

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2017

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August 23 , 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, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, 2017, 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 – x, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated August 21, 2018, on our consideration of the City of Monte Vista's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

Government Auditing Standards in considering the City of Monte Vista's internal control over financial reporting and compliance.

Logan and Associates, LLC

Aurora, Colorado
August 21, 2018

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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, 2017.

In compliance with Governmental Accounting Standards Board Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis (MD&A). This discussion and analysis of the City's financial performance provides an overview of activities during the prior two years ending December 31, 2016 and December 31, 2017.

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, 2017, the City of Monte Vista's government-wide net position totaled \$12,008,927. Of this amount, net position related to governmental activities totals \$6,322,203 and net position for business-type activities total \$5,686,724.

- Total net position for the City increased by \$372,314 compared to 2016. Of this amount net position for governmental activities decreased by \$227,100 and net position for business-type activities increased by \$599,414. Governmental activities saw a decrease of \$1,060,321 in assets, a decrease of \$844,830 in liabilities, a majority of the decrease relates to grant activity and capital assets net of depreciation which resulted in a net loss of \$227,100. In Business-type activities assets increased by \$399,881 and liabilities decreased by \$199,533 resulting in a net gain of \$599,414 compared to 2016.
- The net position for governmental activities includes \$4,999,632 of the net investment in capital assets, \$883,929 is restricted and \$438,642 is unrestricted. In business-type activities \$4,027,398 is invested in capital assets, \$42,531 is restricted for water acquisitions and \$1,616,795 is unrestricted.
- The City of Monte Vista's general source of governmental revenue is made up of Taxes, Investment and Other Income totaling \$2,265,463. Program revenues, in the form of charges for services (licenses and permits, fines and forfeits), grants and contributions accounted for \$1,065,614 of total revenue.
- Total governmental revenues of \$3,331,077 decreased by \$1,390,625 compared to 2016, mostly related to capital grants and contributions. Of this amount, the City's charge for services, capital/operating grants and contributions decreased by \$1,363,258 and general revenues decreased by \$27,367 compared to 2016.
- The Statement of Activities indicates that the City had \$3,836,169 in expenses related to governmental activities during 2017; a decrease of \$292,020 compared to the prior year. Expenses in business-type activities totaled \$1,653,692, an increase of \$91,790 compared to 2016. Total government-wide revenue of \$5,862,175 was adequate to provide for the above expenses resulting in a Net Change in Position of a positive \$372,314.
- At the end of 2017, the City of Monte Vista's governmental funds reported a combined ending fund balance of \$1,382,723, an increase of \$102,257 compared to 2016. Of this total amount \$909,939 is restricted, \$4,592 is committed, \$18,148 is assigned and \$458,044 is unrestricted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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.

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 notes sections of this report. Non-major funds include the Conservation Trust Fund, Urban Renewal Authority Fund, Kids Connection Fund, Capital Projects Fund and Grant Fund.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The focus of this financial analysis is on comparisons of the activities of the current year (2017) with those of the prior year (2016) and comparison of balances at year-end (December 31) for the same two years.

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Monte Vista, assets exceeded liabilities by \$12,008,927 at December 31, 2017.

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 \$9,027,030 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. The City of Monte Vista uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Table 1 provides a summary of the City's net position at December 31 for the years 2016 and, 2017. Additional information is presented in the statement of net position.

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and Other Assets	2,290,293	1,856,888	2,475,008	1,910,934	4,765,301	3,767,822
Noncurrent and Capital Assets	8,748,039	8,121,123	6,238,167	7,202,124	14,986,206	15,323,247
Total Assets	11,038,332	9,978,011	8,713,175	9,113,058	19,751,507	19,091,069
**Current Liabilities	924,625	112,448	643,728	439,480	1,568,353	551,928
Noncurrent Liabilities	3,196,286	3,163,633	2,982,137	2,986,852	6,178,423	6,150,485
Total Liabilities	4,120,911	3,276,081	3,625,865	3,426,332	7,746,776	6,702,413
Deferred Inflows of Revenue	368,118	379,727	-	-	368,118	379,727
Net Position:						
Net Investment in Capital Assets	5,373,203	4,999,632	4,152,981	4,027,398	9,526,184	9,027,052
Restricted for:					-	-
Emergencies	101,000	93,000	-	-	101,000	93,000
Capital Projects	623,561	600,127	-	-	623,561	600,127
Debt Service	88,753	69,879	-	-	88,753	69,879
Conservation Trust	73,988	116,824	-	-	73,988	116,824
Public Safety	4,099	4,099	-	-	4,099	4,099
Water Acquisition	-	-	42,518	42,531	42,518	42,531
Unrestricted	284,699	438,642	891,811	1,616,795	1,176,510	2,055,437
Total Net Position	6,549,303	6,322,203	5,087,310	5,686,724	11,636,613	12,008,927

****Footnote:** Decreased assets and decreased liabilities from 2016 compared to 2017 were due to the City's ongoing sewer project which included several phases of construction with the major phase being completed during 2016. This project will continue into 2018.

A portion of the City's net position in the amount of \$926,460 represents resources that are subject to external restrictions. The remaining balance of \$2,055,437 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. During the current fiscal year, the City of Monte Vista's net position increased by \$372,314.

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

Analysis of Changes in Net Position

The City's combined net position for the governmental and business-type funds increased by \$342,316 from 2016 to 2017. Of this total amount, governmental net position decreased by \$227,100 and the business-type net position increased by \$599,414.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

Table 2 provides a summary of the changes in net position for the years 2016 and 2017. Additional information is presented in the Statement of Activities.

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
<u>Revenue:</u>						
Program Revenue:						
Charges for Services	342,145	341,290	1,787,913	2,032,022	2,130,058	2,373,312
Operating Grants and Contributions	862,548	675,220	5,000	-	867,548	675,220
Capital Grants and Contributions	1,224,179	49,104	742,245	482,683	1,966,424	531,787
Sub Total Program Revenue	2,428,872	1,065,614	2,535,158	2,514,705	4,964,030	3,580,319
General Revenue:						
Taxes						
General Property Taxes-net	414,297	421,478	-	-	414,297	421,478
Sales and Use Tax	1,543,776	1,524,699	-	-	1,543,776	1,524,699
Franchise Taxes	168,705	170,260	-	-	168,705	170,260
Other Taxes	6,686	6,836	-	-	6,686	6,836
Investment Income	6,043	7,804	268	1,036	6,311	8,840
Miscellaneous	153,323	134,386	9,167	15,357	162,490	149,743
Sub Total General Revenue:	2,292,830	2,265,463	9,435	16,393	2,302,265	2,281,856
Total Revenue:	4,721,702	3,331,077	2,544,593	2,531,098	7,266,295	5,862,175
<u>Expenses:</u>						
General Government	1,080,600	1,062,410	-	-	1,080,600	1,062,410
Public Safety	1,477,515	1,294,206	-	-	1,477,515	1,294,206
Health and Welfare	-	-	-	-	-	-
Public Works and Airport	684,561	656,402	-	-	684,561	656,402
Culture and Recreation	660,338	618,007	-	-	660,338	618,007
Urban Development	74,356	68,324	-	-	74,356	68,324
Kids Connection	-	6,000	-	-	-	6,000
Interest on Long Term Debt	150,819	130,820	61,418	60,316	212,237	191,136
Water	-	-	675,725	738,861	675,725	738,861
Sewer	-	-	824,759	854,515	824,759	854,515
Total Expenses:	4,128,189	3,836,169	1,561,902	1,653,692	5,690,091	5,489,861
Increase (Decrease) in Net Position (Before Transfers)	593,513	(505,092)	982,691	877,406	1,576,204	372,314
<u>Transfers:</u>						
Operating Transfers In (Out)	281,426	277,992	(281,426)	(277,992)	-	-
Change in Net Position	874,939	(227,100)	701,265	599,414	1,576,204	372,314
Net Assets - Beginning of Year	5,674,364	6,549,303	4,386,045	5,087,310	10,060,409	11,636,613
Net Assets - End of Year	6,549,303	6,322,203	5,087,310	5,686,724	11,636,613	12,008,927

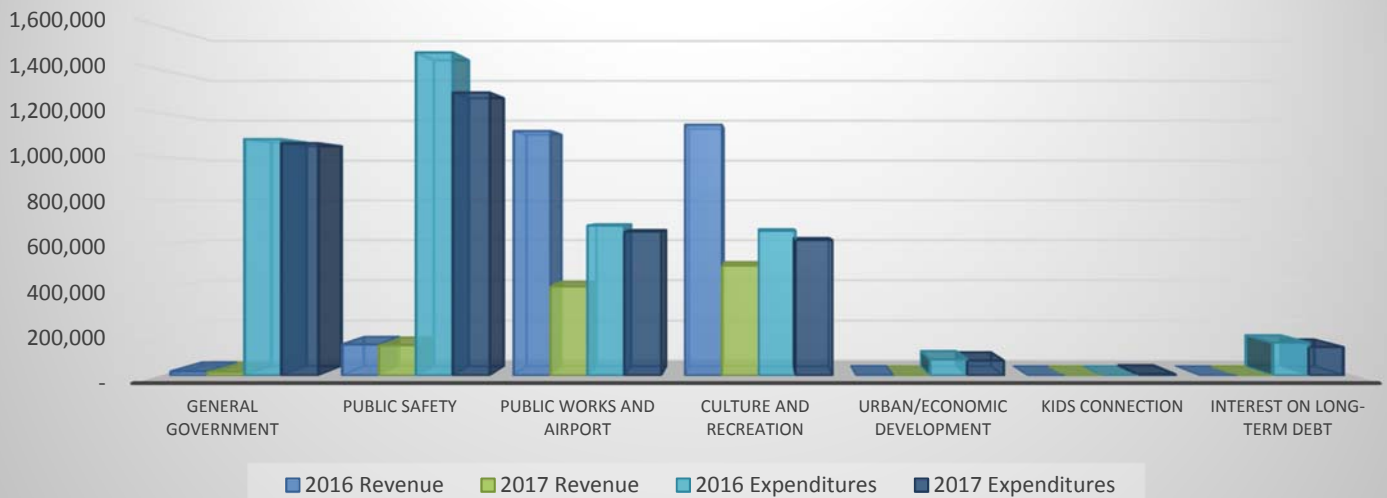
Governmental Activities

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

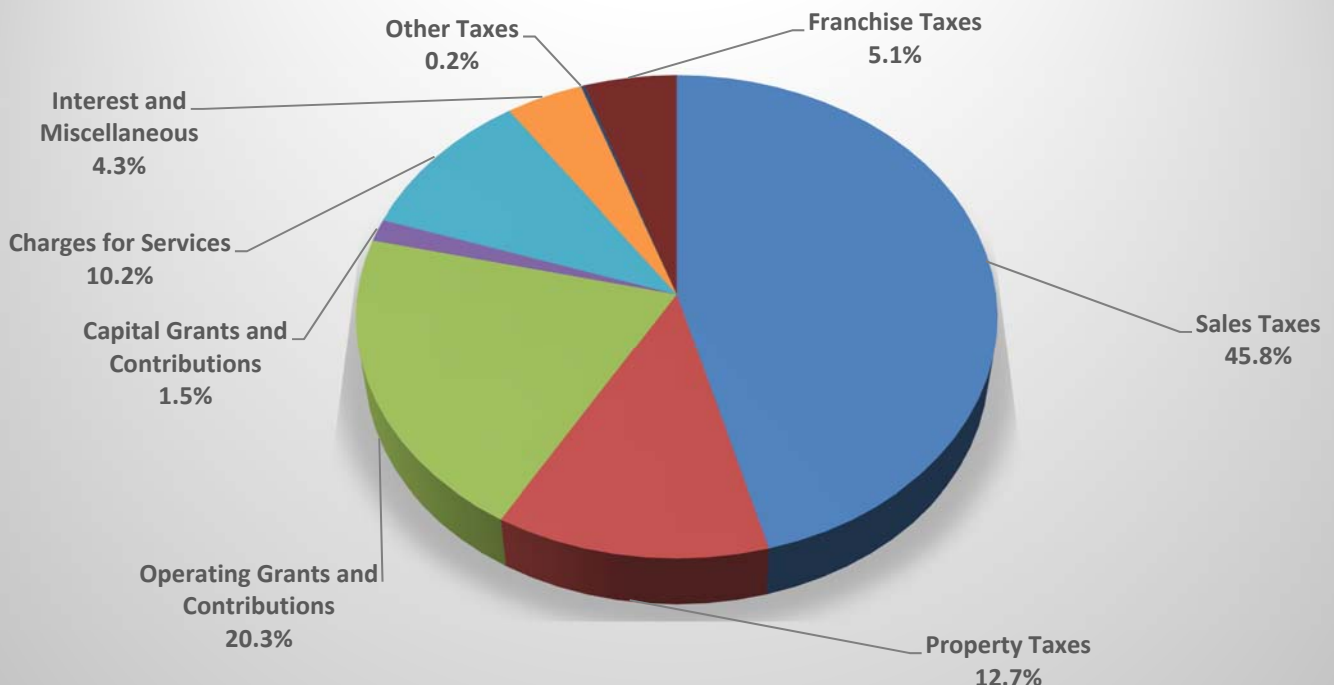
CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental activity expenses totaled \$3,836,169, a decrease of \$292,020 from 2016. Major expenses included in governmental activities are; \$1,294,206 for public safety, \$1,062,410 for general government, \$618,007 for culture and recreation and \$656,402 for public works and airport. City funding for governmental activities was derived from \$2,265,463 in general revenue, primarily taxes, and program revenues contributed \$1,065,614. Governmental activity revenues decreased by \$1,390,625 compared to 2016. Program revenue decreased by \$1,363,258, mostly due to capital grants and contributions and general revenues decreased by \$27,637 from 2016.

Governmental activities - Program Revenues & Expense



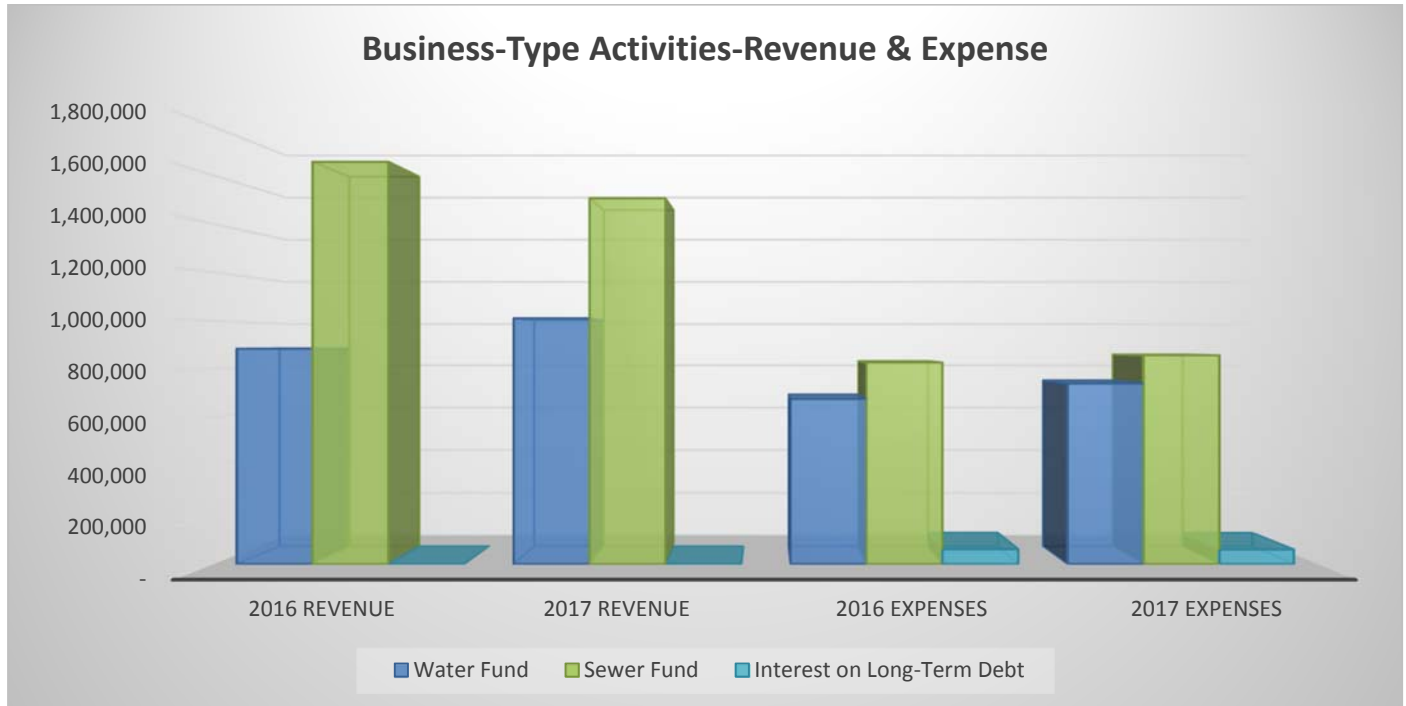
Revenues by Source - Governmental Activities



CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-Type Activities

As mentioned earlier, business-type activities are funded in large part through the assignment of user fees imposed on external parties in exchange for services. Business-type activities net position increased by \$599,414 in 2017. Business-type activity expenses totaled \$1,653,692 in 2017, an increase of \$91,790 compared to 2016. Funding for business-type activities was derived from \$2,514,705 in program revenue in 2017, an increase of \$20,453 compared to 2016.



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 \$1,382,723 an increase of \$102,257 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, 2017, the City's governmental funds reported a restricted fund balance of \$901,939. A majority of this fund balance is restricted for capital projects and improvements.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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 \$4,592 as of December 31, 2017.

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 \$18,148 as of December 31, 2017 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 \$458,044 as of December 31, 2017.

Revenue - Revenue in governmental funds was \$3,331,077 in 2017, a decrease of \$889,886. A large portion of the decrease in 2017 was related to grant revenue, a decrease of approximately \$721,000. Of the total revenue received in 2017, \$2,123,273 was generated by tax revenue; \$194,258 was generated through service charges while \$657,890 was generated by Grants and other intergovernmental revenue.

The General Fund is the primary operating governmental fund of the City. At the end of the 2017, the fund balance for the General Fund was \$555,143 an increase of \$94,309 from 2016. Approximately \$458,044 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 Governmental Fund balance for 2017 is \$510,644 and includes the Conservation Trust Fund with a fund balance of \$116,824, the Urban Renewal Authority Fund with a fund balance of \$4,592, the Capital Projects Fund with a fund balance of \$324,357, the Kids Connection Fund with a fund balance of \$18,148, and the Grant Fund with a fund balance of \$46,723.

Expenditures - The governmental funds expenditures decreased by \$1,660,245 bringing the total expenditures for the fiscal year 2017 to \$3,506,812. Primary reasons for the expenditure decrease is due to a reduction of capital purchases in 2017 compared to 2016.

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, 2017, the net position for the Water Fund was \$1,750,584, net position of the Sewer Fund was \$3,936,140 for a combined total of \$5,686,724. This was an increase in 2017 of \$599,414 from the prior year. At the end of the fiscal year the unrestricted net position for the Water and Sewer Funds totaled \$1,616,795 net investment in capital assets totaled \$4,027,398 and the total for restricted net position was \$42,531 which is committed to acquisition of water rights.

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 2017, The original adopted General Fund Budget had revenue of \$3,218,900 with two supplemental budget amendments decreasing the revenue budget by \$48,600 which brought the final revenue budget to \$3,170,300. On expenditures the original adopted General Fund Budget was \$3,207,643 after supplemental budget amendments the expenditure budget decreased by \$47,685 which brought total expenditures to \$3,159,958.

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December 31, 2017

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2017 totaled \$14,782,355 (net of accumulated depreciation). Capital assets include land, construction in progress, water rights, buildings, improvements, water and sewer treatment plants, transmission and distribution, equipment, and vehicles. The total increase in the City's capital for the current fiscal year was \$659,870 due to additions to construction in progress, improvements, water and sewer transmission & distribution.

Major capital asset events during 2017 include the following:

- CDOT ROW Sewer Improvements in the amount of \$544,600. Final phase of overall project will continue into 2018.
- Storm Sewer Replacement Project for Pintada in the amount of \$65,123.
- Flow meters, pump and blower for City Service Utility in the amount of \$56,584.

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	
	2016	2017	2016	2017	2016	2017
Land	\$ 1,104,386	\$ 1,104,386	\$ 22,000	\$ 22,000	\$ 1,126,386	\$ 1,126,386
Construction in Progress	500,739	5,644	1,782,364	545,176	2,283,103	550,820
Water Rights			941,451	941,451	941,451	941,451
Buildings	1,673,829	1,610,898	908	826	1,674,737	1,611,724
Infrastructure	1,200,256	1,101,464	-	-	1,200,256	1,101,464
Improvements-Bldg	422,784	878,828	-	-	422,784	878,828
Improvements-Other	2,457,583	2,240,041	-	-	2,457,583	2,240,041
W/S Treatment Plant			314,780	341,031	314,780	341,031
Transmission & Distrib.			2,977,424	4,646,563	2,977,424	4,646,563
Equipment & Vehicles	1,388,462	1,179,862	199,240	164,185	1,587,702	1,344,047
	\$ 8,748,039	\$ 8,121,123	\$ 6,238,167	\$ 6,661,232	\$ 14,986,206	\$ 14,782,355

Debt Administration

At year end, the City of Monte Vista's long-term liabilities totaled \$6,150,486. Of this amount, \$3,163,633 relates to governmental activities and \$2,986,853 relates to business-type activities.

Bonds payable include the Series 2008 Sales Tax Revenue refunding and Improvement Bonds payable to SunTrust Equipment Finance & Leasing Corp with an outstanding debt of \$2,375,000. The purpose of the bonds was to provide paving and resurfacing of streets, provide curb and gutter and surface drainage, sidewalk improvements and such other related improvements.

Outstanding notes payable include a note with Colorado Water Resource and Power Development Authority to fund storm drainage improvements in the amount of \$107,467, an additional note with the Colorado Water Resource and Power Development Authority to fund water chlorination system improvements in the amount of \$283,651, a note with the Colorado Water Conservation Board to purchase water rights with an advanced payment of \$1,291,680 and a note for Sewage Treatment Project with Colorado Water Resource and Power Development Authority in the amount of \$1,222,035.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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 2017 for the governmental and proprietary funds of \$746,491 and \$59,936, respectively.

The City of Monte Vista's total long-term liabilities decreased by \$454,617 during 2017. 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 2017 and 2018. 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 forecasted that City Sales Tax revenues will remain fairly stagnant in 2018.

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 10% increase in the budget for 2018. 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 which have yet to receive final approval from the Water Court will likely create a decrease in local agricultural production that will cause an unknown impact on municipal revenue. The City continues to keep an eye on the effects the "Final Rules" will have on the economy and at the same time there is hope that evolution in the agricultural industries may provide for "replacement crops" that will sustain future agricultural stability in the region.

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, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 631,190	\$ 1,275,218	\$ 1,906,408
Restricted Cash and Investments	416,345	373,466	789,811
Receivables			
Property Taxes	379,727	-	379,727
Other Governments	264,658	60,431	325,089
Accounts	157,012	60,664	217,676
Grants	7,956	42,472	50,428
Inventory	-	98,683	98,683
Prepaid Water Storage, Net of Accumulated Amortization	-	483,000	483,000
Loan Receivable	-	57,890	57,890
Capital Assets, Not Depreciated	1,110,030	1,508,627	2,618,657
Capital Assets, Net of Accumulated Depreciation	7,011,093	5,152,605	12,163,698
TOTAL ASSETS	9,978,011	9,113,056	19,091,067
LIABILITIES			
Accounts Payable	55,708	142,440	198,148
Accrued Liabilities	36,418	11,061	47,479
Accrued Interest	18,010	285,979	303,989
Unearned Revenue	2,312	-	2,312
Noncurrent Liabilities			
Due within One Year	262,775	160,379	423,154
Due in More Than One Year	2,900,858	2,826,473	5,727,331
TOTAL LIABILITIES	3,276,081	3,426,332	6,702,413
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	379,727	-	379,727
NET POSITION			
Net Investment in Capital Assets	4,999,632	4,027,398	9,027,030
Restricted for Emergencies	93,000	-	93,000
Restricted for Parks	116,824	-	116,824
Restricted for Debt Service	69,879	-	69,879
Restricted for Public Safety	4,099	-	4,099
Restricted for Capital Projects	600,127	-	600,127
Restricted for Water Acquisition	-	42,531	42,531
Unrestricted	438,642	1,616,795	2,055,437
TOTAL NET POSITION	\$ 6,322,203	\$ 5,686,724	\$ 12,008,927

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

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CITY OF MONTE VISTA, COLORADO

STATEMENT OF ACTIVITIES Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,062,410	\$ 13,714	\$ 3,359	\$ -
Public Safety	1,294,206	139,753	-	-
Public Works and Airport	656,402	184,950	215,175	6,898
Culture and Recreation	618,007	2,873	456,686	42,206
Urban/Economic Development	68,324	-	-	-
Kids Connection	6,000	-	-	-
Interest on Long-Term Debt	130,820	-	-	-
Total Governmental Activities	3,836,169	341,290	675,220	49,104
Business-Type Activities				
Water	738,861	1,009,668	-	800
Sewer	854,515	1,022,354	-	481,883
Interest on Long-Term Debt	60,316	-	-	-
Total Business-Type Activities	1,653,692	2,032,022	-	482,683
TOTAL PRIMARY GOVERNMENT	\$ 5,489,861	\$ 2,373,312	\$ 675,220	\$ 531,787

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
\$ (1,045,337)	\$ -	\$ (1,045,337)
(1,154,453)	-	(1,154,453)
(249,379)	-	(249,379)
(116,242)	-	(116,242)
(68,324)	-	(68,324)
(6,000)	-	(6,000)
(130,820)	-	(130,820)
(2,770,555)	-	(2,770,555)
-	271,607	271,607
-	649,722	649,722
-	(60,316)	(60,316)
-	861,013	861,013
(2,770,555)	861,013	(1,909,542)
1,524,699	-	1,524,699
421,478	-	421,478
170,260	-	170,260
6,836	-	6,836
7,804	1,036	8,840
134,386	15,357	149,743
277,992	(277,992)	-
2,543,455	(261,599)	2,281,856
(227,100)	599,414	372,314
6,549,303	5,087,310	11,636,613
\$ 6,322,203	\$ 5,686,724	\$ 12,008,927

CITY OF MONTE VISTA, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2017

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS				
Cash and Investments	\$ 278,357	\$ 168,584	\$ 184,249	\$ 631,190
Restricted Cash and Investments	4,099	87,889	324,357	416,345
Property Taxes Receivable	379,727	-	-	379,727
Due From Other Governments	204,195	60,463	-	264,658
Accounts Receivable	150,156	-	6,856	157,012
Grants Receivable	7,956	-	-	7,956
TOTAL ASSETS	<u>\$ 1,024,490</u>	<u>\$ 316,936</u>	<u>\$ 515,462</u>	<u>\$ 1,856,888</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 53,202	\$ -	\$ 2,506	\$ 55,708
Accrued Liabilities	36,418	-	-	36,418
Unearned Revenue	-	-	2,312	2,312
TOTAL LIABILITIES	<u>89,620</u>	<u>-</u>	<u>4,818</u>	<u>94,438</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	<u>379,727</u>	<u>-</u>	<u>-</u>	<u>379,727</u>
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	93,000	-	-	93,000
Restricted for Parks	-	-	116,824	116,824
Restricted for Debt Service	-	87,889	-	87,889
Restricted for Public Safety	4,099	-	-	4,099
Restricted for Capital Projects	-	229,047	371,080	600,127
Committed to Economic Development	-	-	4,592	4,592
Assigned to Kids Connection	-	-	18,148	18,148
Unassigned	458,044	-	-	458,044
TOTAL FUND EQUITY	<u>555,143</u>	<u>316,936</u>	<u>510,644</u>	<u>1,382,723</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	<u>\$ 1,024,490</u>	<u>\$ 316,936</u>	<u>\$ 515,462</u>	<u>\$ 1,856,888</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, 2017

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

Total Fund Balances of Governmental Funds	\$ 1,382,723
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	8,121,123
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 (\$2,375,000), capital leases (\$746,491), accrued compensated absences (\$42,142) and accrued interest payable (\$18,010)	<u>(3,181,643)</u>
Net position of governmental activities	<u>\$ 6,322,203</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, 2017

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES				
Taxes	\$ 1,758,392	\$ 364,881	\$ -	\$ 2,123,273
Licenses and Permits	13,614	-	-	13,614
Charges for Services	191,385	-	2,873	194,258
Intergovernmental	517,997	-	139,893	657,890
Fines and Forfeitures	133,418	-	-	133,418
Investment Income	5,386	1,976	442	7,804
Miscellaneous	133,691	-	67,129	200,820
TOTAL REVENUES	2,753,883	366,857	210,337	3,331,077
EXPENDITURES				
General Government	914,114	-	-	914,114
Public Safety	1,202,552	-	-	1,202,552
Public Works and Airport	483,127	-	41,255	524,382
Culture and Recreation	280,625	-	168,501	449,126
Urban/Economic Development	-	-	14,480	14,480
Kids Connection	-	-	6,000	6,000
Debt Service				
Principal	50,827	202,518	-	253,345
Interest	14,657	128,156	-	142,813
TOTAL EXPENDITURES	2,945,902	330,674	230,236	3,506,812
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(192,019)	36,183	(19,899)	(175,735)
OTHER FINANCING SOURCES (USES)				
Transfers In	350,028	-	92,185	442,213
Transfers Out	(63,700)	(100,521)	-	(164,221)
TOTAL OTHER FINANCING SOURCES (USES)	286,328	(100,521)	92,185	277,992
NET CHANGE IN FUND BALANCES	94,309	(64,338)	72,286	102,257
FUND BALANCE, Beginning	460,834	381,274	438,358	1,280,466
FUND BALANCE, Ending	\$ 555,143	\$ 316,936	\$ 510,644	\$ 1,382,723

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, 2017

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 102,257
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 \$11,644 exceeded depreciation expense (\$638,560).	(626,916)
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 \$165,000 and payments of capital leases of \$88,345.	253,345
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 \$32,336 and the change in accrued interest payable \$11,878.	<u>44,214</u>
Change in Net Position of Governmental Activities	<u>\$ (227,100)</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, 2017

	WATER FUND	SEWER FUND	TOTALS
ASSETS			
Current Assets			
Cash and Investments	\$ 939,281	335,937	\$ 1,275,218
Restricted Cash and Investments	42,531	330,935	373,466
Grants Receivable	-	42,472	42,472
Accounts Receivable	27,357	33,307	60,664
Due from County Treasurer	36,744	23,687	60,431
Inventory	91,451	7,232	98,683
Total Current Assets	<u>1,137,364</u>	<u>773,570</u>	<u>1,910,934</u>
Noncurrent Assets			
Prepaid Water Storage, Net of Accumulated Amortization	483,000	-	483,000
Loan Receivable	-	57,890	57,890
Capital Assets, Not Depreciated	952,451	556,176	1,508,627
Capital Assets, Net of Accumulated Depreciation	<u>1,113,434</u>	<u>4,039,171</u>	<u>5,152,605</u>
Total Noncurrent Assets	<u>2,548,885</u>	<u>4,653,237</u>	<u>7,202,122</u>
TOTAL ASSETS	<u>3,686,249</u>	<u>5,426,807</u>	<u>9,113,056</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	29,197	113,243	142,440
Accrued Compensated Absences	1,023	1,185	2,208
Accrued Liabilities	5,836	5,225	11,061
Accrued Interest Payable	285,102	877	285,979
Lease Payable, Current Portion	2,959	2,959	5,918
Loans Payable, Current Portion	<u>11,578</u>	<u>140,675</u>	<u>152,253</u>
Total Current Liabilities	<u>335,695</u>	<u>264,164</u>	<u>599,859</u>
Noncurrent Liabilities			
Accrued Compensated Absences	9,208	10,667	19,875
Lease Payable	27,009	27,009	54,018
Loans Payable	<u>1,563,753</u>	<u>1,188,827</u>	<u>2,752,580</u>
Total Noncurrent Liabilities	<u>1,599,970</u>	<u>1,226,503</u>	<u>2,826,473</u>
TOTAL LIABILITIES	<u>1,935,665</u>	<u>1,490,667</u>	<u>3,426,332</u>
NET POSITION			
Net Investment in Capital Assets	460,586	3,566,812	4,027,398
Restricted for Water Acquisition	42,531	-	42,531
Unrestricted	<u>1,247,467</u>	<u>369,328</u>	<u>1,616,795</u>
TOTAL NET POSITION	<u>\$ 1,750,584</u>	<u>\$ 3,936,140</u>	<u>\$ 5,686,724</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, 2017

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUES			
Charges for Services	\$ 1,009,668	\$ 1,022,354	\$ 2,032,022
Miscellaneous	14,119	1,238	15,357
TOTAL OPERATING REVENUES	<u>1,023,787</u>	<u>1,023,592</u>	<u>2,047,379</u>
OPERATING EXPENSES			
Operations and Maintenance	672,608	674,655	1,347,263
Depreciation and Amortization	66,253	179,860	246,113
TOTAL OPERATING EXPENSES	<u>738,861</u>	<u>854,515</u>	<u>1,593,376</u>
OPERATING INCOME	<u>284,926</u>	<u>169,077</u>	<u>454,003</u>
NON-OPERATING REVENUES (EXPENSES)			
Grant Revenue	-	479,383	479,383
Investment Income	142	894	1,036
Interest Expenses	(52,678)	(7,638)	(60,316)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(52,536)</u>	<u>472,639</u>	<u>420,103</u>
INCOME BEFORE CAPITAL CONTRIBUTION AND TRANSFERS	<u>232,390</u>	<u>641,716</u>	<u>874,106</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions			
Tap Fees	800	2,500	3,300
Transfers (Out)	(138,996)	(138,996)	(277,992)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(138,196)</u>	<u>(136,496)</u>	<u>(274,692)</u>
CHANGE IN NET POSITION	94,194	505,220	599,414
NET POSITION, Beginning	<u>1,656,390</u>	<u>3,430,920</u>	<u>5,087,310</u>
NET POSITION, Ending	<u><u>\$ 1,750,584</u></u>	<u><u>\$ 3,936,140</u></u>	<u><u>\$ 5,686,724</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, 2017 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,000,914	\$ 1,013,401	\$ 2,014,315
Cash Received from Others	14,119	1,238	15,357
Cash Paid to Suppliers	(295,539)	(472,530)	(768,069)
Cash Paid to Employees	(357,198)	(315,809)	(673,007)
Net Cash Provided by Operating Activities	362,296	226,300	588,596
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Balances	375,838	(375,838)	-
Payments to Other Funds	(138,996)	(138,996)	(277,992)
Net Cash Provided (Used) by Noncapital Financing Activities	236,842	(514,834)	(277,992)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and Construction of Capital Assets	(20,909)	(627,269)	(648,178)
Capital Grant Proceeds	-	817,052	817,052
Loan Advanced - Proximity Malt	-	(61,675)	(61,675)
Loan Receipts - Proximity Malt	-	3,785	3,785
Long-term Debt Principal Paid	(14,534)	(140,548)	(155,082)
Interest Paid	(1,018)	(8,150)	(9,168)
Tap Fees Received	800	2,500	3,300
Net Cash Used by Capital and Related Financing Activities	(35,661)	(14,305)	(49,966)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	142	894	1,036
Net Decrease in Cash and Cash Equivalents	563,619	(301,945)	261,674
CASH AND CASH EQUIVALENTS, Beginning	418,193	968,817	1,387,010
CASH AND CASH EQUIVALENTS, Ending	\$ 981,812	\$ 666,872	\$ 1,648,684
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 284,926	\$ 169,077	\$ 454,003
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	66,253	179,860	246,113
Changes in Assets and Liabilities			
Accounts Receivable	(4,015)	1,614	(2,401)
Due from County Treasurer	(4,739)	(10,567)	(15,306)
Inventory	2,091	(305)	1,786
Accounts Payable	24,604	(107,475)	(82,871)
Accrued Liabilities	914	213	1,127
Accrued Compensated Absences	(7,738)	(6,117)	(13,855)
Total Adjustments	77,370	57,223	134,593
Net Cash Provided by Operating Activities	\$ 362,296	\$ 226,300	\$ 588,596

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, 2017

	<u>AGENCY</u>
ASSETS	
Cash and Investments	<u>\$ 26,417</u>
TOTAL ASSETS	<u><u>\$ 26,417</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
LIABILITIES	
Accounts Payable	\$ 2,979
Due to Vali 3 Theater	<u>23,438</u>
TOTAL LIABILITIES	<u><u>\$ 26,417</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, 2017

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, 2017

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, 2017

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, 2017

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. The City is the collection agent and holds all resources purely in a custodial capacity.

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, 2017

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

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

Deferred Inflows of Resources – In addition to assets, the balance sheet – governmental funds and statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The City has an item related to property taxes levied in the current year to be collected in the following year at December 31, 2017.

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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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, 2017.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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.
- 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, 2017 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, 2017 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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events

The City has evaluated events subsequent to the year ended December 31, 2017 through July 11, 2018, 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, 2017, follows:

Petty Cash	\$ 900
Cash Deposits	2,263,193
Cash Held by Third Party	330,935
Investments	<u>127,608</u>
Total	<u>\$ 2,722,636</u>

Cash is reported in the financial statements as follows:

Cash and Investments – Primary Government	\$ 1,906,408
Restricted Cash and Investments – Primary Government	789,811
Cash and Investments – Agency Fund	<u>26,417</u>
Total	<u>\$ 2,722,636</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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Cash Deposits (Continued)

The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2017, the City had bank deposits totaling \$2,681,000 of which \$2,114,792 were collateralized with securities held by the financial institutions' agents but not in the City's name.

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, 2017, the City had the following investments:

	<u>Maturity</u>	<u>2017</u>
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	<u>\$ 127,608</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 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. COLOTRUST 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 \$4,099 in the General Fund; \$324,357 of unspent capital projects funds in the Capital Projects Fund, and \$87,889 for future debt service requirements in the Capital Improvements Fund. The Water and Sewer Funds' restricted cash and investments consist of \$42,531 restricted by ordinance for water acquisition in the Water Fund; and \$330,935 of unspent loan proceeds for the sewer system expansion project in the Sewer Fund, which are held by an outside third party.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2017, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Capital Improvements	\$ 72,036
General	Water	138,996
General	Sewer	138,996
Kids Connection	General	48,000
Urban Renewal Authority	General	15,700
Capital Projects	Capital Improvements	<u>28,485</u>
Total		<u>\$ 442,213</u>

During the year ended December 31, 2017, 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 and Kids Connection Funds to subsidize projects in these funds. The Capital Projects Fund transferred funds to the Capital Improvements Fund to assist with street related projects.

CITY OF MONTE VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, is summarized below:

	Balances 12/31/2016	Additions	Deletions	Balances 12/31/2017
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 1,104,386	\$ -	\$ -	\$ 1,104,386
Construction in Progress	500,739	5,644	500,739	5,644
Total Capital Assets, not being depreciated	<u>1,605,125</u>	<u>5,644</u>	<u>500,739</u>	<u>1,110,030</u>
Capital Assets, being depreciated				
Buildings	3,915,843	-	-	3,915,843
Infrastructure	3,490,517	-	-	3,490,517
Improvements - Buildings	925,826	500,739	-	1,426,565
Improvements - Other	3,782,455	6,000	-	3,788,455
Equipment and Vehicles	4,020,789	-	-	4,020,789
Total Capital Assets, being depreciated	<u>16,135,430</u>	<u>506,739</u>	<u>-</u>	<u>16,642,169</u>
Less accumulated depreciation				
Buildings	(2,242,014)	(62,931)	-	(2,304,945)
Infrastructure	(2,290,261)	(98,792)	-	(2,389,053)
Improvements - Buildings	(503,042)	(44,695)	-	(547,737)
Improvements - Other	(1,324,872)	(223,542)	-	(1,548,414)
Equipment and Vehicles	(2,632,327)	(208,600)	-	(2,840,927)
Total accumulated depreciation	<u>(8,992,516)</u>	<u>(638,560)</u>	<u>-</u>	<u>(9,631,076)</u>
Total Capital Assets, being depreciated, net	<u>7,142,914</u>	<u>(131,821)</u>	<u>-</u>	<u>7,011,093</u>
Governmental Activities Capital Assets, net	<u><u>\$ 8,748,039</u></u>	<u><u>\$ (126,177)</u></u>	<u><u>\$ 500,739</u></u>	<u><u>\$ 8,121,123</u></u>

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

General Government	\$ 180,472
Public Safety	91,564
Public Works and Airport	138,020
Culture and Recreation	174,660
Urban/Economic Development	<u>53,844</u>
Total	<u><u>\$ 638,560</u></u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/2016	Additions	Deletions	Balances 12/31/2017
Business-type Activities:				
Capital Assets, not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	941,451	-	-	941,451
Construction in Progress	1,782,364	544,600	1,781,788	545,176
Total Capital Assets, not being depreciated	2,745,815	544,600	1,781,788	1,508,627
Capital Assets, being depreciated				
Buildings	47,650	-	-	47,650
Water and Sewer Treatment Plants	4,636,251	39,292	-	4,675,543
Transmission and Distribution Systems	6,005,099	1,846,074	-	7,851,173
Equipment and Vehicles	894,209	-	-	894,209
Total Capital Assets, being depreciated	11,583,209	1,885,366	-	13,468,575
Less accumulated depreciation				
Buildings	(46,742)	(82)	-	(46,824)
Water and Sewer Treatment Plants	(4,321,471)	(13,041)	-	(4,334,512)
Transmission and Distribution Systems	(3,027,675)	(176,935)	-	(3,204,610)
Equipment and Vehicles	(694,969)	(35,055)	-	(730,024)
Total accumulated depreciation	(8,090,857)	(225,113)	-	(8,315,970)
Total Capital Assets, being depreciated, net	3,492,352	1,660,253	-	5,152,605
Business-type Activities Capital Assets, net	<u>\$ 6,238,167</u>	<u>\$ 2,204,853</u>	<u>\$ 1,781,788</u>	<u>\$ 6,661,232</u>

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

Water	\$ 45,253
Sewer	179,860
Total	<u>\$ 225,113</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, 2017, the balance of the prepaid water storage, net of accumulated amortization was \$483,000.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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, 2017.

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017	Due Within One Year
Governmental Activities					
2008 Sales Tax Revenue Bonds	\$ 2,540,000	\$ -	\$ 165,000	\$ 2,375,000	\$ 170,000
Capital Leases	834,836	-	88,345	746,491	88,561
Accrued Compensated Absences	74,478	-	32,336	42,142	4,214
	<u>\$ 3,449,314</u>	<u>\$ -</u>	<u>\$ 285,681</u>	<u>\$ 3,163,633</u>	<u>\$ 262,775</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, sidewalk improvements and such other related improvements recommended by the one cent sales tax committee and approved by City Council. The bonds are secured by a first lien on ½ of the City's 2% sales tax. Principal and interest payments are due semi-annually on June 1 and December 1 through December 1, 2028. Interest accrues at a rate of 4% per annum. During the year ended December 31, 2017, pledged revenues derived from the dedicated 1% sales tax totaling \$364,881 were available to pay annual debt service of \$281,840.

Future Debt Service Requirements

Year Ended December 31	Principal	Interest	Total
2018	\$ 170,000	\$ 109,250	\$ 279,250
2019	180,000	101,430	281,430
2020	185,000	93,150	278,150
2021	195,000	84,640	279,640
2022	205,000	75,670	280,670
2023 - 2027	1,175,000	227,700	1,402,700
2028	265,000	12,190	277,190
	<u>\$ 2,375,000</u>	<u>\$ 704,030</u>	<u>\$ 3,079,030</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Leases

The City has entered into capital lease agreements to finance energy performance contract repairs and maintenance, and purchase of vehicles. These leases bear interest at rates ranging from 3.00% to 3.38% per annum, and mature between June 2020 and January 2028. Capital assets totaling \$796,204 with a net book value of \$654,075 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, 2017.

Year Ended December 31

2018	\$ 115,221
2019	115,876
2020	107,214
2021	80,724
2022	76,392
2023 - 2027	342,748
2028 - 2030	32,347
Total Minimum Lease Payments	870,522
Less: Interest	(124,031)
Present Value of Future Minimum Lease Payments	<u><u>\$ 746,491</u></u>

2018 Refunding

Subsequent to the year ended December 31, 2017, 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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2017.

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017	Due Within One Year
Business-type Activities					
2010 Water Loan	\$ 1,291,680	\$ -	\$ -	\$ 1,291,680	\$ -
2011 Water Loan	295,229	-	11,578	283,651	11,578
1999 Sewer Loan	175,228	-	67,761	107,467	70,844
2015 Sewer Loan	1,291,866	-	69,831	1,222,035	69,831
Capital Leases-Water	32,924	-	2,956	29,968	2,959
Capital Leases-Sewer	32,924	-	2,956	29,968	2,959
Accrued Compensated Absences	35,938	-	13,855	22,083	2,208
	<u>\$ 3,155,789</u>	<u>\$ -</u>	<u>\$ 168,937</u>	<u>\$ 2,986,852</u>	<u>\$ 160,379</u>

Water Loans

During 2010, the City entered into a \$1,693,770 loan agreement with the Colorado Water Conservation Board for acquisition of water rights and water storage. Principal and interest payments are due annually over a 30-year period at a date to be determined. Repayment will be determined when the loan is fully advanced. As of December 31, 2017, \$1,291,680 has been advanced to the City. Interest accrues at 4% per annum.

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

The CWRPDA water loan is payable solely from revenues of the City's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2017, net revenues of \$351,179 were available to pay annual debt service of \$11,578. Remaining debt service at December 31, 2017 was \$283,651.

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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

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, 2017, net revenues of \$348,942 were available to pay annual debt service of \$148,698. Remaining debt service at December 31, 2017 was \$1,329,502.

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 152,254	\$ 4,048	\$ 156,302
2019	118,030	824	118,854
2020	81,408	-	81,408
2021	81,409	-	81,409
2022	81,408	-	81,408
2023 - 2027	407,042	-	407,042
2028 - 2032	407,041	-	407,041
2033 - 2037	232,465	-	232,465
2038 - 2042	52,096	-	52,096
Amortization terms unknown	1,291,680	-	1,291,680
	<u>\$ 2,904,833</u>	<u>\$ 4,872</u>	<u>\$ 2,909,705</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 \$59,264, 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, 2017.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Year Ended December 31

2017	\$	7,743
2018		7,742
2019		7,739
2020		7,742
2021		7,743
2022 - 2026		30,701
Total Minimum Lease Payments		69,410
Less: Interest		(9,474)
Present Value of Future Minimum Lease Payments	\$	<u>59,936</u>

NOTE 7: PUBLIC ENTITY RISK POOL

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

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

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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, 2017, employee contributions totaled \$149 and the City recognized pension expense of \$4,601.

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, 2017, the City reported returned forfeitures in the amount of \$6,628.

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, 2017, employee contributions totaled \$29,655 and the City recognized pension expense of \$31,969, net of forfeitures used as contributions to the Plan of \$31,898.

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, 2017, the Plan reported forfeitures in the amount of \$25,338.

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, 2017, the City contributed \$31,885 to the plan.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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

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

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$93,000 was reported as restricted fund balance in the General Fund.

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

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, 2017, 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 subsequent to year end. In addition, subsequent to year end, the City was named as a defendant in litigation related to a previous employee, however, the outcome of this claim cannot be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes					
Sales	\$ 360,000	\$ 360,000	\$ 364,881	\$ 4,881	\$ 371,563
Sales - Rio Grande County	740,000	785,000	794,937	9,937	800,651
Property and Specific Ownership	417,000	417,000	421,478	4,478	414,297
Franchise	160,000	160,000	170,260	10,260	168,705
Other	8,000	8,000	6,836	(1,164)	6,686
Licenses and Permits	23,700	23,700	13,614	(10,086)	15,239
Charges for Services	189,900	189,900	191,385	1,485	186,864
Intergovernmental	220,500	526,416	517,997	(8,419)	516,976
Fines and Forfeitures	173,000	148,000	133,418	(14,582)	136,652
Interest	2,000	2,000	5,386	3,386	4,524
Miscellaneous	120,800	120,800	133,691	12,891	146,809
TOTAL REVENUES	2,414,900	2,740,816	2,753,883	13,067	2,768,966
EXPENDITURES					
General Government					
City Council	47,671	47,671	41,047	6,624	46,443
City Clerk	62,852	62,852	62,737	115	77,847
Municipal Court	75,592	75,592	61,797	13,795	68,448
City Manager	135,504	135,504	145,269	(9,765)	145,899
Elections	8,000	8,000	8,000	-	-
Finance	84,069	84,069	81,906	2,163	139,204
City Attorney	45,000	40,000	40,000	-	45,000
Purchasing and General Services	268,550	268,550	167,442	101,108	135,190
Community Development	-	305,916	305,916	-	241,376
Total General Government	727,238	1,028,154	914,114	114,040	899,407
Public Safety					
Police	1,168,066	1,239,564	1,202,552	37,012	1,366,444
Total Public Safety	1,168,066	1,239,564	1,202,552	37,012	1,366,444
Public Works and Airport					
Streets and Lighting	342,913	413,913	370,097	43,816	341,459
City Shop and Buildings	94,781	94,781	94,380	401	96,355
Airport	16,283	16,283	18,650	(2,367)	20,289
Total Public Works and Airport	453,977	524,977	483,127	41,850	458,103

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

Year Ended December 31, 2017
(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			VARIANCE	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	2016 ACTUAL
Culture and Recreation					
Parks and Recreation	\$ 258,362	\$ 258,362	\$ 242,436	\$ 15,926	\$ 247,255
Vali3 Theatre	29,000	29,000	38,189	(9,189)	52,741
Total Culture and Recreation	<u>287,362</u>	<u>287,362</u>	<u>280,625</u>	<u>6,737</u>	<u>299,996</u>
Capital Outlay	<u>566,000</u>	<u>25,500</u>	<u>-</u>	<u>25,500</u>	<u>195,830</u>
Debt Service					
Principal	-	38,901	50,827	(11,926)	45,781
Interest	-	-	14,657	(14,657)	16,059
Total Debt Service	<u>-</u>	<u>38,901</u>	<u>65,484</u>	<u>(26,583)</u>	<u>61,840</u>
TOTAL EXPENDITURES	<u>3,202,643</u>	<u>3,124,458</u>	<u>2,945,902</u>	<u>178,556</u>	<u>3,281,620</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(787,743)</u>	<u>(383,642)</u>	<u>(192,019)</u>	<u>191,623</u>	<u>(512,654)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	500,000	-	-	-	115,042
Transfers In	304,000	429,484	350,028	(79,456)	368,322
Transfers Out	<u>(5,000)</u>	<u>(35,500)</u>	<u>(63,700)</u>	<u>(28,200)</u>	<u>(66,655)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>799,000</u>	<u>393,984</u>	<u>286,328</u>	<u>(107,656)</u>	<u>416,709</u>
NET CHANGE IN FUND BALANCE	11,257	10,342	94,309	83,967	(95,945)
FUND BALANCE, Beginning	<u>488,023</u>	<u>488,023</u>	<u>460,834</u>	<u>(27,189)</u>	<u>556,779</u>
FUND BALANCE, Ending	<u>\$ 499,280</u>	<u>\$ 498,365</u>	<u>\$ 555,143</u>	<u>\$ 56,778</u>	<u>\$ 460,834</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE CAPITAL IMPROVEMENT FUND Year Ended December 31, 2017 (With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			VARIANCE	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	2016 ACTUAL
REVENUES					
Taxes					
Sales Taxes	\$ 355,000	\$ 355,000	\$ 364,881	\$ 9,881	\$ 371,562
Interest	300	300	1,976	1,676	1,266
TOTAL REVENUES	355,300	355,300	366,857	11,557	372,828
EXPENDITURES					
Capital Outlay	-	-	-	-	417,797
Debt Service					
Principal	222,413	198,835	202,518	(3,683)	155,000
Interest and Fiscal Charges	130,870	130,870	128,156	2,714	123,970
TOTAL EXPENDITURES	353,283	329,705	330,674	(969)	696,767
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,017	25,595	36,183	10,588	(323,939)
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	417,797
Transfers In	-	-	-	-	159,832
Transfers Out	(136,000)	(140,484)	(100,521)	39,963	(78,178)
TOTAL OTHER FINANCING SOURCES (USES)	(136,000)	(140,484)	(100,521)	39,963	499,451
NET CHANGE IN FUND BALANCE	(133,983)	(114,889)	(64,338)	50,551	175,512
FUND BALANCE, Beginning	205,762	205,762	381,274	175,512	205,762
FUND BALANCE, Ending	\$ 71,779	\$ 90,873	\$ 316,936	\$ 226,063	\$ 381,274

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017

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, 2017

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
ASSETS				
Cash and Investments	\$ 116,824	\$ 5,907	\$ 14,795	\$ 46,723
Restricted Cash and Investments	-	-	-	-
Accounts Receivable	-	-	6,856	-
TOTAL ASSETS	\$ 116,824	\$ 5,907	\$ 21,651	\$ 46,723
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ -	\$ 1,315	\$ 1,191	\$ -
Accrued Liabilities	-	-	2,312	-
TOTAL LIABILITIES	-	1,315	3,503	-
FUND EQUITY				
Fund Balance				
Restricted for Parks	116,824	-	-	
Restricted for Capital Projects	-	-	-	46,723
Committed to Economic Development	-	4,592	-	-
Assigned to Kids Connection	-	-	18,148	-
TOTAL FUND EQUITY	116,824	4,592	18,148	46,723
TOTAL LIABILITIES AND FUND EQUITY	\$ 116,824	\$ 5,907	\$ 21,651	\$ 46,723

See the accompanying Independent Auditor's Report.

CAPITAL PROJECTS FUND	TOTALS
\$ -	\$ 184,249
324,357	324,357
-	6,856
<u>\$ 324,357</u>	<u>\$ 515,462</u>
\$ -	\$ 2,506
-	2,312
<u>-</u>	<u>4,818</u>
-	116,824
324,357	371,080
-	4,592
-	18,148
<u>324,357</u>	<u>510,644</u>
<u>\$ 324,357</u>	<u>\$ 515,462</u>

CITY OF MONTE VISTA, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Year Ended December 31, 2017

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
REVENUES				
Charges of Services	\$ -	\$ -	\$ 2,873	\$ -
Intergovernmental	42,206	-	57,619	40,068
Investment Income	-	-	-	-
Miscellaneous	630	-	66,499	-
TOTAL REVENUES	42,836	-	126,991	40,068
EXPENDITURES				
Public Works and Airport	-	-	-	5,645
Culture and Recreation	-	755	-	-
Urban/Economic Development	-	14,480	-	-
Great Outdoors Colorado	-	-	167,746	-
Kids Connection	-	-	-	6,000
TOTAL EXPENDITURES	-	15,235	167,746	11,645
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	42,836	(15,235)	(40,755)	28,423
OTHER FINANCING SOURCES (USES)				
Transfers In	-	15,700	48,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	15,700	48,000	-
CHANGE IN FUND BALANCES	42,836	465	7,245	28,423
FUND BALANCES, Beginning	73,988	4,127	10,903	18,300
FUND BALANCES, Ending	<u>\$ 116,824</u>	<u>\$ 4,592</u>	<u>\$ 18,148</u>	<u>\$ 46,723</u>

See the accompanying Independent Auditor's Report.

CAPITAL PROJECTS FUND	TOTALS
\$ -	\$ 2,873
-	139,893
442	442
-	67,129
442	210,337
35,610	41,255
-	755
-	14,480
-	167,746
	6,000
35,610	230,236
(35,168)	(19,899)
28,485	92,185
28,485	92,185
(6,683)	72,286
331,040	438,358
\$ 324,357	\$ 510,644

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Lottery Revenues	\$ 45,000	\$ 42,206	\$ (2,794)	\$ 47,888
Interest	25	630	605	371
TOTAL REVENUES	45,025	42,836	(2,189)	48,259
EXPENDITURES				
Parks and Recreation	45,000	-	45,000	67,115
TOTAL EXPENDITURES	45,000	-	45,000	67,115
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25	42,836	42,811	(18,856)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(50,000)	-	50,000	(8,718)
NET CHANGE IN FUND BALANCE	(49,975)	42,836	92,811	(27,574)
FUND BALANCE, Beginning	72,945	73,988	1,043	101,562
FUND BALANCE, Ending	\$ 22,970	\$ 116,824	\$ 93,854	\$ 73,988

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

URBAN RENEWAL AUTHORITY FUND

Year Ended December 31, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			VARIANCE	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	2016 ACTUAL
REVENUES					
Intergovernmental	\$ 200,000	\$ 25,000	\$ -	\$ (25,000)	\$ 1,335
Miscellaneous	500	500	-	(500)	2
TOTAL REVENUES	200,500	25,500	-	(25,500)	1,337
EXPENDITURES					
Culture and Recreation	1,700	1,700	755	945	1,513
Urban/Economic Development	203,500	59,500	14,480	45,020	20,510
TOTAL EXPENDITURES	205,200	61,200	15,235	45,965	22,023
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,700)	(35,700)	(15,235)	20,465	(20,686)
OTHER FINANCING SOURCES (USES)					
Transfers In	5,000	35,500	15,700	(19,800)	24,289
NET CHANGE IN FUND BALANCE	300	(200)	465	665	3,603
FUND BALANCE, Beginning	-	-	4,127	4,127	524
FUND BALANCE, Ending	\$ 300	\$ (200)	\$ 4,592	\$ 4,792	\$ 4,127

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE KIDS CONNECTION FUND

Year Ended December 31, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 500	\$ 2,873	\$ 2,373	\$ 3,390
Intergovernmental	68,520	57,619	(10,901)	61,802
Miscellaneous	62,258	66,499	4,241	212,876
TOTAL REVENUES	131,278	126,991	(4,287)	278,068
EXPENDITURES				
Kids Connection	174,078	167,746	6,332	287,161
TOTAL EXPENDITURES	174,078	167,746	6,332	287,161
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(42,800)	(40,755)	2,045	(9,093)
OTHER FINANCING SOURCES (USES)				
Transfers In	43,000	48,000	5,000	20,500
NET CHANGE IN FUND BALANCE	200	7,245	7,045	11,407
FUND BALANCE (DEFICIT), Beginning	-	10,903	10,903	(504)
FUND BALANCE, Ending	\$ 200	\$ 18,148	\$ 17,948	\$ 10,903

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE GRANTS FUND

Year Ended December 31, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Intergovernmental	\$ 45,000	\$ 40,068	\$ (4,932)	\$ 751,252
TOTAL REVENUES	45,000	40,068	(4,932)	751,252
EXPENDITURES				
Capital Outlay	45,000	11,645	33,355	766,604
TOTAL EXPENDITURES	45,000	11,645	33,355	766,604
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	28,423	28,423	(15,352)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	21,866
NET CHANGE IN FUND BALANCE	-	28,423	28,423	6,514
FUND BALANCE, Beginning	-	18,300	18,300	11,786
FUND BALANCE, Ending	\$ -	\$ 46,723	\$ 46,723	\$ 18,300

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE CAPITAL PROJECTS FUND

Year Ended December 31, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			VARIANCE Positive (Negative)	2016 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Interest	\$ -	\$ -	\$ 442	\$ 442	\$ 253
TOTAL REVENUES	-	-	442	442	253
EXPENDITURES					
Public Works	150,000	39,000	35,610	3,390	45,767
TOTAL EXPENDITURES	150,000	39,000	35,610	3,390	45,767
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(150,000)	(39,000)	(35,168)	3,832	(45,514)
OTHER FINANCING SOURCES (USES)					
Transfers In	100,000	39,000	28,485	(10,515)	-
NET CHANGE IN FUND BALANCE	(50,000)	-	(6,683)	(6,683)	(45,514)
FUND BALANCE, Beginning	271,552	271,552	331,040	59,488	376,554
FUND BALANCE, Ending	\$ 221,552	\$ 271,552	\$ 324,357	\$ 52,805	\$ 331,040

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, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 860,000	\$ 1,009,668	\$ 149,668	\$ 875,466
Tap Fees	7,100	800	(6,300)	800
Lease Proceeds	165,000	-	(165,000)	-
Grant Proceeds	-	-	-	5,000
Investment Income	500	142	(358)	105
Miscellaneous	8,000	14,119	6,119	6,625
TOTAL REVENUES	1,040,600	1,024,729	(15,871)	887,996
EXPENDITURES				
Operations and Maintenance	611,909	672,608	(60,699)	609,655
Capital Outlay	252,500	20,909	231,591	32,924
Debt Service				
Principal	-	14,534	(14,534)	11,578
Interest	52,000	52,678	(678)	51,749
Transfers Out	109,000	138,996	(29,996)	140,713
TOTAL EXPENDITURES	1,025,409	899,725	125,684	846,619
NET INCOME, Budget Basis	<u>\$ 15,191</u>	125,004	<u>\$ 109,813</u>	41,377
GAAP BASIS ADJUSTMENTS				
Capital Outlay		20,909		32,924
Amortization		(21,000)		(21,000)
Depreciation		(45,253)		(45,070)
Principal Paid on Long-Term Debt		14,534		11,578
NET INCOME, GAAP Basis		94,194		19,809
NET POSITION, Beginning		1,656,390		1,636,581
NET POSITION, Ending		<u>\$ 1,750,584</u>		<u>\$ 1,656,390</u>

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, 2017

(With Comparative Actual Totals for the Year Ended December 31, 2016)

	2017			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 898,500	\$ 1,022,354	\$ 123,854	\$ 912,447
Tap Fees	1,500	2,500	1,000	1,500
Loan Proceeds	703,246	-	(703,246)	-
Grant Proceeds	530,519	479,383	(51,136)	739,945
Investment Income	300	894	594	163
Miscellaneous	-	1,238	1,238	2,542
TOTAL REVENUES	<u>2,134,065</u>	<u>1,506,369</u>	<u>(627,696)</u>	<u>1,656,597</u>
EXPENDITURES				
Operations and Maintenance	703,635	674,655	28,980	690,136
Capital Outlay	1,555,965	627,269	928,696	1,653,716
Debt Service				
Principal	69,830	140,548	(70,718)	134,643
Interest	5,000	7,638	(2,638)	9,669
Transfers Out	109,000	138,996	(29,996)	140,713
TOTAL EXPENDITURES	<u>2,443,430</u>	<u>1,589,106</u>	<u>854,324</u>	<u>2,628,877</u>
NET INCOME (LOSS), Budget Basis	<u>\$ (309,365)</u>	<u>(82,737)</u>	<u>\$ 226,628</u>	<u>(972,280)</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		627,269		1,653,716
Depreciation		(179,860)		(134,623)
Principal Paid on Long-Term Debt		140,548		134,643
NET INCOME, GAAP Basis		505,220		681,456
NET POSITION, Beginning		<u>3,430,920</u>		<u>2,749,464</u>
NET POSITION, Ending		<u>\$ 3,936,140</u>		<u>\$ 3,430,920</u>

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, 2017

	BALANCE 12/31/16	ADDITIONS	DELETIONS	BALANCE 12/31/17
ASSETS				
Cash and Investments	\$ 25,848	\$ 92,983	\$ 92,414	\$ 26,417
TOTAL ASSETS	<u>\$ 25,848</u>	<u>\$ 92,983</u>	<u>\$ 92,414</u>	<u>\$ 26,417</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 72,908	\$ 69,929	\$ 2,979
Due to Vali 3 Theater	<u>25,848</u>	<u>20,075</u>	<u>22,485</u>	<u>23,438</u>
TOTAL LIABILITIES	<u>\$ 25,848</u>	<u>\$ 92,983</u>	<u>\$ 92,414</u>	<u>\$ 26,417</u>

See the accompanying Independent Auditor's Report.

SINGLE AUDIT REPORTS AND SCHEDULES

CITY OF MONTE VISTA, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

	Pass-Through Entity Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Interior			
Bureau of Land Management			
Passed Through Colorado Department of Local Affairs			
Distribution of Receipts to State and Local Governments	EIAF 7733	15.227	\$ 226,747 M
U.S. Department of Housing and Urban Development			
Passed Through Colorado Department of Local Affairs			
Community Development Block Grants	CMS #72908	14.228	305,916
U.S. Environmental Protection Agency			
Passed Through Colorado Water Resources and Power Development Authority			
Capitalization Grants for Clean Water State Revolving Funds	891.0008	66.458	1,350 M
Passed Through the Colorado Department of Public Health and Environment			
Clean Water State Revolving Funds		66.468	5,000
U.S. Environmental Protection Agency			
Direct Program			
Congressionally Mandated Projects	XP-96844201-1	66.202	256,153 M
U.S. Department of Justice			
Direct Program			
Bulletproof Vest Partnership Program		16.607	7,066
U.S. Department of Transportation/Federal Aviation Agency			
Direct Program			
Airport Improvement Program		20.106	6,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 808,232</u>

See the accompanying Independent Auditors' Report.

CITY OF MONTE VISTA, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), using the accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 3: INDIRECT COST RATE

The City has not allocated indirect costs to its federal awards through a federally negotiated indirect cost rate and has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

For the year ended December 31, 2017, the City passed-through federal awards to subrecipients as follows:

<u>Program</u>	<u>CFDA #</u>	<u>Subrecipient</u>	<u>Amount</u>
Community Development Block Grant	14.228	San Luis Valley Housing Coalition	<u>\$ 305,916</u>



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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista (the "City") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Logan and Associates, LLC".

Aurora, Colorado
August 21, 2018



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Report on Compliance for Each Major Federal Program

We have audited the City of Monte Vista's (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Monte Vista. We issued our report thereon dated August 21, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monte Vista's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and its results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Logan and Associates, LLC

Aurora, Colorado
August 21, 2018

CITY OF MONTE VISTA, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____yes ☒no
- Significant deficiencies identified that are not considered to be material weaknesses? _____yes ☒none reported

Noncompliance material to financial statements noted?

_____yes ☒no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____yes ☒no
- Significant deficiencies identified that are not considered to be material weaknesses? _____yes ☒none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____yes ☒no

Identification of major programs:

15.227 Distribution of Receipts to State and Local Governments
66.458 Capitalization Grants for Clean Water State Revolving Funds
66.202 Congressionally Mandated Projects

Dollar threshold to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee. _____yes ☒no

Financial Statement Findings

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

(Continued)

CITY OF MONTE VISTA, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

Federal Awards Findings and Questioned Costs

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instance of noncompliance or abuse that were material to those federal awards.

CITY OF MONTE VISTA, COLORADO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2017

Finding No. 2016-001 Procurement, Suspension and Debarment

This finding has been resolved.

OTHER INFORMATION

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

LOCAL HIGHWAY FINANCE REPORT		STATE: City of Monte Vista Colorado		
		YEAR ENDING (mm/yy): 2017		
This Information From The Records Of: 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	0	0	0	0
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES		
ITEM	AMOUNT	ITEM	AMOUNT	
A. Receipts from local sources:		A. Local highway expenditures:		
1. Local highway-user taxes		1. Capital outlay (from page 2)		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	313,514	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:		
c. Total (a.+b.)		a. Traffic control operations	0	
2. General fund appropriations		b. Snow and ice removal	4,297	
3. Other local imposts (from page 2)	730,978	c. Other		
4. Miscellaneous local receipts (from page 2)	85,990	d. Total (a. through c.)	4,297	
5. Transfers from toll facilities		4. General administration & miscellaneous	88,608	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	347,272	
a. Bonds - Original Issues		6. Total (1 through 5)	753,692	
b. Bonds - Refunding Issues		B. Debt service on local obligations:		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)		a. Interest	89,967	
7. Total (1 through 6)	816,968	b. Redemption	127,050	
B. Private Contributions		c. Total (a. + b.)	217,017	
C. Receipts from State government (from page 2)	163,158	2. Notes:		
D. Receipts from Federal Government (from page 2)		a. Interest	1,553	
E. Total receipts (A.7 + B + C + D)	980,126	b. Redemption	7,864	
		c. Total (a. + b.)	9,417	
		3. Total (1.c + 2.c)	226,434	
		C. Payments to State for highways		
		D. Payments to toll facilities		
		E. Total expenditures (A.6 + B.3 + C + D)	980,125	
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,955,800		127,050	1,828,750
1. Bonds (Refunding Portion)				
B. Notes (Total)	36,884		7,864	29,020
Notes and Comments: 2014 was the last year that the balances for the debts were updated properly. That is why you will note a change in the opening debt balance in 2017 doesn't coincide with the ending balance from 2016. If you compare 2014 to 2015 you will note that it didn't get updated on the form.				

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): 2017	

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	149,539	a. Interest on investments	2,418
b. Other local imposts:		b. Traffic Fines & Penalties	83,572
1. Sales Taxes	512,922	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licesnes	0	f. Charges for Services	0
5. Specific Ownership &/or Other	68,517	g. Other Misc. Reciepts	0
6. Total (1. through 5.)	581,439	h. Other	0
c. Total (a. + b.)	730,978	i. Total (a. through h.)	85,990
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	145,759	1. FHWA (from Item I.D.5.)	0
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	17,399	d. Federal Transit Admin	0
d. Other - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other	0	f. Other Federal	0
f. Total (a. through e.)	17,399	g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	163,158	3. Total (1. + 2.g)	
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES 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			
b. Engineering Costs			
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements			
(3). System Preservation			
(4). System Enhancement And Operation			
(5). Total Construction (1)+(2)+(3)+(4)			
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)			
	(Carry forward to page 1)		

Notes and Comments: