

CITY OF MONTE VISTA, COLORADO

FINANCIAL STATEMENTS

December 31, 2020



Logan and Associates, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monte Vista as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 the City adopted the standard of the Governmental Accounting Standards Board (GASB) No. 68 *Accounting and Financial Reporting for Pensions* for the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – xi, and the budgetary comparison schedules on pages 29 – 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

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

*Logan and Associates, LLC*

Aurora, Colorado  
May 28, 2021

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

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, 2020.

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, 2019, and December 31, 2020.

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, 2020, the City of Monte Vista's government-wide net position totaled \$16,883,450. Of this amount, the net position related to governmental activities totaled \$10,906,202 and the net position for business-type activities totaled \$5,977,248.

- ❖ Total net position for the City increased by \$4,036,517 compared to 2019. Of this amount, net position for governmental activities increased by \$4,156,209 and net position for business type activities decreased by \$119,692. Furthermore, governmental activities saw a significant increase of \$3,723,847 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 a decrease in liabilities of \$234,228 as result of decreased debt service. Business-type activities saw a decrease in assets of \$258,028 and a decrease in liabilities of \$138,336 compared to 2019.
- ❖ The net position for governmental activities includes \$7,086,337 of the net investment in capital assets, \$1,434, 070 is restricted and \$2,385,795 is unrestricted. In business-type activities, \$4,251,714 is invested in capital assets, \$42,566 is restricted and \$1,682,968 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 \$3,894,152. Program revenues, in the form of charges for services, grants and contributions accounted for \$3,749,781 of total revenue.
- ❖ Total governmental revenues of \$7,643,933 increased by \$3,699,965 compared to 2019. 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 \$3,855,724 in expenses related to governmental activities during 2020. This is a decrease in expenditures of \$107,701 compared to the prior year. The decrease in expenditures was a direct result of the City of Monte Vista's conservative approach to spending during the COVID-19 pandemic and the uncertainty that this event brought.
- ❖ Expenses for business-type activities totaled \$1,977,313 which is an increase in expenditures of \$147,290 compared to 2019. While this was an increase from 2019, the increase in expenditures was less than the year before.
- ❖ Total government-wide revenue of \$9,869,554 was adequate to provide for the above expenses resulting in a Net Change in Position of a positive \$4,036,517.
- ❖ At the end of 2020, the City of Monte Vista's governmental funds reported a combined ending fund balance of \$3,484,471. This resulted in an increase in overall fund balance of \$1,285,015 compared to 2019. This equates to a 58% increase in fund balance year-over-year. Of this total amount, \$1,445,941 is restricted, \$18,968 is committed, \$104,554 is assigned, and \$1,915,008 is unassigned.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

**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, 2020**

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

The City of Monte Vista maintains two separate major governmental funds. Individual fund information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Fund. Individual fund information for the non-major funds is presented as supplemental information after the note sections of the report. Non-major funds include the Conservation Trust Fund, Urban Renewal Authority Fund, Kids Connection Fund, Capital Improvements Fund, and the Grants Fund. Along with these funds, the City maintains a Special Revenue Fund under the One Cent Sales Tax 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, 2020, with those of the prior year, 2019, and comparison of balances at year-end, December 31<sup>st</sup>, 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 \$16,883,450 as of December 31, 2020.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

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 \$11,338,051 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 2019 and 2020. Additional information is presented in the Statement of Net Position.*

	<b>Governmental</b>		<b>Business-Type</b>			
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
Current and Other Assets	2,682,742	4,237,374	1,930,337	1,860,840	4,613,079	6,098,214
Noncurrent and Capital Assets	7,244,026	9,413,241	7,333,340	7,144,809	14,577,366	16,558,050
<b>Total Assets</b>	<b>9,926,768</b>	<b>13,650,615</b>	<b>9,263,677</b>	<b>9,005,649</b>	<b>19,190,445</b>	<b>22,656,264</b>
<b>Deferred Outflows</b>						
Related to Defined Benefit Pension Plan	-	262,478			-	<b>262,478</b>
Current Liabilities	101,231	138,021	153,284	128,608	254,515	266,629
Noncurrent Liabilities	2,680,384	2,409,366	3,013,453	2,899,793	5,693,837	5,309,159
<b>Total Liabilities</b>	<b>2,781,615</b>	<b>2,547,387</b>	<b>3,166,737</b>	<b>3,028,401</b>	<b>5,948,352</b>	<b>5,575,788</b>
Deferred Inflows of Revenue	<b>395,160</b>	<b>459,504</b>	-	-	<b>395,160</b>	<b>459,504</b>
Net Position:						
Net Investment in Capital Assets	4,630,402	7,086,337	4,344,205	4,251,714	8,974,607	11,338,051
Restricted for:					-	-
Emergencies	117,000	123,000	-	-	117,000	123,000
Capital Projects	626,927	675,311	-	-	626,927	675,311
Debt Service	41,527	35,673	-	-	41,527	35,673
Conservation Trust	75,729	43,751	-	-	75,729	43,751
Public Safety	4,307	142,314	-	-	4,307	142,314
Public Works	-	193,210				193,210
Ski Hi Park	-	220,811				220,811
Water Acquisition	-		42,553	42,566	42,553	42,566
Unrestricted	1,254,101	2,385,795	1,710,182	1,682,968	2,964,283	4,068,763
<b>Total Net Position</b>	<b>6,749,993</b>	<b>10,906,202</b>	<b>6,096,940</b>	<b>5,977,248</b>	<b>12,846,933</b>	<b>16,883,450</b>

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

A portion of the City's net position in the amount of \$1,476,636 represents resources that are subject to external restrictions. The remaining \$4,068,673 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. During the fiscal year ending December 31, 2020, the City of Monte Vista's net position increased by \$4,036,517 as a main result of the increased Net Investment in Capital Assets due to the Ski Hi Park project. This project is set to have substantial completion by Fall of 2021. 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 \$4,036,517 from 2019 to 2020. Of this total amount, governmental net position increased by \$4,156,209 and the business-type net position decreased \$119,692. 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 Park 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 to begin construction on the new Ski Hi Park facility located on Sherman Avenue. The new facility will house the City's indoor recreation programming, community events, and serve as a one-of-a-kind conference center in the San Luis Valley. The events center side is about 34,250 square feet and will provide space for recreation sports such as basketball, volleyball, and pickleball. Along with recreation programming, the events center will provide space for the annual 4-H Fair, Ag Conference, and Crane Festival events with the hopes of 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 will be an industrial grade kitchen to offer the capabilities of catering for large events and conferences.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

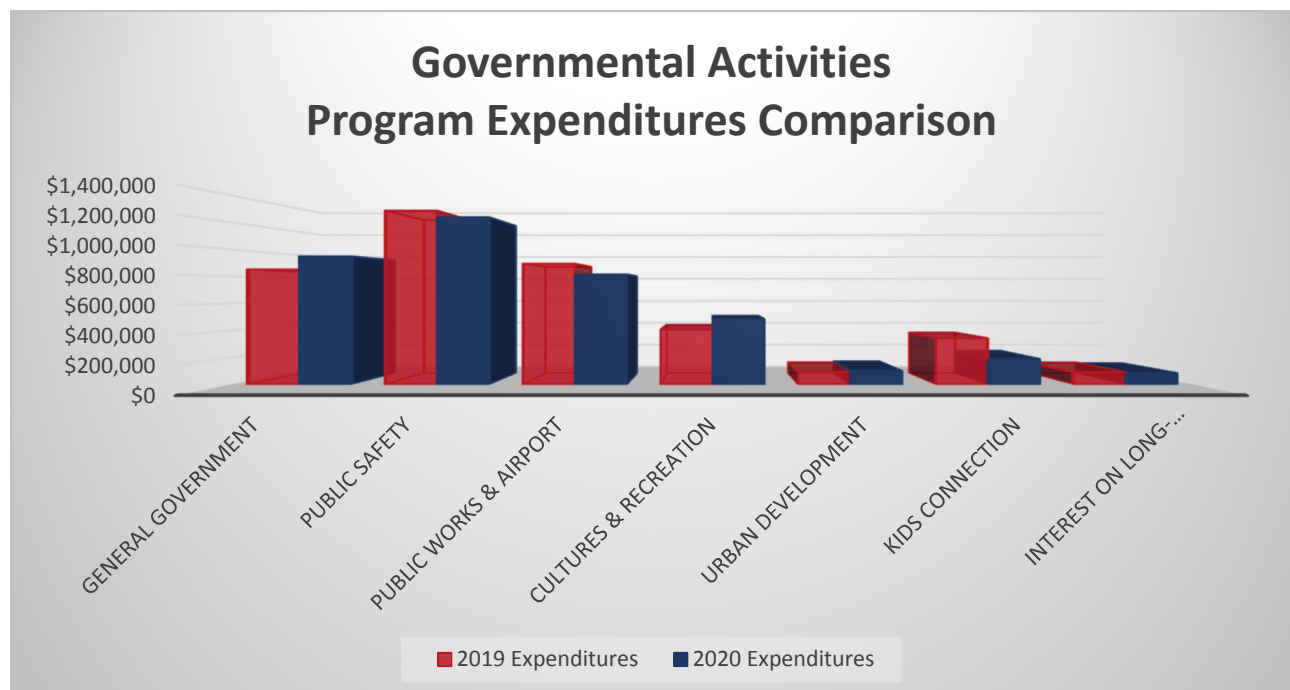
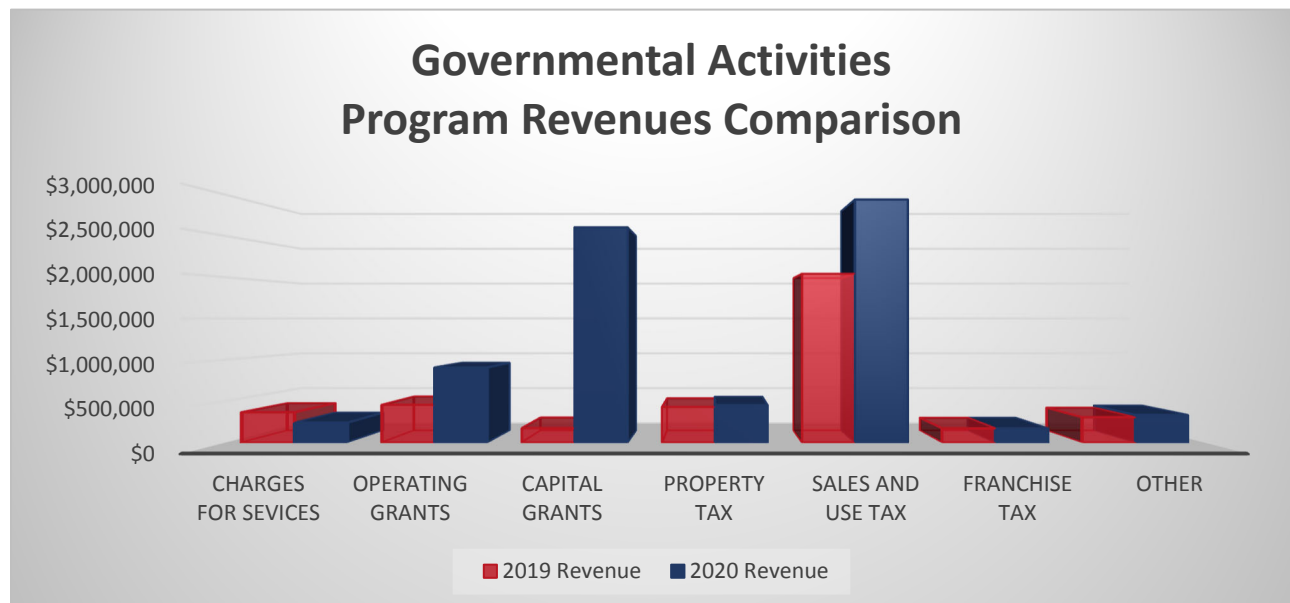
*Table 2 provides a summary of the changes in net position for the years 2019 and 2020. Additional information is presented in the Statement of Activities.*

	<b>Governmental</b>		<b>Business-Type</b>			
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
<b><u>Revenue:</u></b>						
<b>Program Revenue:</b>						
Charges for Services	366,591	240,040	2,046,798	2,142,823	2,413,389	2,382,863
Operating Grants and Contributions	454,992	906,649	-	-	454,992	906,649
Capital Grants and Contributions	174,065	2,603,092	134,656	64,626	308,721	2,667,718
<b>Sub Total Program Revenue</b>	<b>995,648</b>	<b>3,749,781</b>	<b>2,181,454</b>	<b>2,207,449</b>	<b>3,177,102</b>	<b>5,957,230</b>
<b>General Revenue:</b>						
Taxes						
General Property Taxes-net	430,904	451,795	-	-	430,904	451,795
Sales and Use Tax	2,040,244	2,938,131	-	-	2,040,244	2,938,131
Franchise Taxes	171,393	170,549	-	-	171,393	170,549
Other Taxes	25,487	18,460	-	-	25,487	18,460
Investment Income	18,263	6,673	9,084	2,355	27,347	9,028
Miscellaneous	262,029	308,544	23,004	15,817	285,033	324,361
<b>Sub Total General Revenue:</b>	<b>2,948,320</b>	<b>3,894,152</b>	<b>32,088</b>	<b>18,172</b>	<b>2,980,408</b>	<b>3,912,324</b>
<b>Total Revenue:</b>	<b>3,943,968</b>	<b>7,643,933</b>	<b>2,213,542</b>	<b>2,225,621</b>	<b>6,157,510</b>	<b>9,869,554</b>
<b><u>Expenses:</u></b>						
General Government	851,001	948,062	-	-	851,001	948,062
Public Safety	1,285,688	1,237,044	-	-	1,285,688	1,237,044
Health and Welfare	-	-	-	-	-	-
Public Works and Airport	893,597	814,440	-	-	893,597	814,440
Culture and Recreation	407,241	483,013	-	-	407,241	483,013
Urban Development	92,840	99,834	-	-	92,840	99,834
Kids Connection	341,892	188,617	-	-	341,892	188,617
Interest on Long Term Debt	91,166	84,714	90,404	64,796	181,570	149,510
Water	-	-	746,475	975,994	746,475	975,994
Sewer	-	-	993,144	936,523	993,144	936,523
<b>Total Expenses:</b>	<b>3,963,425</b>	<b>3,855,724</b>	<b>1,830,023</b>	<b>1,977,313</b>	<b>5,793,448</b>	<b>5,833,037</b>
Increase (Decrease) in Net Position (Before Transfers)	(19,457)	3,788,209	383,519	248,308	364,062	4,036,517
<b><u>Transfers:</u></b>						
Operating Transfers In (Out)	368,000	368,000	(368,000)	(368,000)	-	-
<b>Change in Net Position</b>	<b>348,543</b>	<b>4,156,209</b>	<b>15,519</b>	<b>(119,692)</b>	<b>364,062</b>	<b>4,036,517</b>
Net Assets - Beginning of Year	6,401,450	6,749,993	6,081,421	6,096,940	12,482,871	12,846,933
Net Assets - End of Year	6,749,993	10,906,202	6,096,940	5,977,248	12,846,933	16,883,450

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

**Governmental Activities**

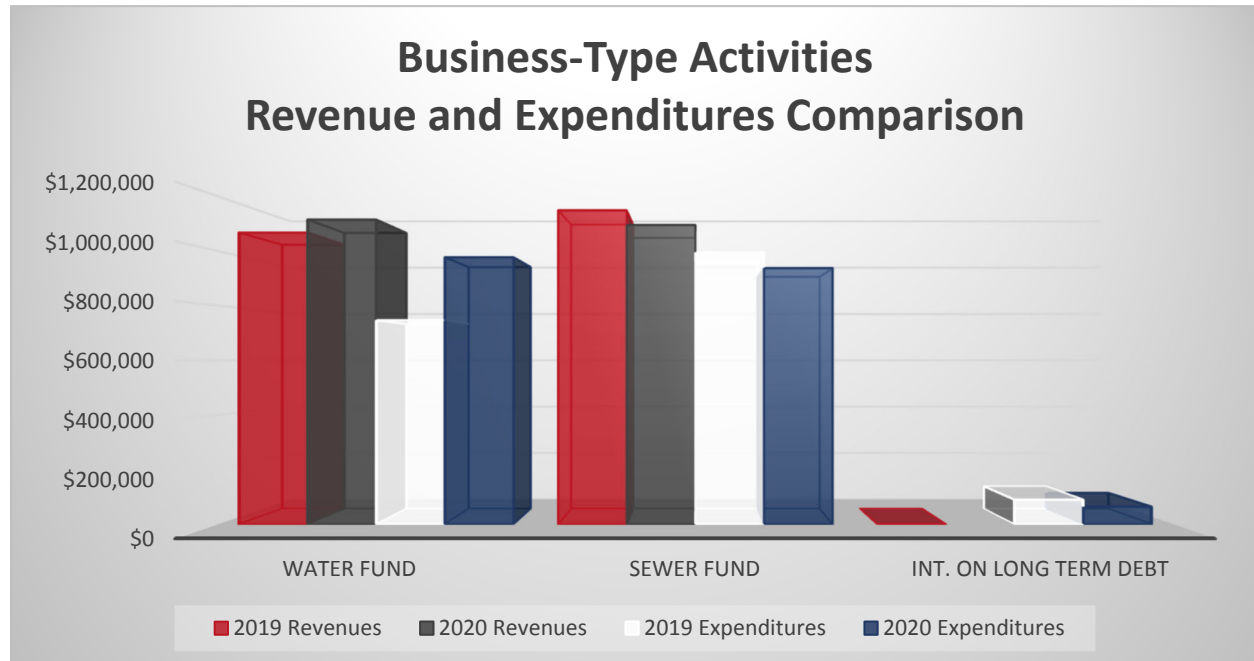
The City's governmental activities have been accounted for in seven departmental categories which are General Government, Public Safety, Public Works and Airport, Culture and Recreation, Urban/Economic Development, Kids Connection, and Interest on Long-Term Debt. Governmental activity expenses totaled \$3,855,724 which is a decrease in expenditures from 2019 of \$107,701. Major expenses included in the governmental activities were \$1,237,044 for Public Safety and \$814,440 for Public Works and Airport. Expenditures in general government totaled \$948,062, culture and recreation totaled \$483,013, and Kids Connection totaled \$188,617. Other governmental expenditures included \$99,834 for urban development, and \$84,714 for interest on long-term debt. City funding for governmental activities was derived from \$3,749,781 in program. The largest source of revenue is shown in Capital Grants & Contributions as a result of the Ski Hi Park facility. General revenues totaled \$3,894,152 which includes tax revenues and transfers. Governmental revenue increased by \$3,699,965 compared to 2019. Again, the main increase is due to grants and contributions for the Ski Hi Park facility.



**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

**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 2020 decreased \$119,692. Business-type activity expenditures totaled \$1,977,313 in 2020 which is an increase in expenditures compared to 2019 of \$147,290. The increase in expenditures can be attributed to capital projects on infrastructure during 2020. Funding for business-type activities was derived from revenues totaling \$2,225,621 which is an increase of \$12,079 compared to 2019.



**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, 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 \$3,484,471, which is an increase of \$1,285,015 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:

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

***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, 2020, the City's governmental funds reported a restricted fund balance of \$1,445,941. 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 \$18,968 as of December 31, 2020.

***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 \$104,554 as of December 31, 2020, 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 \$1,915,008 as of December 31, 2020 for all Governmental Funds.

***Revenue*** – Revenue in all governmental funds totaled \$7,214,206 in 2020. This is an increase of \$3,270,238 compared to 2019. Of the total revenue received in 2020, \$3,026,907 was generated by tax revenue and the other large portion coming from Intergovernmental Revenue through the Capital Projects Fund and Other Governmental Funds of \$3,473,429.

The General Fund is the primary operating governmental fund of the City. At the end of 2020, the fund balance for the General Fund was \$2,042,315 which is an increase of \$672,597 compared to the end of 2019. As of year-end, \$1,915,008 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 2020 totaled \$1,442,156. This includes the One Cent Sales Tax Fund with a balance of \$552,028, Capital Projects Fund with a balance of \$169,960, and other Governmental Funds with a total balance of \$720,168. Funds included in the Other Governmental Funds include the Conservation Trust, Urban Renewal, Airport Grant Fund, Kids Connection, and the Capital Improvements Fund.

***Expenditures*** – The governmental funds expenditures increased by \$2,414,871 from 2019. Total expenditures in 2020 were \$6,297,191. A combination of factors led to the increase in expenditures from 2019 to 2020 which included the capital project for the Ski Hi Park. However, management monitored expenditures closely to ensure that revenues exceeded expenditures and fund balances were increased overall in 2020 and remained within Best Practice Standards set forth by the adopted Financial Policies Manual for the City of Monte Vista.

***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, 2020, the net position for the Water Fund was \$1,826,169, the net position of the Sewer Fund was \$4,151,079 for a combined total of \$5,977,248. This was a decrease in fund balances from 2019 of \$119,692. There were several capital

**CITY OF MONTE VISTA, COLORADO**  
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projects completed in 2020 which contributed to a decrease in fund balances in both funds. All financing for these projects was performed with no additional grant funding. The City of Monte Vista paid for all capital improvements from fund balance or cash flows from 2020. At the end of the fiscal year the unrestricted net position for the Water and Sewer Funds totaled \$1,682,968, net investment in capital assets totaled \$4,251,714 and the total for restricted net position was \$42,566 which is restricted to acquisition of water rights.

**General Fund Budgetary Highlights**

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

For 2020, the original adopted General Fund Budget had revenue of \$2,539,700 with one supplemental budget amendment increasing the revenue budget by \$162,954 which brought the final revenue budget to \$2,702,654. For expenditures the original adopted General Fund Budget was \$3,062,382 after the supplemental budget amendment the expenditures budget increased by \$162,954 which brought total budgeted expenditures to \$3,225,336. Neither revenue nor expenditures reflects resources that were transferred in or out of the General Fund. Actual expenditures in the General Fund totaled \$2,987,243 not including transfers out. The supplemental budget amendment was created to reflect transactions associated with the Ski Hi Park that were unforeseen.

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of December 31, 2020 totaled \$16,536,220 (net of accumulated depreciation). This is a \$1,958,854 increase in capital assets mainly due to the Ski Hi Park construction project. Capital assets include land, water rights, buildings, improvements, water and sewer treatment plants, transmission and distribution, equipment, and vehicles. It should also be noted that the City took an in depth look at their asset management system and discovered that there were several items the City was no longer in possession of. Therefore, many assets were retired in 2020 to provide a more accurate and transparent representation of the government wide asset listing and values.

Major Capital Asset events during 2020 include the following:

- ❖ Governmental Activities
  - Construction in Progress (Ski Hi) - \$2,654,679
  - Building Improvements - \$9,865
  - Equipment - \$64,928
  - Davis Street Paving Project - \$106,533
- ❖ Proprietary Funds
  - Buildings & Building Improvements - \$23,155
  - Infrastructure Improvements – Davis Street - \$115,794



**CITY OF MONTE VISTA, COLORADO**  
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**December 31, 2020**

*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.*

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
Land	\$ 1,104,386	\$ 1,104,386	\$ 22,000	\$ 22,000	\$ 1,126,386	\$ 1,126,386
Construction in Progress	5,644	2,660,323	-	-	5,644	2,660,323
Water Rights			948,120	948,120	948,120	948,120
Buildings	1,506,330	1,419,216	83,769	102,773	1,590,099	1,521,989
Infrastructure	1,022,226	1,038,073	-	-	1,022,226	1,038,073
Improvements-Bldg	793,339	707,782	-	-	793,339	707,782
Improvements-Other	1,882,620	1,696,418	-	-	1,882,620	1,696,418
W/S Treatment Plant			444,703	420,783	444,703	420,783
Transmission & Distrib.			5,635,589	5,469,300	5,635,589	5,469,300
Equipment & Vehicles	929,481	787,043	199,159	160,003	1,128,640	947,046
	<b>\$ 7,244,026</b>	<b>\$ 9,413,241</b>	<b>\$ 7,333,340</b>	<b>\$ 7,122,979</b>	<b>\$ 14,577,366</b>	<b>\$ 16,536,220</b>

### Debt Administration

At year end, the City of Monte Vista's long-term liabilities totaled \$5,309,159. Of this amount, \$2,409,366 relates to governmental activities and \$2,899,793 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 \$1,854,361. 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 \$248,834, a note with the Colorado Water Conservation Board to purchase water rights with an advanced payment of \$1,568,250 and a note for Sewage Treatment Project with Colorado Water Resource and Power Development Authority in the amount of \$1,012,543.

The City has entered into capital lease agreements with San Luis Valley Federal Bank and Kansas State Bank for repairs and maintenance of the building, to purchase equipment, a public works vehicle, and 4 police vehicles with a current balance at year-end 2019 for the governmental and proprietary funds of \$472,543 and \$41,638, respectively.

The City of Monte Vista's total long-term liabilities decreased by \$384,678 during 2020. 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, 2020**

**Economic Factors and Next Year's Budgets**

The City's 2021 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. Along with these features, the 2021 Budget reflects the final stage of the wage study implementation that was initiated and approved by City Council in 2019. This final stage will bring all City employees to scale and will make the City of Monte Vista a leader in retaining, training, and employing highly qualified staff to ensure the City offers the best possible service and ensures compliance in the operations and reporting.

In 2021, 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 2021. 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 2021. 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 6% increase in the budget for 2021. In 2021, the City will adjust the percentage rate at which it contributes to the health care costs on behalf of the employee in an effort to minimize the overall impact to the budget but also remain fair and equitable to the employee. The long-term financial and regulatory impacts resulting from the Affordable Care Act also continue to be a source of increased costs and concern while the Federal Government continues to make adjustments to the program and the final regulatory impact is uncertain. Among these concerns, we are also keeping a close eye on legislation from FPPA. The Monte Vista Police Department re-entered the FPPA pension plan in 2019. We have growing concerns regarding increased mandatory employer matching rules of participation.

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 2021 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.

**CITY OF MONTE VISTA, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2020**

Long term sustainability of the San Luis Valley's agriculture industry remains a concern due to the ongoing water issues; groundwater regulations continue to raise concerns and obstacles relating to production that will cause an unknown impact on municipal revenue. The City continues to keep an eye on the effects of this and what it will have on the 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. In regards to sales tax revenue, the City is keeping a close watch on the COVID-19 pandemic and the financial effects from the pandemic. The City of Monte Vista hasn't experienced a decrease in sales tax revenue at the time of this analysis and has in fact recorded growths in sales tax revenue. Currently, first quarter revenue reports of 2021 indicate we are on budgetary track in regards to sales tax revenues. Management will continue to monitor the ongoing effects of the COVID-19 pandemic and take into consideration and implement any operational budget cuts if necessary to remain fiscally stable.

The City has also budgeted for a lease-purchase agreement with San Luis Valley Federal Bank to ensure the timely completion of the Ski Hi Park events and conference center. Revenue for the lease-purchase will be backed through a multi-year grant with the Outcalt Foundation, located in the San Luis Valley. The total lease-purchase is just under \$2.5 million with the City contributing \$500,000 to the lease-purchase. The project is set for completion by the end of 2021.

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.

### **Requests for Information**

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

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

# CITY OF MONTE VISTA, COLORADO

## STATEMENT OF NET POSITION December 31, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 2,722,922	\$ 1,178,421	\$ 3,901,343
Restricted Cash and Investments	221,811	42,566	264,377
Receivables			
Property Taxes	403,160	-	403,160
Other Governments	530,652	40,546	571,198
Accounts	117,250	86,827	204,077
Grants	17,986		17,986
Inventory	-	92,480	92,480
Prepaid Water Storage, Net of Accumulated Amortization	-	420,000	420,000
Net Pension Asset	223,593	-	223,593
Loan Receivable	-	21,830	21,830
Capital Assets, Not Depreciated	3,764,709	970,120	4,734,829
Capital Assets, Net of Accumulated Depreciation	5,648,532	6,152,859	11,801,391
<b>TOTAL ASSETS</b>	<b>13,650,615</b>	<b>9,005,649</b>	<b>22,656,264</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to Defined Benefit Pension Plan	262,478	-	262,478
<b>LIABILITIES</b>			
Accounts Payable	46,363	24,531	70,894
Accrued Liabilities	79,787	62,260	142,047
Accrued Interest	11,871	41,817	53,688
Noncurrent Liabilities			
Due within One Year	291,055	119,258	410,313
Due in More Than One Year	2,118,311	2,780,535	4,898,846
<b>TOTAL LIABILITIES</b>	<b>2,547,387</b>	<b>3,028,401</b>	<b>5,575,788</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Property Tax Revenue	403,160	-	403,160
Related to Defined Benefit Pension Plan	56,344	-	56,344
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>459,504</b>	<b>-</b>	<b>459,504</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,086,337	4,251,714	11,338,051
Restricted for Emergencies	123,000	-	123,000
Restricted for Parks	43,751	-	43,751
Restricted for Public Safety	142,314	-	142,314
Restricted for Public Works	193,210	-	193,210
Restricted for Capital Projects	675,311	-	675,311
Restricted for Debt Service	35,673	-	35,673
Restricted for Ski Hi Park	220,811	-	220,811
Restricted for Water Acquisition	-	42,566	42,566
Unrestricted	2,385,795	1,682,968	4,068,763
<b>TOTAL NET POSITION</b>	<b>\$ 10,906,202</b>	<b>\$ 5,977,248</b>	<b>\$ 16,883,450</b>

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

# CITY OF MONTE VISTA, COLORADO

## STATEMENT OF ACTIVITIES Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 948,062	\$ 11,110	\$ 4,036	\$ -
Public Safety	1,237,044	57,724	429,727	-
Public Works and Airport	814,440	169,667	176,271	117,549
Culture and Recreation	483,013	1,539	286,584	2,485,543
Urban/Economic Development	99,834	-	5,483	-
Kids Connection	188,617	-	4,548	-
Interest on Long-Term Debt	84,714	-	-	-
Total Governmental Activities	3,855,724	240,040	906,649	2,603,092
Business-Type Activities				
Water	975,994	1,080,879	-	32,650
Sewer	936,523	1,061,944	-	31,976
Interest on Long-Term Debt	64,796	-	-	-
Total Business-Type Activities	1,977,313	2,142,823	-	64,626
TOTAL PRIMARY GOVERNMENT	\$ 5,833,037	\$ 2,382,863	\$ 906,649	\$ 2,667,718
GENERAL REVENUES				
Sales and Use Taxes				
Property Taxes				
Franchise Taxes				
Other Taxes				
Investment Income				
Miscellaneous				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION, Beginning				
NET POSITION, Ending				

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

NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION

**PRIMARY GOVERNMENT**

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (932,916)	\$ -	\$ (932,916)
(749,593)	-	(749,593)
(350,953)	-	(350,953)
2,290,653	-	2,290,653
(94,351)	-	(94,351)
(184,069)	-	(184,069)
(84,714)	-	(84,714)
(105,943)	-	(105,943)
-	137,535	137,535
-	157,397	157,397
-	(64,796)	(64,796)
-	230,136	230,136
(105,943)	230,136	124,193
2,938,131	-	2,938,131
451,795	-	451,795
170,549	-	170,549
18,460	-	18,460
6,673	2,355	9,028
308,544	15,817	324,361
368,000	(368,000)	-
4,262,152	(349,828)	3,912,324
4,156,209	(119,692)	4,036,517
6,749,993	6,096,940	12,846,933
<u>\$ 10,906,202</u>	<u>\$ 5,977,248</u>	<u>\$ 16,883,450</u>

# CITY OF MONTE VISTA, COLORADO

## BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2020

	GENERAL FUND	ONE CENT SALES TAX FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Investments	\$ 1,700,407	\$ 453,997	\$ -	\$ 568,518
Restricted Cash and Investments	4,307	-	169,960	47,544
Property Taxes Receivable	403,160	-	-	-
Due From Other Governments	334,591	98,031	-	98,030
Accounts Receivable	102,054	-	-	15,196
Grants Receivable	17,986	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 2,562,505</u></b>	<b><u>\$ 552,028</u></b>	<b><u>\$ 169,960</u></b>	<b><u>\$ 729,288</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 41,027	\$ -	\$ -	\$ 5,336
Accrued Liabilities	76,003	-	-	3,784
<b>TOTAL LIABILITIES</b>	<b><u>117,030</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>9,120</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	403,160	-	-	-
<b>FUND EQUITY</b>				
Fund Balance				
Restricted for Emergencies	123,000	-	-	-
Restricted for Parks	-	-	-	43,751
Restricted for Public Safety	4,307	138,007	-	-
Restricted for Public Works	-	193,210	-	-
Restricted for Capital Projects	-	-	169,960	505,351
Restricted for Debt Service	-	-	-	47,544
Restricted for Ski Hi Park	-	220,811	-	-
Committed to Economic Development	-	-	-	18,968
Assigned to Kids Connection	-	-	-	104,554
Unassigned	1,915,008	-	-	-
<b>TOTAL FUND EQUITY</b>	<b><u>2,042,315</u></b>	<b><u>552,028</u></b>	<b><u>169,960</u></b>	<b><u>720,168</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>	<b><u>\$ 2,562,505</u></b>	<b><u>\$ 552,028</u></b>	<b><u>\$ 169,960</u></b>	<b><u>\$ 729,288</u></b>

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

TOTALS

\$ 2,722,922  
221,811  
403,160  
530,652  
117,250  
17,986

\$ 4,013,781

\$ 46,363  
79,787

126,150

403,160

123,000  
43,751  
142,314  
193,210  
675,311  
47,544  
220,811  
18,968  
104,554  
1,915,008

3,484,471

\$ 4,013,781



# CITY OF MONTE VISTA, COLORADO

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2020

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

Total Fund Balances of Governmental Funds	\$ 3,484,471
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	9,413,241
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.	223,593
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	163,343
Deferred outflows of resources - change in assumptions or other inputs	54,652
Deferred outflows of resources - pension contributions from the measurement date	44,483
Deferred outflows of resources - difference in projected vs actual investment earnings	(55,959)
Deferred inflows of resources - difference in expected vs actual experience	(385)
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 (\$1,854,361), capital leases (\$472,543), accrued compensated absences (\$82,462) and accrued interest payable (\$11,871).	<u>(2,421,237)</u>
Net position of governmental activities	<u><u>\$ 10,906,202</u></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, 2020

	GENERAL FUND	ONE CENT SALES TAX FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 2,474,879	\$ 552,028	\$ -	\$ -
Licenses and Permits	7,503	-	-	-
Charges for Services	180,454	-	-	1,539
Intergovernmental	234,482	-	2,292,871	946,076
Fines and Forfeitures	50,544	-	-	-
Investment Income	3,505	-	509	2,659
Miscellaneous	298,473	-	-	168,684
TOTAL REVENUES	3,249,840	552,028	2,293,380	1,118,958
EXPENDITURES				
General Government	774,108	-	-	-
Public Safety	1,219,033	-	-	-
Public Works and Airport	538,507	-	106,534	134,524
Culture and Recreation	396,116	-	2,370,073	151,021
Urban/Economic Development	-	-	-	45,990
Kids Connection	-	-	-	188,617
Debt Service				
Principal	51,150	-	-	238,520
Interest	8,329	-	-	74,669
TOTAL EXPENDITURES	2,987,243	-	2,476,607	833,341
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	262,597	552,028	(183,227)	285,617
OTHER FINANCING SOURCES (USES)				
Transfers In	443,000	-	-	58,000
Transfers Out	(33,000)	-	(25,000)	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)	410,000	-	(25,000)	(17,000)
NET CHANGE IN FUND BALANCES	672,597	552,028	(208,227)	268,617
FUND BALANCE, Beginning	1,369,718	-	378,187	451,551
FUND BALANCE, Ending	\$ 2,042,315	\$ 552,028	\$ 169,960	\$ 720,168

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

TOTALS

\$ 3,026,907  
7,503  
181,993  
3,473,429  
50,544  
6,673  
467,157

7,214,206

774,108  
1,219,033  
779,565  
2,917,210  
45,990  
188,617

289,670  
82,998

6,297,191

917,015

501,000  
(133,000)

368,000

1,285,015

2,199,456

\$ 3,484,471

# 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, 2020

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,285,015
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 \$2,836,005 exceeded depreciation expense (\$516,535) and loss on disposal of capital assets (\$150,255).	2,169,215
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 \$198,859 and payments of capital leases of \$87,861.	289,670
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 (\$15,702) and the change in accrued interest payable (\$1,716).	(17,418)
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>429,727</u>
Change in Net Position of Governmental Activities	<u><u>\$ 4,156,209</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, 2020

	WATER FUND	SEWER FUND	TOTALS
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 646,180	\$ 281,543	\$ 927,723
Restricted Cash and Investments	42,566	-	42,566
Accounts Receivable	26,227	60,600	86,827
Due from County Treasurer	25,390	15,156	40,546
Inventory	85,184	7,296	92,480
Total Current Assets	825,547	364,595	1,190,142
Noncurrent Assets			
Investments - Long-term	125,349	125,349	250,698
Prepaid Water Storage, Net of Accumulated Amortization	420,000	-	420,000
Loan Receivable	-	21,830	21,830
Capital Assets, Not Depreciated	959,120	11,000	970,120
Capital Assets, Net of Accumulated Depreciation	1,440,724	4,712,135	6,152,859
Total Noncurrent Assets	2,945,193	4,870,314	7,815,507
TOTAL ASSETS	3,770,740	5,234,909	9,005,649
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	20,089	4,442	24,531
Accrued Liabilities	39,041	23,219	62,260
Accrued Interest Payable	41,817	-	41,817
Lease Payable, Current Portion	3,233	3,233	6,466
Loans Payable, Current Portion	42,961	69,831	112,792
Total Current Liabilities	147,141	100,725	247,866
Noncurrent Liabilities			
Accrued Compensated Absences	5,721	22,807	28,528
Lease Payable	17,586	17,586	35,172
Loans Payable	1,774,123	942,712	2,716,835
Total Noncurrent Liabilities	1,797,430	983,105	2,780,535
TOTAL LIABILITIES	1,944,571	1,083,830	3,028,401
<b>NET POSITION</b>			
Net Investment in Capital Assets	561,941	3,689,773	4,251,714
Restricted for Water Acquisition	42,566	-	42,566
Unrestricted	1,221,662	461,306	1,682,968
TOTAL NET POSITION	\$ 1,826,169	\$ 4,151,079	\$ 5,977,248

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, 2020

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUES			
Charges for Services	\$ 1,080,879	\$ 1,061,944	\$ 2,142,823
Miscellaneous	13,402	2,415	15,817
TOTAL OPERATING REVENUES	<u>1,094,281</u>	<u>1,064,359</u>	<u>2,158,640</u>
OPERATING EXPENSES			
Operations and Maintenance	887,376	654,831	1,542,207
Depreciation and Amortization	88,618	281,692	370,310
TOTAL OPERATING EXPENSES	<u>975,994</u>	<u>936,523</u>	<u>1,912,517</u>
OPERATING INCOME	<u>118,287</u>	<u>127,836</u>	<u>246,123</u>
NON-OPERATING REVENUES (EXPENSES)			
Grant Revenue	-	15,151	15,151
Investment Income	1,776	579	2,355
Interest Expenses	(63,962)	(834)	(64,796)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(62,186)</u>	<u>14,896</u>	<u>(47,290)</u>
INCOME BEFORE CAPITAL CONTRIBUTION AND TRANSFERS	<u>56,101</u>	<u>142,732</u>	<u>198,833</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions			
Tap Fees	32,650	16,825	49,475
Transfers (Out)	(184,000)	(184,000)	(368,000)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(151,350)</u>	<u>(167,175)</u>	<u>(318,525)</u>
CHANGE IN NET POSITION	(95,249)	(24,443)	(119,692)
NET POSITION, Beginning	<u>1,921,418</u>	<u>4,175,522</u>	<u>6,096,940</u>
NET POSITION, Ending	<u><u>\$ 1,826,169</u></u>	<u><u>\$ 4,151,079</u></u>	<u><u>\$ 5,977,248</u></u>

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

# CITY OF MONTE VISTA, COLORADO

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS Year Ended December 31, 2020 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,079,631	\$ 1,029,508	\$ 2,109,139
Cash Received from Others	13,402	2,415	15,817
Cash Paid to Suppliers	(488,620)	(381,383)	(870,003)
Cash Paid to Employees	(346,084)	(339,265)	(685,349)
Net Cash Provided by Operating Activities	258,329	311,275	569,604
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to Other Funds	(184,000)	(184,000)	(368,000)
Net Cash Used by Noncapital Financing Activities	(184,000)	(184,000)	(368,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and Construction of Capital Assets	(82,244)	(56,705)	(138,949)
Capital Grant Proceeds	-	15,151	15,151
Loan Receipts - Proximity Malt	-	12,402	12,402
Long-term Debt Principal Paid	(44,897)	(72,973)	(117,870)
Interest Paid	(64,767)	(834)	(65,601)
Tap Fees Received	32,650	16,825	49,475
Net Cash Used by Capital and Related Financing Activities	(159,258)	(86,134)	(245,392)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Certificate of Deposit	(125,349)	(125,349)	(250,698)
Interest Received	1,776	579	2,355
Net Cash Used by Investing Activities	(123,573)	(124,770)	(248,343)
Net Increase (Decrease) in Cash and Cash Equivalents	(208,502)	(83,629)	(292,131)
CASH AND CASH EQUIVALENTS, Beginning	897,248	365,172	1,262,420
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 688,746</u>	<u>\$ 281,543</u>	<u>\$ 970,289</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 118,287	\$ 127,836	\$ 246,123
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	88,618	281,692	370,310
Changes in Assets and Liabilities			
Accounts Receivable	6,558	(25,873)	(19,315)
Due from County Treasurer	(7,806)	(6,563)	(14,369)
Inventory	5,173	1,343	6,516
Accounts Payable	14,978	(84,495)	(69,517)
Accrued Liabilities	30,673	14,973	45,646
Accrued Compensated Absences	1,848	2,362	4,210
Total Adjustments	140,042	183,439	323,481
Net Cash Provided by Operating Activities	<u>\$ 258,329</u>	<u>\$ 311,275</u>	<u>\$ 569,604</u>

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



CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**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. The City adopted GASB statement No. 68 *Accounting and Financial Reporting for Pensions*, for the year ended December 31, 2020. Adoption of this statement established reporting requirements for pension benefits provided to the City's police officers (see NOTE 8). 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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-Wide and Fund Financial Statements** (Continued)

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 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, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

**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 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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

*Deferred Inflows of Resources* – In addition to assets, the balance sheet – governmental funds and statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The City has an item related to property taxes levied in the current year to be collected in the following year at December 31, 2020.

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

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

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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The City reported one item related to prepaid expenses as nonspendable resources at December 31, 2020.
- 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, 2020 for future economic development.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- 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, 2020 for future park projects and Kids Connection activities.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

**Use of Estimates**

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

**Property Taxes**

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

**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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pensions (Continued)**

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, 2020 through May 28, 2021 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, 2020, follows:

Petty Cash	\$ 600
Cash Deposits	3,206,783
Investments	<u>958,337</u>
Total	<u><b>\$ 4,165,720</b></u>

Cash is reported in the financial statements as follows:

Cash and Investments	\$ 3,901,343
Restricted Cash and Investments	<u>264,377</u>
Total	<u><b>\$ 4,165,720</b></u>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, the City had bank deposits totaling \$3,450,740 of which \$919,948 were FDIC insured, and \$2,530,792 were collateralized with securities held by the financial institutions' agents but not in the City's name.



CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments**

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

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

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

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

At December 31, 2020, the City had the following investments:

	<u>Maturity</u>	<u>2020</u>
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	\$ <u>958,327</u>

The City invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rates commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments (Continued)**

as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

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

**Restricted Cash and Investments**

Restricted cash and investments for the Governmental Funds consist of unspent police seizure funds and surcharges of \$4,307 in the General Fund; \$169,960 of unspent capital projects funds in the Capital Projects Fund, and \$47,544 for future debt service requirements in the Capital Improvements Fund. The Water Funds restricted cash and investments consist of \$42,566 restricted by ordinance for water acquisition in the Fund.

**NOTE 3: INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2020, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Water	\$ 184,000
General	Sewer	184,000
General	Conservation Trust	75,000
Urban Renewal Authority	General	33,000
Grants	Capital Projects	<u>25,000</u>
Total		<u><b>\$ 501,000</b></u>

During the year ended December 31, 2020, transfers to the General Fund were reimbursements for administrative costs, including payments in lieu of taxes from the Water and Sewer Funds as well 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 Projects Fund transfer to the Grants Fund to cover the City's share of grant expenditures.

CITY OF MONTE VISTA, COLORADO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020, is summarized below:

	Balances 12/31/2019	Additions/ Transfers	Deletions	Balances 12/31/2020
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 1,104,386	\$ -	\$ -	\$ 1,104,386
Construction in Progress	5,644	2,654,679	-	2,660,323
Total Capital Assets, not being depreciated	<u>1,110,030</u>	<u>2,654,679</u>	<u>-</u>	<u>3,764,709</u>
Capital Assets, being depreciated				
Buildings	3,938,896	-	741,461	3,197,435
Infrastructure	3,582,175	106,533	-	3,688,708
Improvements - Buildings	1,426,565	9,865	280,179	1,156,251
Improvements - Other	3,841,904	-	-	3,841,904
Equipment and Vehicles	4,134,129	64,928	1,171,615	3,027,442
Total Capital Assets, being depreciated	<u>16,923,669</u>	<u>181,326</u>	<u>2,193,255</u>	<u>14,911,740</u>
Less accumulated depreciation				
Buildings	(2,432,566)	(53,421)	(707,768)	(1,778,219)
Infrastructure	(2,559,949)	(90,686)	-	(2,650,635)
Improvements - Buildings	(633,226)	(35,259)	(220,016)	(448,469)
Improvements - Other	(1,959,284)	(186,202)	-	(2,145,486)
Equipment and Vehicles	(3,204,648)	(150,967)	(1,115,216)	(2,240,399)
Total accumulated depreciation	<u>(10,789,673)</u>	<u>(516,535)</u>	<u>(2,043,000)</u>	<u>(9,263,208)</u>
Total Capital Assets, being depreciated, net	<u>6,133,996</u>	<u>(335,209)</u>	<u>150,255</u>	<u>5,648,532</u>
Governmental Activities Capital Assets, net	<u><u>\$ 7,244,026</u></u>	<u><u>\$ 2,319,470</u></u>	<u><u>\$ 150,255</u></u>	<u><u>\$ 9,413,241</u></u>

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

General Government	\$ 119,693
Public Safety	34,864
Public Works and Airport	141,408
Culture and Recreation	166,726
Urban/Economic Development	<u>53,844</u>
Total	<u><u>\$ 516,535</u></u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 4: CAPITAL ASSETS (Continued)**

	Balances 12/31/2019	Additions	Deletions/ Transfers	Balances 12/31/2020
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 22,000	\$ -	\$ -	\$ 22,000
Water Rights	948,120	-	-	948,120
Construction in Progress	-	-	-	-
Total Capital Assets, not being depreciated	<u>970,120</u>	<u>-</u>	<u>-</u>	<u>970,120</u>
Capital Assets, being depreciated				
Buildings	131,842	23,155	-	154,997
Water and Sewer Treatment Plants	4,815,441	-	-	4,815,441
Transmission and Distribution Systems	9,347,809	115,794	-	9,463,603
Equipment and Vehicles	994,621	-	-	994,621
Total Capital Assets, being depreciated	<u>15,289,713</u>	<u>138,949</u>	<u>-</u>	<u>15,428,662</u>
Less accumulated depreciation				
Buildings	(48,073)	(4,151)	-	(52,224)
Water and Sewer Treatment Plants	(4,370,738)	(23,920)	-	(4,394,658)
Transmission and Distribution Systems	(3,712,220)	(282,083)	-	(3,994,303)
Equipment and Vehicles	(795,462)	(39,156)	-	(834,618)
Total accumulated depreciation	<u>(8,926,493)</u>	<u>(349,310)</u>	<u>-</u>	<u>(9,275,803)</u>
Total Capital Assets, being depreciated, net	<u>6,363,220</u>	<u>(210,361)</u>	<u>-</u>	<u>6,152,859</u>
Business-type Activities Capital Assets, net	<u><u>\$ 7,333,340</u></u>	<u><u>\$ (210,361)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,122,979</u></u>

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

Water	\$ 88,618
Sewer	<u>281,692</u>
Total	<u><u>\$ 349,310</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, 2020, the balance of the prepaid water storage, net of accumulated amortization was \$420,000.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**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, 2020.

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
<b>Govenmental Activities</b>					
2018 Bond Refunding	\$ 2,053,220	\$ -	\$ 198,859	\$ 1,854,361	\$ 198,859
Capital Leases	560,404	-	87,861	472,543	91,691
Accrued Compensated Absences	66,760	71,854	56,152	82,462	505
	<u><b>\$ 2,680,384</b></u>	<u><b>\$ 71,854</b></u>	<u><b>\$ 342,872</b></u>	<u><b>\$ 2,409,366</b></u>	<u><b>\$ 291,055</b></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 a net present value savings of \$126,836. The old debt was called and paid in full (current refunding), the day following the refunding.

The note is secured by a first lien on ½ of the City's 2% sales tax. Principal and Interest are due semi-annually on June 1 and December 1 through December 1, 2028. Interest accrues at a rate of 3.19% per annum. During the year ended December 31, 2020, 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
2021	\$ 206,693	\$ 59,154	\$ 265,847
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 - 2028	746,865	48,056	794,921
	<u><b>\$ 1,854,361</b></u>	<u><b>\$ 275,493</b></u>	<u><b>\$ 2,129,854</b></u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**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 2020 and January 2028. Capital assets totaling \$723,568 with a net book value of \$433,969 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, 2020.

Year Ended December 31

2021	\$ 80,724
2022	76,392
2023	77,135
2024	77,890
2025	78,691
2026 - 2028	<u>143,214</u>
Total Minimum Lease Payments	534,046
Less: Interest	<u>(61,503)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 472,543</u></u>

**Business-type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2020.

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020	Due Within One Year
<b>Business-type Activities</b>					
2010 Water Loan	\$ 1,598,427	\$ -	\$ 30,177	\$ 1,568,250	\$ 31,383
2011 Water Loan	260,412	-	11,578	248,834	11,578
2015 Sewer Loan	1,082,374	-	69,831	1,012,543	69,831
Capital Leases-Water	23,961	-	3,142	20,819	3,233
Capital Leases-Sewer	23,961	-	3,142	20,819	3,233
Accrued Compensated Absences	24,318	20,074	15,864	28,528	-
	<u>\$ 3,013,453</u>	<u>\$ 20,074</u>	<u>\$ 133,734</u>	<u>\$ 2,899,793</u>	<u>\$ 119,258</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 6: LONG-TERM DEBT (Continued)**

**Business-type Activities (Continued)**

**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, 2020, net revenues of \$241,331 were available to pay annual debt service of \$105,688. Remaining debt service at December 31, 2020 was \$2,889,006.

**Sewer Loans**

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

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

These loans are payable solely from revenues of the City's sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2020, net revenues of \$426,932 were available to pay annual debt service of \$69,831. Remaining debt service at December 31, 2020 was \$1,012,544.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 6: LONG-TERM DEBT** (Continued)

**Business-type Activities** (Continued)

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 112,792	\$ 62,726	\$ 175,518
2022	114,047	61,471	175,518
2023	115,352	60,166	175,518
2024	116,711	58,808	175,519
2025	118,122	57,396	175,518
2026 - 2030	613,854	268,740	882,594
2031 - 2035	623,743	218,934	842,677
2036 - 2040	364,021	164,420	528,441
2041 - 2045	389,822	98,095	487,917
2046 - 2048	261,163	21,167	282,330
	<u>\$ 2,829,627</u>	<u>\$ 1,071,923</u>	<u>\$ 3,901,550</u>

**Capital Leases**

The City has entered into capital lease agreements to purchase vehicles. These leases bear interest at rates ranging from 3.35% to 3.38% per annum, and mature between June 2020 and January 2028. Capital assets totaling \$65,849, with a net book value of \$39,509, 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, 2020.

<u>Year Ended December 31</u>	
2021	\$ 7,739
2022	7,742
2023	7,743
2024	7,743
2025	7,742
2026	8,493
Total Minimum Lease Payments	47,202
Less: Interest	(5,564)
Present Value of Future Minimum Lease Payments	<u>\$ 41,638</u>



CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 6: LONG-TERM DEBT (Continued)**

**Lease Purchase Agreement**

Subsequent to the year ended December, 31, 2020, 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.

**NOTE 7: PUBLIC ENTITY RISK POOL**

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

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

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

**NOTE 8: PENSION PLANS**

**Defined Contribution Pension Plans**

*City Employees* - The City contributes to a single employer defined contribution money purchase pension plan on behalf of its full-time employees, except for sworn police officers. The contribution requirements of Plan participants and the City are

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

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, 2020, the City recognized pension expense of \$0, net of forfeitures used as contributions of \$6,001.

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, 2020, the City reported returned forfeitures in the amount of \$2,343, and \$6,001 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, 2020, the City contributed \$37,650 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:

**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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

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.

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.

A member is eligible for an early retirement at age 50 or after 30 years of 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.

*SWH 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.

The annual normal retirement benefit is 1.5% of the average of the member's highest three years' base salary for each year of credited service. 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 3%.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

A member is eligible for an early retirement at age 50 or after 30 years of 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 1.5% of the member's average highest three years' base salary 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 statute or by election of the membership.

Members of the SWDB plan and their employers each contributed at a rate of 8% of base salary for a total of 16% through 2015. In 2015, the members elected to increase the member contribution rate to the SWDB plan beginning in 2016. Member contribution rates increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Employees contributed 11% of based salary for the year ended December 31, 2020 and the City contributed 8% or \$13,274.

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 base salary through 2020. 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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

member contribution rates increase 0.5% annually beginning in 2019 through 2022 for a total combined rate of 24% in 2022. Employees contributed 13% of base salary for the year ended December 31, 2020 and the City contributed 10% or \$13,496.

*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 base salary. The 2020 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 is 13.8%. Members and the City each contributed \$17,713 in 2020.

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 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, 2020, the City reported a net pension asset of \$19,680 for its proportionate share of the net pension asset of the SWDB Plan and net pension asset of \$203,913 for its proportionate share of the net pension asset of the SWH Plan.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

The net pension assets were measured as of December 31, 2019, and the total pension liability used to calculate the net pension assets were determined by an actuarial valuation as of January 1, 2020. 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, 2019, the City's SWDB proportion was 0.03480%. At December 31, 2019, the City's SWH proportion was 1.04711%.

For the year ended December 31, 2020, the City recognized pension (income)/expense for the SWDB Plan and SWH Plan of (\$119,096) and (\$310,631), respectively.

At December 31, 2020, 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	\$ 66,600	\$ (385)
Changes of assumptions and other inputs	37,368	-
Net Difference between projected and actual earnings	-	(30,937)
Contributions subsequent to the measurement date	<u>26,770</u>	<u>-</u>
Total	<u>\$ 130,738</u>	<u>\$ (31,322)</u>

The City's contributions to the SWDB Plan subsequent to the measurement date of \$26,770 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:

Year ended December 31,

2021	\$ 6,909
2022	4,229
2023	14,294
2024	1,239
2025	14,441
Thereafter	<u>31,533</u>
Total	<u>\$ 72,645</u>

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

At December 31, 2020, 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	\$ 96,743	\$ -
Changes of assumptions and other inputs	17,284	-
Net Difference between projected and actual earnings	-	(25,022)
Contributions subsequent to the measurement date	<u>17,713</u>	<u>-</u>
Total	<u><b>\$ 131,740</b></u>	<u><b>\$ (25,022)</b></u>

The City's contributions to the SWH Plan subsequent to the measurement date of \$17,713 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:

Year ended December 31,

2021	\$ 20,832
2022	18,799
2023	26,792
2024	12,199
2025	9,043
Thereafter	<u>1,340</u>
Total	<u><b>\$ 89,005</b></u>

**Actuarial assumptions**

The total pension liability in the December 31, 2019 actuarial valuation, based on a date of January 1, 2019, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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, 2019 is based upon the January 1, 2020 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

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

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.

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, 2019, 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	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
<b>Total</b>	<b>100%</b>	

**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.



CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8: PENSION PLANS (Continued)**

**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-percentagepoint lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Proportionate share of SWDB net pension Liability/(Asset)	<u>\$ 119,322</u>	<u>\$ (19,680)</u>	<u>\$ (134,963)</u>
	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Proportionate share of SWH net pension Liability/(Asset)	<u>\$ (124,023)</u>	<u>\$ (203,913)</u>	<u>\$ (270,748)</u>

**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.

CITY OF MONTE VISTA, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 9: COMMITMENTS AND CONTINGENCIES** (Continued)

**Tabor Amendment** (Continued)

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2020, the emergency reserve of \$123,000 was reported as restricted fund balance in the General Fund.

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

**Claims and Judgments**

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2020, 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 2020, the City entered into several construction contracts with a construction company totaling \$3,301,850 for Phase 1 of Ski Hi Events Complex, which at December 31, 2020 had \$845,391 remaining. Subsequent to December 31, 2020, the City entered into a construction contract with the same construction company in the amount of \$4,446,820 for completion of the Ski Hi Events Complex project.

## REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020				2019
	BUDGET	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES					
Taxes					
Sales	\$ 400,000	\$ 400,000	\$ 555,785	\$ 155,785	\$ 473,466
Sales - Rio Grande County	865,000	865,000	1,278,290	413,290	1,093,313
Property and Specific Ownership	420,000	420,000	451,795	31,795	430,904
Franchise	169,000	169,000	170,549	1,549	171,393
Other	10,000	10,000	18,460	8,460	25,487
Licenses and Permits	9,400	9,400	7,503	(1,897)	16,110
Charges for Services	193,300	193,300	180,454	(12,846)	198,765
Intergovernmental	215,500	215,500	234,482	18,982	262,974
Fines and Forfeitures	104,000	104,000	50,544	(53,456)	120,616
Interest	9,000	9,000	3,505	(5,495)	13,570
Miscellaneous	144,500	307,454	298,473	(8,981)	190,839
TOTAL REVENUES	2,539,700	2,702,654	3,249,840	547,186	2,997,437
EXPENDITURES					
General Government					
City Council	53,850	53,850	52,372	1,478	48,138
City Clerk	62,780	62,780	53,620	9,160	54,986
Municipal Court	86,855	86,855	83,957	2,898	76,991
City Manager	113,510	113,510	105,672	7,838	103,270
Elections	13,500	13,500	-	13,500	9,258
Finance	88,300	88,300	95,502	(7,202)	90,254
City Attorney	40,000	40,000	39,996	4	39,998
Purchasing and General Services	144,800	144,800	151,525	(6,725)	171,482
Purchasing and General Services	153,219	153,219	136,322	16,897	117,675
Community Development	15,500	15,500	55,142	(39,642)	16,570
Total General Government	772,314	772,314	774,108	(1,794)	728,622
Public Safety					
Police	1,308,771	1,308,771	1,182,971	125,800	1,232,228
Total Public Safety	1,308,771	1,308,771	1,182,971	125,800	1,232,228
Public Works and Airport					
Streets and Lighting	409,580	409,580	337,031	72,549	391,904
City Shop and Buildings	173,872	173,872	167,573	6,299	241,445
Airport	22,275	22,275	33,903	(11,628)	13,999
Total Public Works and Airport	605,727	605,727	538,507	67,220	647,348

(Continued)

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND

Year Ended December 31, 2020  
(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020				2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
Culture and Recreation					
Parks and Recreation	\$ 308,440	\$ 308,440	\$ 237,939	\$ 70,501	\$ 277,615
Vali3 Theatre	9,500	9,500	22,627	(13,127)	24,366
Total Culture and Recreation	<u>317,940</u>	<u>317,940</u>	<u>260,566</u>	<u>57,374</u>	<u>301,981</u>
Capital Outlay	<u>7,500</u>	<u>170,454</u>	<u>171,612</u>	<u>(1,158)</u>	<u>128,130</u>
Debt Service					
Principal	42,110	42,110	51,150	(9,040)	56,503
Interest	8,020	8,020	8,329	(309)	10,286
Total Debt Service	<u>50,130</u>	<u>50,130</u>	<u>59,479</u>	<u>(9,349)</u>	<u>66,789</u>
TOTAL EXPENDITURES	<u>3,062,382</u>	<u>3,225,336</u>	<u>2,987,243</u>	<u>238,093</u>	<u>3,105,098</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(522,682)</u>	<u>(522,682)</u>	<u>262,597</u>	<u>785,279</u>	<u>(107,661)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	604,125	604,125	443,000	(161,125)	650,142
Transfers Out	<u>(78,000)</u>	<u>(78,000)</u>	<u>(33,000)</u>	<u>45,000</u>	<u>(41,633)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>526,125</u>	<u>526,125</u>	<u>410,000</u>	<u>(116,125)</u>	<u>608,509</u>
NET CHANGE IN FUND BALANCE	<u>3,443</u>	<u>3,443</u>	<u>672,597</u>	<u>669,154</u>	<u>500,848</u>
FUND BALANCE, Beginning	<u>1,390,308</u>	<u>1,390,308</u>	<u>1,369,718</u>	<u>(20,590)</u>	<u>868,870</u>
FUND BALANCE, Ending	<u>\$ 1,393,751</u>	<u>\$ 1,393,751</u>	<u>\$ 2,042,315</u>	<u>\$ 648,564</u>	<u>\$ 1,369,718</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, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes			
Sales Taxes	\$ 492,561	\$ 552,028	\$ 59,467
TOTAL REVENUES	492,561	552,028	59,467
NET CHANGE IN FUND BALANCE	492,561	552,028	59,467
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	\$ 492,561	\$ 552,028	\$ 59,467

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>2019</u>
Proportion of the Net Pension Liability (Asset)	0.03480%
Proportionate Share of the Net Pension Liability (Asset)	\$ (19,680)
Covered Employee Payroll	\$ 300,889
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	-6.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.94%
Total Pension Liability	\$ 2,919,378,738
Plan Fiduciary Net Position	2,975,935,079
Net Pension Liability	<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>
Proportion of the Net Pension Liability (Asset)	1.04711%
Proportionate Share of the Net Pension Liability (Asset)	\$ (203,913)
Covered Employee Payroll	\$ 177,129
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	-115.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	130.06%
Total Pension Liability	\$ 64,782,432
Plan Fiduciary Net Position	84,256,450
Net Pension Liability	<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 TOWN PENSION CONTRIBUTIONS  
FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE  
Last Ten Fiscal Years

	<u>2019</u>
Contractually Required Contribution	\$ 26,770
Contributions in Relation to the Contractually Required Contribution	<u>26,770</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered employee payroll	\$ 300,889
Contributions as a Percentage of Covered Employee Payroll	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 TOWN PENSION CONTRIBUTIONS  
FPPA - STATEWIDE HYBRID PLAN - DEFINED BENEFIT COMPONENT - POLICE  
Last Ten Fiscal Years

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

**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.

**Legal Compliance**

For the year ended December 31, 2020, the Urban Renewal Authority Fund, Capital Projects Fund and Water Fund actual expenditures and transfers out exceeded budgeted expenditures and transfers out by \$4,786, \$2,290,607 and \$39,422, respectively. These may be violations of State statute.

## **SUPPLEMENTARY INFORMATION**

### **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

# CITY OF MONTE VISTA, COLORADO

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS December 31, 2020

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
ASSETS				
Cash and Investments	\$ 43,751	\$ 19,588	\$ 94,699	\$ 11,184
Restricted Cash and Investments	-	-	-	-
Due From Other Governments	-	-	-	-
Accounts Receivable	-	-	15,196	-
<b>TOTAL ASSETS</b>	<b>\$ 43,751</b>	<b>\$ 19,588</b>	<b>\$ 109,895</b>	<b>\$ 11,184</b>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ -	\$ 620	\$ 1,557	\$ 3,159
Accrued Liabilities	-	-	3,784	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>620</b>	<b>5,341</b>	<b>3,159</b>
FUND EQUITY				
Fund Balance				
Restricted for Parks	43,751	-	-	
Restricted for Capital Projects	-	-	-	8,025
Restricted for Debt Service	-	-	-	-
Committed to Economic Development	-	18,968	-	-
Assigned to Kids Connection	-	-	104,554	-
<b>TOTAL FUND EQUITY</b>	<b>43,751</b>	<b>18,968</b>	<b>104,554</b>	<b>8,025</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 43,751</b>	<b>\$ 19,588</b>	<b>\$ 109,895</b>	<b>\$ 11,184</b>

See the accompanying Independent Auditor's Report.

CAPITAL IMPROVEMENTS FUND		TOTALS
<hr/>		
\$	399,296	\$ 568,518
	47,544	47,544
	98,030	98,030
	-	15,196
<hr/>		
\$	544,870	\$ 729,288
<hr/>		
\$	-	\$ 5,336
	-	3,784
<hr/>		
	-	9,120
<hr/>		
	-	43,751
	497,326	505,351
	47,544	47,544
	-	18,968
	-	104,554
<hr/>		
	544,870	720,168
<hr/>		
\$	544,870	\$ 729,288
<hr/>		

# CITY OF MONTE VISTA, COLORADO

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Year Ended December 31, 2020

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST FUND	URBAN RENEWAL AUTHORITY FUND	KIDS CONNECTION FUND	GRANTS FUND
REVENUES				
Charges of Services	\$ -	\$ -	\$ 1,539	\$ -
Intergovernmental	192,672	5,483	78,344	117,549
Investment Income	-	-	-	-
Miscellaneous	350	9,770	158,564	-
	<u>193,022</u>	<u>15,253</u>	<u>238,447</u>	<u>117,549</u>
TOTAL REVENUES				
EXPENDITURES				
Public Works and Airport	-	-	-	134,524
Culture and Recreation	150,000	1,021	-	-
Urban/Economic Development	-	45,990	-	-
Kids Connection	-	-	188,617	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>150,000</u>	<u>47,011</u>	<u>188,617</u>	<u>134,524</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>43,022</u>	<u>(31,758)</u>	<u>49,830</u>	<u>(16,975)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	33,000	-	25,000
Transfers Out	(75,000)	-	-	-
	<u>(75,000)</u>	<u>33,000</u>	<u>-</u>	<u>25,000</u>
TOTAL OTHER FINANCING SOURCES (USES)				
CHANGE IN FUND BALANCES	(31,978)	1,242	49,830	8,025
FUND BALANCES, Beginning	<u>75,729</u>	<u>17,726</u>	<u>54,724</u>	<u>-</u>
FUND BALANCES, Ending	<u>\$ 43,751</u>	<u>\$ 18,968</u>	<u>\$ 104,554</u>	<u>\$ 8,025</u>

See the accompanying Independent Auditor's Report.

CAPITAL IMPROVEMENTS FUND	TOTALS
\$ -	\$ 1,539
552,028	946,076
2,659	2,659
-	168,684
554,687	1,118,958
-	134,524
-	151,021
-	45,990
	188,617
238,520	238,520
74,669	74,669
313,189	833,341
241,498	285,617
-	58,000
-	(75,000)
-	(17,000)
241,498	268,617
303,372	451,551
\$ 544,870	\$ 720,168



# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE CONSERVATION TRUST FUND Year Ended December 31, 2020 (With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020				2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES					
Lottery Revenues	\$ 45,000	\$ 195,000	\$ 192,672	\$ (2,328)	\$ 47,875
Interest	350	350	350	-	-
TOTAL REVENUES	45,350	195,350	193,022	(2,328)	47,875
EXPENDITURES					
Parks and Recreation	-	150,000	150,000	-	-
TOTAL EXPENDITURES	-	150,000	150,000	-	-
EXCESS OF REVENUES OVER EXPENDITURES	45,350	45,350	43,022	(2,328)	47,875
OTHER FINANCING USES					
Transfers Out	(75,000)	(75,000)	(75,000)	-	(121,000)
NET CHANGE IN FUND BALANCE	(29,650)	(29,650)	(31,978)	(2,328)	(73,125)
FUND BALANCE, Beginning	73,204	73,204	75,729	2,525	148,854
FUND BALANCE, Ending	<u>\$ 43,554</u>	<u>\$ 43,554</u>	<u>\$ 43,751</u>	<u>\$ 197</u>	<u>\$ 75,729</u>

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE URBAN RENEWAL AUTHORITY FUND Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			2019
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Intergovernmental	\$ -	\$ 5,483	\$ 5,483	\$ -
Miscellaneous	-	9,770	9,770	19,221
TOTAL REVENUES	-	15,253	15,253	19,221
EXPENDITURES				
Culture and Recreation	750	1,021	(271)	702
Urban/Economic Development	41,475	45,990	(4,515)	38,996
TOTAL EXPENDITURES	42,225	47,011	(4,786)	39,698
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(42,225)	(31,758)	10,467	(20,477)
OTHER FINANCING SOURCES (USES)				
Transfers In	33,000	33,000	-	27,375
NET CHANGE IN FUND BALANCE	(9,225)	1,242	10,467	6,898
FUND BALANCE, Beginning	20,551	17,726	(2,825)	10,828
FUND BALANCE, Ending	\$ 11,326	\$ 18,968	\$ 7,642	\$ 17,726

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE KIDS CONNECTION FUND

Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			2019
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Charges for Services	\$ 6,000	\$ 1,539	\$ (4,461)	\$ 31,100
Intergovernmental	62,000	78,344	16,344	44,312
Miscellaneous	100,000	158,564	58,564	149,175
TOTAL REVENUES	168,000	238,447	70,447	224,587
EXPENDITURES				
Kids Connection	206,912	188,617	18,295	188,946
TOTAL EXPENDITURES	206,912	188,617	18,295	188,946
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(38,912)	49,830	88,742	35,641
OTHER FINANCING SOURCES				
Transfers In	45,000	-	(45,000)	-
TOTAL OTHER FINANCING SOURCES	45,000	-	(45,000)	-
NET CHANGE IN FUND BALANCE	6,088	49,830	43,742	35,641
FUND BALANCE, Beginning	32,469	54,724	22,255	19,083
FUND BALANCE, Ending	\$ 38,557	\$ 104,554	\$ 65,997	\$ 54,724

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE GRANTS FUND

Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			2019
	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Intergovernmental	\$ 310,000	\$ 117,549	\$ (192,451)	\$ 126,190
TOTAL REVENUES	310,000	117,549	(192,451)	126,190
EXPENDITURES				
General Government	365,000	134,524	230,476	140,448
TOTAL EXPENDITURES	365,000	134,524	230,476	140,448
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(55,000)	(16,975)	38,025	(14,258)
OTHER FINANCING SOURCES (USES)				
Transfers In	55,000	25,000	(30,000)	14,258
Transfers Out	-	-	-	(35,847)
TOTAL OTHER FINANCING SOURCES (USES)	55,000	25,000	(30,000)	(21,589)
NET CHANGE IN FUND BALANCE	-	8,025	8,025	(35,847)
FUND BALANCE, Beginning	40,296	-	(40,296)	35,847
FUND BALANCE, Ending	\$ 40,296	\$ 8,025	\$ (32,271)	\$ -

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE CAPITAL IMPROVEMENTS FUND Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			2019
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Taxes				
Sales Taxes	\$ 410,000	\$ 552,028	\$ 142,028	\$ 473,465
Interest	4,000	2,659	(1,341)	3,294
TOTAL REVENUES	414,000	554,687	140,687	476,759
EXPENDITURES				
Capital Outlay	31,775	-	31,775	-
Debt Service				
Principal	238,504	238,520	(16)	234,406
Interest and Fiscal Charges	74,708	74,669	39	82,066
TOTAL EXPENDITURES	344,987	313,189	31,798	316,472
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	69,013	241,498	172,485	160,287
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	(218,050)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(218,050)
NET CHANGE IN FUND BALANCE	69,013	241,498	172,485	(57,763)
FUND BALANCE, Beginning	228,088	303,372	75,284	361,135
FUND BALANCE, Ending	\$ 297,101	\$ 544,870	\$ 247,769	\$ 303,372

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE CAPITAL PROJECTS FUND

Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			201
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Interest	\$ 750	\$ 509	\$ (241)	\$ 1,399
Contributions	-	2,292,871	2,292,871	50,500
TOTAL REVENUES	750	2,293,380	2,292,630	51,899
EXPENDITURES				
Public Works	186,000	106,534	79,466	91,658
Culture and Recreation	-	2,370,073	(2,370,073)	
TOTAL EXPENDITURES	186,000	2,476,607	(2,290,607)	91,658
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(185,250)	(183,227)	2,023	(39,759)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	92,755
Transfers Out	-	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(185,250)	(208,227)	(22,977)	52,996
FUND BALANCE, Beginning	326,544	378,187	51,643	325,191
FUND BALANCE, Ending	\$ 141,294	\$ 169,960	\$ 28,666	\$ 378,187

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, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019  ACTUAL
REVENUES				
Charges for Services	\$ 1,004,400	\$ 1,080,879	\$ 76,479	\$ 1,029,741
Tap Fees	1,000	32,650	31,650	4,300
Grant Proceeds	-	-	-	-
Investment Income	4,500	1,776	(2,724)	6,939
Miscellaneous	4,000	13,402	9,402	22,704
 TOTAL REVENUES	 1,013,900	 1,128,707	 114,807	 1,063,684
EXPENDITURES				
Operations and Maintenance	779,389	887,376	(107,987)	668,165
Capital Outlay	150,000	82,244	67,756	303,415
Debt Service				
Principal	-	44,897	(44,897)	43,559
Interest	109,668	63,962	45,706	87,029
Transfers Out	184,000	184,000	-	184,000
 TOTAL EXPENDITURES	 1,223,057	 1,262,479	 (39,422)	 1,286,168
 NET INCOME, Budget Basis	 <u>\$ (209,157)</u>	 (133,772)	 <u>\$ 75,385</u>	 (222,484)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		82,244		303,415
Amortization		(21,000)		(21,000)
Depreciation		(67,618)		(57,310)
Principal Paid on Long-Term Debt		44,897		43,559
 NET INCOME, GAAP Basis		 (95,249)		 46,180
NET POSITION, Beginning		<u>1,921,418</u>		<u>1,875,238</u>
NET POSITION, Ending		<u>\$ 1,826,169</u>		<u>\$ 1,921,418</u>

See the accompanying Independent Auditor's Report.

# CITY OF MONTE VISTA, COLORADO

## BUDGETARY COMPARISON SCHEDULE (Non-GAAP Budgetary Basis) SEWER FUND

Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2019  ACTUAL
REVENUES				
Charges for Services	\$ 970,000	\$ 1,061,944	\$ 91,944	\$ 1,017,057
Tap Fees	1,500	16,825	15,325	3,250
Grant Proceeds	-	15,151	15,151	127,106
Investment Income	4,900	579	(4,321)	2,145
Miscellaneous	1,200	2,415	1,215	300
 TOTAL REVENUES	 977,600	 1,096,914	 119,314	 1,149,858
EXPENDITURES				
Operations and Maintenance	910,005	654,831	255,174	717,265
Capital Outlay	416,000	56,705	359,295	108,056
Debt Service				
Principal	-	72,973	(72,973)	106,999
Interest	73,805	834	72,971	3,375
Transfers Out	184,000	184,000	-	184,000
 TOTAL EXPENDITURES	 1,583,810	 969,343	 614,467	 1,119,695
 NET INCOME (LOSS), Budget Basis	 \$ (606,210)	 127,571	 \$ 733,781	 30,163
GAAP BASIS ADJUSTMENTS				
Capital Outlay		56,705		108,056
Depreciation		(281,692)		(275,879)
Principal Paid on Long-Term Debt		72,973		106,999
 NET INCOME, GAAP Basis		 (24,443)		 (30,661)
NET POSITION, Beginning		4,175,522		4,206,183
NET POSITION, Ending		\$ 4,151,079		\$ 4,175,522

See the accompanying Independent Auditor's Report.



## OTHER INFORMATION

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Monte Vista	
		YEAR ENDING : December 2020	
This Information From The Records Of (example - City of _ or County of ) The City of Monte Vista		Prepared By: Jennifer Signs	Phone: 719-852-2692

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	328,783
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	736
2. General fund appropriations		b. Snow and ice removal	4,165
3. Other local imposts (from page 2)	836,557	c. Other	
4. Miscellaneous local receipts (from page 2)	11,671	d. Total (a. through c.)	4,901
5. Transfers from toll facilities		4. General administration & miscellaneous	98,452
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	352,810
a. Bonds - Original Issues		6. Total (1 through 5)	784,946
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	50,434
7. Total (1 through 6)	848,228	b. Redemption	153,119
<b>B. Private Contributions</b>		c. Total (a. + b.)	203,553
<b>C. Receipts from State government</b> (from page 2)	149,689	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	375
<b>E. Total receipts (A.7 + B + C + D)</b>	997,917	b. Redemption	9,042
		c. Total (a. + b.)	9,417
		3. Total (1.c + 2.c)	212,970
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	997,917

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	1,580,980		153,119	1,427,861
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	12,151		9,042	3,109

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	334,250	997,917	997,917	334,250	0
<b>Notes and Comments:</b>					

See the accompanying Independent Auditor's Report.

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado YEAR ENDING (mm/yy): December 2020	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	69,669	a. Interest on investments	3,168
b. Other local imposts:		b. Traffic Fines & Penalties	8,503
1. Sales Taxes	681,832	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	85,056	g. Other Misc. Receipts	
6. Total (1. through 5.)	766,888	h. Other	
c. Total (a. + b.)	836,557	i. Total (a. through h.)	11,671
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	129,835	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	19,854	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.)	19,854	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	149,689	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			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)
<b>Notes and Comments:</b>			