

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2018



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista (the "City") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – xi, and the budgetary comparison schedules on pages 31 – 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have 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 supplementary information and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
May 6, 2019

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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, 2018.

In compliance with Governmental Accounting Standards Board Number 34, also known as GASB 34, 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, 2017, and December 31, 2018.

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, 2018, the City of Monte Vista's government-wide net position totaled \$12,482,871. Of this amount, the net position related to governmental activities totaled \$6,401,450 and the net position for business-type activities totaled \$6,081,421.

- ❖ Total net position for the City increased by \$473,944 compared to 2017. Of this amount, net position for governmental activities increased by \$79,247 and net position for business type activities increased by \$394,697. Furthermore, governmental activities saw a slight decrease of \$107,993 in assets, a decrease in liabilities of \$182,889. Business-type activities saw an increase in assets of \$209,863 and a decrease in liabilities of \$184,834 compared to 2017.
- ❖ The net position for governmental activities includes \$4,711,170 of the net investment in capital assets, \$964,543 is restricted and \$725,737 is unrestricted. In business-type activities, \$4,184,494 is invested in capital assets, \$42,544 is restricted and \$1,854,383 is unrestricted.
- ❖ The City of Monte Vista's general sources of governmental revenue are made up of taxes, licenses and permits, fines and forfeits totaling \$2,512,187. Program revenues, in the form of charges for services, grants and contributions accounted for \$966,562 of total revenue.
- ❖ Total governmental revenues of \$3,478,749 increased by \$147,672 compared to 2017, mostly related to operating and capital grants and contributions. Governmental revenues also saw a slight increase of \$18,293 in charges for services since 2017.
- ❖ The Statement of Activities indicates that the City had \$3,767,502 in expenses related to governmental activities during 2018. This is a decrease in expenditures of \$68,667 compared to the prior year. Expenses for business-type activities totaled \$1,553,152 which is a decrease in expenditures of \$100,540 compared to 2017. Total government-wide revenue of \$5,794,598 was adequate to provide for the above expenses resulting in a Net Change in Position of a positive \$473,944.
- ❖ At the end of 2018, the City of Monte Vista's governmental funds reported a combined ending fund balance of \$1,769,808. This resulted in an increase in overall fund balance of \$387,085 compared to 2017. Of this total amount, \$978,834 is restricted, \$10,828 is committed, \$19,083 is assigned, and \$761,063 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

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financial statements, and (3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

The *statement of net 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, Kids Connection, public works and airport, culture and recreation, urban/economic development, and interest on long-term debt. The business-type activities of the City of Monte Vista include the Water and Sewer Funds.

Fund Financial Statements

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

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

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

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

The City of Monte Vista maintains two separate major governmental funds. Individual fund information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Improvements Fund. Individual fund information for the non-major funds is presented as supplemental information after the note sections of the report. Non-major funds include the Conservation Trust Fund, Urban Renewal Authority Fund, Kids Connection Fund, Capital Projects Fund, and the Grants Fund.

The City of Monte Vista adopts an annual budget for each of the individual governmental funds. A budgetary comparison schedule for each major fund is included in the fund financial statements to demonstrate compliance with the adopted budget.

Proprietary Funds. When the City charges customers for services it provides, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City of Monte Vista maintains one type of proprietary fund called enterprise funds. Enterprise funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The City of Monte Vista uses enterprise funds to account for their water and sewer operations, these funds are known as the Water Fund and the Sewer Fund. Effective January 1, 2013 the City was required to separate the prior City Services Utility Fund, which combined water and sewer operations, in order to meet loan covenants with the Colorado Water Resources & Power Development Authority.

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The focus of this financial analysis is on comparisons of the activities for the current year, 2018, with those of the prior year, 2017, and comparison of balances at year-end, December 31st, for the same two years.

As noted earlier, the net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Monte Vista, assets exceeded liabilities by \$12,482,871 as of December 31, 2018.

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

The largest portion of the City's net position reflects its investment of \$8,895,664 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;

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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.

Table 1 provides a summary of the City's net position at December 31 for the years 2017 and 2018. Additional information is presented in the statement of net position.

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and Other Assets	1,856,888	2,254,315	1,910,934	1,559,594	3,767,822	3,813,909
Noncurrent and Capital Assets	8,121,123	7,615,703	7,202,124	7,763,325	15,323,247	15,379,028
Total Assets	9,978,011	9,870,018	9,113,058	9,322,919	19,091,069	19,192,937
**Current Liabilities	112,448	123,422	439,480	79,543	551,928	202,965
Noncurrent Liabilities	3,163,633	2,969,770	2,986,852	3,161,955	6,150,485	6,131,725
Total Liabilities	3,276,081	3,093,192	3,426,332	3,241,498	6,702,413	6,334,690
Deferred Inflows of Revenue	379,727	375,376	-	-	379,727	375,376
Net Position:						
Net Investment in Capital Assets	4,999,632	4,711,170	4,027,398	4,184,494	9,027,030	8,895,664
Restricted for:					-	-
Emergencies	93,000	103,500	-	-	93,000	103,500
Capital Projects	600,127	653,943	-	-	600,127	653,943
Debt Service	69,879	53,939	-	-	69,879	53,939
Conservation Trust	116,824	148,854	-	-	116,824	148,854
Public Safety	4,099	4,307	-	-	4,099	4,307
Water Acquisition	-	-	42,531	42,544	42,531	42,544
Unrestricted	438,642	725,737	1,616,795	1,854,383	2,055,437	2,580,120
Total Net Position	6,322,203	6,401,450	5,686,724	6,081,421	12,008,927	12,482,871

****Footnote:** Changes in assets and liabilities were due to the City's ongoing sewer project which completed all phases of construction in 2018.

A portion of the City's net position in the amount of \$1,007,087 represents resources that are subject to external restrictions. The remaining \$2,580,120 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. During the fiscal year ending December 31, 2018, the City of Monte Vista's net position increased by \$473,944.

At the end of the current fiscal year, the City of Monte Vista 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 year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Analysis of Changes in Net Position

The City's combined net position for the governmental and business-type funds increased \$473,944 from 2017 to 2018. Of this total amount, governmental net position increased by \$79,247 and the business-type net position \$394,697

Table 2 provides a summary of the changes in net position for the years 2017 and 2018. Additional information is presented in the Statement of Activities.

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
<u>Revenue:</u>						
Program Revenue:						
Charges for Services	341,290	359,583	2,032,022	2,034,567	2,373,312	2,394,150
Operating Grants and Contributions	675,220	524,890	-	31,000	675,220	555,890
Capital Grants and Contributions	49,104	82,089	482,683	244,435	531,787	326,524
Sub Total Program Revenue	1,065,614	966,562	2,514,705	2,310,002	3,580,319	3,276,564
General Revenue:						
Taxes						
General Property Taxes-net	421,478	421,134	-	-	421,478	421,134
Sales and Use Tax	1,524,699	1,683,552	-	-	1,524,699	1,683,552
Franchise Taxes	170,260	169,933	-	-	170,260	169,933
Other Taxes	6,836	7,364	-	-	6,836	7,364
Investment Income	7,804	13,663	1,036	2,509	8,840	16,172
Miscellaneous	134,386	216,541	15,357	3,338	149,743	219,879
Sub Total General Revenue:	2,265,463	2,512,187	16,393	5,847	2,281,856	2,518,034
Total Revenue:	3,331,077	3,478,749	2,531,098	2,315,849	5,862,175	5,794,598
<u>Expenses:</u>						
General Government	1,062,410	899,310	-	-	1,062,410	899,310
Public Safety	1,294,206	1,283,724	-	-	1,294,206	1,283,724
Health and Welfare	-	4,528	-	-	-	4,528
Public Works and Airport	656,402	703,929	-	-	656,402	703,929
Culture and Recreation	618,007	326,262	-	-	618,007	326,262
Urban Development	68,324	69,858	-	-	68,324	69,858
Kids Connection	6,000	319,948	-	-	6,000	319,948
Interest on Long Term Debt	130,820	159,943	60,316	76,704	191,136	236,647
Water	-	-	738,861	692,183	738,861	692,183
Sewer	-	-	854,515	784,265	854,515	784,265
Total Expenses:	3,836,169	3,767,502	1,653,692	1,553,152	5,489,861	5,320,654
Increase (Decrease) in Net Position (Before Transfers)	(505,092)	(288,753)	877,406	762,697	372,314	473,944
<u>Transfers:</u>						
Operating Transfers In (Out)	277,992	368,000	(277,992)	(368,000)	-	-
Change in Net Position	(227,100)	79,247	599,414	394,697	372,314	473,944
Net Assets - Beginning of Year	6,549,303	6,322,203	5,087,310	5,686,724	11,636,613	12,008,927
Net Assets - End of Year	6,322,203	6,401,450	5,686,724	6,081,421	12,008,927	12,482,871

CITY OF MONTE VISTA, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

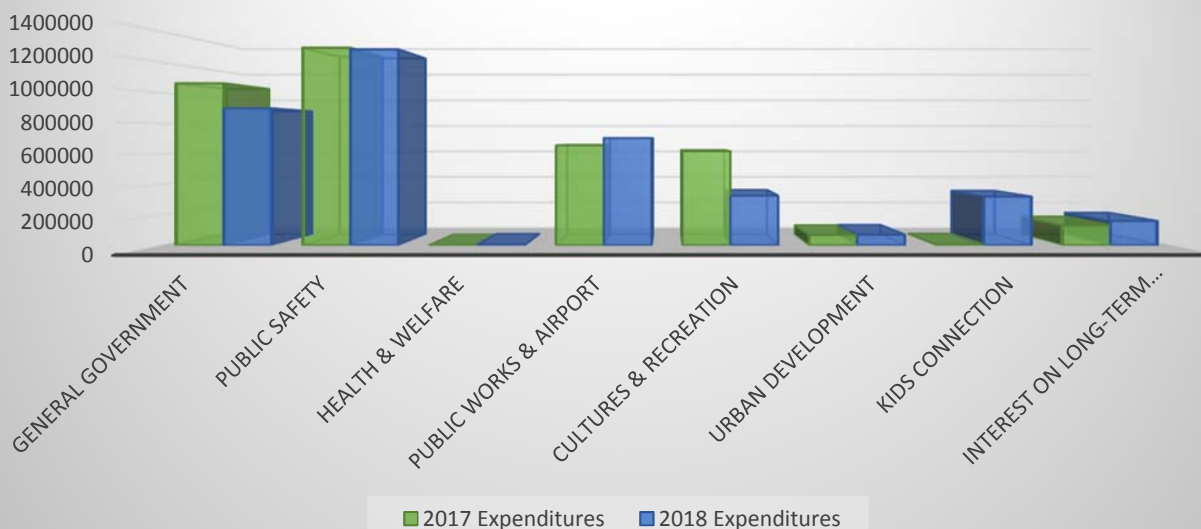
Governmental Activities

The City's governmental activities have been accounted for in seven departmental categories which are General Government, Public Safety, Public Works and Airport, Culture and Recreation, Urban/Economic Development, Kids Connection, and Interest on Long-Term Debt. Governmental activity expenses totaled \$3,767,502 which is a decrease in expenditures from 2017 of \$68,667. Major expenses included in the governmental activities were \$1,283,724 for public safety and \$899,310 for general government. Expenditures in public works and airport totaled \$703,929, culture and recreation totaled \$326,262, and Kids Connection totaled \$319,948. Other governmental expenditures included \$4,528 for health and welfare, \$69,858 for urban development, and \$159,943 for interest on long-term debt. City funding for governmental activities was derived from \$966,562 in program revenue and \$2,512,187 from general revenue which includes tax revenues. Governmental revenue increased by \$147,672 compared to 2017. Program revenue decreased mainly due to less operating grants and contributions. General revenue increased mainly due to an increase in sales tax revenue compared to 2017.

Governmental Activities - Program Revenues



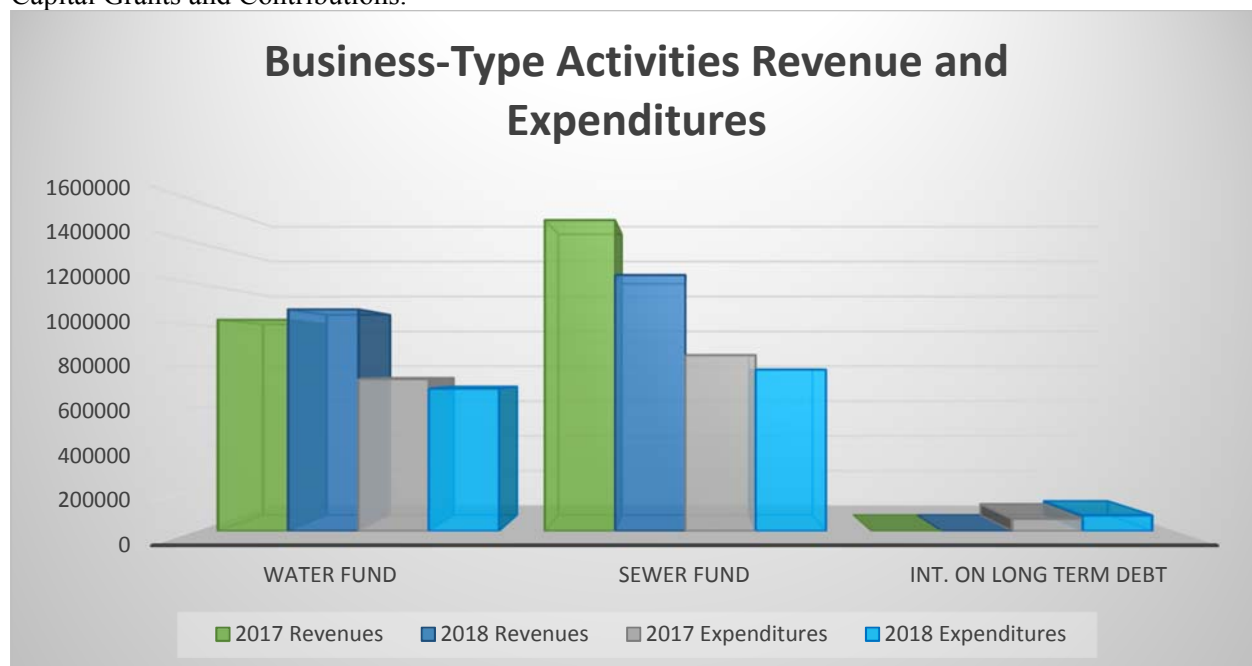
Governmental Activities - Program Expenditures



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Business-Type Activities

As mentioned earlier, business-type activities are funded in large part through the assignment of user fees imposed on external parties in exchange for services. Business-type activities net position at the end of 2018 increased \$394,697. Business-type activity expenditures totaled \$1,553,152 in 2018 which is a decrease in expenditures compared to 2017 of \$100,540. Funding for business-type activities was derived from \$2,315,849 which is a decrease of \$215,249 compared to 2017. This is largely due to a decrease in Capital Grants and Contributions.



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, 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 \$1,769,808, an increase of \$387,085 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, 2018, the City's governmental funds reported a restricted fund balance of \$978,834. A majority of this fund balance is restricted for capital projects and improvements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$10,828 as of December 31, 2018.

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 \$19,083 as of December 31, 2018, for the purpose of Kids Connection.

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 \$761,063 as of December 31, 2018.

Revenue – Revenue in all governmental funds totaled \$3,478,749 in 2018. This is an increase of \$147,672 compared to 2017. Of the total revenue received in 2018, \$2,281,983 was generated by tax revenue and \$359,583 was generated through service charges while \$606,979 was generated through grants and contributions.

The General Fund is the primary operating governmental fund of the City. At the end of 2017, the fund balance for the General Fund was \$868,870 which is an increase of \$313,727 compared to the end of 2017. Approximately \$761,063 of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is restricted; not available for spending because it has been committed for TABOR reserves, Debt Service, Capital Projects, and Conservation Trust.

Other Government Fund balance for 2018 is \$539,803. This includes the Conservation Trust Fund with a balance of \$148,854, the Urban Renewal Authority Fund balance of \$10,828, the Kids Connection Fund of \$19,083, Capital Projects Fund of \$325,191 and the Grant Fund of \$35,847. The Capital Improvements Fund balance as of December 31, 2018 was \$361,135.

Expenditures – The governmental funds expenditures decreased by \$68,667 from 2017. Total expenditures for 2018 were \$3,459,664. A combination of factors led to the decrease in expenditures being lower in 2018 than in 2017, however, the largest contributing factor was management monitoring expenditures for the year closely.

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, 2018, the net position for the Water Fund was \$1,875,238, net position of the Sewer Fund was \$4,206,183 for a combined total of \$6,081,421. This was an increase in 2018 of \$394,697 from the prior year. At the end of the fiscal year the unrestricted net position for the Water and Sewer Funds totaled \$1,854,383, net investment in capital assets totaled \$4,184,494 and the total for restricted net position was \$42,44 which is restricted to acquisition of water rights.

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General Fund Budgetary Highlights

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

For 2018, the original adopted General Fund Budget had revenue of \$2,859,964 with one supplemental budget amendment increasing the revenue budget by \$58,897 which brought the final revenue budget to \$2,918,861. For expenditures the original adopted General Fund Budget was \$2,857,786 after the supplemental budget amendment the expenditures budget increased by \$286,824 which brought total expenditures to \$3,144,610.

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2018 totaled \$14,870,761 (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 net increase in the City's capital for the current fiscal year was \$88,404 due to additions equipment, improvements, water and sewer transmission & distribution.

Major Capital Asset events during 2018 include the following:

- ❖ Completion of the CDOT ROW sewer improvements - \$545,176
- ❖ Storm Drain Project - \$407,572
- ❖ Sewer Projects - \$545,176
- ❖ Infrastructure Improvements of \$111,463
- ❖ Equipment & Vehicles Totaling - \$35,500
- ❖ Buildings - \$23,053
- ❖ K-9 Unit - \$14,583

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 4 of the Basic Financial Statements.

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 1,104,386	\$ 1,104,386	\$ 22,000	\$ 22,000	\$ 1,126,386	\$ 1,126,386
Construction in Progress	5,644	5,644	545,176	-	550,820	5,644
Water Rights			941,451	948,120	941,451	948,120
Buildings	1,610,898	1,570,414	826	744	1,611,724	1,571,158
Infrastructure	1,101,464	1,016,237	-	-	1,101,464	1,016,237
Improvements-Bldg	878,828	834,296	-	-	878,828	834,296
Improvements-Other	2,240,041	2,062,145	-	-	2,240,041	2,062,145
W/S Treatment Plant			341,031	325,940	341,031	325,940
Transmission & Distrib.			4,646,483	5,826,131	4,646,483	5,826,131
Equipment & Vehicles	1,179,862	1,022,581	164,185	132,123	1,344,047	1,154,704
	\$ 8,121,123	\$ 7,615,703	\$ 6,661,152	\$ 7,255,058	\$ 14,782,275	\$ 14,870,761

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Debt Administration

At year end, the City of Monte Vista's long-term liabilities totaled \$6,131,725. Of this amount, \$2,969,770 relates to governmental activities and \$3,161,955 relates to business-type activities.

Bonds payable include the Series 2018 Sales Tax Revenue refunding and Improvement Bonds payable to Branch Banking and Trust Company with an outstanding debt of \$2,249,110. The purpose of the original Series 2008 bonds was to provide paving and resurfacing of streets, provide curb and gutter and surface drainage, sidewalk improvements and such other related improvements. These bonds were refunded in 2018.

Outstanding notes payable include a note with Colorado Water Resource and Power Development Authority to fund storm drainage improvements in the amount of \$36,622, an additional note with the Colorado Water Resource and Power Development Authority to fund water chlorination system improvements in the amount of \$271,990, a note with the Colorado Water Conservation Board to purchase water rights with an advanced payment of \$1,627,360 and a note for Sewage Treatment Project with Colorado Water Resource and Power Development Authority in the amount of \$1,149,703. The increase in note balance to the Colorado Water Resource and Power Development Authority is a result to the loan closing and accrued interest being accounted for.

The City has entered into capital lease agreements with San Luis Valley Federal Bank and Kansas State Bank for repairs and maintenance of the building, to purchase equipment, a public works vehicle, and 4 police vehicles with a current balance at year-end 2018 for the governmental and proprietary funds of \$655,423 and \$54,018, respectively.

The City of Monte Vista's total long-term liabilities decreased by \$18,761 during 2018. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets

Property values remain fairly constant with marginal increases anticipated in 2019. Adjustments to property taxes as prescribed by the State have been mostly a wash from the revenue side. Sales and property tax are the leading revenue source for the General Fund and it is anticipated that City Sales Tax revenues will continue to increase in 2019.

Labor costs remain consistent, but are beginning to moderately increase. Employee health care costs continue to erode the City's operational capability and the City anticipated a 15% increase in the budget for 2019. The long-term financial and regulatory impacts resulting from the Affordable Care Act also continue to be a source of increased costs and concern while the Federal Government continues to make adjustments to the program and the final regulatory impact is uncertain.

Long term sustainability of the San Luis Valley's agriculture industry remains a concern; groundwater regulations continue to raise concerns and obstacles relating to production that will cause an unknown impact on municipal revenue. The City continues to keep an eye on the effects of this and what it will have on the economy. At the same time, the City is hopeful that new development and business along with tourism will continue to boost sales tax revenues within the City.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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

BASIC FINANCIAL STATEMENTS

CITY OF MONTE VISTA, COLORADO

STATEMENT OF NET POSITION December 31, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS	
	ACTIVITIES	TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and Investments	\$ 990,383	\$ 1,219,845	\$ 2,210,228
Restricted Cash and Investments	397,728	111,673	509,401
Receivables			
Property Taxes	375,376	-	375,376
Other Governments	293,394	35,482	328,876
Accounts	189,913	45,644	235,557
Grants	7,521	55,056	62,577
Inventory	-	91,894	91,894
Prepaid Water Storage, Net of			
Accumulated Amortization	-	462,000	462,000
Loan Receivable	-	46,267	46,267
Capital Assets, Not Depreciated	1,110,030	970,120	2,080,150
Capital Assets, Net of			
Accumulated Depreciation	6,505,673	6,284,938	12,790,611
TOTAL ASSETS	9,870,018	9,322,919	19,192,937
LIABILITIES			
Accounts Payable	97,575	56,968	154,543
Accrued Liabilities	11,556	-	11,556
Accrued Interest	14,291	22,575	36,866
Noncurrent Liabilities			
Due within One Year	296,907	153,681	450,588
Due in More Than One Year	2,672,863	3,008,274	5,681,137
TOTAL LIABILITIES	3,093,192	3,241,498	6,334,690
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	375,376	-	375,376
NET POSITION			
Net Investment in Capital Assets	4,711,170	4,184,494	8,895,664
Restricted for Emergencies	103,500	-	103,500
Restricted for Parks	148,854	-	148,854
Restricted for Debt Service	53,939	-	53,939
Restricted for Public Safety	4,307	-	4,307
Restricted for Capital Projects	653,943	-	653,943
Restricted for Water Acquisition	-	42,544	42,544
Unrestricted	725,737	1,854,383	2,580,120
TOTAL NET POSITION	\$ 6,401,450	\$ 6,081,421	\$ 12,482,871

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF ACTIVITIES Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 899,310	\$ 13,554	\$ 22,802	\$ -
Public Safety	1,283,724	153,483	-	-
Public Works and Airport	703,929	187,824	240,085	39,137
Culture and Recreation	330,790	4,722	230,228	42,952
Urban/Economic Development	69,858	-	31,775	-
Kids Connection	319,948	-	-	-
Interest on Long-Term Debt	159,943	-	-	-
Total Governmental Activities	3,767,502	359,583	524,890	82,089
Business-Type Activities				
Water	692,183	1,038,487	31,000	2,350
Sewer	784,265	996,080	-	242,085
Interest on Long-Term Debt	76,704	-	-	-
Total Business-Type Activities	1,553,152	2,034,567	31,000	244,435
TOTAL PRIMARY GOVERNMENT	\$ 5,320,654	\$ 2,394,150	\$ 555,890	\$ 326,524

GENERAL REVENUES
Sales and Use Taxes
Property Taxes
Franchise Taxes
Other Taxes
Investment Income
Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES
AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (862,954)	\$ -	\$ (862,954)
(1,130,241)	-	(1,130,241)
(236,883)	-	(236,883)
(52,888)	-	(52,888)
(38,083)	-	(38,083)
(319,948)	-	(319,948)
(159,943)	-	(159,943)
(2,800,940)	-	(2,800,940)
-	379,654	379,654
-	453,900	453,900
-	(76,704)	(76,704)
-	756,850	756,850
(2,800,940)	756,850	(2,044,090)
1,683,552	-	1,683,552
421,134	-	421,134
169,933	-	169,933
7,364	-	7,364
13,663	2,509	16,172
216,541	3,338	219,879
368,000	(368,000)	-
2,880,187	(362,153)	2,518,034
79,247	394,697	473,944
6,322,203	5,686,724	12,008,927
\$ 6,401,450	\$ 6,081,421	\$ 12,482,871

CITY OF MONTE VISTA, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2018

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS				
Cash and Investments	\$ 545,415	\$ 226,516	\$ 218,452	\$ 990,383
Restricted Cash and Investments	4,307	68,230	325,191	397,728
Property Taxes Receivable	375,376	-	-	375,376
Due From Other Governments	227,005	66,389	-	293,394
Accounts Receivable	148,449	-	41,464	189,913
Grants Receivable	7,521	-	-	7,521
TOTAL ASSETS	<u>\$ 1,308,073</u>	<u>\$ 361,135</u>	<u>\$ 585,107</u>	<u>\$ 2,254,315</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 52,271	\$ -	\$ 45,304	\$ 97,575
Accrued Liabilities	11,556	-	-	11,556
TOTAL LIABILITIES	<u>63,827</u>	<u>-</u>	<u>45,304</u>	<u>109,131</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	375,376	-	-	375,376
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	103,500	-	-	103,500
Restricted for Parks	-	-	148,854	148,854
Restricted for Debt Service	-	68,230	-	68,230
Restricted for Public Safety	4,307	-	-	4,307
Restricted for Capital Projects	-	292,905	361,038	653,943
Committed to Economic Development	-	-	10,828	10,828
Assigned to Kids Connection	-	-	19,083	19,083
Unassigned	761,063	-	-	761,063
TOTAL FUND EQUITY	<u>868,870</u>	<u>361,135</u>	<u>539,803</u>	<u>1,769,808</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	<u>\$ 1,308,073</u>	<u>\$ 361,135</u>	<u>\$ 585,107</u>	<u>\$ 2,254,315</u>

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

CITY OF MONTE VISTA, COLORADO

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2018

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

Total Fund Balances of Governmental Funds	\$ 1,769,808
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	7,615,703
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include loans payable of (\$2,249,110), capital leases (\$655,423), accrued compensated absences (\$65,237) and accrued interest payable (\$14,291)	<u>(2,984,061)</u>
Net position of governmental activities	<u>\$ 6,401,450</u>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Year Ended December 31, 2018

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES				
Taxes	\$ 1,877,122	\$ 404,861	\$ -	\$ 2,281,983
Licenses and Permits	12,354	-	-	12,354
Charges for Services	200,328	-	4,722	205,050
Intergovernmental	287,263	31,775	179,033	498,071
Fines and Forfeitures	142,179	-	-	142,179
Investment Income	8,884	3,945	834	13,663
Miscellaneous	216,251	-	109,198	325,449
TOTAL REVENUES	2,744,381	440,581	293,787	3,478,749
EXPENDITURES				
General Government	722,587	-	-	722,587
Public Safety	1,207,090	-	-	1,207,090
Public Works and Airport	516,500	-	98,962	615,462
Culture and Recreation	315,340	-	10,922	326,262
Urban/Economic Development	-	-	16,014	16,014
Kids Connection	-	-	191,629	191,629
Debt Service				
Principal	53,719	246,603	-	300,322
Interest	12,610	67,688	-	80,298
TOTAL EXPENDITURES	2,827,846	314,291	317,527	3,459,664
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,465)	126,290	(23,740)	19,085
OTHER FINANCING SOURCES (USES)				
Transfers In	434,125	-	52,899	487,024
Transfers Out	(36,933)	(82,091)	-	(119,024)
TOTAL OTHER FINANCING SOURCES (USES)	397,192	(82,091)	52,899	368,000
NET CHANGE IN FUND BALANCES	313,727	44,199	29,159	387,085
FUND BALANCE, Beginning	555,143	316,936	510,644	1,382,723
FUND BALANCE, Ending	<u>\$ 868,870</u>	<u>\$ 361,135</u>	<u>\$ 539,803</u>	<u>\$ 1,769,808</u>

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

CITY OF MONTE VISTA, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended December 31, 2018

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 387,085
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 capital outlay \$118,785 exceeded depreciation expense (\$624,205).	(505,420)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include bond payments of \$209,254 and payments of capital leases of \$91,068.	300,322
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences \$23,095 and the change in accrued interest payable \$3,719 and interest adjustment for bond refunding \$75,926.	<u>(102,740)</u>
Change in Net Position of Governmental Activities	<u>\$ 79,247</u>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2018

	WATER FUND	SEWER FUND	TOTALS
ASSETS			
Current Assets			
Cash and Investments	\$ 1,069,023	150,822	\$ 1,219,845
Restricted Cash and Investments	42,544	69,129	111,673
Grants Receivable	-	55,056	55,056
Accounts Receivable	16,573	29,071	45,644
Due from County Treasurer	22,910	12,572	35,482
Inventory	85,027	6,867	91,894
Total Current Assets	<u>1,236,077</u>	<u>323,517</u>	<u>1,559,594</u>
Noncurrent Assets			
Prepaid Water Storage, Net of Accumulated Amortization	462,000	-	462,000
Loan Receivable	-	46,267	46,267
Capital Assets, Not Depreciated	959,120	11,000	970,120
Capital Assets, Net of Accumulated Depreciation	<u>1,179,993</u>	<u>5,104,945</u>	<u>6,284,938</u>
Total Noncurrent Assets	<u>2,601,113</u>	<u>5,162,212</u>	<u>7,763,325</u>
TOTAL ASSETS	<u>3,837,190</u>	<u>5,485,729</u>	<u>9,322,919</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	10,718	46,250	56,968
Accrued Compensated Absences	538	-	538
Accrued Interest Payable	21,698	877	22,575
Lease Payable, Current Portion	3,048	3,048	6,096
Loans Payable, Current Portion	<u>40,594</u>	<u>106,453</u>	<u>147,047</u>
Total Current Liabilities	<u>76,596</u>	<u>156,628</u>	<u>233,224</u>
Noncurrent Liabilities			
Accrued Compensated Absences	2,639	19,085	21,724
Lease Payable	23,961	23,961	47,922
Loans Payable	<u>1,858,756</u>	<u>1,079,872</u>	<u>2,938,628</u>
Total Noncurrent Liabilities	<u>1,885,356</u>	<u>1,122,918</u>	<u>3,008,274</u>
TOTAL LIABILITIES	<u>1,961,952</u>	<u>1,279,546</u>	<u>3,241,498</u>
NET POSITION			
Net Investment in Capital Assets	212,754	3,971,740	4,184,494
Restricted for Water Acquisition	42,544	-	42,544
Unrestricted	<u>1,619,940</u>	<u>234,443</u>	<u>1,854,383</u>
TOTAL NET POSITION	<u>\$ 1,875,238</u>	<u>\$ 4,206,183</u>	<u>\$ 6,081,421</u>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS Year Ended December 31, 2018

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUES			
Charges for Services	\$ 1,038,487	\$ 996,080	\$ 2,034,567
Miscellaneous	2,866	472	3,338
TOTAL OPERATING REVENUES	<u>1,041,353</u>	<u>996,552</u>	<u>2,037,905</u>
OPERATING EXPENSES			
Operations and Maintenance	626,278	551,836	1,178,114
Depreciation and Amortization	65,905	232,429	298,334
TOTAL OPERATING EXPENSES	<u>692,183</u>	<u>784,265</u>	<u>1,476,448</u>
OPERATING INCOME	<u>349,170</u>	<u>212,287</u>	<u>561,457</u>
NON-OPERATING REVENUES (EXPENSES)			
Grant Revenue	31,000	242,035	273,035
Investment Income	275	2,234	2,509
Interest Expenses	(74,141)	(2,563)	(76,704)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(42,866)</u>	<u>241,706</u>	<u>198,840</u>
INCOME BEFORE CAPITAL CONTRIBUTION AND TRANSFERS	<u>306,304</u>	<u>453,993</u>	<u>760,297</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions			
Tap Fees	2,350	50	2,400
Transfers (Out)	(184,000)	(184,000)	(368,000)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(181,650)</u>	<u>(183,950)</u>	<u>(365,600)</u>
CHANGE IN NET POSITION	124,654	270,043	394,697
NET POSITION, Beginning	<u>1,750,584</u>	<u>3,936,140</u>	<u>5,686,724</u>
NET POSITION, Ending	<u><u>\$ 1,875,238</u></u>	<u><u>\$ 4,206,183</u></u>	<u><u>\$ 6,081,421</u></u>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS Year Ended December 31, 2018 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,063,105	\$ 1,011,431	\$ 2,074,536
Cash Received from Others	2,866	472	3,338
Cash Paid to Suppliers	(321,770)	(329,416)	(651,186)
Cash Paid to Employees	(329,453)	(287,040)	(616,493)
Net Cash Provided by Operating Activities	414,748	395,447	810,195
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to Other Funds	(184,000)	(184,000)	(368,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(184,000)	(184,000)	(368,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and Construction of Capital Assets	(118,133)	(753,028)	(871,161)
Capital Grant Proceeds	31,000	229,451	260,451
Loan Receipts - Proximity Malt	-	11,623	11,623
Long-term Debt Principal Paid	(14,619)	(146,135)	(160,754)
Interest Paid	(1,866)	(2,563)	(4,429)
Tap Fees Received	2,350	50	2,400
Net Cash Used by Capital and Related Financing Activities	(101,268)	(660,602)	(761,870)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	275	2,234	2,509
Net Increase (Decrease) in Cash and Cash Equivalents	129,755	(446,921)	(317,166)
CASH AND CASH EQUIVALENTS, Beginning	981,812	666,872	1,648,684
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,111,567</u>	<u>\$ 219,951</u>	<u>\$ 1,331,518</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 349,170	\$ 212,287	\$ 561,457
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	65,905	232,429	298,334
Changes in Assets and Liabilities			
Accounts Receivable	10,784	4,236	15,020
Due from County Treasurer	13,834	11,115	24,949
Inventory	6,424	365	6,789
Accounts Payable	(18,479)	(66,993)	(85,472)
Accrued Liabilities	(5,836)	(5,225)	(11,061)
Accrued Compensated Absences	(7,054)	7,233	179
Total Adjustments	65,578	183,160	248,738
Net Cash Provided by Operating Activities	<u>\$ 414,748</u>	<u>\$ 395,447</u>	<u>\$ 810,195</u>
NON-CASH ACTIVITIES			
CWCB Loan Accrued Interest added to Loan Principal Balance	<u>\$ 335,679</u>	<u>\$ -</u>	<u>\$ 335,679</u>

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

CITY OF MONTE VISTA, COLORADO

STATEMENT OF FIDUCIARY NET POSITION AGENCY FUND - VALI 3 THEATER Year Ended December 31, 2018

	<u>AGENCY</u>
ASSETS	
Cash and Investments	<u>\$ 1,203</u>
TOTAL ASSETS	<u><u>\$ 1,203</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
LIABILITIES	
Due to Vali 3 Theater	<u>\$ 1,203</u>
TOTAL LIABILITIES	<u><u>\$ 1,203</u></u>

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

Reporting Entity

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

Monte Vista Urban Renewal Authority

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

Government-Wide and Fund Financial Statements

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund, even though the latter is excluded from the City's government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency fund utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable and available". Revenues are considered to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

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

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

Capital Improvements Fund – The Capital Improvements Fund accounts for the ½ of the City's 2% sales tax collected for the purposes of capital maintenance, capital outlay and repayment of the 2008 sales tax revenue bonds.

The City reports the following major proprietary funds:

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Additionally, the City reports the following fiduciary fund type:

Vali 3 Theater – Agency Fund – The Vali 3 Theater accounts for the collection of movie theater fees and concession sales related to the Theater’s operations as well the payment of related expenses. During the year ended December 31, 2018, the custodial activities were moved from the City and remaining balances paid-out subsequent to year end.

Assets, Liabilities, Net Position/Fund Balances

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

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

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

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

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets – Capital assets, which include property, plant, buildings and related improvements, equipment, vehicles, and all infrastructure (streets, bridges, underground drainage pipe, traffic signals, etc.) owned by the City, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

Deferred Inflows of Resources – In addition to assets, the balance sheet – governmental funds and statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The City has an item related to property taxes levied in the current year to be collected in the following year at December 31, 2018.

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

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

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The City reported one item related to prepaid expenses as nonspendable resources at December 31, 2018.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City had classified emergency reserves as being restricted because State statute requires this restriction. In addition, the City had restricted amounts for parks, debt service, public safety and capital projects because of certain State statutes, bond and loan documents and third party restrictions.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, the City Council. The constraint may be removed or changed only through formal action of the City Council. The City had committed resources at December 31, 2018 for future economic development.
- Assigned – This classification includes amounts that are constrained by the City’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The City had assigned resources at December 31, 2018 for future park projects and Kids Connection activities.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

Use of Estimates

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

Property Taxes

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The City has evaluated events subsequent to the year ended December 31, 2018 through May 6, 2019 the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2018, follows:

Petty Cash	\$ 600
Cash Deposits	2,041,109
Cash Held by Third Party	69,129
Investments	<u>609,994</u>
Total	<u>\$ 2,720,832</u>

Cash is reported in the financial statements as follows:

Cash and Investments – Primary Government	\$ 2,210,228
Restricted Cash and Investments – Primary Government	509,401
Cash and Investments – Agency Fund	<u>1,203</u>
Total	<u>\$ 2,720,832</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2018, the City had bank deposits totaling \$2,014,966 of which \$1,501,890 were collateralized with securities held by the financial institutions' agents but not in the City's name.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

The City has not adopted a formal investment policy; however, the City follows State statutes regarding investments. The City generally limits its concentration risk of investments to Local Government Investment Pools, obligation of the United States and certain U.S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following:

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

At December 31, 2018, the City had the following investments:

	<u>Maturity</u>	<u>2018</u>
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	<u>\$ 609,994</u>

The City invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rates commercial paper

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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

Restricted Cash and Investments

Restricted cash and investments for the Governmental Funds consist of unspent police seizure funds and surcharges of \$4,307 in the General Fund; \$325,191 of unspent capital projects funds in the Capital Projects Fund, and \$68,230 for future debt service requirements in the Capital Improvements Fund. The Water and Sewer Funds' restricted cash and investments consist of \$42,544 restricted by ordinance for water acquisition in the Water Fund; and \$69,129 of unspent loan proceeds for the sewer system expansion project in the Sewer Fund, which are held by an outside third party.

NOTE 3: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2018, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Capital Improvements	\$ 66,125
General	Water	184,000
General	Sewer	184,000
Kids Connection	General	11,000
Urban Renewal Authority	General	22,250
Capital Projects	Capital Improvements	15,966
Grants	General	<u>3,683</u>
Total		<u>\$ 487,024</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: INTERFUND TRANSFERS (Continued)

During the year ended December 31, 2018, transfers to the General Fund were reimbursements for administrative costs and rent charges, including payments in lieu of taxes from the Water and Sewer Funds. The General Fund transferred funds to the Urban Renewal Authority, Kids Connection and Grants Funds to subsidize projects in these funds. The Capital Improvements Fund transferred funds to the Capital Projects Fund to assist with street related projects.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, is summarized below:

	Balances 12/31/2017	Additions/ Transfers	Deletions	Balances 12/31/2018
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 1,104,386	\$ -	\$ -	\$ 1,104,386
Construction in Progress	5,644	-	-	5,644
Total Capital Assets, not being depreciated	<u>1,110,030</u>	<u>-</u>	<u>-</u>	<u>1,110,030</u>
Capital Assets, being depreciated				
Buildings	3,915,843	23,053	-	3,938,896
Infrastructure	3,490,517	-	-	3,490,517
Improvements - Buildings	1,426,565	-	-	1,426,565
Improvements - Other	3,788,455	45,649	-	3,834,104
Equipment and Vehicles	4,020,789	50,083	-	4,070,872
Total Capital Assets, being depreciated	<u>16,642,169</u>	<u>118,785</u>	<u>-</u>	<u>16,760,954</u>
Less accumulated depreciation				
Buildings	(2,304,945)	(63,537)	-	(2,368,482)
Infrastructure	(2,389,053)	(85,227)	-	(2,474,280)
Improvements - Buildings	(547,737)	(44,532)	-	(592,269)
Improvements - Other	(1,548,414)	(223,545)	-	(1,771,959)
Equipment and Vehicles	(2,840,927)	(207,364)	-	(3,048,291)
Total accumulated depreciation	<u>(9,631,076)</u>	<u>(624,205)</u>	<u>-</u>	<u>(10,255,281)</u>
Total Capital Assets, being depreciated, net	<u>7,011,093</u>	<u>(505,420)</u>	<u>-</u>	<u>6,505,673</u>
Governmental Activities Capital Assets, net	<u><u>\$ 8,121,123</u></u>	<u><u>\$ (505,420)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,615,703</u></u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4: CAPITAL ASSETS (Continued)

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

General Government	\$ 167,156
Public Safety	91,217
Public Works and Airport	138,020
Culture and Recreation	173,968
Urban/Economic Development	<u>53,844</u>
Total	<u>\$ 624,205</u>

	Balances 12/31/2017	Additions	Deletions/ Transfers	Balances 12/31/2018
Business-type Activities:				
Capital Assets, not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	941,451	6,669	-	948,120
Construction in Progress	<u>545,176</u>	<u>-</u>	<u>545,176</u>	<u>-</u>
Total Capital Assets, not being depreciated	<u>1,508,627</u>	<u>6,669</u>	<u>545,176</u>	<u>970,120</u>
Capital Assets, being depreciated				
Buildings	47,650	-	-	47,650
Water and Sewer Treatment Plants	4,675,543	-	-	4,675,543
Transmission and Distribution Systems	7,851,173	1,409,667	-	9,260,840
Equipment and Vehicles	<u>894,209</u>	<u>-</u>	<u>-</u>	<u>894,209</u>
Total Capital Assets, being depreciated	<u>13,468,575</u>	<u>1,409,667</u>	<u>-</u>	<u>14,878,242</u>
Less accumulated depreciation				
Buildings	(46,824)	(82)	-	(46,906)
Water and Sewer Treatment Plants	(4,334,512)	(15,091)	-	(4,349,603)
Transmission and Distribution Systems	(3,204,610)	(230,099)	-	(3,434,709)
Equipment and Vehicles	<u>(730,024)</u>	<u>(32,062)</u>	<u>-</u>	<u>(762,086)</u>
Total accumulated depreciation	<u>(8,315,970)</u>	<u>(277,334)</u>	<u>-</u>	<u>(8,593,304)</u>
Total Capital Assets, being depreciated, net	<u>5,152,605</u>	<u>1,132,333</u>	<u>-</u>	<u>6,284,938</u>
Business-type Activities Capital Assets, net	<u>\$ 6,661,232</u>	<u>\$ 1,139,002</u>	<u>\$ 545,176</u>	<u>\$ 7,255,058</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4: CAPITAL ASSETS (Continued)

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

Water	\$ 44,905
Sewer	<u>232,429</u>
Total	<u>\$ 277,334</u>

NOTE 5: PREPAID WATER STORAGE

The City entered into a contract with San Luis Valley Irrigation District in September 2010 for a 30 year lease of water storage in the amount of \$630,000. The City made two installment payments of \$100,000 and \$530,000 in 2010 and 2014, respectively. The prepaid water storage will be amortized over the 30 year life of the agreement, at \$21,000 per year. As of December 31, 2018, the balance of the prepaid water storage, net of accumulated amortization was \$462,000.

NOTE 6: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2018.

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018	Due Within One Year
Governmental Activities					
2008 Sales Tax Revenue Bonds	\$ 2,375,000	\$ -	\$ 2,375,000	\$ -	\$ -
2018 Sales Tax Revenue Refunding Note	-	2,458,365	209,255	2,249,110	195,890
Capital Leases	746,491	-	91,068	655,423	91,311
Accrued Compensated Absences	42,142	60,315	37,220	65,237	9,706
	<u>\$ 3,163,633</u>	<u>\$ 2,518,680</u>	<u>\$ 2,712,543</u>	<u>\$ 2,969,770</u>	<u>\$ 296,907</u>

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

Sales Tax Revenue Bonds

\$3,680,000 Sales Tax Revenue Refunding and Improvement Bonds, Series 2008, were issued to refinance the Sales Tax Revenue Bonds, Series 1996 and finance future streets paving and resurfacing, provide curb, gutter, storm drainage,

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

sidewalk improvements and such other related improvements recommended by the one cent sales tax committee and approved by City Council. The bonds were secured by a first lien on ½ of the City's 2% sales tax. Principal and interest payments were due semi-annually on June 1 and December 1 through December 1, 2028. These bonds were refunded on March 13, 2018.

Sales Tax Revenue Refunding Note, Series 2018

During the year ended December 31, 2018, the City refunded the Sales Tax Revenue Refunding and Improvements Bonds with the issuance of Sales Tax Revenue Refunding Note, Series 2018 in the amount of \$2,458,365 with interest at 3.19% per annum. The maturity date did not change from December 1, 2028. The refunding created a net present value savings of \$126,836. The old debt was called and paid in full (current refunding) the day following the refunding.

The note is secured by a first lien on ½ of the City's 2% sales tax. Principal and Interest are due semi-annually on June 1 and December 1 through December 1, 2028. Interest accrues at a rate of 3.19% per annum. During the year ended December 31, 2018, pledged revenues derived from the dedicated 1% sales taxes totaling \$404,861 were available to pay debt service of \$265,456.

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 195,890	\$ 71,747	\$ 267,637
2020	198,859	65,498	264,357
2021	206,693	59,154	265,847
2022	214,316	52,560	266,876
2023	221,723	45,724	267,447
2024 - 2028	<u>1,211,629</u>	<u>118,054</u>	<u>1,329,683</u>
	<u>\$ 2,249,110</u>	<u>\$ 412,737</u>	<u>\$ 2,661,847</u>

Capital Leases

The City has entered into capital lease agreements to finance energy performance contract repairs and maintenance, and purchase of vehicles. These leases bear interest at rates ranging from 3.00% to 3.38% per annum, maturing between June 2020 and January 2028. Capital assets totaling \$796,204 with a net book value of \$572,768 are reported in the financial statements under these lease agreements.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Following is a schedule of future minimum lease payments required under the outstanding capital leases at December 31, 2018.

<u>Year Ended December 31</u>	
2019	\$ 115,876
2020	107,214
2021	80,724
2022	76,392
2023	77,135
2024 - 2028	<u>297,956</u>
Total Minimum Lease Payments	755,297
Less: Interest	<u>(99,874)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 655,423</u></u>

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2018.

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities					
2010 Water Loan	\$ 1,291,680	\$ 335,680	\$ -	\$ 1,627,360	\$ 29,016
2011 Water Loan	283,651	-	11,661	271,990	11,578
1999 Sewer Loan	107,467	-	70,845	36,622	36,622
2015 Sewer Loan	1,222,035	-	72,332	1,149,703	69,831
Capital Leases-Water	29,968	-	2,959	27,009	3,048
Capital Leases-Sewer	29,968	-	2,959	27,009	3,048
Accrued Compensated Absences	22,083	23,400	23,221	22,262	538
	<u><u>\$ 2,986,852</u></u>	<u><u>\$ 359,080</u></u>	<u><u>\$ 183,977</u></u>	<u><u>\$ 3,161,955</u></u>	<u><u>\$ 153,681</u></u>

Water Loans

During 2010, the City entered into a \$1,693,770 loan agreement with the Colorado Water Conservation Board (CWCB) for acquisition of water rights and water storage. Principal and interest payments are due annually over a 30-year period starting from September 1, 2019. On September 25, 2018, the City received the Notice of Substantial Completion from CWCB. Therefore, accrued interest from the loan inception date to September 25, 2018 of \$335,679 was added to the loan balance. As of December 31, 2018, the City reported a loan balance of \$1,627,360. Principal and interest payments are annually on September 1, through September 1, 2048. Interest accrues at 4% per annum.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

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

The CWCB and CWRPDA water loans are payable solely from revenues of the City's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2018, net revenues of \$417,425 were available to pay annual debt service of \$11,578. Remaining debt service at December 31, 2018 was \$3,100,301.

Sewer Loans

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

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

These loans are payable solely from revenues of the City's sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2018, net revenues of \$444,766 were available to pay annual debt service of \$145,740. Remaining debt service at December 31, 2018 was \$1,187,149.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 147,047	\$ 65,918	\$ 212,965
2020	111,585	63,934	175,519
2021	112,793	62,726	175,519
2022	114,047	61,471	175,518
2023	115,352	60,166	175,518
2024 - 2028	598,250	284,342	882,592
2029 - 2033	639,678	237,918	877,596
2034 - 2038	443,167	187,515	630,682
2039 - 2043	384,793	126,195	510,988
2044 - 2048	418,963	51,590	470,553
	<u>\$ 3,085,675</u>	<u>\$ 1,201,775</u>	<u>\$ 4,287,450</u>

Capital Leases

The City has entered into capital lease agreements to purchase vehicles. These leases bear interest at rates ranging from 3.35% to 3.38% per annum, and mature between June 2020 and January 2028. Capital assets totaling \$65,580, with a net book value of \$52,679, are reported in the financial statements under these lease agreements.

Following is a schedule of future minimum lease payments required under the outstanding capital leases at December 31, 2018.

<u>Year Ended December 31</u>	
2019	\$ 7,742
2020	7,923
2021	7,933
2022	7,938
2023	7,945
2024 - 2026	<u>23,832</u>
Total Minimum Lease Payments	63,313
Less: Interest	<u>(9,295)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 54,018</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: PUBLIC ENTITY RISK POOL

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

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of the entity.

NOTE 8: PENSION PLANS

Defined Contribution Pension Plans

City Employees - The City contributes to a single employer defined contribution money purchase pension plan on behalf of its full-time employees, except for sworn police officers. The contribution requirements of Plan participants and the City are established and may be amended by the City Council. The Plan is administered by ICMA Retirement Corporation. The City is required to contribute 0.5% of each participant's covered payroll. Employees are not required to contribute to the plan. For the year ended December 31, 2018, the City recognized pension expense of \$5,644, net of forfeitures used as contributions of \$173.

Employees become 100% vested in the City's contributions and earnings after three years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are either used to cover a portion of the pension plan's administrative expenses or are returned to the City. For the year ended December 31, 2018, the City reported returned forfeitures in the amount of \$1,125, of which \$173 were used as City contributions.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 8: PENSION PLANS (Continued)

Defined Contribution Pension Plans (Continued)

City Sworn Police Officers - The City contributes to a single employer defined contribution money purchase pension plan on behalf of its sworn police officers. The contribution requirements of Plan participants and the City are established and may be amended by the City Council. The Plan is administered by ICMA Retirement Corporation. The City is required to contribute 6.7% of each participant's covered payroll. Employees are required to contribute 6.2% of covered payroll to the plan. For the year ended December 31, 2018, employee contributions totaled \$39,460 and the City recognized pension expense of \$42,580.

Employees become 100% vested in the City's contributions and earnings after three years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are either used to cover a portion of the pension plan's administrative expenses or are returned to the City. For the year ended December 31, 2018, the Plan reported forfeitures in the amount of \$23,555, which none were used to reduce the City's contributions.

457 Deferred Compensation Plan

The City has a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation. Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years. Effective January 1, 2015, the City will match up to 3% of the participating employee's contributions to the plan. For the year ended December 31, 2018, the City contributed \$37,163 to the plan.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

The City's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation. In November 1997, voters within the City authorized the City to collect, retain and expend all revenues and other funds in excess of the revenue limitations of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$103,500 was reported as restricted fund balance in the General Fund.

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

Claims and Judgments

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2018, significant amounts of grant expenses have not been audited, but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

Litigation

The City was named as a defendant in two lawsuits, which were settled by the City's insurance carrier during the year ended December 31, 2018. In addition, the City was named as a defendant in litigation related to a previous employee which was settled with no financial obligation by the City during the year ended December 31, 2018..

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes					
Sales	\$ 370,000	\$ 370,000	\$ 404,860	\$ 34,860	\$ 364,881
Sales - Rio Grande County	800,000	800,000	873,831	73,831	794,937
Property and Specific Ownership	422,000	422,000	421,134	(866)	421,478
Franchise	163,000	163,000	169,933	6,933	170,260
Other	5,000	5,000	7,364	2,364	6,836
Licenses and Permits	16,200	16,200	12,354	(3,846)	13,614
Charges for Services	187,600	187,600	200,328	12,728	191,385
Intergovernmental	219,525	219,525	287,263	67,738	517,997
Fines and Forfeitures	140,750	140,750	142,179	1,429	133,418
Interest	5,000	5,000	8,884	3,884	5,386
Miscellaneous	116,764	175,661	216,251	40,590	133,691
TOTAL REVENUES	2,445,839	2,504,736	2,744,381	239,645	2,753,883
EXPENDITURES					
General Government					
City Council	58,815	63,790	46,164	17,626	41,047
City Clerk	55,206	55,206	40,375	14,831	62,737
Municipal Court	70,806	76,306	76,291	15	61,797
City Manager	153,098	153,098	152,878	220	145,269
Elections	8,000	8,000	5,759	2,241	8,000
Finance	67,666	85,416	92,452	(7,036)	81,906
City Attorney	40,000	45,000	42,778	2,222	40,000
Purchasing and General Services	159,300	170,550	155,830	14,720	167,442
Purchasing and General Services	56,500	56,500	58,495	(1,995)	-
Community Development	6,600	33,200	51,565	(18,365)	305,916
Total General Government	675,991	747,066	722,587	24,479	914,114
Public Safety					
Police	1,199,450	1,229,450	1,192,507	36,943	1,202,552
Total Public Safety	1,199,450	1,229,450	1,192,507	36,943	1,202,552
Public Works and Airport					
Streets and Lighting	356,841	361,591	327,272	34,319	370,097
City Shop and Buildings	122,442	184,442	155,567	28,875	94,380
Airport	14,544	14,543	13,481	1,062	18,650
Total Public Works and Airport	493,827	560,576	496,320	64,256	483,127

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			VARIANCE Positive (Negative)	2017 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
Culture and Recreation					
Parks and Recreation	\$ 219,760	\$ 229,760	\$ 227,595	\$ 2,165	\$ 242,436
Vali3 Theatre	39,883	39,883	31,822	8,061	38,189
Total Culture and Recreation	<u>259,643</u>	<u>269,643</u>	<u>259,417</u>	<u>10,226</u>	<u>280,625</u>
Capital Outlay	<u>45,000</u>	<u>207,000</u>	<u>90,686</u>	<u>116,314</u>	<u>-</u>
Debt Service					
Principal	53,391	53,391	53,719	(328)	50,827
Interest	12,734	12,734	12,610	124	14,657
Total Debt Service	<u>66,125</u>	<u>66,125</u>	<u>66,329</u>	<u>(204)</u>	<u>65,484</u>
TOTAL EXPENDITURES	<u>2,740,036</u>	<u>3,079,860</u>	<u>2,827,846</u>	<u>252,014</u>	<u>2,945,902</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(294,197)</u>	<u>(575,124)</u>	<u>(83,465)</u>	<u>491,659</u>	<u>(192,019)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	-	-	-	-
Transfers In	414,125	414,125	434,125	20,000	350,028
Transfers Out	<u>(117,750)</u>	<u>(64,750)</u>	<u>(36,933)</u>	<u>27,817</u>	<u>(63,700)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>296,375</u>	<u>349,375</u>	<u>397,192</u>	<u>47,817</u>	<u>286,328</u>
NET CHANGE IN FUND BALANCE	<u>2,178</u>	<u>(225,749)</u>	<u>313,727</u>	<u>539,476</u>	<u>94,309</u>
FUND BALANCE, Beginning	<u>486,139</u>	<u>486,139</u>	<u>555,143</u>	<u>69,004</u>	<u>460,834</u>
FUND BALANCE, Ending	<u>\$ 488,317</u>	<u>\$ 260,390</u>	<u>\$ 868,870</u>	<u>\$ 608,480</u>	<u>\$ 555,143</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE CAPITAL IMPROVEMENT FUND Year Ended December 31, 2018 (With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES					
Taxes					
Sales Taxes	\$ 370,000	\$ 370,000	\$ 404,861	\$ 34,861	\$ 364,881
Grants	-	46,500	31,775	(14,725)	\$ -
Interest	1,500	1,500	3,945	2,445	1,976
TOTAL REVENUES	371,500	418,000	440,581	22,581	366,857
EXPENDITURES					
Capital Outlay	-	31,775	-	31,775	-
Bond Issue Costs	-	46,500	46,500	-	-
Debt Service					
Principal	218,835	218,835	246,603	(27,768)	202,518
Interest and Fiscal Charges	109,250	109,250	67,688	41,562	128,156
TOTAL EXPENDITURES	328,085	406,360	360,791	45,569	330,674
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	43,415	11,640	79,790	68,150	36,183
OTHER FINANCING SOURCES (USES)					
Refunding Bond Proceeds	-	2,458,365	2,458,365	-	-
Payment to Refunding Escrow	-	(2,411,865)	(2,411,865)	-	-
Transfers In	-	31,775	-	(31,775)	-
Transfers Out	(141,125)	(141,125)	(82,091)	59,034	(100,521)
TOTAL OTHER FINANCING SOURCES (USES)	(141,125)	(62,850)	(35,591)	27,259	(100,521)
NET CHANGE IN FUND BALANCE	(97,710)	(51,210)	44,199	95,409	(64,338)
FUND BALANCE, Beginning	281,616	281,616	316,936	35,320	381,274
FUND BALANCE, Ending	\$ 183,906	\$ 230,406	\$ 361,135	\$ 130,729	\$ 316,936

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

- In September, Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Budgets amended by the City Council during the year have been presented in the budgetary comparison schedules for each fund amended.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the City Council.
- All budget appropriations lapse at year end.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MONTE VISTA, COLORADO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2018

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
ASSETS				
Cash and Investments	\$ 148,894	\$ 14,169	\$ 17,483	\$ 37,906
Restricted Cash and Investments	-	-	-	-
Accounts Receivable	-	-	2,327	39,137
TOTAL ASSETS	\$ 148,894	\$ 14,169	\$ 19,810	\$ 77,043
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 40	\$ 3,341	\$ 727	\$ 41,196
TOTAL LIABILITIES	40	3,341	727	41,196
FUND EQUITY				
Fund Balance				
Restricted for Parks	148,854	-	-	
Restricted for Capital Projects	-	-	-	35,847
Committed to Economic Development	-	10,828	-	-
Assigned to Kids Connection	-	-	19,083	-
TOTAL FUND EQUITY	148,854	10,828	19,083	35,847
TOTAL LIABILITIES AND FUND EQUITY	\$ 148,894	\$ 14,169	\$ 19,810	\$ 77,043

See the accompanying Independent Auditor's Report.

CAPITAL PROJECTS FUND	TOTALS
\$ -	\$ 218,452
325,191	325,191
-	41,464
<u>\$ 325,191</u>	<u>\$ 585,107</u>
\$ -	\$ 45,304
-	45,304
-	148,854
325,191	361,038
-	10,828
-	19,083
<u>325,191</u>	<u>539,803</u>
<u>\$ 325,191</u>	<u>\$ 585,107</u>

CITY OF MONTE VISTA, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Year Ended December 31, 2018

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
REVENUES				
Charges of Services	\$ -	\$ -	\$ 4,722	\$ -
Intergovernmental	42,952	-	67,644	68,437
Investment Income	-	-	-	-
Miscellaneous	-	-	109,198	-
TOTAL REVENUES	42,952	-	181,564	68,437
EXPENDITURES				
Public Works and Airport	-	-	-	82,996
Culture and Recreation	10,922	-	-	-
Urban/Economic Development	-	16,014	-	-
Kids Connection	-	-	191,629	-
TOTAL EXPENDITURES	10,922	16,014	191,629	82,996
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,030	(16,014)	(10,065)	(14,559)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	22,250	11,000	3,683
TOTAL OTHER FINANCING SOURCES (USES)	-	22,250	11,000	3,683
CHANGE IN FUND BALANCES	32,030	6,236	935	(10,876)
FUND BALANCES, Beginning	116,824	4,592	18,148	46,723
FUND BALANCES, Ending	<u>\$ 148,854</u>	<u>\$ 10,828</u>	<u>\$ 19,083</u>	<u>\$ 35,847</u>

See the accompanying Independent Auditor's Report.

CAPITAL PROJECTS FUND	TOTALS
\$ -	\$ 4,722
-	179,033
834	834
-	109,198
<u>834</u>	<u>293,787</u>
15,966	98,962
-	10,922
-	16,014
	<u>191,629</u>
<u>15,966</u>	<u>317,527</u>
<u>(15,132)</u>	<u>(23,740)</u>
<u>15,966</u>	<u>52,899</u>
<u>15,966</u>	<u>52,899</u>
834	29,159
<u>324,357</u>	<u>510,644</u>
<u>\$ 325,191</u>	<u>\$ 539,803</u>

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE CONSERVATION TRUST FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Lottery Revenues	\$ 47,000	\$ 42,952	\$ (4,048)	\$ 42,206
Interest	350	-	(350)	630
TOTAL REVENUES	47,350	42,952	(4,398)	42,836
EXPENDITURES				
Parks and Recreation	65,644	10,922	54,722	-
TOTAL EXPENDITURES	65,644	10,922	54,722	-
NET CHANGE IN FUND BALANCE	(18,294)	32,030	50,324	42,836
FUND BALANCE, Beginning	71,338	116,824	45,486	73,988
FUND BALANCE, Ending	<u>\$ 53,044</u>	<u>\$ 148,854</u>	<u>\$ 95,810</u>	<u>\$ 116,824</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

URBAN RENEWAL AUTHORITY FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Intergovernmental	\$ 30,000	\$ -	\$ (30,000)	\$ -
Miscellaneous	500	-	(500)	-
TOTAL REVENUES	30,500	-	(30,500)	-
EXPENDITURES				
Culture and Recreation	-	-	-	755
Urban/Economic Development	52,750	16,014	36,736	14,480
TOTAL EXPENDITURES	52,750	16,014	36,736	15,235
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,250)	(16,014)	6,236	(15,235)
OTHER FINANCING SOURCES (USES)				
Transfers In	22,250	22,250	-	15,700
NET CHANGE IN FUND BALANCE	-	6,236	6,236	465
FUND BALANCE, Beginning	4,127	4,592	465	4,127
FUND BALANCE, Ending	<u>\$ 4,127</u>	<u>\$ 10,828</u>	<u>\$ 6,701</u>	<u>\$ 4,592</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE KIDS CONNECTION FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			VARIANCE	2017
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Charges for Services	\$ 4,000	\$ 4,000	\$ 4,722	\$ 722	\$ 2,873
Intergovernmental	55,000	55,000	67,644	12,644	57,619
Miscellaneous	40,000	144,325	109,198	(35,127)	66,499
TOTAL REVENUES	99,000	203,325	181,564	(21,761)	126,991
EXPENDITURES					
Kids Connection	176,860	196,410	191,629	4,781	167,746
TOTAL EXPENDITURES	176,860	196,410	191,629	4,781	167,746
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,860)	6,915	(10,065)	(16,980)	(40,755)
OTHER FINANCING SOURCES (USES)					
Transfers In	78,000	25,000	11,000	(14,000)	48,000
Transfers Out	-	(31,775)	-	31,775	-
TOTAL OTHER FINANCING SOURCES (USES)	78,000	(6,775)	11,000	17,775	48,000
NET CHANGE IN FUND BALANCE	140	140	935	795	7,245
FUND BALANCE (DEFICIT), Beginning	(7,535)	-	18,148	18,148	10,903
FUND BALANCE, Ending	\$ (7,395)	\$ 140	\$ 19,083	\$ 18,943	\$ 18,148

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE GRANTS FUND

Year Ended December 31, 2018
(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			VARIANCE	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	2017 ACTUAL
REVENUES					
Intergovernmental	\$ 332,500	\$ 362,500	\$ 68,437	\$ (294,063)	\$ 40,068
TOTAL REVENUES	332,500	362,500	68,437	(294,063)	40,068
EXPENDITURES					
Capital Outlay	350,000	390,000	39,278	350,722	11,645
TOTAL EXPENDITURES	350,000	390,000	82,996	307,004	11,645
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,500)	(27,500)	(14,559)	12,941	28,423
OTHER FINANCING SOURCES (USES)					
Transfers In	17,500	17,500	3,683	(13,817)	-
NET CHANGE IN FUND BALANCE	-	(10,000)	(10,876)	(876)	28,423
FUND BALANCE, Beginning	-	10,000	46,723	36,723	18,300
FUND BALANCE, Ending	\$ -	\$ -	\$ 35,847	\$ 35,847	\$ 46,723

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE CAPITAL PROJECTS FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2017 ACTUAL
REVENUES				
Interest	\$ 500	\$ 834	\$ 334	\$ 442
TOTAL REVENUES	500	834	334	442
EXPENDITURES				
Public Works	50,000	15,966	34,034	35,610
TOTAL EXPENDITURES	50,000	15,966	34,034	35,610
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,500)	(15,132)	34,368	(35,168)
OTHER FINANCING SOURCES (USES)				
Transfers In	75,000	15,966	(59,034)	28,485
NET CHANGE IN FUND BALANCE	25,500	834	(24,666)	(6,683)
FUND BALANCE, Beginning	331,542	324,357	(7,185)	331,040
FUND BALANCE, Ending	<u>\$ 357,042</u>	<u>\$ 325,191</u>	<u>\$ (31,851)</u>	<u>\$ 324,357</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

(Non-GAAP Budgetary Basis)

WATER FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			VARIANCE	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	2017 ACTUAL
REVENUES					
Charges for Services	\$ 857,100	\$ 857,100	\$ 1,038,487	\$ 181,387	\$ 1,009,668
Tap Fees	1,600	2,350	2,350	-	800
Grant Proceeds	-	33,250	31,000	(2,250)	-
Investment Income	150	150	275	125	142
Miscellaneous	6,000	6,000	2,866	(3,134)	14,119
TOTAL REVENUES	864,850	898,850	1,074,978	176,128	1,024,729
EXPENDITURES					
Operations and Maintenance	725,570	752,770	626,278	126,492	672,608
Capital Outlay	125,000	131,800	118,133	13,667	20,909
Debt Service					
Principal	11,578	11,578	14,619	(3,041)	14,534
Interest	52,000	52,000	74,141	(22,141)	52,678
Transfers Out	184,000	184,000	184,000	-	138,996
TOTAL EXPENDITURES	1,098,148	1,132,148	1,017,171	114,977	899,725
NET INCOME, Budget Basis	\$ (233,298)	\$ (233,298)	57,807	\$ 291,105	125,004
GAAP BASIS ADJUSTMENTS					
Capital Outlay			118,133		20,909
Amortization			(21,000)		(21,000)
Depreciation			(44,905)		(45,253)
Principal Paid on Long-Term Debt			14,619		14,534
NET INCOME, GAAP Basis			124,654		94,194
NET POSITION, Beginning			1,750,584		1,656,390
NET POSITION, Ending			\$ 1,875,238		\$ 1,750,584

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

(Non-GAAP Budgetary Basis)

SEWER FUND

Year Ended December 31, 2018

(With Comparative Actual Totals for the Year Ended December 31, 2017)

	2018			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)
REVENUES				
Charges for Services	\$ 898,000	\$ 898,000	\$ 996,080	\$ 98,080
Tap Fees	1,500	1,500	50	(1,450)
Loan Proceeds	305,000	305,000	-	(305,000)
Grant Proceeds	270,000	270,000	242,035	(27,965)
Investment Income	150	150	2,234	2,084
Miscellaneous	41,000	41,000	472	(40,528)
TOTAL REVENUES	1,515,650	1,515,650	1,240,871	(274,779)
EXPENDITURES				
Operations and Maintenance	681,033	786,333	551,836	234,497
Capital Outlay	775,000	710,000	753,028	(43,028)
Debt Service				
Principal	141,375	141,375	146,136	(4,761)
Interest	4,263	4,263	2,563	1,700
Transfers Out	184,000	184,000	184,000	-
TOTAL EXPENDITURES	1,785,671	1,825,971	1,637,563	188,408
NET INCOME (LOSS), Budget Basis	\$ (270,021)	\$ (310,321)	(396,692)	\$ (86,371)
GAAP BASIS ADJUSTMENTS				
Capital Outlay			753,028	
Depreciation			(232,429)	
Principal Paid on Long-Term Debt			146,136	
NET INCOME, GAAP Basis			270,043	
NET POSITION, Beginning			3,936,140	
NET POSITION, Ending			\$ 4,206,183	

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND Year Ended December 31, 2018

	BALANCE 12/31/16	ADDITIONS	DELETIONS	BALANCE 12/31/17
ASSETS				
Cash and Investments	\$ 26,417	\$ 1,300	\$ 26,514	\$ 1,203
TOTAL ASSETS	<u>\$ 26,417</u>	<u>\$ 1,300</u>	<u>\$ 26,514</u>	<u>\$ 1,203</u>
LIABILITIES				
Accounts Payable	\$ 2,979	\$ -	\$ 2,979	\$ -
Due to Vali 3 Theater	<u>23,438</u>	<u>1,300</u>	<u>23,535</u>	<u>1,203</u>
TOTAL LIABILITIES	<u>\$ 26,417</u>	<u>\$ 1,300</u>	<u>\$ 26,514</u>	<u>\$ 1,203</u>

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Monte Vista	
		YEAR ENDING : December 2018	
This Information From The Records Of (example - City of _ or County of _) The City of Monte Vista		Prepared By: Jennifer Signs Phone: 719-852-2692	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	251,189
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,093
2. General fund appropriations		b. Snow and ice removal	3,833
3. Other local imposts (from page 2)	664,194	c. Other	
4. Miscellaneous local receipts (from page 2)	38,366	d. Total (a. through c.)	4,926
5. Transfers from toll facilities		4. General administration & miscellaneous	88,749
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	335,406
a. Bonds - Original Issues		6. Total (1 through 5)	680,270
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	43,276
7. Total (1 through 6)	702,560	b. Redemption	161,126
B. Private Contributions		c. Total (a. + b.)	204,402
C. Receipts from State government (from page 2)	191,501	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	1,151
E. Total receipts (A.7 + B + C + D)	894,061	b. Redemption	8,238
		c. Total (a. + b.)	9,389
		3. Total (1.c + 2.c)	213,791
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	894,061

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,828,750	64,191	161,126	1,731,815
1. Bonds (Refunding Portion)				
B. Notes (Total)	29,020		8,238	20,782

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	334,250	894,061	894,061	334,250	0

Notes and Comments:

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2018	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	97,001	a. Interest on investments	4,780
b. Other local imposts:		b. Traffic Fines & Penalties	33,586
1. Sales Taxes	507,254	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	59,939	g. Other Misc. Receipts	
6. Total (1. through 5.)	567,193	h. Other	
c. Total (a. + b.)	664,194	i. Total (a. through h.)	38,366
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	177,025	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	14,476	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	14,476	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	191,501	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)
Notes and Comments:			