

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2021



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

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Monte Vista, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – xiii; the budgetary comparison schedules on pages 38 – 40; and the schedules of proportionate share of the net pension liability/(asset), the schedules of city contributions on pages 41 – 44, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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 and Other Information

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

The supplementary information and other information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
May 19, 2022

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

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, 2021

In compliance with Governmental Accounting Standards Board Number 34, also known as GASB 34, we present this report titled Management's Discussion and Analysis (MD&A). This discussion and analysis of the City's financial performance provides an overview of activities during the prior two years ending December 31, 2020, and December 31, 2021.

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

FINANCIAL HIGHLIGHTS

As of December 31, 2021, the City of Monte Vista's government-wide net position totaled \$22,773,459. Of this amount, the net position related to governmental activities totaled \$16,644,440 and the net position for business-type activities totaled \$6,129,019.

- ❖ Total net position for the City increased by \$5,415,011 compared to 2020. Of this amount, net position for governmental activities increased by \$5,263,240 and net position for business type activities increased by \$151,771. Furthermore, governmental activities saw a significant increase of \$8,730,262 in assets due to the development of the Ski-Hi Complex and additional revenue saved in cash investments. Along with an increase in assets, governmental activities saw an increase in liabilities of \$2,866,850 as result of increased debt service. Business-type activities saw a small increase in assets of \$75,145 and a decrease in liabilities of \$76,626 compared to 2020.
- ❖ The net position for governmental activities includes \$11,504,038 of the net investment in capital assets, \$1,973,629 is restricted and \$3,166,773 is unrestricted. In business-type activities, \$4,137,157 is invested in capital assets, \$42,582 is restricted and \$1,949,280 is unrestricted.
- ❖ The City of Monte Vista's general sources of governmental revenue are made up of taxes, licenses and permits, fines and forfeits totaling \$4,411,800. Program revenues, in the form of charges for services, grants and contributions accounted for \$4,564,046 of total revenue.
- ❖ Total governmental revenues of \$8,975,846 increased by \$856,913 compared to 2020. This is mostly related to an increase in Sales Tax Revenue and Program Revenues from grants and contributions.
- ❖ The Statement of Activities indicates that the City had \$3,910,608 in expenses related to governmental activities during 2020. This is an increase in expenditures of \$54,884 compared to the prior year. The increase in expenditures is attributed mainly to increased costs for Public Safety, and Public Works and Airport expenses.
- ❖ Expenses for business-type activities totaled \$1,916,234, which is a decrease in expenditures of \$61,079 compared to 2020.
- ❖ Total government-wide revenue of \$11,241,851 was adequate to provide for the above expenses resulting in a Net Change in Position of a positive \$5,415,011.
- ❖ At the end of 2021, the City of Monte Vista's governmental funds reported a combined ending fund balance of \$4,719,612. This resulted in an increase in overall fund balance of \$1,235,141 compared to 2020. This equates to a 35% increase in fund balance year-over-year. Of this total amount, \$1,984,220 is restricted, \$22,149 is committed, \$103,700 is assigned, and \$2,609,543 is unassigned.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

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 required supplementary information, supplementary information, and other information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the City of Monte Vista's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City of Monte Vista's net position changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future calendar periods (e.g., uncollected property taxes, sales tax, and earned but unused employees' vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Monte Vista that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Monte Vista include general government, public safety, Kids Connection, public works and airport, culture and recreation, urban/economic development, and interest on long-term debt. The business-type activities of the City of Monte Vista include the Water and Sewer Funds.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The focus of this financial analysis is on comparisons of the activities for the current year, 2021, with those of the prior year, 2020, and comparison of balances at year-end, December 31st, for the same two years.

As noted earlier, the net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Monte Vista, assets exceeded liabilities by \$22,773,459 as of December 31, 2021.

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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 \$15,641,195 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.

Table 1 provides a summary of the City's net position at December 31 for the years 2020 and 2021. Additional information is presented in the Statement of Net Position.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2021	2020	2021	2020	2021
Current and Other Assets	4,712,374	6,770,940	1,860,840	2,183,894	6,573,214	8,954,834
Noncurrent and Capital Assets	9,888,241	15,609,937	7,144,809	6,896,900	17,033,050	22,506,837
Total Assets	14,600,615	22,380,877	9,005,649	9,080,794	23,606,264	31,461,671
Deferred Outflows						
Related to Defined Benefit Pension Plan	262,478	298,160			262,478	298,160
Current Liabilities	613,021	1,243,384	128,608	170,820	741,629	1,414,204
Noncurrent Liabilities	2,409,366	4,170,853	2,899,793	2,780,955	5,309,159	6,951,808
Total Liabilities	3,022,387	5,414,237	3,028,401	2,951,775	6,050,788	8,366,012
Deferred Inflows of Revenue	459,504	620,360			459,504	620,360
Net Position:						
Net Investment in Capital Assets	7,086,337	11,504,038	4,251,714	4,137,157	11,338,051	15,641,195
Restricted for:					-	-
Emergencies	123,000	148,000			123,000	148,000
Capital Projects	675,311	283,010			675,311	283,010
Debt Service	35,673	61,692			35,673	61,692
Conservation Trust	43,751	804,652			43,751	804,652
Public Safety	142,314	170,471			142,314	170,471
Public Works	193,210	236,042			193,210	236,042
Ski Hi Park	220,811	269,762			220,811	269,762
Water Acquisition			42,566	42,582	42,566	42,582
Unrestricted	2,860,795	3,166,773	1,682,968	1,949,280	4,543,763	5,116,053
Total Net Position	11,381,202	16,644,440	5,977,248	6,129,019	17,358,450	22,773,459

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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A portion of the City's net position in the amount of \$2,016,211 represents resources that are subject to external restrictions. The remaining \$5,116,053 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. During the fiscal year ending December 31, 2021, the City of Monte Vista's net position increased by \$5,415,009 as a main result of the increased Net Investment in Capital Assets due to the Ski Hi Complex project. The total project cost is about \$8.6 million. For more information regarding this project, please refer to the next section on Analysis of Changes in Net Position and the Economic Factors and Next Year's Budgets section of the Management Discussion and Analysis report.

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

Analysis of Changes in Net Position

The City's combined net position for the governmental and business-type funds increased \$5,415,009 from 2020 to 2021. Of this total amount, governmental net position increased by \$5,263,238 and the business-type net position increased \$151,771. The City saw an increase in Sales Tax Revenue in the General Fund, Capital Fund, and Special Revenue Sales Tax Fund as a result of the additional One Cent Tax and increased spending within City limits. Increased spending can be attributed to the South Dakota v. Wayfair Supreme Court Ruling as well as increased spending in local businesses. However the main source of change is due to the new Ski Hi Complex construction which was the main reason for the large increase in net position in the governmental funds.

In 2019, the voters of Monte Vista approved a one cent sales tax increase on all goods sold within City limits. With the approval of this tax, the City began collecting the tax on January 1, 2020. The sales tax is accounted for in a Special Revenue Fund titled the One Cent Sales Tax Fund. The additional sales tax is split among three departments. The three departments are Ski Hi for maintenance and operation receiving 40%, Public Works for street and sidewalk improvements receiving 35%, and Police for the addition of an officer and equipment receiving 25% of the tax annually.

In 2020, the City engaged with several community leaders and the Friends of Ski Hi, an ad-hoc committee of the Monte Vista Community Fund, to begin construction on the new Ski Hi Complex facility located on Sherman Avenue. The new facility will serve as a one-of-a-kind conference center in the San Luis Valley, and allow for improvements to the City's indoor recreation programming. The events center side is approximately 34,250 square feet and will provide space, as available, for recreational activities such as basketball, volleyball, and pickle ball. Along with recreational programming, the events center will provide space for the annual 4-H Fair, Ag Conference, Crane Festival, and Ski Hi Stampede events, as well as attracting new events. The conference center side is about 16,700 square feet with a combined capacity in the large conference room and four smaller conference rooms of about 750 people. Along with the conference space, there is an industrial grade warming kitchen to offer the capabilities of catering for large events and conferences.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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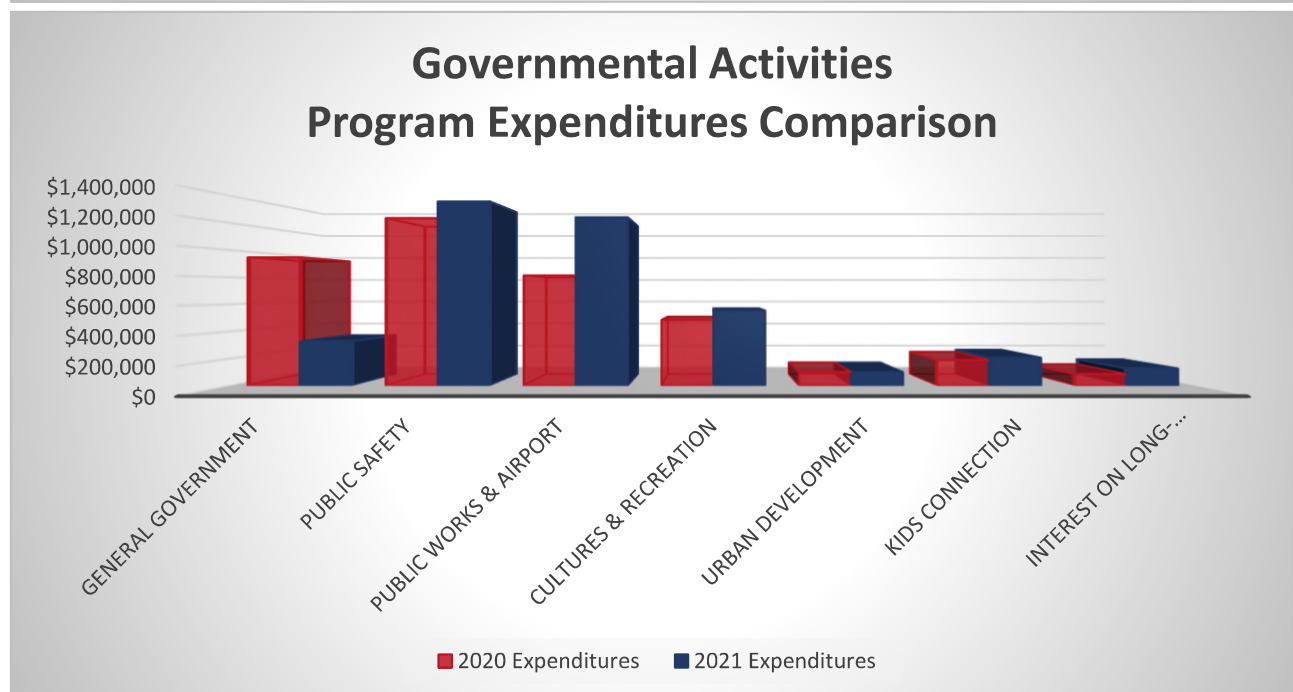
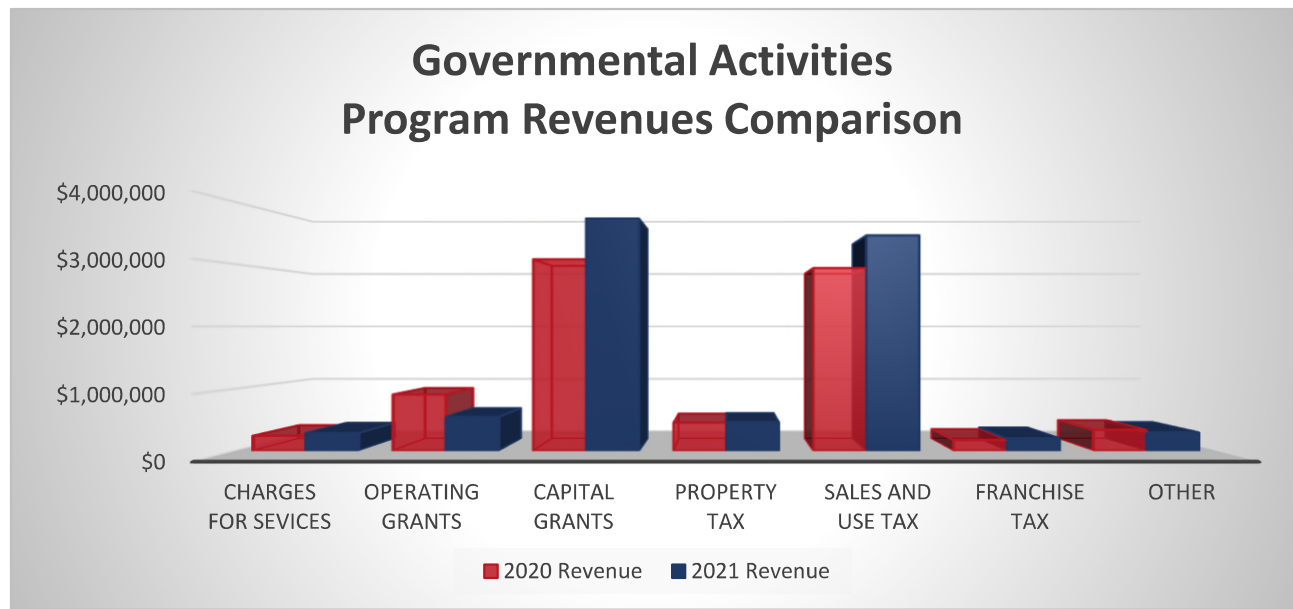
Table 2 provides a summary of the changes in net position for the years 2020 and 2021. Additional information is presented in the Statement of Activities.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2021	2020	2021	2020	2021
<u>Revenue:</u>						
Program Revenue:						
Charges for Services	240,040	282,256	2,142,823	2,116,682	2,382,863	2,398,938
Operating Grants and Contributions	906,649	546,606	-	81,949	906,649	628,555
Capital Grants and Contributions	3,078,092	3,735,184	64,626	56,844	3,142,718	3,792,028
Sub Total Program Revenue	4,224,781	4,564,046	2,207,449	2,255,475	6,432,230	6,819,521
General Revenue:						
Taxes						
General Property Taxes-net	451,795	458,696			451,795	458,696
Sales and Use Tax	2,938,131	3,460,717			2,938,131	3,460,717
Franchise Taxes	170,549	198,929			170,549	198,929
Other Taxes	18,460	6,232			18,460	6,232
Investment Income	6,673	4,155	2,355	2,551	9,028	6,706
Miscellaneous	308,544	619,046	15,817	7,979	324,361	627,025
Loss on Capital Assets Disposal		(335,975)			-	(335,975)
Sub Total General Revenue:	3,894,152	4,411,800	18,172	10,530	3,912,324	4,422,330
Total Revenue:	8,118,933	8,975,846	2,225,621	2,266,005	10,344,554	11,241,851
<u>Expenses:</u>						
General Government	948,062	327,165			948,062	327,165
Public Safety	1,237,044	1,358,763			1,237,044	1,358,763
Public Works and Airport	814,440	1,242,443			814,440	1,242,443
Culture and Recreation	483,013	552,277			483,013	552,277
Urban Development	99,834	98,123			99,834	98,123
Kids Connection	188,617	205,671			188,617	205,671
Interest on Long Term Debt	84,714	126,166	64,796	63,342	149,510	189,508
Water			975,994	832,484	975,994	832,484
Sewer			936,523	1,020,408	936,523	1,020,408
Total Expenses:	3,855,724	3,910,608	1,977,313	1,916,234	5,833,037	5,826,842
Increase (Decrease) in Net Position (Before Transfers)	4,263,209	5,065,238	248,308	349,771	4,511,517	5,415,009
<u>Transfers:</u>						
Transfers In (Out)	368,000	198,000	(368,000)	(198,000)	-	-
Change in Net Position	4,631,209	5,263,238	(119,692)	151,771	4,511,517	5,415,009
Net Assets - Beginning of Year	6,749,993	11,381,202	6,096,940	5,977,248	12,846,933	17,358,450
Net Assets - End of Year	11,381,202	16,644,440	5,977,248	6,129,019	17,358,450	22,773,459

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Governmental Activities

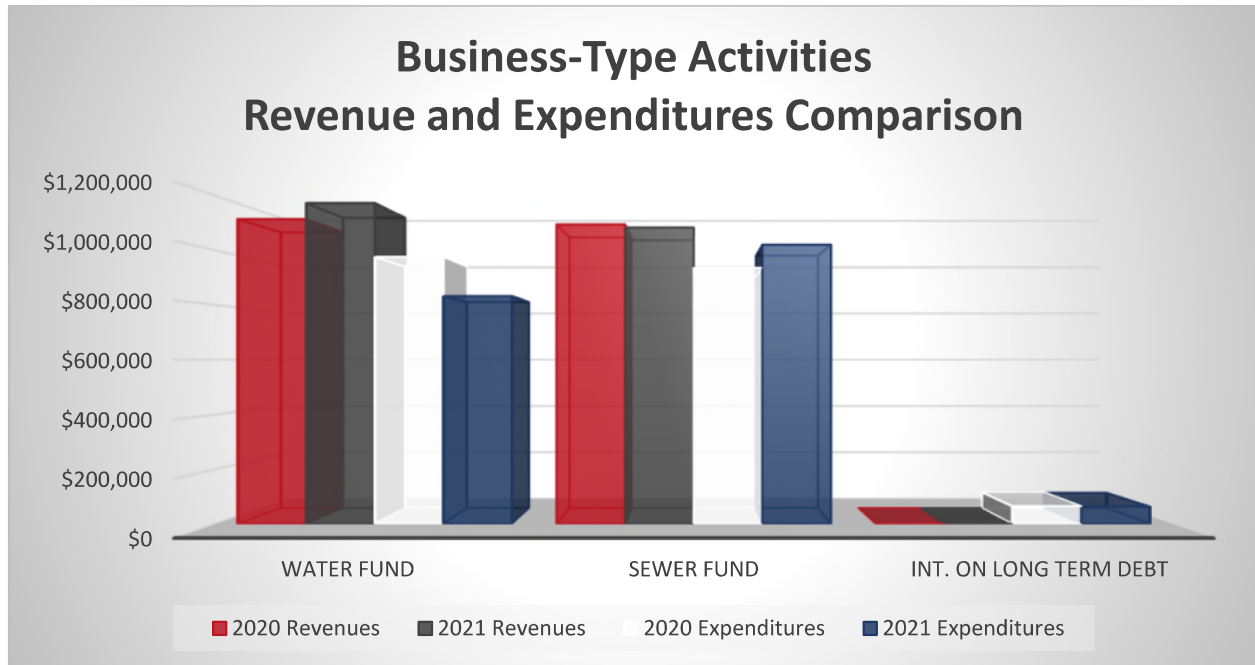
The City’s governmental activities have been accounted for in seven departmental categories, which are General Government, Public Safety, Public Works and Airport, Culture and Recreation, Urban/Economic Development, Kids Connection, and Interest on Long-Term Debt. Governmental activity expenses totaled \$3,910,608, which is an increase in expenditures from 2020 of \$54,884. Major expenses included in the governmental activities were \$1,358,763 for Public Safety and \$1,242,443 for Public Works and Airport. Expenditures in general government totaled \$327,165, culture and recreation totaled \$552,277, and Kids Connection totaled \$205,671. Other governmental expenditures included \$98,123 for urban development, and \$126,166 for interest on long-term debt. City funding for governmental activities was derived from \$4,564,046 in program revenue. The largest source of revenue is shown in Capital Grants & Contributions as a result of the Ski Hi Complex facility. General revenues totaled \$4,411,800, which includes tax revenues and transfers. Governmental revenue increased by \$856,913 compared to 2020. Again, the main increase is due to grants and contributions for the Ski Hi Complex facility.



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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business-Type Activities

As mentioned earlier, business-type activities are funded in large part through the assignment of user fees imposed on external parties in exchange for services. Business-type activities net position at the end of 2021 increased \$151,771. Business-type activity expenditures totaled \$1,916,234 in 2021, which is a decrease in expenditures compared to 2020 of \$61,079. Funding for business-type activities was derived from revenues totaling \$2,266,005, which is an increase of \$40,384 compared to 2020.



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, One Cent Sales Tax Fund, Capital Projects Fund, Capital Improvements 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 \$4,719,612, which is an increase of \$1,235,141 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:

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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, 2021, the City’s governmental funds reported a restricted fund balance of \$1,984,220. The majority of this fund balance is restricted for capital projects and improvements.

Committed Fund Balance – are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Committed amounts cannot be used for any other purpose unless the Council removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The City’s governmental funds reported a committed fund balance of \$22,149 as of December 31, 2021.

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 \$103,700 as of December 31, 2021, 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 reported an unassigned fund balance of \$2,609,543 as of December 31, 2021 for all Governmental Funds.

Revenue – Revenue in all governmental funds totaled \$9,276,418 in 2021. This is an increase of \$2,062,212 compared to 2020. Of the total revenue received in 2021, \$4,124,574 was generated by tax revenue, Intergovernmental Revenue through the Capital Projects Fund and Other Governmental Funds of \$1,786,776, and the other large portion coming from Contributions and Donations through the Capital Projects Fund \$2,307,693.

The General Fund is the primary operating governmental fund of the City. At the end of 2021, the fund balance for the General Fund was \$2,759,413, which is an increase of \$717,098 compared to the end of 2020. As of year-end, \$2,609,543 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 under the assigned fund balance rules listed above.

The other Governmental Fund balances for 2021 totaled \$1,960,199. This includes the One Cent Sales Tax Fund with a balance of \$674,405, Capital Projects Fund with a balance of \$239,376, Capital Improvements Fund with a balance of \$828,254, and other Governmental Funds with a total balance of \$218,164. Funds included in the Other Governmental Funds include the Conservation Trust, Urban Renewal, Airport Grant Fund, and Kids Connection.

Expenditures – The governmental funds expenditures increased by \$4,442,086 from 2020. Total expenditures in 2021 were \$10,739,277. A combination of factors led to the increase in expenditures from 2020 to 2021, which included the capital project for the Ski Hi Complex. However, management monitored expenditures closely to ensure that, with the Ski Hi Complex Lease Proceeds, revenues exceeded expenditures and fund balances remained within Best Practice Standards set forth by the adopted Financial Policies Manual for the City of Monte Vista.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

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, 2021, the net position for the Water Fund was \$2,013,907; the net position of the Sewer Fund was \$4,115,112 for a combined total of \$6,129,019. This was an increase in fund balances from 2020 of \$151,771. At the end of the fiscal year, the unrestricted net position for the Water and Sewer Funds totaled \$1,949,280, net investment in capital assets totaled \$4,137,157 and the total for restricted net position was \$42,582, which is restricted to the 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 2021, the original adopted General Fund Budget had revenue of \$3,159,550 with one supplemental budget amendment increasing the revenue budget by \$210,000, which brought the final revenue budget to \$3,369,550. For expenditures the original adopted General Fund Budget was \$5,329,924 after the supplemental budget amendment the expenditures budget decreased by \$1,179,000 which brought total budgeted expenditures to \$3,539,924. Neither revenue nor expenditures reflects resources that were transferred in or out of the General Fund. Actual expenditures in the General Fund totaled \$3,504,574 not including transfers out. The supplemental budget amendment was created to reflect transactions associated with the Ski Hi Park.

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2020 totaled \$22,499,074 (net of accumulated depreciation). This is a \$5,962,854 increase in capital assets mainly due to the Ski Hi Complex construction project. Capital assets include land, water rights, buildings, improvements, water and sewer treatment plants, transmission and distribution, equipment, and vehicles.

Major Capital Asset events during 2021 include the following:

- ❖ Governmental Activities
 - Land (Prospect Avenue) - \$46,690
 - Construction in Progress (Ski Hi) - \$5,513,073
 - Building Improvements - \$29,235
 - Improvements (Airport Pavement & Taxiway) - \$525,589
 - Equipment - \$406,681
 - Infrastructure (Wetlands Trail & Bronk Street Paving Project) - \$126,045
- ❖ Proprietary Funds
 - Infrastructure Improvements (Bronk Street Paving & Pintada Excavator/Pipeline) – \$106,588
 - Equipment - \$7,075

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

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		Business-type		Total	
	Activities		Activities			
	2020	2021	2020	2021	2020	2021
Land	\$ 1,104,386	\$ 783,896	\$ 22,000	\$ 22,000	\$ 1,126,386	\$ 805,896
Construction in Progress	3,135,323	8,648,396			3,135,323	8,648,396
Water Rights			948,120	948,120	948,120	948,120
Buildings	1,419,216	1,365,795	102,773	98,161	1,521,989	1,463,956
Infrastructure	1,038,073	1,068,949			1,038,073	1,068,949
Improvements-Bldg	707,782	700,212			707,782	700,212
Improvements-Other	1,696,418	2,018,738			1,696,418	2,018,738
W/S Treatment Plant			420,783	398,895	420,783	398,895
Transmission & Distrib.			5,469,300	5,290,847	5,469,300	5,290,847
Equipment & Vehicles	787,043	1,023,951	160,003	131,114	947,046	1,155,065
	\$ 9,888,241	\$ 15,609,937	\$ 7,122,979	\$ 6,889,137	\$ 17,011,220	\$ 22,499,074

Debt Administration

At year-end, the City of Monte Vista's long-term liabilities totaled \$6,951,808. Of this amount, \$4,170,853 relates to governmental activities and \$2,780,955 relates to business-type activities.

Bonds payable include the Series 2018 Sales Tax Revenue refunding and Improvement Bonds payable to Branch Banking and Trust Company with an outstanding debt of \$1,647,668. The purpose of the original Series 2008 bonds was to provide paving and resurfacing of streets, provide curb and gutter and surface drainage, sidewalk improvements and such other related improvements. These bonds were refunded in 2018 and are scheduled to be paid in full in 2028.

Outstanding notes payable include a note with the Colorado Water Resource and Power Development Authority to fund water chlorination system improvements in the amount of \$237,256, a note with the Colorado Water Conservation Board to purchase water rights with an advanced payment of \$1,536,867, and a note for Sewage Treatment Project with Colorado Water Resource and Power Development Authority in the amount of \$942,684.

The City has entered into capital lease agreements with San Luis Valley Federal Bank for repairs and maintenance of the building, to purchase equipment, and construction of the Ski Hi Complex, with a current balance at year-end 2021 for the governmental and proprietary funds of \$2,458,231 and \$35,173, respectively.

The City of Monte Vista's total long-term liabilities increased by \$1,642,649 during 2021. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Economic Factors and Next Year's Budgets

The City's 2022 Budget includes important features that will maintain current operating status of service provided, purchase new and necessary capital assets in several of the funds, and make important improvements to the City's infrastructure.

In 2022, the City of Monte Vista will continue to provide the following services to the community:

- Parks Development & Maintenance
- Police & Public Safety Services
- Water Services
- Waste Water Treatment
- Sewer Services
- Recreation Programming
- Kids Connection Youth Programing
- Business Licensing
- Municipal Court
- Municipal Airport Oversight & Management

Property values remain fairly constant with marginal increases anticipated in 2022. Adjustments to property taxes as prescribed by the State continue to be mostly a wash from the revenue side. Sales and property tax are the leading revenue sources for the General Fund and it is anticipated that City Sales Tax revenues will continue to reflect growth into 2022. Due to the South Dakota vs. Wayfair Supreme Court ruling, the City of Monte Vista benefited greatly from the addition of sales tax revenue being collected through online vendors. The San Luis Valley's agriculture industry gives us optimism that the City of Monte Vista's economy will hold trend and continue to grow at a steady and stable rate.

Labor continues to increase as we strive to remain a competitive employer. Employee health care costs continue to erode the City's operational capability and the City anticipated a 5.5% increase in the budget for 2022. The Monte Vista Police Department participates in the FPPA pension plan with a budgeted employer match on base earnings of 9% for 2022.

In the coming years, the City will be faced with the task of building a new mechanical treatment plant for their waste water system and treatment. Current project estimates reflect a total cost of \$30 million. Financing for this will take place through various avenues to include rate increases for services provided, debt-service, grants, and matching funds. The City will be taking necessary steps in 2022 to begin addressing the monetary concerns regarding this project. The City has contracted with Element Engineering to assist with the implementation of the Master Plan and Rate Study associated with this project.

Long-term sustainability of the San Luis Valley's agriculture industry remains a concern due to the ongoing water issues and groundwater regulations. The City continues to keep an eye on the effects of this and what it will have on the local economy. At the same time, the City is hopeful that new development and business, along with tourism, will continue to boost sales tax revenues within the City. Currently, first quarter revenue reports of 2022 indicate we are on budgetary track in regards to sales tax revenues.

The City continues to take a conservative approach in their budgeting and operational fiscal cycles with careful monitoring over revenues and expenditures on a monthly basis. By exercising mid-year amendment practices to the budget, we are able to better prepare and adjust for any outside factors that could potentially affect revenues and expenditures.

CITY OF MONTE VISTA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

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
Gigi Dennis-Lounsbury, City Manager
Anita Kinsey, 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, 2021

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 4,492,892	\$ 1,521,162	\$ 6,014,054
Restricted Cash and Investments	551,134	42,582	593,716
Receivables			
Property Taxes	533,989	-	533,989
Other Governments	469,294	25,850	495,144
Accounts	217,564	98,012	315,576
Grants	114,944	-	114,944
Inventory	-	97,288	97,288
Prepaid Water Storage, Net of Accumulated Amortization	-	399,000	399,000
Net Pension Asset	391,123	-	391,123
Loan Receivable	-	7,763	7,763
Capital Assets, Not Depreciated	9,432,292	970,120	10,402,412
Capital Assets, Net of Accumulated Depreciation	6,177,645	5,919,017	12,096,662
TOTAL ASSETS	22,380,877	9,080,794	31,461,671
DEFERRED OUTFLOWS OF RESOURCES			
Related to Defined Benefit Pension Plans	298,160	-	298,160
LIABILITIES			
Accounts Payable	651,562	105,028	756,590
Accrued Liabilities	119,597	24,811	144,408
Accrued Interest	10,591	40,981	51,572
Unearned Revenue	461,634	-	461,634
Noncurrent Liabilities			
Due within One Year	508,108	122,168	630,276
Due in More Than One Year	3,662,745	2,658,787	6,321,532
TOTAL LIABILITIES	5,414,237	2,951,775	8,366,012
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	427,412	-	427,412
Related to Defined Benefit Pension Plans	192,948	-	192,948
TOTAL DEFERRED INFLOWS OF RESOURCES	620,360	-	620,360
NET POSITION			
Net Investment in Capital Assets	11,504,038	4,137,157	15,641,195
Restricted for Emergencies	148,000	-	148,000
Restricted for Parks	804,652	-	804,652
Restricted for Public Safety	170,471	-	170,471
Restricted for Public Works	236,042	-	236,042
Restricted for Capital Projects	283,010	-	283,010
Restricted for Debt Service	61,692	-	61,692
Restricted for Ski Hi Park	269,762	-	269,762
Restricted for Water Acquisition	-	42,582	42,582
Unrestricted	3,166,773	1,949,280	5,116,053
TOTAL NET POSITION	\$ 16,644,440	\$ 6,129,019	\$ 22,773,459

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, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 327,165	\$ 14,787	\$ 5,257	\$ -
Public Safety	1,358,763	81,882	66,608	847,681
Public Works and Airport	1,242,443	182,063	206,402	529,880
Culture and Recreation	552,277	3,524	238,708	2,357,623
Urban/Economic Development	98,123	-	20,086	-
Kids Connection	205,671	-	9,545	-
Interest on Long-Term Debt	126,166	-	-	-
Total Governmental Activities	<u>3,910,608</u>	<u>282,256</u>	<u>546,606</u>	<u>3,735,184</u>
Business-Type Activities				
Water	832,484	1,074,985	81,949	16,000
Sewer	1,020,408	1,041,697	-	40,844
Interest on Long-Term Debt	63,342	-	-	-
Total Business-Type Activities	<u>1,916,234</u>	<u>2,116,682</u>	<u>81,949</u>	<u>56,844</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,826,842</u>	<u>\$ 2,398,938</u>	<u>\$ 628,555</u>	<u>\$ 3,792,028</u>

GENERAL REVENUES
Sales and Use Taxes
Property Taxes
Franchise Taxes
Other Taxes
Investment Income
Miscellaneous
Loss on Capital Assets Disposal
TRANSFERS

TOTAL GENERAL REVENUES
AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning, As Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (307,121)	\$ -	\$ (307,121)
(362,592)	-	(362,592)
(324,098)	-	(324,098)
2,047,578	-	2,047,578
(78,037)	-	(78,037)
(196,126)	-	(196,126)
(126,166)	-	(126,166)
653,438	-	653,438
-	340,450	340,450
-	62,133	62,133
-	(63,342)	(63,342)
-	339,241	339,241
653,438	339,241	992,679
3,460,717	-	3,460,717
458,696	-	458,696
198,929	-	198,929
6,232	-	6,232
4,155	2,551	6,706
619,046	7,979	627,025
(335,975)	-	(335,975)
198,000	(198,000)	-
4,609,800	(187,470)	4,422,330
5,263,238	151,771	5,415,009
11,381,202	5,977,248	17,358,450
\$ 16,644,440	\$ 6,129,019	\$ 22,773,459

CITY OF MONTE VISTA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	GENERAL FUND	ONE CENT SALES TAX FUND	CAPITAL PROJECTS FUND	CAPITAL IMPROVEMENTS FUND
ASSETS				
Cash and Investments	\$ 2,892,588	\$ 738,242	\$ -	\$ 649,394
Restricted Cash and Investments	1,870	-	476,981	72,283
Property Taxes Receivable	427,412	-	-	106,577
Due From Other Governments	362,717	106,577	-	-
Accounts Receivable	116,619	-	-	-
Grants Receivable	-	-	114,944	-
TOTAL ASSETS	\$ 3,801,206	\$ 844,819	\$ 591,925	\$ 828,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 41,908	166,539	\$ 352,549	\$ -
Accrued Liabilities	110,839	3,875	-	-
Unearned Revenue	461,634	-	-	-
TOTAL LIABILITIES	614,381	170,414	352,549	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	427,412	-	-	-
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	148,000	-	-	-
Restricted for Parks	-	-	-	755,971
Restricted for Public Safety	1,870	168,601	-	-
Restricted for Public Works	-	236,042	-	-
Restricted for Capital Projects	-	-	239,376	-
Restricted for Debt Service	-	-	-	72,283
Restricted for Ski Hi Park	-	269,762	-	-
Committed to Economic Development	-	-	-	-
Assigned to Kids Connection	-	-	-	-
Unassigned	2,609,543	-	-	-
TOTAL FUND EQUITY	2,759,413	674,405	239,376	828,254
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	\$ 3,801,206	\$ 844,819	\$ 591,925	\$ 828,254

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

OTHER GOVERNMENTAL FUNDS	TOTALS
\$ 212,668	\$ 4,492,892
-	551,134
-	533,989
-	469,294
100,945	217,564
-	114,944
<u>\$ 313,613</u>	<u>\$ 6,379,817</u>
\$ 90,566	\$ 651,562
4,883	119,597
-	461,634
<u>95,449</u>	<u>1,232,793</u>
-	427,412
-	148,000
48,681	804,652
-	170,471
-	236,042
43,634	283,010
-	72,283
-	269,762
22,149	22,149
103,700	103,700
-	2,609,543
<u>218,164</u>	<u>4,719,612</u>
<u>\$ 313,613</u>	<u>\$ 6,379,817</u>

CITY OF MONTE VISTA, COLORADO

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2021

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

Total Fund Balances of Governmental Funds	\$ 4,719,612
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	15,609,937
Some assets were not received in the current period and, therefore, are not reported in the funds. This is the amount of the net pension asset.	391,123
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources - difference in expected vs actual experience	189,746
Deferred outflows of resources - change in assumptions or other inputs	53,686
Deferred outflows of resources - pension contributions from the measurement date	54,728
Deferred inflows of resources - difference in projected vs actual investment earnings	(371)
Deferred inflows of resources - difference in expected vs actual experience	(27,742)
Deferred inflows of resources - change in proportionate share	(164,835)
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 (\$1,647,668), capital leases (\$2,458,230), accrued compensated absences (\$64,955) and accrued interest payable (\$10,591).	<u>(4,181,444)</u>
Net position of governmental activities	<u>\$ 16,644,440</u>

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

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CITY OF MONTE VISTA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	GENERAL FUND	ONE CENT SALES TAX FUND	CAPITAL PROJECTS FUND	CAPITAL IMPROVEMENTS FUND
REVENUES				
Taxes	\$ 2,824,640	\$ 649,967	\$ -	\$ 649,967
Licenses and Permits	13,122	-	-	-
Charges for Services	197,295	-	-	-
Intergovernmental	257,856	763	847,681	-
Fines and Forfeitures	68,315	-	-	-
Investment Income	3,611	-	495	49
Contributions and Donations	-	-	2,307,693	-
Miscellaneous	642,283	1,048	6,920	-
TOTAL REVENUES	4,007,122	651,778	3,162,789	650,016
EXPENDITURES				
General Government	748,789	74,355	-	-
Public Safety	1,316,292	57,082	-	-
Public Works and Airport	522,588	97,175	33,795	-
Culture and Recreation	383,135	300,789	5,513,153	-
Urban/Economic Development	-	-	-	-
Kids Connection	-	-	-	-
Debt Service				
Debt Issue Costs	-	-	46,425	-
Principal	473,283	-	-	247,723
Interest	60,487	-	-	66,959
TOTAL EXPENDITURES	3,504,574	529,401	5,593,373	314,682
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	502,548	122,377	(2,430,584)	335,334
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	2,500,000	-
Transfers In	243,000	-	-	-
Transfers Out	(28,450)	-	-	(51,950)
TOTAL OTHER FINANCING SOURCES (USES)	214,550	-	2,500,000	(51,950)
NET CHANGE IN FUND BALANCES	717,098	122,377	69,416	283,384
FUND BALANCE, Beginning	2,042,315	552,028	169,960	544,870
FUND BALANCE, Ending	<u>\$ 2,759,413</u>	<u>\$ 674,405</u>	<u>\$ 239,376</u>	<u>\$ 828,254</u>

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

OTHER GOVERNMENTAL FUNDS	TOTALS
\$ -	\$ 4,124,574
-	13,122
3,524	200,819
680,476	1,786,776
-	68,315
-	4,155
-	2,307,693
120,713	770,964
<u>804,713</u>	<u>9,276,418</u>
-	823,144
-	1,373,374
546,221	1,199,779
1,076	6,198,153
44,279	44,279
205,671	205,671
-	46,425
-	721,006
-	127,446
<u>797,247</u>	<u>10,739,277</u>
<u>7,466</u>	<u>(1,462,859)</u>
-	2,500,000
80,400	323,400
(45,000)	(125,400)
<u>35,400</u>	<u>2,698,000</u>
42,866	1,235,141
175,298	3,484,471
<u>\$ 218,164</u>	<u>\$ 4,719,612</u>

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, 2021

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,235,141
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 \$6,647,313 exceeded depreciation expense (\$558,437) and disposal of capital assets (\$367,180).	5,721,696
Lease proceeds are reported as other financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(2,500,000)
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 \$206,693 and payments on capital leases of \$514,313.	721,006
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 \$17,507 and the change in accrued interest payable \$1,280.	18,787
In the statement of activities, certain operating expenses, pension expense/(income) are measured by the amounts earned during the year. In the governmental funds, however, expenditures/(income) for these items are measured by the amount of financial resources used or due (the amounts actually paid). This amount represents the net effect of pension related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions, in the statement of activities.	<u>66,608</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,263,238</u></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, 2021

	WATER FUND	SEWER FUND	TOTALS
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 772,687	\$ 496,189	\$ 1,268,876
Restricted Cash and Cash Equivalents	42,582	-	42,582
Accounts Receivable	30,014	67,998	98,012
Due from County Treasurer	18,570	7,280	25,850
Inventory	90,195	7,093	97,288
Total Current Assets	954,048	578,560	1,532,608
Noncurrent Assets			
Investments - Long-term	126,143	126,143	252,286
Prepaid Water Storage, Net of Accumulated Amortization	399,000	-	399,000
Loan Receivable	-	7,763	7,763
Capital Assets, Not Depreciated	959,120	11,000	970,120
Capital Assets, Net of Accumulated Depreciation	1,447,833	4,471,184	5,919,017
Total Noncurrent Assets	2,932,096	4,616,090	7,548,186
TOTAL ASSETS	3,886,144	5,194,650	9,080,794
LIABILITIES			
Current Liabilities			
Accounts Payable	12,501	92,527	105,028
Accrued Liabilities	12,533	12,278	24,811
Accrued Interest Payable	40,981	-	40,981
Accrued Compensated Absences	727	727	1,454
Lease Payable, Current Portion	3,333	3,333	6,666
Loans Payable, Current Portion	44,217	69,831	114,048
Total Current Liabilities	114,292	178,696	292,988
Noncurrent Liabilities			
Accrued Compensated Absences	13,785	13,736	27,521
Lease Payable	14,253	14,253	28,506
Loans Payable	1,729,907	872,853	2,602,760
Total Noncurrent Liabilities	1,757,945	900,842	2,658,787
TOTAL LIABILITIES	1,872,237	1,079,538	2,951,775
NET POSITION			
Net Investment in Capital Assets	615,243	3,521,914	4,137,157
Restricted for Water Acquisition	42,582	-	42,582
Unrestricted	1,356,082	593,198	1,949,280
TOTAL NET POSITION	\$ 2,013,907	\$ 4,115,112	\$ 6,129,019

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, 2021

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUES			
Charges for Services	\$ 1,074,985	\$ 1,041,697	\$ 2,116,682
Miscellaneous	7,979	-	7,979
TOTAL OPERATING REVENUES	<u>1,082,964</u>	<u>1,041,697</u>	<u>2,124,661</u>
OPERATING EXPENSES			
Operations and Maintenance	744,343	740,044	1,484,387
Depreciation and Amortization	88,141	280,364	368,505
TOTAL OPERATING EXPENSES	<u>832,484</u>	<u>1,020,408</u>	<u>1,852,892</u>
OPERATING INCOME	<u>250,480</u>	<u>21,289</u>	<u>271,769</u>
NON-OPERATING REVENUES (EXPENSES)			
Grant Revenue	81,949	31,019	112,968
Investment Income	940	1,611	2,551
Interest Expenses	(62,631)	(711)	(63,342)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>20,258</u>	<u>31,919</u>	<u>52,177</u>
INCOME BEFORE CAPITAL CONTRIBUTION AND TRANSFERS	<u>270,738</u>	<u>53,208</u>	<u>323,946</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions			
Tap Fees	16,000	9,825	25,825
Transfers (Out)	(99,000)	(99,000)	(198,000)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(83,000)</u>	<u>(89,175)</u>	<u>(172,175)</u>
CHANGE IN NET POSITION	187,738	(35,967)	151,771
NET POSITION, Beginning	<u>1,826,169</u>	<u>4,151,079</u>	<u>5,977,248</u>
NET POSITION, Ending	<u>\$ 2,013,907</u>	<u>\$ 4,115,112</u>	<u>\$ 6,129,019</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, 2021
 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,078,018	\$ 1,042,175	\$ 2,120,193
Cash Received from Others	7,979	-	7,979
Cash Paid to Suppliers	(355,175)	(286,737)	(641,912)
Cash Paid to Employees	(419,484)	(384,304)	(803,788)
Net Cash Provided by Operating Activities	311,338	371,134	682,472
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to Other Funds	(99,000)	(99,000)	(198,000)
Net Cash Used by Noncapital Financing Activities	(99,000)	(99,000)	(198,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and Construction of Capital Assets	(74,250)	(39,413)	(113,663)
Capital Grant Proceeds	81,949	31,019	112,968
Loan Receipts - Proximity Malt	-	14,067	14,067
Long-term Debt Principal Paid	(46,193)	(73,092)	(119,285)
Interest Paid	(63,467)	(711)	(64,178)
Tap Fees Received	16,000	9,825	25,825
Net Cash Used by Capital and Related Financing Activities	(85,961)	(58,305)	(144,266)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Certificate of Deposit	(794)	(794)	(1,588)
Interest Received	940	1,611	2,551
Net Cash Used by Investing Activities	146	817	963
Net Increase in Cash and Cash Equivalents	126,523	214,646	341,169
CASH AND CASH EQUIVALENTS, Beginning	688,746	281,543	970,289
CASH AND CASH EQUIVALENTS, Ending	\$ 815,269	\$ 496,189	\$ 1,311,458
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 250,480	\$ 21,289	\$ 271,769
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	88,141	280,364	368,505
Changes in Assets and Liabilities			
Accounts Receivable	(3,787)	(7,398)	(11,185)
Due from County Treasurer	6,820	7,876	14,696
Inventory	(5,011)	203	(4,808)
Accounts Payable	(7,588)	88,085	80,497
Accrued Liabilities	(26,508)	(10,941)	(37,449)
Accrued Compensated Absences	8,791	(8,344)	447
Total Adjustments	60,858	349,845	410,703
Net Cash Provided by Operating Activities	\$ 311,338	\$ 371,134	\$ 682,472

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 of the 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 charges

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.

One Cent Sales Tax Fund – The One Cent Sales Tax Fund accounts for the City's voter approved 1% sales tax collected, beginning in 2020, for the purposes of (1) improving roads; (2) providing an additional police officer and upgrading equipment for the police department; and (3) to maintain the Ski Hi complex and improve the City's recreation programming. Voters approved allocations as follows: 40% to Ski Hi complex and recreation programming; 35% to Public Works; and 25% to the Police Department.

Capital Projects Fund – The Capital Projects Fund accounts for construction projects budgeted and approved by the City, which are funded by grants, donations and transfers from other funds.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

Assets, Liabilities, Net Position/Fund Balances

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

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

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

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

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the balance sheet – governmental funds and statement of financial position reports a separate section for *deferred outflows 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 outflow of resources (expenses) until then. The City has items related to the its participation in the FPPA pension plan that are reported as deferred outflows of resources at December 31, 2021.

In addition to liabilities, the statement of financial position – governmental activities and the balance sheet – governmental funds report 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 future periods 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 and items related to its participation in the FPPA pension plan that are reported as deferred inflows of resources at December 31, 2021.

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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reported one item related to prepaid expenses as nonspendable resources at December 31, 2021.

- 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, 2021 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, 2021 for 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, 2021

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.

Pensions

The City participates in the Fire and Police Statewide Defined Benefit Plan ("SWDB Plan") and the Fire and Police Statewide Defined Hybrid Plan ("SWH Plan") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan and SWH Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

The City has evaluated events subsequent to the year ended December 31, 2021 through May 19, 2022 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, 2021, follows:

Petty Cash	\$ 600
Cash Deposits	5,423,974
Investments	<u>1,183,196</u>
Total	<u>\$ 6,607,770</u>

Cash is reported in the financial statements as follows:

Cash and Investments	\$ 6,014,054
Restricted Cash and Investments	<u>593,716</u>
Total	<u>\$ 6,607,770</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the City had bank deposits totaling \$5,581,922 of which \$785,089 were FDIC insured, and \$4,796,833 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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

At December 31, 2021, the City had the following investments:

	<u>Maturity</u>	<u>2021</u>
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	983,202
COLOTRUST-EDGE	Weighted Average 6-12 months	<u>199,994</u>
Total		<u>\$ 1,183,196</u>

The City invested in the Colorado 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, except for COLOTRUST EDGE, which strives to obtain a net asset value of \$10/share. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. The portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ and COLOTRUST EDGE may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent 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 PLUS+ is rated AAA by Standard and Poor's. COLOTRUST EDGE is rated AA Af by FitchRatings. COLOTRUST records its investments at fair value and the City records its investments 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 \$1,870 in the General Fund; \$476,981 of unspent capital projects funds in the Capital Projects Fund, and \$72,283 for future debt service requirements in the Capital Improvements Fund. The Water Fund restricted \$42,582, by ordinance, for water acquisition in the Fund.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 3: INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2021, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Water	\$ 99,000
General	Sewer	99,000
General	Conservation Trust	45,000
Urban Renewal Authority	General	28,450
Grants	Capital Improvements	<u>51,950</u>
Total		<u>\$ 323,400</u>

During the year ended December 31, 2021, transfers to the General Fund were reimbursements for administrative costs, including payments in lieu of taxes from the Water and Sewer Funds as well as reimbursement by the Conservation Trust Fund for park expenditures. The General Fund transferred funds to the Urban Renewal Authority to subsidize operations in this fund. The Capital Improvements Fund transferred to the Grants Fund to cover the City's share of grant expenditures.

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CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, is summarized below:

	Balances 12/31/2020	Additions/ Transfers	Deletions	Balances 12/31/2021
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 1,104,386	\$ 46,690	\$ 367,180	\$ 783,896
Construction in Progress	3,135,323	5,513,073	-	8,648,396
Total Capital Assets, not being depreciated	<u>4,239,709</u>	<u>5,559,763</u>	<u>367,180</u>	<u>9,432,292</u>
Capital Assets, being depreciated				
Buildings	3,197,435	-	-	3,197,435
Infrastructure	3,688,708	126,045	-	3,814,753
Improvements - Buildings	1,156,251	29,235	-	1,185,486
Improvements - Other	3,841,904	525,589	-	4,367,493
Equipment and Vehicles	3,027,442	406,681	50,057	3,384,066
Total Capital Assets, being depreciated	<u>14,911,740</u>	<u>1,087,550</u>	<u>50,057</u>	<u>15,949,233</u>
Less accumulated depreciation				
Buildings	(1,778,219)	(53,421)	-	(1,831,640)
Infrastructure	(2,650,635)	(95,169)	-	(2,745,804)
Improvements - Buildings	(448,469)	(36,805)	-	(485,274)
Improvements - Other	(2,145,486)	(203,269)	-	(2,348,755)
Equipment and Vehicles	(2,240,399)	(169,773)	(50,057)	(2,360,115)
Total accumulated depreciation	<u>(9,263,208)</u>	<u>(558,437)</u>	<u>(50,057)</u>	<u>(9,771,588)</u>
Total Capital Assets, being depreciated, net	<u>5,648,532</u>	<u>529,113</u>	<u>-</u>	<u>6,177,645</u>
Governmental Activities Capital Assets, net	<u>\$ 9,888,241</u>	<u>\$ 6,088,876</u>	<u>\$ 367,180</u>	<u>\$ 15,609,937</u>

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

General Government	\$ 133,297
Public Safety	39,026
Public Works and Airport	154,309
Culture and Recreation	177,961
Urban/Economic Development	<u>53,844</u>
Total	<u>\$ 558,437</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/2020	Additions	Deletions/ Transfers	Balances 12/31/2021
Business-type Activities:				
Capital Assets, not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	948,120	-	-	948,120
Total Capital Assets, not being depreciated	<u>970,120</u>	<u>-</u>	<u>-</u>	<u>970,120</u>
Capital Assets, being depreciated				
Buildings	154,997	-	-	154,997
Water and Sewer Treatment Plants	4,815,441	-	-	4,815,441
Transmission and Distribution Systems	9,463,603	106,588	-	9,570,191
Equipment and Vehicles	784,009	7,075	-	791,084
Total Capital Assets, being depreciated	<u>15,218,050</u>	<u>113,663</u>	<u>-</u>	<u>15,331,713</u>
Less accumulated depreciation				
Buildings	(52,224)	(4,612)	-	(56,836)
Water and Sewer Treatment Plants	(4,394,658)	(21,888)	-	(4,416,546)
Transmission and Distribution Systems	(3,994,303)	(285,041)	-	(4,279,344)
Equipment and Vehicles	(624,006)	(35,964)	-	(659,970)
Total accumulated depreciation	<u>(9,065,191)</u>	<u>(347,505)</u>	<u>-</u>	<u>(9,412,696)</u>
Total Capital Assets, being depreciated, net	<u>6,152,859</u>	<u>(233,842)</u>	<u>-</u>	<u>5,919,017</u>
Business-type Activities Capital Assets, net	<u><u>\$ 7,122,979</u></u>	<u><u>\$ (233,842)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,889,137</u></u>

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

Water	\$ 67,141
Sewer	<u>280,364</u>
Total	<u><u>\$ 347,505</u></u>

NOTE 5: PREPAID WATER STORAGE

The City entered into a contract with San Luis Valley Irrigation District in September 2010 for a 30 year lease of water storage in the amount of \$630,000. The City made two installment payments of \$100,000 and \$530,000 in 2010 and 2014, respectively. The prepaid water storage will be amortized over the 30 year life of the agreement, at \$21,000 per year. As of December 31, 2021, the balance of the prepaid water storage, net of accumulated amortization was \$399,000.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

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, 2021.

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Due Within One Year
Governmental Activities					
2018 Bond Refunding	\$ 1,854,361	\$ -	\$ 206,693	\$ 1,647,668	\$ 214,316
Capital Leases	472,543	2,500,000	514,313	2,458,230	293,043
Accrued Compensated Absences	82,462	-	17,507	64,955	749
	<u><u>\$ 2,409,366</u></u>	<u><u>\$ 2,500,000</u></u>	<u><u>\$ 738,513</u></u>	<u><u>\$ 4,170,853</u></u>	<u><u>\$ 508,108</u></u>

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

Sales Tax Revenue Refunding Note, Series 2018

During the year ended December 31, 2018, the City refunded Sales Tax Revenue Refunding and Improvements Bonds, Series 2008 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 net present value savings of \$126,836. The old debt was called and paid in full (current refunding), the day following the refunding.

The note is secured by a first lien on ½ of the City's 2% sales tax. Principal and Interest are due semi-annually on June 1 and December 1 through December 1, 2028. Interest accrues at a rate of 3.19% per annum. During the year ended December 31, 2021, pledged revenues derived from the dedicated 1% sales taxes totaling \$552,028 were available to pay debt service of \$264,357.

Future Debt Service Requirements

Year Ended December 31	Principal	Interest	Total
2022	\$ 214,316	\$ 52,560	\$ 266,876
2023	221,723	45,724	267,447
2024	228,906	38,650	267,556
2025	235,858	31,349	267,207
2026	242,571	23,825	266,396
2027 - 2028	504,294	24,230	528,524
	<u><u>\$ 1,647,668</u></u>	<u><u>\$ 216,338</u></u>	<u><u>\$ 1,864,006</u></u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, maturing between June 2021 and January 2028. Capital assets totaling \$608,527 with a net book value of \$293,435 are reported in the financial statements under these lease agreements.

Lease Purchase Agreement

During the year ended December, 31, 2021, the City entered into a lease purchase agreement with San Luis Valley Federal Bank (SLVFB) in the amount of \$2,500,000 for the purpose of completing the construction and improvements of the Ski Hi Events Complex. The lease bears interest at 2.946% per annum, with annual base rental payments of \$290,001, beginning December 1, 2021 through December 1, 2030.

Following is a schedule of future minimum lease payments required under the outstanding lease agreements at December 31, 2021.

Year Ended December 31

2022	\$	366,397
2023		367,135
2024		367,891
2025		368,691
2026		367,784
2027 - 2028		950,789
Total Minimum Lease Payments		<u>2,788,687</u>
Less: Interest		<u>(330,457)</u>
Present Value of Future Minimum Lease Payments	\$	<u><u>2,458,230</u></u>

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CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021.

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Due Within One Year
Business-type Activities					
2010 Water Loan	\$ 1,568,250	\$ -	\$ 31,383	\$ 1,536,867	\$ 32,639
2011 Water Loan	248,834	-	11,578	237,256	11,578
2015 Sewer Loan	1,012,543	-	69,859	942,684	69,831
Capital Leases-Water	20,819	-	3,232	17,587	3,333
Capital Leases-Sewer	20,819	-	3,233	17,586	3,333
Accrued Compensated Absences	28,528	8,791	8,344	28,975	1,454
	<u><u>\$ 2,899,793</u></u>	<u><u>\$ 8,791</u></u>	<u><u>\$ 127,629</u></u>	<u><u>\$ 2,780,955</u></u>	<u><u>\$ 122,168</u></u>

Water Loans

During 2010, the City entered into a \$1,693,770 loan agreement with the Colorado Water Conservation Board (CWCB) for acquisition of water rights and water storage. Principal and interest payments are due annually over a 30-year period starting from September 1, 2019. Principal and interest payments are annually on September 1, through September 1, 2048. 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 CWCB and CWRPDA water loans are payable solely from revenues of the City's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2021, net revenues of \$437,510 were available to pay annual debt service of \$105,688. Remaining debt service at December 31, 2021 was \$2,778,321.

Sewer Loan

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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

This loan is payable solely from revenues of the City's sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2021, net revenues of \$34,108 were available to pay annual debt service of \$69,831. Remaining debt service at December 31, 2021 was \$942,684.

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	114,048	61,471	175,519
2023	115,352	60,166	175,518
2024	116,711	58,808	175,519
2025	118,122	57,396	175,518
2026	119,591	55,927	175,518
2027 - 2031	622,127	260,468	882,595
2032 - 2036	563,977	218,934	782,911
2037 - 2040	376,266	164,420	540,686
2042 - 2046	393,143	98,095	491,238
2047 - 2048	177,470	21,167	198,637
	<u>\$ 2,716,807</u>	<u>\$ 1,056,852</u>	<u>\$ 3,773,659</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 2021 and January 2028. Capital assets totaling \$65,849, with a net book value of \$32,925, 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, 2021.

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CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 6: LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Year Ended December 31

2022	7,739
2023	7,743
2024	7,742
2025	7,743
2026	7,484
Total Minimum Lease Payments	38,451
Less: Interest	(3,278)
Present Value of Future Minimum Lease Payments	<u><u>\$ 35,173</u></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, 2021

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, 2021, the City recognized pension expense of \$0, net of forfeitures used as contributions of \$2,304.

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, 2021, the City reported returned forfeitures in the amount of \$2,999, and \$2,305 from prior and current year forfeitures, were used as City contributions.

457 Deferred Compensation Plan

The City has a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation. Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years. Effective January 1, 2015, the City will match up to 3% of the participating employee's contributions to the plan. For the year ended December 31, 2021, the City contributed \$35,147 to the plan.

Police Officers Statewide Defined Benefit Pension Plan (SWDB) and Statewide Hybrid Plan (SWH)

City Sworn Police Officers - Beginning January 1, 2019, the City ended its participation in the single employer defined contribution money purchase pension plan administered by ICMA Retirement Corporation. The City transferred the pension assets into the Colorado Fire & Police Pension Authority's (FPPA) Statewide Hybrid Plan for the existing police officers. New hires, after January 1, 2019, are required to participate in the FPPA Statewide Defined Benefit Plan. Since there is no actuarial history in the FPPA system for the City, no pension disclosures were made to the City's financial statements for the year ended December 31, 2019. The GASB No. 68 *Accounting and Financial Reporting for Pensions* was implemented during fiscal year ending December 31, 2020. Description and disclosures of these plans follow:

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

Plan description

The Statewide Defined Benefit Pension Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. The Statewide Hybrid Plan (SWH) is a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The Plans are administered by the Colorado Fire and Police Pension Association (FPPA). The SWDB provides retirement benefits for members and beneficiaries.

Colorado Revised Statutes Title 31, Article 31 assigns the authority to establish benefit provisions to the State legislature. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>.

Description of Benefits

SWDB Plan - A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

SWH Plan – The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of services.

The annual normal pension of the Defined Benefit Component is 1.5% of the average of the member's highest three years' pensionable earnings for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to 3%.

A member is eligible for early retirement within the Defined Benefit Component after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5% as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5% of the member's average highest three years' pensionable earnings for each year of credited service.

Both the *SWDB Plan* and *SWH Plan* include a Deferred Retirement Option Plan (DROP). A member may elect to participate in the DROP after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions, which are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds.

Contributions

SWDB Plan – The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

statute or by election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8% and 8.5% in 2020 and 2021, respectively. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. In 2020, members of the SWDB and their employers are contributing at the rate of 11% and 8 percent, respectively, of pensionable earnings for a total contribution rate of 19%. Employees contributed 11.5% of pensionable earnings for the year ended December 31, 2021, and the City contributed 8.5% or \$23,213.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20% of pensionable earnings through 2021. It is a local decision as to whether the member or employer pays the additional 4% contribution. The re-entry group will also have their required member contribution rates increase 0.5% annually beginning in 2019 through 2022 for a total combined rate of 24% in 2022. Employees contributed 11.7% of pensionable earnings for the year ended December 31, 2021 and the City contributed 8.5% or \$12,336.

SWH Plan – The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of the plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8% of the member's pensionable earnings. The 2021 contribution rates for both member and employer were 10%. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the plan.

The Defined Benefit Component contribution rate from July 1, 2019 through June 30, 2020 was 13.8%. Effective July 1, 2020, the Defined Benefit Component contribution rate is set at 13.8%. Members and the City each contributed \$19,178 in 2021.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

document at 20% per year after the first year of service to 100% vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members. Any forfeitures are used to cover a portion of the SWH's administrative expenses.

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the GASB. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which they are due. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported a net pension asset of \$93,345 for its proportionate share of the net pension asset of the SWDB Plan and net pension asset of \$297,778 for its proportionate share of the net pension asset of the SWH Plan.

The net pension assets were measured as of December 31, 2020, and the total pension liability used to calculate the net pension assets were determined by an actuarial valuation as of January 1, 2021. The City's proportion of the net pension assets were based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the City's SWDB proportion was 0.04300%. At December 31, 2020, the City's SWH proportion was 1.08262%.

For the year ended December 31, 2021, the City recognized pension (income)/expense for the SWDB Plan and SWH Plan of (\$13,028) and (\$53,580), respectively.

At December 31, 2021, for the SWDB Plan, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 79,166	\$ (371)
Changes of assumptions and other inputs	39,701	-
Net difference between projected and actual earnings	-	(95,879)
Change in proportionate share	-	(19,388)
Contributions subsequent to the measurement date	<u>35,550</u>	<u>-</u>
Total	<u>\$ 154,417</u>	<u>\$ (115,638)</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

The City's contributions to the SWDB Plan subsequent to the measurement date of \$35,550 will be recognized as a decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2022	\$ (12,856)
2023	(420)
2024	(16,550)
2025	(239)
2026	14,760
Thereafter	<u>18,534</u>
Total	<u>\$ 3,229</u>

At December 31, 2021, for the SWH Plan, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 110,580	\$ -
Changes of assumptions and other inputs	13,985	-
Net Difference between projected and actual earnings	-	(68,956)
Change in proportionate share	-	(8,354)
Contributions subsequent to the measurement date	<u>19,178</u>	<u>-</u>
Total	<u>\$ 143,743</u>	<u>\$ (77,310)</u>

The City's contributions to the SWH Plan subsequent to the measurement date of \$19,178 will be recognized as a decrease to the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2022	\$ 12,059
2023	20,323
2024	5,235
2025	1,971
2026	6,301
Thereafter	<u>1,366</u>
Total	<u>\$ 47,255</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

Actuarial assumptions

The total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2020, based on dates of January 1, 2021 and January 1, 2020, respectively, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Total Pension Liability:

Actuarial method	Entry Age Normal
Amortization method	N/A
Amortization period	N/A
Investment rate of return	7.0%, including 2.5% inflation
Projected salary increases	4.25% – 11.25%
Cost of living adjustment	0.0%

Actuarial Determined Contributions:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 years
Investment rate of return	7.0%, including 2.5% inflation
Projected salary increases	4.25% – 11.25%
Cost of living adjustment	0.0%

The collective total pension liability as of December 31, 2020 is based upon the January 1, 2021 actuarial valuation.

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption of changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income - Rates	10%	4.01%
Fixed Income - Credit	5%	5.25%
Absolute Return	10%	5.60%
Cash	2%	2.32%
Total	100%	

Discount rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease 6.0%</u>	<u>Current Discount Rate 7.0%</u>	<u>1% Increase 8.0%</u>
Proportionate share of SWDB net pension Liability/(Asset)	\$ 93,937	\$ (93,345)	\$ (248,438)

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 8: PENSION PLANS (Continued)

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Proportionate share of SWH net pension Liability/(Asset)	\$ (205,228)	\$ (297,778)	\$ (374,547)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report, which may be obtained at <http://www.fppaco.org>.

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, 2021, the emergency reserve of \$148,000 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.

Penalty Assessment

Subsequent to December 31, 2021, the Colorado Department of Public Health & Environment assessed and \$80,000 penalty related to non-compliance with the City’s permit for the City’s sewer lagoons. The City is currently working to mitigate this assessment. The outcome is unknown at this time.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Claims and Judgments

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2021, 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.

Uncertainty – Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken by government and public health officials to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in many countries, including the geographical area in which the City is located. It is unknown how long these conditions will last and what the complete financial impact will be to the City.

Construction Commitment

During 2021, the City entered into construction contracts with a construction company totaling \$4,446,820 for the completion of the Ski Hi Events Complex project. At December 31, 2021 an amount of \$468,151 was remaining on this contract.

NOTE 10: RESTATEMENT OF BEGINNING BALANCE

During 2021, the City identified certain construction costs related to the Ski Hi complex project that were incurred in 2020, but were not reported in the accounting records until 2021. In addition, donations received in 2021 for the Ski Hi complex project relating to 2020 activities were not reported in the accounting records until 2021. Therefore, as of January 1, 2021, the Governmental Activities and Capital Projects Fund beginning accounts receivable balance was increased by \$475,000, and the beginning accounts payable balance was increased by \$475,000 to correctly report these project costs and related donations. In addition, the Governmental Activities beginning capital assets and net position were increased by the \$475,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021			VARIANCE Positive (Negative)	2020
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
REVENUES					
Taxes					
Sales	\$ 495,000	\$ 495,000	\$ 653,210	\$ 158,210	\$ 555,785
Sales - Rio Grande County	1,100,000	1,100,000	1,507,573	407,573	1,278,290
Property and Specific Ownership	420,000	420,000	458,696	38,696	451,795
Franchise	169,000	169,000	198,929	29,929	170,549
Other	10,000	10,000	6,232	(3,768)	18,460
Licenses and Permits	9,800	9,800	13,122	3,322	7,503
Charges for Services	194,500	194,500	197,295	2,795	180,454
Intergovernmental	203,500	203,500	257,856	54,356	234,482
Fines and Forfeitures	119,000	119,000	68,315	(50,685)	50,544
Interest	7,000	7,000	3,611	(3,389)	3,505
Miscellaneous	431,750	641,750	642,283	533	298,473
TOTAL REVENUES	3,159,550	3,369,550	4,007,122	637,572	3,249,840
EXPENDITURES					
General Government					
City Council	59,312	59,312	49,046	10,266	52,372
City Clerk	66,186	66,186	59,446	6,740	53,620
Municipal Court	90,626	90,626	86,504	4,122	83,957
City Manager	122,680	122,680	89,503	33,177	105,672
Elections	13,500	13,500	-	13,500	-
Finance	96,814	96,814	96,851	(37)	95,502
City Attorney	40,000	40,000	43,746	(3,746)	39,996
Purchasing and General Services	130,650	130,650	118,807	11,843	151,525
Information Technology	139,137	139,137	130,544	8,593	136,322
Community Development	15,500	15,500	74,342	(58,842)	55,142
Total General Government	774,405	774,405	748,789	25,616	774,108
Public Safety					
Police	1,334,734	1,334,734	1,316,292	18,442	1,182,971
Total Public Safety	1,334,734	1,334,734	1,316,292	18,442	1,182,971
Public Works and Airport					
Streets and Lighting	386,585	399,726	352,096	47,630	337,031
City Shop and Buildings	172,874	172,874	155,290	17,584	167,573
Airport	20,294	20,294	15,202	5,092	33,903
Total Public Works and Airport	579,753	592,894	522,588	70,306	538,507

(Continued)

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021			VARIANCE Positive (Negative)	2020
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
Culture and Recreation					
Parks and Recreation	\$ 347,159	\$ 347,159	\$ 344,474	\$ 2,685	\$ 237,939
Vali3 Theatre	9,500	9,500	38,661	(29,161)	22,627
Total Culture and Recreation	<u>356,659</u>	<u>356,659</u>	<u>383,135</u>	<u>(26,476)</u>	<u>260,566</u>
Capital Outlay	<u>2,010,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,612</u>
Debt Service					
Principal	197,512	404,402	473,283	(68,881)	51,150
Interest	76,861	76,830	60,487	16,343	8,329
Total Debt Service	<u>274,373</u>	<u>481,232</u>	<u>533,770</u>	<u>(52,538)</u>	<u>59,479</u>
TOTAL EXPENDITURES	<u>5,329,924</u>	<u>3,539,924</u>	<u>3,504,574</u>	<u>35,350</u>	<u>2,987,243</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,170,374)</u>	<u>(170,374)</u>	<u>502,548</u>	<u>672,922</u>	<u>262,597</u>
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	2,000,000	-	-	-	-
Transfers In	243,000	243,000	243,000	-	443,000
Transfers Out	<u>(49,450)</u>	<u>(49,450)</u>	<u>(28,450)</u>	<u>21,000</u>	<u>(33,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,193,550</u>	<u>193,550</u>	<u>214,550</u>	<u>21,000</u>	<u>410,000</u>
NET CHANGE IN FUND BALANCE	23,176	23,176	717,098	693,922	672,597
FUND BALANCE, Beginning	<u>1,566,334</u>	<u>1,566,334</u>	<u>2,042,315</u>	<u>475,981</u>	<u>1,369,718</u>
FUND BALANCE, Ending	<u>\$ 1,589,510</u>	<u>\$ 1,589,510</u>	<u>\$ 2,759,413</u>	<u>\$ 1,169,903</u>	<u>\$ 2,042,315</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

ONE CENT SALES TAX FUND

Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021			VARIANCE Positive (Negative)	2020
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
REVENUES					
Taxes					
Sales Taxes	\$ 495,000	\$ 621,800	\$ 649,967	\$ 28,167	\$ 552,028
Intergovernmental	-	-	763	763	-
Other Revenue	-	-	1,048	1,048	-
TOTAL REVENUES	<u>495,000</u>	<u>621,800</u>	<u>651,778</u>	<u>29,978</u>	<u>552,028</u>
EXPENDITURES					
General Government	185,715	190,715	74,355	116,360	-
Capital Outlay	<u>309,285</u>	<u>431,085</u>	<u>455,046</u>	<u>(23,961)</u>	<u>-</u>
TOTAL EXPENDITURES	<u>495,000</u>	<u>621,800</u>	<u>529,401</u>	<u>92,399</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	122,377	122,377	552,028
FUND BALANCE, Beginning	<u>407,765</u>	<u>407,765</u>	<u>552,028</u>	<u>144,263</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 407,765</u>	<u>\$ 407,765</u>	<u>\$ 674,405</u>	<u>\$ 266,640</u>	<u>\$ 552,028</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
 FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
 Last Ten Years*

	<u>2020</u>	<u>2019</u>
Proportion of the Net Pension Liability (Asset)	0.04300%	0.03480%
Proportionate Share of the Net Pension Liability (Asset)	\$ (93,345)	\$ (19,680)
Covered Employee Payroll	\$ 418,234	\$ 300,889
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	-22.32%	-6.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.70%	101.94%
Total Pension Liability	\$ 3,230,485,701	\$ 2,919,378,738
Plan Fiduciary Net Position	<u>3,447,586,098</u>	<u>2,975,935,079</u>
Net Pension Liability	<u>\$ (217,100,397)</u>	<u>\$ (56,556,341)</u>

* - The amounts presented for each fiscal year were determined as of 12/31.

All amounts are based on actuarial reports calculated in the previous year.

NOTE: The City entered the FPPA SWDB plan in 2019, so no prior years information is available.

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
FPPA - STATEWIDE HYBRID PLAN - DEFINED BENEFIT COMPONENT - POLICE
 Last Ten Years*

	<u>2020</u>	<u>2019</u>
Proportion of the Net Pension Liability (Asset)	1.08262%	1.04711%
Proportionate Share of the Net Pension Liability (Asset)	\$ (297,778)	\$ (203,913)
Covered Employee Payroll	\$ 191,785	\$ 177,129
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	-155.27%	-115.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	138.00%	130.06%
Total Pension Liability	\$ 72,402,198	\$ 64,782,432
Plan Fiduciary Net Position	<u>99,907,288</u>	<u>84,256,450</u>
Net Pension Liability	<u>\$ (27,505,090)</u>	<u>\$ (19,474,018)</u>

* - The amounts presented for each fiscal year were determined as of 12/31.

All amounts are based on actuarial reports calculated in the previous year.

NOTE: The City entered the FPPA SWH plan in 2019, so no prior years information is available.

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

SCHEDULE OF CITY PENSION CONTRIBUTIONS
 FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
 Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 35,550	\$ 26,770
Contributions in Relation to the Contractually Required Contribution	<u>35,550</u>	<u>26,770</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 418,234	\$ 300,889
Contributions as a Percentage of Covered Employee Payroll	8.50%	8.90%

NOTE: The City entered the FPPA SWDB plan in 2019, so no prior years information is available.

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

SCHEDULE OF CITY PENSION CONTRIBUTIONS
 FPPA - STATEWIDE HYBRID PLAN - DEFINED BENEFIT COMPONENT - POLICE
 Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 19,178	\$ 17,713
Contributions in Relation to the Contractually Required Contribution	<u>19,178</u>	<u>17,713</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 191,785	\$ 177,129
Contributions as a Percentage of Covered Employee Payroll	10.00%	10.00%

NOTE: The City entered the FPPA SWH plan in 2019, so no prior years information is available.

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2021

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, 2021

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
ASSETS				
Cash and Investments	\$ 48,681	\$ 22,278	\$ 102,100	\$ 39,609
Restricted Cash and Investments	-	-	-	-
Due From Other Governments	-	-	-	-
Accounts Receivable	-	-	11,400	89,545
TOTAL ASSETS	\$ 48,681	\$ 22,278	\$ 113,500	\$ 129,154
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ -	\$ 129	\$ 4,917	\$ 85,520
Accrued Liabilities	-	-	4,883	-
TOTAL LIABILITIES	-	129	9,800	85,520
FUND EQUITY				
Fund Balance				
Restricted for Parks	48,681	-	-	-
Restricted for Capital Projects	-	-	-	43,634
Committed to Economic Development	-	22,149	-	-
Assigned to Kids Connection	-	-	103,700	-
TOTAL FUND EQUITY	48,681	22,149	103,700	43,634
TOTAL LIABILITIES AND FUND EQUITY	\$ 48,681	\$ 22,278	\$ 113,500	\$ 129,154

See the accompanying Independent Auditor's Report.

TOTALS

\$ 212,668
-
-
100,945
\$ 313,613

\$ 90,566
4,883
95,449

48,681
43,634
22,149
103,700

218,164

\$ 313,613

CITY OF MONTE VISTA, COLORADO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
REVENUES				
Charges of Services	\$ -	\$ -	\$ 3,524	\$ -
Intergovernmental	49,930	20,086	80,580	529,880
Miscellaneous	-	-	120,713	-
TOTAL REVENUES	49,930	20,086	204,817	529,880
EXPENDITURES				
Public Works and Airport	-	-	-	546,221
Culture and Recreation	-	1,076	-	-
Urban/Economic Development	-	44,279	-	-
Kids Connection	-	-	205,671	-
TOTAL EXPENDITURES	-	45,355	205,671	546,221
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,930	(25,269)	(854)	(16,341)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	28,450	-	51,950
Transfers Out	(45,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(45,000)	28,450	-	51,950
CHANGE IN FUND BALANCES	4,930	3,181	(854)	35,609
FUND BALANCES, Beginning	43,751	18,968	104,554	8,025
FUND BALANCES, Ending	\$ 48,681	\$ 22,149	\$ 103,700	\$ 43,634

See the accompanying Independent Auditor's Report.

TOTALS

\$ 3,524
680,476
120,713

804,713

546,221
1,076
44,279
205,671

797,247

7,466

80,400
(45,000)

35,400

42,866

175,298

\$ 218,164

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021			2020
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Lottery Revenues	\$ 45,000	\$ 49,930	\$ 4,930	\$ 192,672
Interest	350	-	(350)	350
TOTAL REVENUES	<u>45,350</u>	<u>49,930</u>	<u>4,580</u>	<u>193,022</u>
EXPENDITURES				
Parks and Recreation	-	-	-	150,000
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	45,350	49,930	4,580	43,022
OTHER FINANCING USES				
Transfers Out	(45,000)	(45,000)	-	(75,000)
NET CHANGE IN FUND BALANCE	350	4,930	4,580	(31,978)
FUND BALANCE, Beginning	<u>57,340</u>	<u>43,751</u>	<u>(13,589)</u>	<u>75,729</u>
FUND BALANCE, Ending	<u>\$ 57,690</u>	<u>\$ 48,681</u>	<u>\$ (9,009)</u>	<u>\$ 43,751</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE

URBAN RENEWAL AUTHORITY FUND

Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021			VARIANCE Positive (Negative)	2020
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
REVENUES					
Intergovernmental	\$ -	\$ 21,000	\$ 20,086	\$ (914)	\$ 5,483
Miscellaneous	-	-	-	-	9,770
TOTAL REVENUES	-	21,000	20,086	(914)	15,253
EXPENDITURES					
Culture and Recreation	750	1,080	1,076	4	1,021
Urban/Economic Development	3,700	44,350	44,279	71	45,990
TOTAL EXPENDITURES	4,450	45,430	45,355	75	47,011
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,450)	(24,430)	(25,269)	(839)	(31,758)
OTHER FINANCING SOURCES (USES)					
Transfers In	4,450	28,450	28,450	-	33,000
NET CHANGE IN FUND BALANCE	-	4,020	3,181	(839)	1,242
FUND BALANCE, Beginning	9,072	9,072	18,968	9,896	17,726
FUND BALANCE, Ending	\$ 9,072	\$ 13,092	\$ 22,149	\$ 9,057	\$ 18,968

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
KIDS CONNECTION FUND

Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021		VARIANCE Positive (Negative)	2020
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for Services	\$ 6,000	\$ 3,524	\$ (2,476)	\$ 1,539
Intergovernmental	62,000	80,580	18,580	78,344
Miscellaneous	110,000	120,713	10,713	158,564
TOTAL REVENUES	178,000	204,817	26,817	238,447
EXPENDITURES				
Kids Connection	220,746	205,671	15,075	188,617
TOTAL EXPENDITURES	220,746	205,671	15,075	188,617
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(42,746)	(854)	41,892	49,830
OTHER FINANCING SOURCES				
Transfers In	45,000	-	(45,000)	-
TOTAL OTHER FINANCING SOURCES	45,000	-	(45,000)	-
NET CHANGE IN FUND BALANCE	2,254	(854)	(3,108)	49,830
FUND BALANCE, Beginning	138,769	104,554	(34,215)	54,724
FUND BALANCE, Ending	\$ 141,023	\$ 103,700	\$ (37,323)	\$ 104,554

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
GRANTS FUND

Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021		VARIANCE Positive (Negative)	2020
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Intergovernmental	\$ 1,228,676	\$ 529,880	\$ (698,796)	\$ 117,549
TOTAL REVENUES	<u>1,228,676</u>	<u>529,880</u>	<u>(698,796)</u>	<u>117,549</u>
EXPENDITURES				
General Government	1,313,812	7,133	1,306,679	134,524
Capital Outlay	<u>-</u>	<u>539,088</u>	<u>(539,088)</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,313,812</u>	<u>546,221</u>	<u>767,591</u>	<u>134,524</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(85,136)	(16,341)	68,795	(16,975)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>85,136</u>	<u>51,950</u>	<u>(33,186)</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCE	-	35,609	35,609	8,025
FUND BALANCE, Beginning	<u>11,855</u>	<u>8,025</u>	<u>(3,830)</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 11,855</u>	<u>\$ 43,634</u>	<u>\$ 31,779</u>	<u>\$ 8,025</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENTS FUND
 Year Ended December 31, 2021
 (With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021		VARIANCE Positive (Negative)	2020
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Taxes				
Sales Taxes	\$ 495,000	\$ 649,967	\$ 154,967	\$ 552,028
Interest	2,000	49	(1,951)	2,659
TOTAL REVENUES	497,000	650,016	153,016	554,687
EXPENDITURES				
Debt Service				
Principal	247,564	247,723	(159)	238,520
Interest and Fiscal Charges	63,865	66,959	(3,094)	74,669
TOTAL EXPENDITURES	311,429	314,682	(3,253)	313,189
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	185,571	335,334	149,763	241,498
OTHER FINANCING SOURCES (USES)				
Transfers Out	(185,136)	(51,950)	133,186	-
TOTAL OTHER FINANCING SOURCES (USES)	(185,136)	(51,950)	133,186	-
NET CHANGE IN FUND BALANCE	435	283,384	282,949	241,498
FUND BALANCE, Beginning	632,159	544,870	(87,289)	303,372
FUND BALANCE, Ending	\$ 632,594	\$ 828,254	\$ 195,660	\$ 544,870

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 Year Ended December 31, 2021
 (With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021			VARIANCE Positive (Negative)	2020
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
REVENUES					
Intergovernmental	\$ -	\$ 735,000	\$ 847,681	\$ 112,681	\$ -
Contributions	-	2,800,000	2,307,693	(492,307)	2,292,871
Interest	750	750	495	(255)	509
Miscellaneous	-	-	6,920	6,920	-
TOTAL REVENUES	750	3,535,750	3,162,789	(372,961)	2,293,380
EXPENDITURES					
Public Works	100,000	168,000	33,795	134,205	106,534
Culture and Recreation	50,000	5,800,000	5,513,153	286,847	2,370,073
Debt Issue Costs	-	46,425	46,425	-	-
TOTAL EXPENDITURES	150,000	6,014,425	5,593,373	421,052	2,476,607
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(149,250)	(2,478,675)	(2,430,584)	48,091	(183,227)
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	2,500,000	2,500,000	-	-
Transfers In	100,000	100,000	-	(100,000)	-
Transfers Out	-	-	-	-	(25,000)
NET CHANGE IN FUND BALANCE	(49,250)	121,325	69,416	(51,909)	(208,227)
FUND BALANCE, Beginning	486,489	486,489	169,960	(316,529)	378,187
FUND BALANCE, Ending	<u>\$ 437,239</u>	<u>\$ 607,814</u>	<u>\$ 239,376</u>	<u>\$ (368,438)</u>	<u>\$ 169,960</u>

See the accompanying Independent Auditor's Report.

CITY OF MONTE VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
(Non-GAAP Budgetary Basis)
WATER FUND

Year Ended December 31, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021		VARIANCE Positive (Negative)	2020
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for Services	\$ 1,003,700	\$ 1,074,985	\$ 71,285	\$ 1,080,879
Tap Fees	5,000	16,000	11,000	32,650
Grant Proceeds	-	81,949	81,949	-
Investment Income	2,500	940	(1,560)	1,776
Miscellaneous	3,600	7,979	4,379	13,402
TOTAL REVENUES	1,014,800	1,181,853	167,053	1,128,707
EXPENDITURES				
Operations and Maintenance	837,939	744,343	93,596	887,376
Capital Outlay	270,000	74,250	195,750	82,244
Debt Service				
Principal	-	46,193	(46,193)	44,897
Interest	63,419	62,631	788	63,962
Transfers Out	99,000	99,000	-	184,000
TOTAL EXPENDITURES	1,270,358	1,026,417	243,941	1,262,479
NET INCOME, Budget Basis	\$ (255,558)	155,436	\$ 410,994	(133,772)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		74,250		82,244
Amortization		(21,000)		(21,000)
Depreciation		(67,141)		(67,618)
Principal Paid on Long-Term Debt		46,193		44,897
NET INCOME, GAAP Basis		187,738		(95,249)
NET POSITION, Beginning		1,826,169		1,921,418
NET POSITION, Ending		\$ 2,013,907		\$ 1,826,169

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, 2021

(With Comparative Actual Totals for the Year Ended December 31, 2020)

	2021		VARIANCE Positive (Negative)	2020
	ORIGINAL AND FINAL BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for Services	\$ 1,000,000	\$ 1,041,697	\$ 41,697	\$ 1,061,944
Tap Fees	1,500	9,825	8,325	16,825
Grant Proceeds	-	31,019	31,019	15,151
Investment Income	2,450	1,611	(839)	579
Miscellaneous	1,200	-	(1,200)	2,415
TOTAL REVENUES	1,005,150	1,084,152	79,002	1,096,914
EXPENDITURES				
Operations and Maintenance	1,216,525	740,044	476,481	654,831
Capital Outlay	326,000	39,413	286,587	56,705
Debt Service				
Principal	-	73,092	(73,092)	72,973
Interest	652	711	(59)	834
Transfers Out	99,000	99,000	-	184,000
TOTAL EXPENDITURES	1,642,177	952,260	689,917	969,343
NET INCOME (LOSS), Budget Basis	\$ (637,027)	131,892	\$ 768,919	127,571
GAAP BASIS ADJUSTMENTS				
Capital Outlay		39,413		56,705
Depreciation		(280,364)		(281,692)
Principal Paid on Long-Term Debt		73,092		72,973
NET INCOME, GAAP Basis		(35,967)		(24,443)
NET POSITION, Beginning		4,151,079		4,175,522
NET POSITION, Ending		<u>\$ 4,115,112</u>		<u>\$ 4,151,079</u>

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Monte Vista
	YEAR ENDING : December 2021

This Information From The Records Of (example - City of _ or County of)	Prepared By: Phone:
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	257,003
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,563
2. General fund appropriations		b. Snow and ice removal	4,244
3. Other local imposts (from page 2)	751,177	c. Other	
4. Miscellaneous local receipts (from page 2)	10,030	d. Total (a. through c.)	5,807
5. Transfers from toll facilities		4. General administration & miscellaneous	87,417
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	382,267
a. Bonds - Original Issues		6. Total (1 through 5)	732,493
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	45,549
7. Total (1 through 6)	761,207	b. Redemption	159,153
B. Private Contributions		c. Total (a. + b.)	204,702
C. Receipts from State government (from page 2)	179,127	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	30
E. Total receipts (A.7 + B + C + D)	940,334	b. Redemption	3,109
		c. Total (a. + b.)	3,139
		3. Total (1.c + 2.c)	207,841
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	940,334

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,427,861		159,153	1,268,708
1. Bonds (Refunding Portion)				
B. Notes (Total)	3,109		3,109	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	334,250	940,334	940,334	334,250	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2021

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	52,343	a. Interest on investments	544
b. Other local imposts:		b. Traffic Fines & Penalties	9,486
1. Sales Taxes	615,505	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	83,329	g. Other Misc. Receipts	
6. Total (1. through 5.)	698,834	h. Other	
c. Total (a. + b.)	751,177	i. Total (a. through h.)	10,030
	(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	159,734	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	19,393	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	19,393	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	179,127	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: