>	<u>(267,108)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	60,606	60,606	60,606	-
Transfers Out	(207,779)	(207,779)	(212,682)	(4,903)
Capital Lease Proceeds	-	-	321,978	321,978
TOTAL OTHER FINANCING SOURCES (USES)	<u>(147,173)</u>	<u>(147,173)</u>	<u>169,902</u>	<u>317,075</u>
Net Change in Fund Balance	-	-	49,967	49,967
Fund Balance at Beginning of Year	<u>740,938</u>	<u>740,938</u>	<u>779,148</u>	<u>38,210</u>
Fund Balance at End of Year	<u>\$ 740,938</u>	<u>\$ 740,938</u>	<u>\$ 829,115</u>	<u>\$ 88,177</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GRANT FUND
For the Year Ended December 31, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenue				
State Grants	\$ 252,820	\$ 252,820	\$ 249,646	\$ (3,174)
Federal Grants	103,157	103,157	25,194	(77,963)
Total Intergovernmental Revenue	<u>355,977</u>	<u>355,977</u>	<u>274,840</u>	<u>(81,137)</u>
Miscellaneous - Community (Contributions)	<u>86,040</u>	<u>86,040</u>	<u>80,253</u>	<u>(5,787)</u>
TOTAL REVENUES	<u>442,017</u>	<u>442,017</u>	<u>355,093</u>	<u>(86,924)</u>
EXPENDITURES				
Public Safety	59,082	59,082	54,297	4,785
Urban/Economic Development	1,175	1,175	-	1,175
Capital Outlay	<u>982,000</u>	<u>982,000</u>	<u>628,419</u>	<u>353,581</u>
TOTAL EXPENDITURES	<u>1,042,257</u>	<u>1,042,257</u>	<u>682,716</u>	<u>359,541</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(600,240)</u>	<u>(600,240)</u>	<u>(327,623)</u>	<u>272,617</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	<u>600,240</u>	<u>600,240</u>	<u>300,461</u>	<u>(299,779)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>600,240</u>	<u>600,240</u>	<u>300,461</u>	<u>(299,779)</u>
Net Change in Fund Balance	-	-	(27,162)	(27,162)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,162)</u>	<u>\$ (27,162)</u>

Notes to Required Supplementary Information

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

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
For the Year Ended December 31, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 338,000	\$ 338,000	\$ 348,526	\$ 10,526
Interest on Investments	200	200	176	(24)
TOTAL REVENUES	338,200	338,200	348,702	10,502
EXPENDITURES				
Debt Service	51,000	51,000	50,662	338
TOTAL EXPENDITURES	51,000	51,000	50,662	338
Excess (Deficiency) of Revenues Over Expenditures	287,200	287,200	298,040	10,840
OTHER FINANCING SOURCES (USES)				
Transfers Out	(371,240)	(371,240)	(325,463)	45,777
TOTAL OTHER FINANCING SOURCES (USES)	(371,240)	(371,240)	(325,463)	45,777
Net Change in Fund Balance	(84,040)	(84,040)	(27,423)	56,617
Fund Balance at Beginning of Year	257,297	257,297	243,361	(13,936)
Fund Balance at End of Year	\$ 173,257	\$ 173,257	\$ 215,938	\$ 42,681

Notes to Required Supplementary Information

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

This page left blank intentionally.

CITY OF MONTE VISTA, COLORADO

SUPPLEMENTARY INFORMATION

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

CITY OF MONTE VISTA, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Recreation Fund – This fund is used to account for resources committed to activities provided for community programs. Sources of revenue consist of membership dues, registration fees for programs, and operating subsidies from the General Fund.

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

Urban Renewal Authority Fund – This fund is used to account for the activities of the Urban Renewal Authority, a blended component unit of the City.

DEBT SERVICE FUND

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

CITY OF MONTE VISTA, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2013

SPECIAL REVENUE FUNDS

	RECREATION FUND	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 61,547	\$ 82,268	\$ 4,190	\$ -	\$ 148,005
Restricted Cash and Cash Equivalents	-	-	-	157,505	157,505
Accounts Receivable	14,072	-	-	-	14,072
TOTAL ASSETS	\$ 75,619	\$ 82,268	\$ 4,190	\$ 157,505	\$ 319,582
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 9,510	\$ 980	\$ 360	\$ -	\$ 10,850
Unearned Revenue	521	-	-	-	521
TOTAL LIABILITIES	10,031	980	360	-	11,371
FUND BALANCE					
Restricted					
Debt Service	-	-	-	157,505	157,505
Conservation Trust	-	81,288	-	-	81,288
Committed					
Recreation	65,588	-	-	-	65,588
Economic Development	-	-	3,830	-	3,830
TOTAL FUND BALANCE	65,588	81,288	3,830	157,505	308,211
TOTAL LIABILITIES AND FUND BALANCE	\$ 75,619	\$ 82,268	\$ 4,190	\$ 157,505	\$ 319,582

CITY OF MONTE VISTA, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2013

SPECIAL REVENUE FUNDS

	RECREATION FUND	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Intergovernmental Revenue	\$ 71,370	\$ 47,649	\$ -	\$ -	\$ 119,019
Charges for Services	49,184	-	-	-	49,184
Interest and Miscellaneous	9,748	60	2	374	10,184
TOTAL REVENUE	130,302	47,709	2	374	178,387
EXPENDITURES					
Culture and Recreation	334,827	-	-	-	334,827
Urban/Economic Development	-	-	2,600	-	2,600
Capital Outlay	-	11,541	-	-	11,541
Debt Service	-	-	-	278,520	278,520
TOTAL EXPENDITURES	334,827	11,541	2,600	278,520	627,488
Excess (Deficiency) of Revenues Over Expenditures	(204,525)	36,168	(2,598)	(278,146)	(449,101)
OTHER FINANCING SOURCES (USES)					
Transfers In	205,779	-	2,000	279,000	486,779
Transfers Out	(24,873)	-	-	-	(24,873)
Sale of Capital Assets	3,425	-	-	-	3,425
TOTAL OTHER FINANCING SOURCES (USES)	184,331	-	2,000	279,000	465,331
Net Change in Fund Balance	(20,194)	36,168	(598)	854	16,230
Fund Balance at Beginning of Year	85,782	45,120	4,428	156,651	291,981
Fund Balance at End of Year	\$ 65,588	\$ 81,288	\$ 3,830	\$ 157,505	\$ 308,211

CITY OF MONTE VISTA, COLORADO

OTHER SCHEDULES AND REPORTS

This page left blank intentionally.

CITY OF MONTE VISTA, COLORADO
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
ALL MAJOR CAPITAL PROJECTS FUNDS, NONMAJOR GOVERNMENTAL FUNDS, AND ALL PROPRIETARY FUNDS
BUDGET AND ACTUAL
For the Year Ended December 31, 2013

	<u>BUDGETED AMOUNTS</u>		<u>EXPENDITURES REPORTED ON THE GAAP BASIS</u>	<u>ADJUSTMENTS TO BUDGETARY BASIS</u>	<u>EXPENDITURES ON THE BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
Governmental Funds						
Major Capital Projects Funds						
Capital Projects Fund	\$ 560,000	\$ 560,000	\$ 276,140	\$ -	\$ 276,140	\$ 283,860
Total Major Capital Projects Funds	<u>\$ 560,000</u>	<u>\$ 560,000</u>	<u>\$ 276,140</u>	<u>\$ -</u>	<u>\$ 276,140</u>	<u>\$ 283,860</u>
Nonmajor Governmental Funds						
Special Revenue Funds						
Recreation Fund	\$ 374,479	\$ 374,479	\$ 359,700	\$ -	\$ 359,700	\$ 14,779
Conservation Trust Fund	40,000	40,000	11,541	-	11,541	28,459
Urban Renewal Authority Fund	3,500	3,500	2,600	-	2,600	900
Debt Service Funds						
Debt Service Fund	279,200	279,200	278,520	-	278,520	680
Total Nonmajor Governmental Funds	<u>\$ 697,179</u>	<u>\$ 697,179</u>	<u>\$ 652,361</u>	<u>\$ -</u>	<u>\$ 652,361</u>	<u>\$ 44,818</u>
Proprietary Funds						
Enterprise Funds						
Water Fund	\$ 1,315,251	\$ 1,315,251	\$ 723,780	\$ (34,689)	\$ 689,091	\$ 626,160
Sewer Fund	797,079	797,079	735,243	(34,175)	701,068	96,011
Total Enterprise Funds	<u>\$ 2,112,330</u>	<u>\$ 2,112,330</u>	<u>\$ 1,459,023</u>	<u>\$ (68,864)</u>	<u>\$ 1,390,159</u>	<u>\$ 722,171</u>

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County:	City of Monte Vista
	YEAR ENDING :	December 2013
This Information From the Records Of: The City of Monte Vista	Prepared By:	Lori McGraw
	Phone:	719-852-2692 X110

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	477,832
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	258,995
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	454
2. General fund appropriations		b. Snow and ice removal	7,440
3. Other local imposts (from page 2)	651,748	c. Other	
4. Miscellaneous local receipts (from page 2)	62,694	d. Total (a. through c.)	7,894
5. Transfers from toll facilities		4. General administration & miscellaneous	80,237
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	280,219
a. Bonds - Original Issues		6. Total (1 through 5)	1,105,177
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	110,510
7. Total (1 through 6)	714,442	b. Redemption	103,950
B. Private Contributions		c. Total (a. + b.)	214,460
C. Receipts from State government (from page 2)	381,682	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	5,231
E. Total receipts (A.7 + B + C + D)	1,096,124	b. Redemption	45,431
		c. Total (a. + b.)	50,662
		3. Total (1.c + 2.c)	265,122
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,370,299

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,402,400		103,950	2,298,450
1. Bonds (Refunding Portion)				
B. Notes (Total)	141,003		45,431	95,572

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	731,161	1,096,124	1,370,299	456,986	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado
 Colorado
 YEAR ENDING (mm/yy): Dec. 2013
 December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	99,875	a. Interest on investments	2,141
b. Other local imposts:		b. Traffic Fines & Penalties	60,553
1. Sales Taxes	487,879	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	63,994	g. Other Misc. Receipts	
6. Total (1. through 5.)	551,873	h. Other	
c. Total (a. + b.)	651,748	i. Total (a. through h.)	62,694
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	142,397	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	16,827	d. Federal Transit Admin	
d. Other (Specify) - EIAF Grant	222,458	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	239,285	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	381,682	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	477,832	0	477,832
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	477,832	0	477,832
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	477,832	0	477,832
			(Carry forward to page 1)

Notes and Comments: