

**CITY OF MONTE VISTA, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2014**



Wall,  
Smith,  
Bateman Inc.  
Certified Public Accountants

**CITY OF MONTE VISTA, COLORADO**  
**TABLE OF CONTENTS**  
**December 31, 2014**

	<u>PAGE</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements:</b>	
Government -wide Financial Statements:	
Statement of Net 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
<b>Notes to the Basic Financial Statements</b>	25
<b>Required Supplementary Information:</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual :	
General Fund	41
Grant Fund	42
Capital Improvement Fund	43
Recreation Fund	44
<b>Supplementary Information:</b>	
Combining Schedules of Nonmajor Governmental Funds:	
Combining Balance Sheet	45
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	46
<b>Other Schedules and Reports:</b>	
Schedule of Expenditures and Transfers Out-Non-Major Governmental Funds and All Proprietary Funds-Budget and Actual	47
Local Highway Finance Report	48



Wall,  
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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, 2014, 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014, 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**

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*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 44 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

July 2, 2015

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

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, 2014.

In compliance with Statement Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis (MD&A). This discussion and analysis of the City's financial performance provides an overview of activities during the prior two years ending December 31, 2013 and December 31, 2014.

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

**FINANCIAL HIGHLIGHTS**

As of December 31, 2014, the City of Monte Vista's government-wide net position totaled \$10,667,627. Of this amount, net position related to governmental activities totals \$6,144,317 and net position for business-type activities total \$4,533,310.

- Ø Total net position for the City decreased by \$351,892 compared to 2013. Of this amount net position for governmental activities decreased by \$553,536 offset by net position for business-type activities increasing by \$201,644. The net position for governmental activities includes \$4,863,979 net investment in capital assets, \$888,176 is restricted and \$392,162 is unrestricted. In business-type activities \$2,782,995 is invested in capital assets, \$42,501 is restricted for water acquisitions, and \$1,707,814 is unrestricted.
- Ø The City of Monte Vista's general source of governmental revenue made up of Taxes, License and Permits, Fines and Forfeits totaled \$2,016,370. Program revenues, in the form of charges for services, grants and contributions accounted for \$856,879 of total revenue.
- Ø Total government-wide revenues of \$2,873,249 decreased by \$469,189 compared to 2013. Of this amount, the City's charge for services, capital/operating grants and contributions decreased by \$399,185 and general revenues decreased by \$70,004 compared to 2013. A majority of the decrease is attributable to a decline in grant revenue.
- Ø The Statement of Activities indicates that the City had \$3,631,250 in expenses related to governmental activities during 2014; an increase of \$211,641 compared to the prior year. Expenses in business-type activities totaled \$1,230,869, a decrease of \$34,255 compared to 2013. Total revenue of \$4,510,227 was not adequate to provide for the above expenses resulting in a Net Change in Position of a negative \$351,892.
- Ø At the end of 2014, the City of Monte Vista's governmental funds reported combined ending fund balance of \$1,364,381, a decrease of \$418,707 compared to 2013. Of this total amount \$888,176 is restricted, \$2,003 is committed and \$474,202 is unassigned.

**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, 2014**

**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 Recreation 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 Capital Projects Fund, Debt Service Fund, Conservation Trust Fund and Urban Renewal Fund.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

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 (2014) with those of the prior year (2013) and comparison of balances at year-end (December 31) for the same two years.

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Monte Vista, assets exceeded liabilities by \$10,677,627 at December 31, 2014.

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

The largest portion of the City's net position reflects its investment of \$7,646,974 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, 2014**

*Table 1 provides a summary of the City's net position at December 31 for the years 2013 and, 2014. Additional information is presented in the statement of net position.*

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 2,261,865	\$ 1,778,661	\$ 1,063,510	\$ 1,285,044	\$ 3,325,375	\$ 3,063,705
Noncurrent and Capital assets	8,422,561	8,052,233	4,847,411	5,241,090	13,269,972	13,293,323
<b>Total Assets</b>	<b>10,684,426</b>	<b>9,830,894</b>	<b>5,910,921</b>	<b>6,526,134</b>	<b>16,595,347</b>	<b>16,357,028</b>
Current Liabilities	345,350	301,917	83,923	108,521	429,273	410,438
Noncurrent Liabilities	3,287,548	3,039,985	1,495,332	1,884,303	4,782,880	4,924,288
<b>Total Liabilities</b>	<b>3,632,898</b>	<b>3,341,902</b>	<b>1,579,255</b>	<b>1,992,824</b>	<b>5,212,153</b>	<b>5,334,726</b>
<b>Deferred Inflows of Revenue</b>	<b>353,675</b>	<b>344,675</b>	<b>-</b>	<b>-</b>	<b>353,675</b>	<b>344,675</b>
Net Position:						
Net Investment in Capital Assets	5,020,011	4,863,979	3,304,445	2,782,995	8,324,456	7,646,974
Restricted for:						
TABOR	90,000	90,000	-	-	90,000	90,000
Capital Projects	672,924	550,806	-	-	672,924	550,806
Debt Service	157,505	156,387	-	-	157,505	156,387
Conservation Trust	81,288	90,983	-	-	81,288	90,983
Water Acquisition	-	-	58,177	42,501	58,177	42,501
Unrestricted	676,125	392,162	969,044	1,707,814	1,645,169	2,099,976
<b>Total Net Position</b>	<b>\$ 6,697,853</b>	<b>\$ 6,144,317</b>	<b>\$ 4,331,666</b>	<b>\$ 4,533,310</b>	<b>\$ 11,029,519</b>	<b>\$ 10,677,627</b>

An additional portion of the City's net position in the amount of \$930,677 represents resources that are subject to external restrictions. The remaining balance of \$2,099,976 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. During the current fiscal year the City of Monte Vista's net position decreased by \$351,892.

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

**Analysis of Changes in Net Position**

The City's combined net position for the governmental and business-type funds decreased by \$351,892 from 2013 to 2014. Of this total amount, governmental net position decreased by \$553,536 off-set by the business-type net position increasing by \$201,664.



**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

Table 2 provides a summary of the changes in net position for the years 2013 and 2014. Additional information is presented in the Statement of Activities.

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2014	2013	2014	2013	2014
<b><u>Revenue :</u></b>						
<b>Program Revenue:</b>						
Charges for services	\$ 360,090	\$ 339,581	\$ 1,644,257	\$ 1,626,671	\$ 2,004,347	\$ 1,966,252
Operating Grants and Contributions	358,212	489,716	-	-	358,212	489,716
Capital Grants & Contributions	537,762	27,582	9,462	4,300	547,224	31,882
<b>Sub Total Program Revenue:</b>	<b>1,256,064</b>	<b>856,879</b>	<b>1,653,719</b>	<b>1,630,971</b>	<b>2,909,783</b>	<b>2,487,850</b>
<b>General Revenue:</b>						
Taxes						
General Property Taxes - net	346,466	342,101	-	-	346,466	342,101
Sales and use taxes	1,431,797	1,392,827	-	-	1,431,797	1,392,827
Franchise taxes	175,085	178,449	-	-	175,085	178,449
Other taxes	57,153	58,684	-	-	57,153	58,684
Investment income	5,242	16,480	896	512	6,138	16,992
Miscellaneous	70,631	27,829	3,124	5,495	73,755	33,324
<b>Sub Total General Revenue:</b>	<b>2,086,374</b>	<b>2,016,370</b>	<b>4,020</b>	<b>6,007</b>	<b>2,090,394</b>	<b>2,022,377</b>
<b>Total Revenue:</b>	<b>3,342,438</b>	<b>2,873,249</b>	<b>1,657,739</b>	<b>1,636,978</b>	<b>5,000,177</b>	<b>4,510,227</b>
<b><u>Expenses :</u></b>						
General Government	818,141	839,593			818,141	839,593
Public Safety	1,161,493	1,208,656			1,161,493	1,208,656
Health and Welfare	91,327	107,954			91,327	107,954
Highway and Streets	554,527	565,218			554,527	565,218
Culture and Recreation	575,338	694,083			575,338	694,083
Urban Development	56,557	60,649			56,557	60,649
Interest on long term debt	162,226	155,097			162,226	155,097
Water	-	-	706,194	581,546	706,194	581,546
Sewer	-	-	558,930	649,323	558,930	649,323
<b>Total Expenses</b>	<b>3,419,609</b>	<b>3,631,250</b>	<b>1,265,124</b>	<b>1,230,869</b>	<b>4,684,733</b>	<b>4,862,119</b>
Increase/(Decrease) in net position (Before Transfer)	(77,171)	(758,001)	392,615	406,109	315,444	(351,892)
<b><u>Transfers :</u></b>						
Operating transfers (In/Out)	35,733	46,300	(35,733)	(46,300)	-	-
PILT Transfers (In/Out)	158,166	158,165	(158,166)	(158,165)	-	-
Contributions (In/Out)	-	-	-	-	-	-
<b>Total Transfers</b>	<b>193,899</b>	<b>204,465</b>	<b>(193,899)</b>	<b>(204,465)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>116,728</b>	<b>(553,536)</b>	<b>198,716</b>	<b>201,644</b>	<b>315,444</b>	<b>(351,892)</b>
<b>Net Assets - Beginning of Year</b>	<b>6,581,125</b>	<b>6,697,853</b>	<b>4,132,950</b>	<b>4,331,666</b>	<b>10,714,075</b>	<b>11,029,519</b>
<b>Net Assets - End of Year</b>	<b>\$ 6,697,853</b>	<b>\$ 6,144,317</b>	<b>\$ 4,331,666</b>	<b>\$ 4,533,310</b>	<b>\$ 11,029,519</b>	<b>\$ 10,677,627</b>

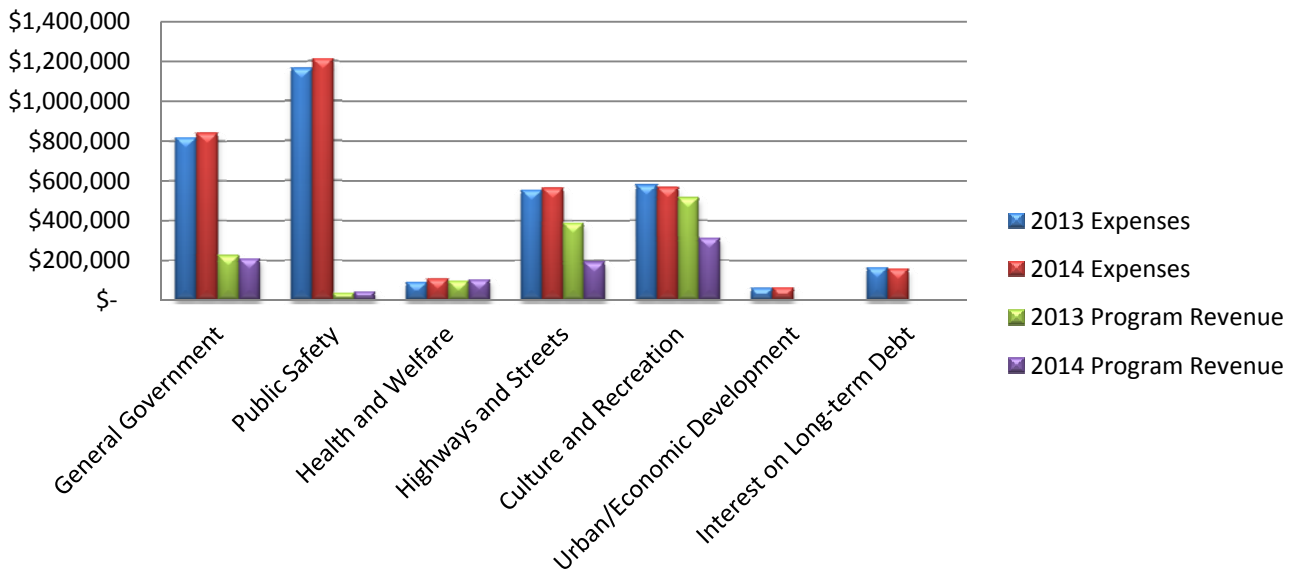
**Governmental Activities**

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

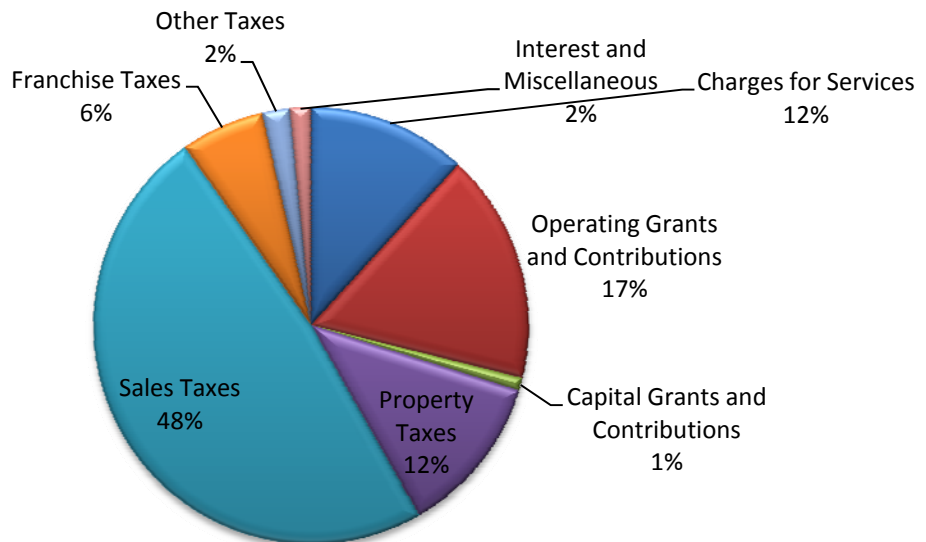
**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

Governmental activity expenses totaled \$3,631,250, an increase of \$211,641 from 2013. Major expenses included in governmental activities are; \$1,208,656 for public safety, \$839,593 for general government, \$694,083 for culture and recreation and \$565,218 for highway and streets. City funding for governmental activities was derived from \$2,016,370 in general revenue, primarily taxes, and program revenues contributed \$856,879. Governmental activity revenues decreased by \$469,189 compared to 2013. Program revenue decreased by \$399,185 and general revenues decreased by \$70,004 from 2013

**Governmental Activities - Expense and Program Revenue**



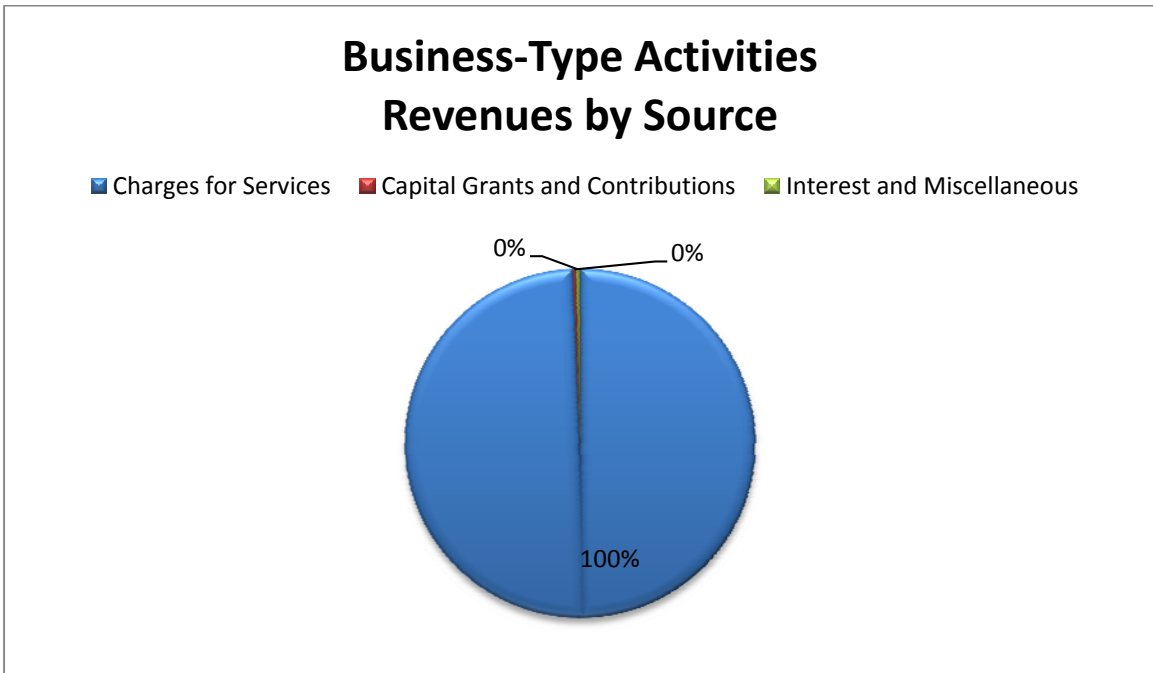
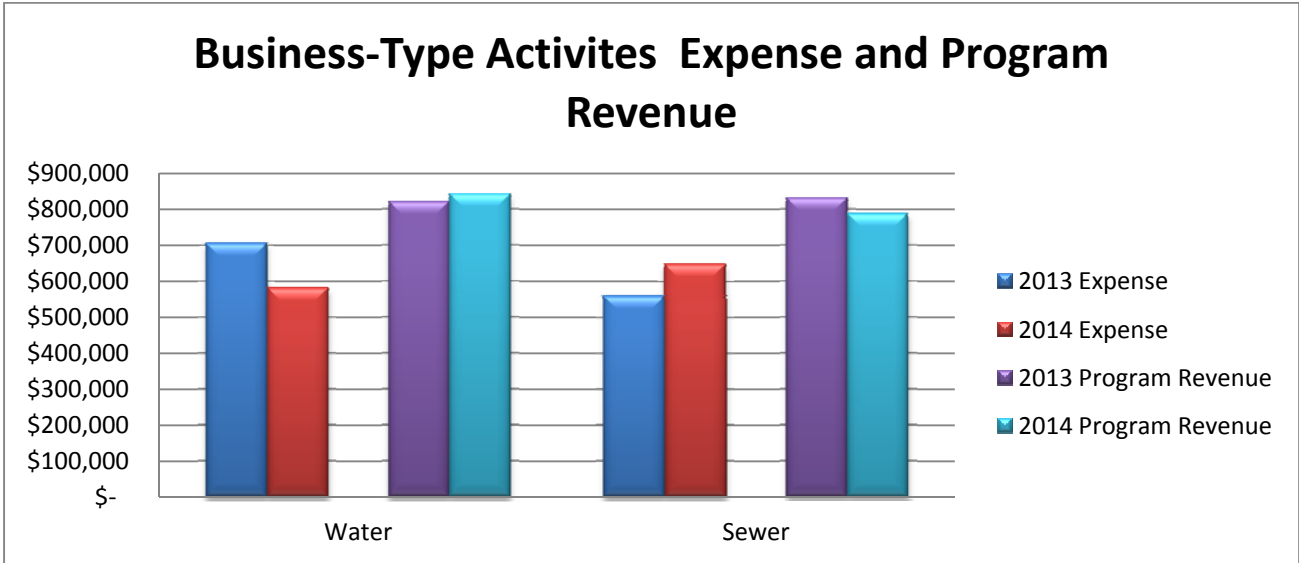
**Revenues by Source - Governmental Activities**



**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

**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 \$201,644 in 2014. Business-type activity expenses totaled \$1,230,869 in 2014, a decrease of \$34,255 compared to 2013. Funding for business-type activities was derived from \$1,630,971 in program revenue in 2014, a decrease of \$22,748 compared to 2013.



**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

**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 \$1,364,381, a decrease of \$418,707 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, 2014, the City's governmental funds reported a restricted fund balance of \$888,176, 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 \$2,003 as of December 31, 2014.

***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 \$0 as of December 31, 2014.

***Unassigned Fund Balance*** – are amounts that are available for any purpose; these amounts are reported in the General Fund or for negative fund balance. The City's General Fund reported an unassigned fund balance of \$509,583 and a negative fund balance of \$35,331 in the grant and recreation funds as of December 31, 2014.

***Revenue*** - Revenue in governmental funds decreased from \$3,265,116 in 2013 to \$3,052,652 in 2014, a decrease of \$212,464. A large portion of the decrease was in a reduction of Intergovernmental grant revenue with a decrease of \$293,789. Of total revenue received in 2014, \$1,967,556 was generated by tax revenue, \$534,701 by intergovernmental revenue, \$239,766 by charges for services, \$68,947 by fines and forfeitures and \$232,650 by other sources.

The General Fund is the primary operating governmental fund of the City. At the end of the 2014, the fund balance for the General Fund was \$599,533 a decrease of \$229,582 from 2013. Approximately \$509,533 of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

remainder of the fund balance is restricted; not available for spending because it has been committed for TABOR reserves, Debt Service, Capital Projects and Conservation Trust.

General Fund revenue in 2014 increased by \$78,413 compared to 2013. Of this amount, tax revenue decreased by \$20,493, intergovernmental revenue increased by \$7,363, charges for services increased by \$10,723, fines and forfeits decreased by \$34,829, interest and miscellaneous increased by \$113,930 and licenses and permits increased by \$1,719.

The Capital Projects Fund for 2013 reported an ending fund balance of \$456,986. This balance is now reflected in Other Governmental Funds and has a fund balance of \$334,249. Other Governmental Fund balance for 2014 is \$583,622 and includes the Conservation Trust Fund with a fund balance of \$90,983, the Urban Renewal Authority Fund with a fund balance of 2,003, the Debt Service Fund with a fund balance of 156,387. The Recreation Fund was not detailed as a separate fund in presentation of 2013 audited financial statements. In 2014, The Recreation Fund shows an ending fund balance of a negative \$7,904.

***Expenditures*** - The governmental funds expenditure decreased by \$371,156 bringing the total expenditures for the fiscal year 2014 to \$3,517,659. Of this amount \$2,516,040 relates to the General Fund, \$165,369 to the Grant Fund, \$50,662 to the Capital Improvement Fund, \$362,806 to Recreation Fund and \$422,782 to other non-major governmental funds.

General Fund expenditure for 2014 total \$2,516,040 spent in the following areas: \$673,533 relates to general government, \$1,089,871 to public safety, \$100,555 to health and welfare, \$371,143 to highway and streets, \$168,021 culture and recreation, \$74,601 to capital outlay and \$38,316 to debt service. General Fund expenditures for 2014 increased by \$15,136 compared to the prior year due to an increase of expense in Public Safety of \$89,705 off set by a decrease in General Government expense of \$51,281.

***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, 2014, the net position for the Water Fund was \$1,683,064 net position of the Sewer Fund was \$2,850,246 totaling \$4,533,310. This was an increase in 2014 of \$201,644 from the prior year. At the end of the fiscal year the unrestricted net position for the Water and Sewer Funds totaled \$1,707,814, net investment in capital assets was \$2,782,995 and the restricted net position, which is committed to acquisition of water rights, totaled \$42,501.

### **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 2014 there were budget amendments from the original General Fund budget expenditure of \$2,315,183 and revenues of \$2,427,343. The Budget amendments adjusted final expenditure to \$2,459,143 was primarily due to an increase in General Government, Highways and Streets, Culture and Recreation and Capital Outlay offset by a decrease of the final budget in Public Safety.

- Ø At December 31, 2014, the General Fund over-spent its budgeted expenditure by \$56,897. Total expenditures increased in 2014 by \$15,136 compared to the 2013.
- Ø Actual revenue in the General Fund was less than the estimated budget by \$68,936. Total Revenue increased by \$78,713 compared to 2013.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of December 31, 2014 totaled \$12,747,325 (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 a negative \$485,647.

Major capital asset events during 2014 include the following:

- Ø In 2014, the City of Monte Vista completed base infrastructure and landscape work at the Faith Hinckley Veteran's Memorial Park for approximately \$26,000.
- Ø In 2014, the City of Monte Vista completed a resurfacing project on a portion of Prospect Street between the Golf Course and the East Side of the School Complex for approximately \$93,000.
- Ø In 2015, the City of Monte Vista obtained a lease from the Colorado Water Resource and Power Development Authority and \$1,300,000 grant from Department of Local Affairs for the waste water capital improvement project starting in 2015.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2014	2013	2014	2013	2014
Land	\$ 1,118,799	\$ 1,118,799	\$ 22,000	\$ 22,000	\$ 1,140,799	\$ 1,140,799
Construction in Progress	1,651	57,651	-	18,323	1,651	75,974
Water Rights			941,451	941,451	941,451	941,451
Buildings	1,784,328	1,720,135	1,154	-	1,785,482	1,720,135
Infrastructure	1,837,437	1,700,155	-	-	1,837,437	1,700,155
Improvements-Bldg	436,074	404,152	-	-	436,074	404,152
Improvements-Other	2,062,275	1,928,919	-	-	2,062,275	1,928,919
W/S Treatment Plant			360,991	341,337	360,991	341,337
Transmission & Distrib.			3,341,210	3,252,116	3,341,210	3,252,116
Equipment	778,064	800,506	94,817	85,342	872,881	885,848
Vehicles	403,933	321,916	48,788	34,523	452,721	356,439
	<b>\$ 8,422,561</b>	<b>\$ 8,052,233</b>	<b>\$ 4,810,411</b>	<b>\$ 4,695,092</b>	<b>\$ 13,232,972</b>	<b>\$ 12,747,325</b>

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

**Debt Administration**

At year end, the City of Monte Vista's long-term liabilities totaled \$5,234,983. Of this amount, \$3,272,297 relates to governmental activities and \$1,962,686 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 \$2,845,000. 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 \$302,031, an additional note with the Colorado Water Resource and Power Development Authority to fund water chlorination system improvements in the amount of \$318,384, and a note with the Colorado Water Conservation Board to purchase water rights with an advanced payment of \$1,291,680.

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 \$48,460.

A Lease with option to purchase agreement was entered on January 23, 2013 with San Luis Federal Bank for \$294,793 to fund the Energy Performance Contract.

The City of Monte Vista's total long-term liabilities increased by \$160,983 during 2014. 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 anticipated in 2015. Sales and property tax are the leading revenue source for the General Fund and it is forecast that City Sales Tax revenues will decline in 2015. The City annexed commercial property into the City limits during 2013 which created minor increase of property tax revenue. Additional property was annexed to the City in 2014 (the "BLM Parcel") which is privately held and should add some property tax revenue as well.

City reserves are adequate to meet short-term contingencies but there is not sufficient funding for long-term capital equipment purchases which have been deferred for several years. While there is some minor spending flexibility in the Enterprise Funds, the General Fund has no anticipated revenue increases in the near future. In fact, the loss of ALCO for FY 2015 will have at least a \$30K impact on sales tax revenues collected.

Labor costs remain consistent. COLA and performance increases remain curtailed from the budget for employees during 2014 and 2015. Employee health care costs continue to erode the City's operational capability; health care services will again be bid in 2015 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 with only slight cost increases in 2014 as the delay of the employer mandate will start increasing these costs to the City of Monte Vista.

Long term sustainability of the San Luis Valley's agriculture industry is of great concern; groundwater regulations will likely create a significant decrease in local agricultural production that will cause considerable impact on municipal revenue. The City continues to wait for the "Final Rules" from the State in order to chart a course with its augmentation plan.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

**Requests for Information**

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

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



**CITY OF MONTE VISTA, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF NET POSITION**  
**December 31, 2014**

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 579,620	\$ 1,074,317	\$ 1,653,937
Restricted Cash and Cash Equivalents	490,636	42,501	533,137
Accounts Receivable	78,458	28,967	107,425
Allowance for Doubtful Accounts	(10,279)	-	(10,279)
Property Taxes Receivable	344,675	-	344,675
Due from Other Governments	173,045	-	173,045
Due from County Treasurer	122,506	38,579	161,085
Inventory of Materials and Supplies	-	100,680	100,680
<b>Total Current Assets</b>	<b>1,778,661</b>	<b>1,285,044</b>	<b>3,063,705</b>
<b>Noncurrent Assets:</b>			
Prepaid Water Storage Expense	-	546,000	546,000
Capital Assets:			
Land	1,118,799	22,000	1,140,799
Construction in Progress	57,651	18,323	75,974
Infrastructure	3,490,517	-	3,490,517
Water Rights	-	941,451	941,451
Buildings	3,836,183	47,650	3,883,833
Building Improvements	841,922	-	841,922
Other Improvements	2,924,851	-	2,924,851
Equipment	2,128,209	531,411	2,659,620
Treatment Plant	-	4,636,251	4,636,251
Transmission and Distribution	-	6,005,099	6,005,099
Vehicles	1,303,880	240,981	1,544,861
Less: Accumulated Depreciation/Depletion	(7,649,779)	(7,748,076)	(15,397,855)
<b>Total Noncurrent Assets</b>	<b>8,052,233</b>	<b>5,241,090</b>	<b>13,293,323</b>
<b>TOTAL ASSETS</b>	<b>9,830,894</b>	<b>6,526,134</b>	<b>16,357,028</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	66,460	27,873	94,333
Other Payables	-	2,265	2,265
Unearned Revenue - Grants	3,145	-	3,145
Bonds Payable	150,000	-	150,000
Lease Payable	61,257	-	61,257
Note Payable	-	73,569	73,569
Compensated Absences	21,055	4,814	25,869
<b>Total Current Liabilities</b>	<b>301,917</b>	<b>108,521</b>	<b>410,438</b>
<b>Noncurrent Liabilities:</b>			
Bonds Payable	2,695,000	-	2,695,000
Lease Payable	281,997	-	281,997
Note Payable	-	1,838,526	1,838,526
Compensated Absences	62,988	45,777	108,765
<b>Total Noncurrent Liabilities</b>	<b>3,039,985</b>	<b>1,884,303</b>	<b>4,924,288</b>
<b>TOTAL LIABILITIES</b>	<b>3,341,902</b>	<b>1,992,824</b>	<b>5,334,726</b>

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

**CITY OF MONTE VISTA, COLORADO**  
**STATEMENT OF NET POSITION**  
**December 31, 2014**

	<u>Primary Government</u>		<u>TOTAL</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>DEFERRED INFLOWS OF RESOURCES - CURRENT</b>			
Deferred Revenue - Property Tax	344,675	-	344,675
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,863,979	2,782,995	7,646,974
Restricted for:			
TABOR	90,000	-	90,000
Debt Service	156,387	-	156,387
Capital Projects and Improvements	550,806	-	550,806
Conservation Trust	90,983	-	90,983
Water Acquisition	-	42,501	42,501
Unrestricted	392,162	1,707,814	2,099,976
<b>TOTAL NET POSITION</b>	<u>\$ 6,144,317</u>	<u>\$ 4,533,310</u>	<u>\$ 10,677,627</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, 2014**

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	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 839,593	\$ 176,216	\$ 31,461	\$ -	\$ (631,916)	\$ -	\$ (631,916)
Public Safety	1,208,656	10,435	30,922	-	(1,167,299)	-	(1,167,299)
Health and Welfare	107,954	104,677	-	-	(3,277)	-	(3,277)
Highways and Streets	565,218	-	164,227	27,582	(373,409)	-	(373,409)
Culture and Recreation	694,083	48,253	263,106	-	(382,724)	-	(382,724)
Urban/Economic Development	60,649	-	-	-	(60,649)	-	(60,649)
Interest on Long-term Debt	155,097	-	-	-	(155,097)	-	(155,097)
<b>Total Governmental Activities</b>	<b>3,631,250</b>	<b>339,581</b>	<b>489,716</b>	<b>27,582</b>	<b>(2,774,371)</b>	<b>-</b>	<b>(2,774,371)</b>
<b>Business-Type Activities:</b>							
Water Fund	581,546	840,231	-	2,800	-	261,485	261,485
Sewer Fund	649,323	786,440	-	1,500	-	138,617	138,617
<b>Total Business-Type Activities</b>	<b>1,230,869</b>	<b>1,626,671</b>	<b>-</b>	<b>4,300</b>	<b>-</b>	<b>400,102</b>	<b>400,102</b>
<b>Total Primary Government</b>	<b>\$ 4,862,119</b>	<b>\$ 1,966,252</b>	<b>\$ 489,716</b>	<b>\$ 31,882</b>	<b>(2,774,371)</b>	<b>400,102</b>	<b>(2,374,269)</b>
<b>General Revenues and Transfers:</b>							
Taxes:							
					342,101	-	342,101
					1,392,827	-	1,392,827
					178,449	-	178,449
					58,684	-	58,684
					16,480	512	16,992
					27,829	5,495	33,324
					204,465	(204,465)	-
					<b>2,220,835</b>	<b>(198,458)</b>	<b>2,022,377</b>
					Change in Net Position	201,644	(351,892)
					<b>Net Position - Beginning</b>	<b>4,331,666</b>	<b>11,029,519</b>
					<b>Net Position - Ending</b>	<b>\$ 4,533,310</b>	<b>\$ 10,677,627</b>

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

**CITY OF MONTE VISTA, COLORADO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**December 31, 2014**

	SPECIAL REVENUE FUNDS					TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	GRANT FUND	CAPITAL IMPROVEMENT FUND	RECREATION FUND	OTHER GOVERNMENTAL FUNDS	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 311,464	\$ 11,786	\$ 161,558	\$ -	\$ 94,812	\$ 579,620
Restricted Cash and Cash Equivalents	-	-	-	-	490,636	490,636
Accounts Receivable	37,439	-	-	41,019	-	78,458
Allowance for Doubtful Accounts	(10,279)	-	-	-	-	(10,279)
Property Taxes Receivable	344,675	-	-	-	-	344,675
Due from Other Funds	80,060	-	-	-	-	80,060
Due from Other Governments	116,853	1,193	54,999	-	-	173,045
Due from County Treasurer	122,506	-	-	-	-	122,506
<b>TOTAL ASSETS</b>	<b>\$ 1,002,718</b>	<b>\$ 12,979</b>	<b>\$ 216,557</b>	<b>\$ 41,019</b>	<b>\$ 585,448</b>	<b>\$ 1,858,721</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 56,748	\$ -	\$ -	\$ 7,886	\$ 1,826	\$ 66,460
Due to Other Funds	-	40,406	-	39,654	-	80,060
Unearned Revenue - Grants	1,762	-	-	1,383	-	3,145
<b>TOTAL LIABILITIES</b>	<b>58,510</b>	<b>40,406</b>	<b>-</b>	<b>48,923</b>	<b>1,826</b>	<b>149,665</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Revenue - Property Tax	344,675	-	-	-	-	344,675
<b>FUND BALANCE</b>						
Restricted						
Tabor Emergency	90,000	-	-	-	-	90,000
Debt Service	-	-	-	-	156,387	156,387
Capital Projects/Improvements	-	-	216,557	-	334,249	550,806
Conservation Trust	-	-	-	-	90,983	90,983
Committed						
Recreation	-	-	-	-	-	-
Economic Development	-	-	-	-	2,003	2,003
Assigned-Designated for Subsequent Years	-	-	-	-	-	-
Unassigned	509,533	(27,427)	-	(7,904)	-	474,202
<b>TOTAL FUND BALANCE</b>	<b>599,533</b>	<b>(27,427)</b>	<b>216,557</b>	<b>(7,904)</b>	<b>583,622</b>	<b>1,364,381</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
	<b>\$ 1,002,718</b>	<b>\$ 12,979</b>	<b>\$ 216,557</b>	<b>\$ 41,019</b>	<b>\$ 585,448</b>	<b>\$ 1,858,721</b>

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, 2014**

<b>Total governmental fund balances</b>	\$	1,364,381
<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>		8,052,233
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds Payable	\$ (2,845,000)	
Lease Payable	(343,254)	
Compensated Absences	(84,043)	
	(3,272,297)	(3,272,297)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>6,144,317</b>

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, 2014**

	<u>SPECIAL REVENUE FUNDS</u>				<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL FUND</u>	<u>GRANT FUND</u>	<u>CAPITAL IMPROVEMENT FUND</u>	<u>RECREATION FUND</u>		
<b>REVENUES</b>						
Taxes	\$ 1,637,339	\$ -	\$ 330,217	\$ -	\$ -	\$ 1,967,556
Licenses and Permits	9,032	-	-	-	-	9,032
Intergovernmental Revenue	371,868	45,034	-	71,214	46,585	534,701
Charges for Services	191,513	-	-	48,253	-	239,766
Fines and Forfeits	68,947	-	-	-	-	68,947
Interest and Miscellaneous	180,683	16,270	64	29,348	6,285	232,650
<b>TOTAL REVENUE</b>	<u>2,459,382</u>	<u>61,304</u>	<u>330,281</u>	<u>148,815</u>	<u>52,870</u>	<u>3,052,652</u>
<b>EXPENDITURES</b>						
General Government	673,533	-	-	-	-	673,533
Public Safety	1,089,871	80,235	-	-	-	1,170,106
Health and Welfare	100,555	-	-	-	-	100,555
Highways and Streets	371,143	-	-	-	-	371,143
Culture and Recreation	168,021	-	-	362,806	6,000	536,827
Urban/Economic Development	-	-	-	-	7,252	7,252
Capital Outlay	74,601	85,134	-	-	129,115	288,850
Debt Service	38,316	-	50,662	-	280,415	369,393
<b>TOTAL EXPENDITURES</b>	<u>2,516,040</u>	<u>165,369</u>	<u>50,662</u>	<u>362,806</u>	<u>422,782</u>	<u>3,517,659</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(56,658)</u>	<u>(104,065)</u>	<u>279,619</u>	<u>(213,991)</u>	<u>(369,912)</u>	<u>(465,007)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	71,379	103,800	-	165,578	282,625	623,382
Transfers Out	(244,303)	-	(279,000)	(25,079)	(28,700)	(577,082)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(172,924)</u>	<u>103,800</u>	<u>(279,000)</u>	<u>140,499</u>	<u>253,925</u>	<u>46,300</u>
Net Change in Fund Balance	(229,582)	(265)	619	(73,492)	(115,987)	(418,707)
<b>Fund Balance at Beginning of Year</b>	<u>829,115</u>	<u>(27,162)</u>	<u>215,938</u>	<u>65,588</u>	<u>699,609</u>	<u>1,783,088</u>
<b>Fund Balance at End of Year</b>	<u>\$ 599,533</u>	<u>\$ (27,427)</u>	<u>\$ 216,557</u>	<u>\$ (7,904)</u>	<u>\$ 583,622</u>	<u>\$ 1,364,381</u>

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, 2014**

**Net change in fund balances - total governmental funds** \$ (418,707)

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	\$	337,682	
Depreciation expense		(708,010)	
Excess of capital outlay over depreciation			(370,328)

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		140,000	
Lease Principal Payments		74,296	
			214,296

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			21,203

**Change in net position of governmental activities** \$ (553,536)



**CITY OF MONTE VISTA, COLORADO**

**PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
December 31, 2014**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 498,684	\$ 575,633	\$ 1,074,317
Restricted Cash and Cash Equivalents	42,501	-	42,501
Accounts Receivable	10,418	18,549	28,967
Due From County Treasurer	14,229	24,350	38,579
Inventory	92,689	7,991	100,680
<b>Total Current Assets</b>	<b>658,521</b>	<b>626,523</b>	<b>1,285,044</b>
<b>Noncurrent Assets:</b>			
Prepaid Water Storage Expense	546,000	-	546,000
Land	11,000	11,000	22,000
Construction In Progress	-	18,323	18,323
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	1,801,503	4,203,596	6,005,099
Vehicles	122,961	118,020	240,981
Accumulated Depreciation	(1,856,205)	(5,891,871)	(7,748,076)
<b>Total Noncurrent Assets</b>	<b>2,678,675</b>	<b>2,562,415</b>	<b>5,241,090</b>
<b>TOTAL ASSETS</b>	<b>3,337,196</b>	<b>3,188,938</b>	<b>6,526,134</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	7,774	20,099	27,873
Notes Payable	11,578	61,991	73,569
Accrued Interest Payable	-	2,265	2,265
Accrued Compensated Absences	4,814	-	4,814
<b>Total Current Liabilities</b>	<b>24,166</b>	<b>84,355</b>	<b>108,521</b>
<b>Noncurrent Liabilities:</b>			
Notes Payable	1,598,486	240,040	1,838,526
Accrued Compensated Absences	31,480	14,297	45,777
<b>Total Noncurrent Liabilities</b>	<b>1,629,966</b>	<b>254,337</b>	<b>1,884,303</b>
<b>TOTAL LIABILITIES</b>	<b>1,654,132</b>	<b>338,692</b>	<b>1,992,824</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	522,611	2,260,384	2,782,995
Restricted for Water Acquisition	42,501	-	42,501
Unrestricted	1,117,952	589,862	1,707,814
<b>TOTAL NET POSITION</b>	<b>\$ 1,683,064</b>	<b>\$ 2,850,246</b>	<b>\$ 4,533,310</b>

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, 2014**

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 832,941	\$ 786,440	\$ 1,619,381
Miscellaneous	12,017	768	12,785
<b>Total Operating Revenues</b>	<u>844,958</u>	<u>787,208</u>	<u>1,632,166</u>
<b>OPERATING EXPENSES</b>			
Personnel Services	310,154	297,970	608,124
Supplies	7,407	19,148	26,555
Fuel	7,504	12,302	19,806
Communications and Postage	8,063	7,143	15,206
Insurance and Bonds	22,156	23,042	45,198
Utilities	67,165	52,092	119,257
Professional Services	63,467	29,687	93,154
Repairs and Maintenance	19,648	4,506	24,154
Depreciation	47,680	142,823	190,503
Equipment	21	28,978	28,999
Payment in Lieu of Taxes	79,083	79,082	158,165
State Permit Fees	-	13,048	13,048
Water Storage	21,000	-	21,000
Other	7,281	3,429	10,710
<b>Total Operating Expenses</b>	<u>660,629</u>	<u>713,250</u>	<u>1,373,879</u>
Operating Income (Loss)	184,329	73,958	258,287
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest on Investments	207	305	512
Interest Expense	-	(15,155)	(15,155)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>207</u>	<u>(14,850)</u>	<u>(14,643)</u>
Income (Loss) Before Other Revenue and Operating Transfers	184,536	59,108	243,644
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Water and Sewer Taps	2,800	1,500	4,300
Transfers Out	(23,150)	(23,150)	(46,300)
<b>Total Capital Contributions and Transfers</b>	<u>(20,350)</u>	<u>(21,650)</u>	<u>(42,000)</u>
Changes in Net Position	164,186	37,458	201,644
<b>Net Position at beginning of year</b>	<u>1,518,878</u>	<u>2,812,788</u>	<u>4,331,666</u>
<b>Net Position at end of year</b>	<u>\$ 1,683,064</u>	<u>\$ 2,850,246</u>	<u>\$ 4,533,310</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, 2014**

	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received From Customers	\$ 844,394	\$ 784,956	\$ 1,629,350
Cash Paid to Employees	(315,649)	(302,121)	(617,770)
Cash Paid to Suppliers/Vendors	(756,077)	(179,280)	(935,357)
Cash Paid to Other Funds for Taxes	(79,083)	(79,082)	(158,165)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(306,415)</b>	<b>224,473</b>	<b>(81,942)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Cash Transferred (to)/from Other Funds	(23,150)	(23,150)	(46,300)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(23,150)</b>	<b>(23,150)</b>	<b>(46,300)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Acquisitions	(50,625)	(24,559)	(75,184)
Loan Proceeds	477,000	-	477,000
Principal Payments	(11,578)	(59,293)	(70,871)
Cash Received from Capital Contributions (Tap Fees)	2,800	1,500	4,300
Interest Paid	-	(15,600)	(15,600)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>417,597</b>	<b>(97,952)</b>	<b>319,645</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	207	305	512
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>207</b>	<b>305</b>	<b>512</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>88,239</b>	<b>103,676</b>	<b>191,915</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>452,946</b>	<b>471,957</b>	<b>924,903</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 541,185</b>	<b>\$ 575,633</b>	<b>\$ 1,116,818</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 184,329</b>	<b>\$ 73,958</b>	<b>\$ 258,287</b>
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>			
Depreciation expense	47,680	142,823	190,503
(Increase) Decrease in accounts receivable	1,283	1,779	3,062
(Increase) Decrease in due from county treasurer	(1,847)	(4,031)	(5,878)
(Increase) Decrease in prepaids	(509,000)	-	(509,000)
(Increase) Decrease in inventory	(25,728)	(1,073)	(26,801)
Increase (Decrease) in accounts payable	2,363	15,168	17,531
Increase (Decrease) in compensated absences	(5,495)	(4,151)	(9,646)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (306,415)</b>	<b>\$ 224,473</b>	<b>\$ (81,942)</b>

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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

**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, 2014**

- § 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 *Recreation 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.

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, 2014**

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 2014 property tax levy due January 1, 2015, 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, 2014**

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, 2014**

***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, 2014**

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.

**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 following funds exceeded appropriations during 2014. This may be a violation of Colorado Revised State Statutes.

General Fund	\$ 56,897
Urban Renewal Authority Fund	\$ 2,252
Debt Service Fund	\$ 2,115

The following funds have a deficit fund balance as of December 31, 2014. This may be a violation of Colorado Revised State Statutes.

Grant Fund	\$ 27,427
Recreation Fund	\$ 7,904

The Recreation Fund budgeted for a deficit fund balance as of December 31, 2014 of \$38,000. This may be a violation of Colorado Revised State Statutes.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

**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	\$ 2,038,987		
COLOTRUST	148,087		
Total Deposits and Investments	\$ 2,187,074		
		Governmental	Business-Type
		Activities	Activities
Cash and Cash Equivalents	\$ 579,620	\$ 1,074,317	\$ 1,653,937
Restricted Cash and Cash Equivalents	490,636	42,501	533,137
Total Cash and Cash Equivalents	\$ 1,070,256	\$ 1,116,818	\$ 2,187,074

***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, 2014, \$1,525,031 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

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

- § Guaranteed investment contracts
- § 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, 2014, 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 investment s 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 \$42,501 in the Water Fund is restricted by ordinance for water acquisition . Cash investments of \$156,387 in the Debt Service Fund are contractually restricted for service of the City’s bonds. Cash and investments of \$334,249 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, 2014 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Grant Fund	\$ 40,406
	Recreation Fund	39,654
		\$ 80,060

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

Interfund transfers during the year ended December 31, 2014 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Recreation Fund	\$ 25,079
	Water Fund	23,150
	Sewer Fund	23,150
		<u>71,379</u>
Grant Fund	General Fund	75,100
	Capital Projects Fund	28,700
		<u>103,800</u>
Recreation Fund	General Fund	165,578
		<u>165,578</u>
Nonmajor Funds	General Fund	3,625
	Capital Improvement Fund	279,000
		<u>282,625</u>
	TOTALS	<u>\$ 623,382</u>

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 and Capital Projects 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.

In addition, the Water Fund and Sewer Fund transferred \$79,083 and \$79,082, respectively, to the General Fund for payment in lieu of taxes.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014, was as follows:

	BALANCE 12/31/2013	Additions	Deletions	BALANCE 12/31/2014
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 1,118,799	\$ -	\$ -	\$ 1,118,799
Construction in Progress	1,651	56,000	-	57,651
Total capital assets not being depreciated	<u>1,120,450</u>	<u>56,000</u>	<u>-</u>	<u>1,176,450</u>
Capital assets being depreciated				
Buildings	3,836,183	-	-	3,836,183
Infrastructure	3,369,090	121,427	-	3,490,517
Improvements - Building	841,922	-	-	841,922
Improvements - Other	2,898,725	26,126	-	2,924,851
Machinery and Equipment	2,007,080	121,129	-	2,128,209
Vehicles	1,290,880	13,000	-	1,303,880
Total capital assets being depreciated	<u>14,243,880</u>	<u>281,682</u>	<u>-</u>	<u>14,525,562</u>
Less accumulated depreciation for:				
Buildings	2,051,855	64,193	-	2,116,048
Infrastructure	1,531,653	258,709	-	1,790,362
Improvements - Building	405,848	31,922	-	437,770
Improvements - Other	836,450	159,482	-	995,932
Machinery and Equipment	1,229,016	98,687	-	1,327,703
Vehicles	886,947	95,017	-	981,964
Total accumulated depreciation	<u>6,941,769</u>	<u>708,010</u>	<u>-</u>	<u>7,649,779</u>
Total Capital Assets being depreciated, net	<u>7,302,111</u>	<u>(426,328)</u>	<u>-</u>	<u>6,875,783</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	<u>\$ 8,422,561</u>	<u>\$ (370,328)</u>	<u>\$ -</u>	<u>\$ 8,052,233</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	941,451	-	-	941,451
Construction in Progress	-	18,323	-	18,323
Total capital assets not being depreciated	<u>963,451</u>	<u>18,323</u>	<u>-</u>	<u>981,774</u>
Capital assets being depreciated				
Buildings and Shops	47,650	-	-	47,650
Equipment	531,411	-	-	531,411
Water and Sewer Treatment Plant	4,636,251	-	-	4,636,251
Transmission and Distribution	5,948,238	56,861	-	6,005,099
Vehicles	240,981	-	-	240,981
Total capital assets being depreciated	<u>11,404,531</u>	<u>56,861</u>	<u>-</u>	<u>11,461,392</u>
Less: accumulated depreciation	<u>7,557,571</u>	<u>190,503</u>	<u>-</u>	<u>7,748,074</u>
Total Capital Assets being depreciated, net	<u>3,846,960</u>	<u>(133,642)</u>	<u>-</u>	<u>3,713,318</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	<u>\$ 4,810,411</u>	<u>\$ (115,319)</u>	<u>\$ -</u>	<u>\$ 4,695,092</u>

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

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

Governmental activities:	
General Government	\$ 144,741
Public Safety	111,217
Health and Welfare	7,399
Highways and Streets	194,075
Culture and Recreation	157,256
Urban Development	53,397
Leased Buildings	39,925
Total depreciation expense - governmental activities	<u>\$ 708,010</u>
Business-type activities:	
Water Fund	\$ 47,680
Sewer Fund	142,823
Total depreciation expense - business-type activities	<u>\$ 190,503</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, 2014, the balance of prepaid water storage expense is \$546,000.

**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, 2014, was approximately \$5,826.

**NOTE 8 LONG-TERM LIABILITIES**

*Changes in Long-term Liabilities*

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014	Due Within One Year
Governmental activities:					
Revenue Bonds Payable	\$ 2,985,000	\$ -	\$ 140,000	\$ 2,845,000	\$ 150,000
Leases Payable	417,550	-	74,296	343,254	61,257
Compensated Absences	105,246	-	21,203	84,043	21,055
Governmental activities	<u>\$ 3,507,796</u>	<u>\$ -</u>	<u>\$ 235,499</u>	<u>\$ 3,272,297</u>	<u>\$ 232,312</u>
Business-type activities:					
Notes Payable	\$ 1,505,966	\$ 477,000	\$ 70,871	\$ 1,912,095	\$ 73,568
Compensated Absences	60,238	-	9,647	50,591	4,814
Business-type activities	<u>\$ 1,566,204</u>	<u>\$ 477,000</u>	<u>\$ 80,518</u>	<u>\$ 1,962,686</u>	<u>\$ 78,382</u>

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

**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:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTALS</u>
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	180,000	101,430	281,430
2020-2024	1,025,000	376,050	1,401,050
2025-2028	<u>1,000,000</u>	<u>117,300</u>	<u>1,117,300</u>
	<u>\$ 2,845,000</u>	<u>\$ 1,075,710</u>	<u>\$ 3,920,710</u>

*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 \$50,665 at December 31, 2014. Principal balance at December 31, 2014, was \$48,460

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, 2014, was \$294,793.

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

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTALS</u>
2015	\$ 61,257	\$ 11,683	\$ 72,940
2016	13,830	9,447	23,277
2017	14,914	8,984	23,898
2018	16,055	8,484	24,539
2019	17,252	7,946	25,198
2020-2024	106,411	30,187	136,598
2025-2029	<u>113,535</u>	<u>9,801</u>	<u>123,336</u>
	<u>\$ 343,254</u>	<u>\$ 86,532</u>	<u>\$ 429,786</u>

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

**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. \$ 302,031

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. 318,384

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, 2014, \$1,291,680 has been 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. 1,291,680

**Total Notes Payable** \$ 1,912,095

As of December 31, 2014, 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:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTALS</u>
2015	\$ 73,568	\$ 12,902	\$ 86,470
2016	76,390	10,081	86,471
2017	79,340	7,132	86,472
2018	82,423	4,408	86,831
2019	48,200	-	48,200
2020-2024	57,888	-	57,888
2025-2029	57,888	-	57,888
2030-2034	57,887	-	57,887
2035-2039	57,888	-	57,888
2040-2042	28,943	-	28,943
Amortization terms undetermined	<u>1,291,680</u>	-	<u>1,291,680</u>
	<u>\$ 1,912,095</u>	<u>\$ 34,523</u>	<u>\$ 1,946,618</u>

**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 2014, other than police employees was \$1,220,852 and the total covered payroll was \$995,960. 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 2014 was \$79,981 for the City and 28 employees who were participating in the plan.



**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

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 \$533,681. The 14.2% contribution for 2014 was \$73,651 for the City, and the 6.2% contribution for 2014 was \$30,088 for the employees. There were 15 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, 2014, CIRSA had assets of \$82,636,471, liabilities of \$33,713,754 (including \$10,765,000 reserved for unpaid losses and loss adjustment expenses, net of excess insurance recoverables) and net position of \$48,922,717. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2014, amounted to \$25,463,136 and total expenses were \$18,029,023, resulting in an excess of revenues over expenses of \$7,434,113, before distributions.

**CITY OF MONTE VISTA, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

**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 \$4,100,676, total liabilities of \$775,470, and net position of \$3,325,206 at December 31, 2014.

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, 2014**

**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 SUBSEQUENT EVENT**

In 2015, the City will begin a wastewater capital improvement project. Funding has been obtained from a Colorado Water Resource and Power Development Authority loan in the amount of \$1,396,612 and a Colorado Department of Local Affairs grant in the amount of \$1,300,000.

## **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.

**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, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 1,711,339	\$ 1,711,339	\$ 1,637,339	\$ (74,000)
Licenses and Permits	8,300	8,100	9,032	932
Intergovernmental Revenue	402,462	422,462	371,868	(50,594)
Charges for Services	180,900	185,100	191,513	6,413
Fines and Forfeits	97,600	82,100	68,947	(13,153)
Interest and Miscellaneous	36,742	119,217	180,683	61,466
<b>TOTAL REVENUES</b>	<u>2,437,343</u>	<u>2,528,318</u>	<u>2,459,382</u>	<u>(68,936)</u>
<b>EXPENDITURES</b>				
General Government	551,998	660,168	673,533	(13,365)
Public Safety	1,105,331	1,099,221	1,089,871	9,350
Health and Welfare	117,482	117,482	100,555	16,927
Highways and Streets	323,441	330,341	371,143	(40,802)
Culture and Recreation	113,931	133,931	168,021	(34,090)
Capital Outlay	65,000	80,000	74,601	5,399
Debt Service	38,000	38,000	38,316	(316)
<b>TOTAL EXPENDITURES</b>	<u>2,315,183</u>	<u>2,459,143</u>	<u>2,516,040</u>	<u>(56,897)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>122,160</u>	<u>69,175</u>	<u>(56,658)</u>	<u>(125,833)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	71,379	71,379	71,379	-
Transfers Out	(244,539)	(244,539)	(244,303)	236
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(173,160)</u>	<u>(173,160)</u>	<u>(172,924)</u>	<u>236</u>
Net Change in Fund Balance	(51,000)	(103,985)	(229,582)	(125,597)
<b>Fund Balance at Beginning of Year</b>	<u>51,000</u>	<u>196,625</u>	<u>829,115</u>	<u>632,490</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ 92,640</u>	<u>\$ 599,533</u>	<u>\$ 506,893</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, 2014**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental Revenue				
State Grants	\$ 457,544	\$ 535,125	\$ 30,382	\$ (504,743)
Federal Grants	671,782	621,782	14,652	(607,130)
Total Intergovernmental Revenue	<u>1,129,326</u>	<u>1,156,907</u>	<u>45,034</u>	<u>(1,111,873)</u>
Miscellaneous - Community (Contributions)	<u>80,378</u>	<u>80,378</u>	<u>16,270</u>	<u>(64,108)</u>
<b>TOTAL REVENUES</b>	<u>1,209,704</u>	<u>1,237,285</u>	<u>61,304</u>	<u>(1,175,981)</u>
<b>EXPENDITURES</b>				
Public Safety	73,121	73,121	80,235	(7,114)
Capital Outlay	<u>1,562,994</u>	<u>1,590,575</u>	<u>85,134</u>	<u>1,505,441</u>
<b>TOTAL EXPENDITURES</b>	<u>1,636,115</u>	<u>1,663,696</u>	<u>165,369</u>	<u>1,498,327</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(426,411)</u>	<u>(426,411)</u>	<u>(104,065)</u>	<u>322,346</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	<u>426,411</u>	<u>426,411</u>	<u>103,800</u>	<u>(322,611)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>426,411</u>	<u>426,411</u>	<u>103,800</u>	<u>(322,611)</u>
Net Change in Fund Balance	-	-	(265)	(265)
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>(27,162)</u>	<u>(27,162)</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,427)</u>	<u>\$ (27,427)</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, 2014**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Taxes	\$ 345,000	\$ 345,000	\$ 330,217	\$ (14,783)
Interest on Investments	200	200	64	(136)
<b>TOTAL REVENUES</b>	<b>345,200</b>	<b>345,200</b>	<b>330,281</b>	<b>(14,919)</b>
<b>EXPENDITURES</b>				
Debt Service	51,000	51,000	50,662	338
<b>TOTAL EXPENDITURES</b>	<b>51,000</b>	<b>51,000</b>	<b>50,662</b>	<b>338</b>
Excess (Deficiency) of Revenues Over Expenditures	294,200	294,200	279,619	(14,581)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(351,415)	(351,415)	(279,000)	72,415
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(351,415)</b>	<b>(351,415)</b>	<b>(279,000)</b>	<b>72,415</b>
Net Change in Fund Balance	(57,215)	(57,215)	619	57,834
<b>Fund Balance at Beginning of Year</b>	<b>57,215</b>	<b>57,215</b>	<b>215,938</b>	<b>158,723</b>
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216,557</b>	<b>\$ 216,557</b>

**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**  
**RECREATION FUND**  
**For the Year Ended December 31, 2014**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Intergovernmental Revenue	72,700	247,700	71,214	(176,486)
Charges for Services	72,940	74,440	48,253	(26,187)
Interest and Miscellaneous	40,822	2,822	29,348	26,526
<b>TOTAL REVENUES</b>	<u>186,462</u>	<u>324,962</u>	<u>148,815</u>	<u>(176,147)</u>
<b>EXPENDITURES</b>				
Culture and Recreation	326,961	503,461	362,806	140,655
<b>TOTAL EXPENDITURES</b>	<u>326,961</u>	<u>503,461</u>	<u>362,806</u>	<u>140,655</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(140,499)</u>	<u>(178,499)</u>	<u>(213,991)</u>	<u>(35,492)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	165,578	165,578	165,578	-
Transfers Out	<u>(25,079)</u>	<u>(25,079)</u>	<u>(25,079)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>140,499</u>	<u>140,499</u>	<u>140,499</u>	<u>-</u>
Net Change in Fund Balance	-	(38,000)	(73,492)	(35,492)
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>65,588</u>	<u>65,588</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ (38,000)</u>	<u>\$ (7,904)</u>	<u>\$ 30,096</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**

## **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.

**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.

**CAPITAL PROJECTS FUND**

**Capital Projects Fund** – This fund is used to account for the expenditure of the Series 2008 Sales Tax Revenue Bond monies on capital projects throughout 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, 2014**

	<u>SPECIAL REVENUE FUNDS</u>				<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
	<b>CONSERVATION TRUST FUND</b>	<b>URBAN RENEWAL AUTHORITY FUND</b>	<b>CAPITAL PROJECTS FUND</b>	<b>DEBT SERVICE FUND</b>	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 90,983	\$ 3,829	\$ -	\$ -	\$ 94,812
Restricted Cash and Cash Equivalents	-	-	334,249	156,387	490,636
<b>TOTAL ASSETS</b>	<u>\$ 90,983</u>	<u>\$ 3,829</u>	<u>\$ 334,249</u>	<u>\$ 156,387</u>	<u>\$ 585,448</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 1,826	\$ -	\$ -	\$ 1,826
<b>TOTAL LIABILITIES</b>	-	1,826	-	-	1,826
<b>FUND BALANCE</b>					
Restricted					
Debt Service	-	-	-	156,387	156,387
Capital Projects	-	-	334,249	-	334,249
Conservation Trust	90,983	-	-	-	90,983
Committed					
Economic Development	-	2,003	-	-	2,003
<b>TOTAL FUND BALANCE</b>	90,983	2,003	334,249	156,387	583,622
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 90,983</u>	<u>\$ 3,829</u>	<u>\$ 334,249</u>	<u>\$ 156,387</u>	<u>\$ 585,448</u>

**CITY OF MONTE VISTA, COLORADO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended December 31, 2014**

	<b>SPECIAL REVENUE FUNDS</b>				<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
	<b>CONSERVATION TRUST FUND</b>	<b>URBAN RENEWAL AUTHORITY FUND</b>	<b>CAPITAL PROJECTS FUND</b>	<b>DEBT SERVICE FUND</b>	
<b>REVENUES</b>					
Intergovernmental Revenue	\$ 44,585	\$ 2,000	\$ -	\$ -	\$ 46,585
Interest and Miscellaneous	23	5,800	165	297	6,285
<b>TOTAL REVENUE</b>	<b>44,608</b>	<b>7,800</b>	<b>165</b>	<b>297</b>	<b>52,870</b>
<b>EXPENDITURES</b>					
Culture and Recreation	-	6,000	-	-	6,000
Urban/Economic Development	-	7,252	-	-	7,252
Capital Outlay	34,913	-	94,202	-	129,115
Debt Service	-	-	-	280,415	280,415
<b>TOTAL EXPENDITURES</b>	<b>34,913</b>	<b>13,252</b>	<b>94,202</b>	<b>280,415</b>	<b>422,782</b>
Excess (Deficiency) of Revenues Over Expenditures	9,695	(5,452)	(94,037)	(280,118)	(369,912)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	3,625	-	279,000	282,625
Transfers Out	-	-	(28,700)	-	(28,700)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>3,625</b>	<b>(28,700)</b>	<b>279,000</b>	<b>253,925</b>
Net Change in Fund Balance	9,695	(1,827)	(122,737)	(1,118)	(115,987)
<b>Fund Balance at Beginning of Year</b>	<b>81,288</b>	<b>3,830</b>	<b>456,986</b>	<b>157,505</b>	<b>699,609</b>
<b>Fund Balance at End of Year</b>	<b>\$ 90,983</b>	<b>\$ 2,003</b>	<b>\$ 334,249</b>	<b>\$ 156,387</b>	<b>\$ 583,622</b>

**CITY OF MONTE VISTA, COLORADO**

**OTHER SCHEDULES AND REPORTS**

**CITY OF MONTE VISTA, COLORADO**  
**SCHEDULE OF EXPENDITURES AND TRANSFERS OUT**  
**NONMAJOR GOVERNMENTAL FUNDS AND ALL PROPRIETARY FUNDS**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2014**

	<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>				
<b>Governmental Funds</b>						
Nonmajor Governmental Funds						
Special Revenue Funds						
Conservation Trust Fund	\$ 45,000	\$ 54,814	\$ 34,913	\$ -	\$ 34,913	\$ 19,901
Urban Renewal Authority Fund	3,000	11,000	13,252	-	13,252	(2,252)
Capital Projects Fund	309,035	352,935	122,902	-	122,902	230,033
Debt Service Fund	278,300	278,300	280,415	-	280,415	(2,115)
Total Nonmajor Governmental Funds	<u>\$ 635,335</u>	<u>\$ 697,049</u>	<u>\$ 451,482</u>	<u>\$ -</u>	<u>\$ 451,482</u>	<u>\$ 245,567</u>
<b>Proprietary Funds</b>						
Enterprise Funds						
Water Fund	\$ 985,339	\$ 1,319,520	\$ 683,779	\$ 14,523	\$ 698,302	\$ 621,218
Sewer Fund	2,833,671	2,834,396	751,555	(58,971)	692,584	2,141,812
Total Enterprise Funds	<u>\$ 3,819,010</u>	<u>\$ 4,153,916</u>	<u>\$ 1,435,334</u>	<u>\$ (44,448)</u>	<u>\$ 1,390,886</u>	<u>\$ 2,763,030</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.

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: City of Monte Vista
	YEAR ENDING : December 2014

This Information From the Records Of: The City of Monte Vista	Prepared By: Phone:	Lisa Robirds 719-852-2692
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	56,282
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	342,490
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	3,119
2. General fund appropriations		b. Snow and ice removal	4,910
3. Other local imposts (from page 2)	730,946	c. Other	
4. Miscellaneous local receipts (from page 2)	40,994	d. Total (a. through c.)	8,029
5. Transfers from toll facilities		4. General administration & miscellaneous	100,302
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	305,562
a. Bonds - Original Issues		6. Total (1 through 5)	812,665
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	105,729
7. Total (1 through 6)	771,940	b. Redemption	110,191
<b>B. Private Contributions</b>		c. Total (a. + b.)	215,920
<b>C. Receipts from State government</b> (from page 2)	184,570	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	3,550
<b>E. Total receipts (A.7 + B + C + D)</b>	956,510	b. Redemption	47,112
		c. Total (a. + b.)	50,662
		3. Total (1.c + 2.c)	266,582
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,079,247

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	2,298,450		110,191	2,188,259
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	95,572		47,112	48,460

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	456,986	956,510	1,079,247	334,249	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE: Colorado  
 COLORADO  
 YEAR ENDING (mm/yy):  
 December 2014

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	184,283	a. Interest on investments	229
b. Other local imposts:		b. Traffic Fines & Penalties	40,765
1. Sales Taxes	479,040	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	67,623	g. Other Misc. Receipts	
6. Total (1. through 5.)	546,663	h. Other	
c. Total (a. + b.)	730,946	i. Total (a. through h.)	40,994
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	140,678	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	16,310	d. Federal Transit Admin	
d. Other (Specify) - EIAF Grant	27,582	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	43,892	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	184,570	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation	56,282	0	56,282
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	56,282	0	56,282
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	56,282	0	56,282
			(Carry forward to page 1)

Notes and Comments: