

**City of Glenwood Springs  
Glenwood Springs, Colorado**

**Financial Statements  
December 31, 2012**



**City of Glenwood Springs, Colorado  
Financial Report  
December 31, 2012**

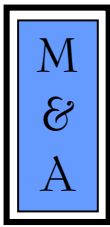
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# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## INDEPENDENT AUDITOR'S REPORT

**To the Member of City Council  
City of Glenwood Springs  
Glenwood Springs, 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 City of Glenwood Springs, Colorado (the "City"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes 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 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 evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**To the Members of City Council  
Glenwood Springs, Colorado**

**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 City of Glenwood Springs, Colorado as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

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

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements taken as a whole. The combining fund financial statements, individual fund budgetary information, and the Local Highway Finance Report listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the City's financial statements. The combining fund financial statements, the individual fund budgetary information, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**To the Members of City Council  
Glenwood Springs, Colorado**

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for the purpose of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the City's financial statements. Such information has been subjected to the auditing procedures applied audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**McMahan and Associates, L.L.C.  
June 28, 2013**

MANAGEMENT'S DISCUSSION AND ANALYSIS



# City of Glenwood Springs, Colorado

Management's Discussion and Analysis  
December 31, 2012

As management of the City of Glenwood Springs (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, transportation, public safety, community development, public works and culture and recreation. The business-type activities of the City include water and sewer operations, electric distribution operation, airport and landfill operations.

The government-wide financial statements can be found in Section C of this report.

**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, 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 three categories: governmental funds, proprietary funds and fiduciary 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 financial 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 may be useful in evaluating a government's near-term financing requirements. The City's major governmental funds include the General Fund, Fire and Ambulance Fund, Downtown Development Authority, Capital Projects Fund, and the Acquisition and Improvement Fund. The City also reports a number of non-major governmental funds.



## Overview of the Financial Statements (continued)

**Governmental Funds (continued):** Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statute.

The basic major governmental fund financial statements can be found in Section C.

**Proprietary Funds:** The City reports two categories of proprietary funds - Internal Service and Enterprise. The Fleet Service Fund, an internal service fund created in 2007, provides vehicle and equipment replacement and maintenance services to the City's governmental and enterprise activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its Water and Sewer, Electric Distribution, Airport and Landfill Operations.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for each of the business-type services provided by the City, each of which is considered to be a major fund of the City.

The basic Proprietary Fund financial statements can be found in Section C of this report.

**Fiduciary Funds:** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Fiduciary Funds used by the City are the Cemetery Reserve and the Volunteer Firemen's Pension Plan.

The basic Fiduciary Fund financial statements can be found in Section C of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

**Government-wide Financial Analysis:**

**City of Glenwood Spring's Net Position**

|  | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                   | <u>Total</u>       |                    |
|--|--------------------------------|--------------------|---------------------------------|-------------------|--------------------|--------------------|
|  | <u>2012</u>                    | <u>2011</u>        | <u>2012</u>                     | <u>2011</u>       | <u>2012</u>        | <u>2011</u>        |
| <b>Assets:</b>                             |                                |                    |                                 |                   |                    |                    |
| Current and other assets                   | 23,275,598                     | 23,561,655         | 20,577,387                      | 21,615,539        | 43,852,985         | 45,177,194         |
| Capital assets, net                        | 78,735,477                     | 104,358,844        | 74,773,758                      | 47,584,249        | 153,509,235        | 151,943,093        |
| <b>Total Assets</b>                        | <u>102,011,075</u>             | <u>127,920,499</u> | <u>95,351,145</u>               | <u>69,199,788</u> | <u>197,362,220</u> | <u>197,120,287</u> |
| <b>Deferred Outflows<br/>of Resources:</b> | <u>290,740</u>                 | <u>364,490</u>     | <u>-</u>                        | <u>-</u>          | <u>290,740</u>     | <u>364,490</u>     |
| <b>Liabilities:</b>                        |                                |                    |                                 |                   |                    |                    |
| Other liabilities                          | 4,709,231                      | 7,505,124          | 3,257,574                       | 2,627,920         | 7,966,805          | 10,133,044         |
| Long-term liabilities                      | 11,602,618                     | 13,286,674         | 29,444,040                      | 30,501,315        | 41,046,658         | 43,787,989         |
| <b>Total Liabilities</b>                   | <u>16,311,849</u>              | <u>20,791,798</u>  | <u>32,701,614</u>               | <u>33,129,235</u> | <u>49,013,463</u>  | <u>53,921,033</u>  |
| <b>Deferred Inflows<br/>of Resources:</b>  | <u>1,163,442</u>               | <u>-</u>           | <u>-</u>                        | <u>-</u>          | <u>1,163,442</u>   | <u>-</u>           |
| <b>Net Position:</b>                       |                                |                    |                                 |                   |                    |                    |
| Net investment in<br>capital assets        | 66,598,004                     | 90,120,246         | 44,536,207                      | 22,627,362        | 111,134,211        | 112,747,608        |
| Restricted                                 | 2,161,903                      | 1,200,520          | -                               | -                 | 2,161,903          | 1,200,520          |
| Unrestricted                               | 16,066,617                     | 16,172,425         | 18,113,324                      | 13,443,191        | 34,179,941         | 29,615,616         |
| <b>Total Net Position</b>                  | <u>84,826,524</u>              | <u>107,493,191</u> | <u>62,649,531</u>               | <u>36,070,553</u> | <u>147,476,055</u> | <u>143,563,744</u> |

**Government-wide Net Position and Activities:**

Traditionally, the largest portion of any municipality's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the City's residents and visitors. The City's capital assets account for 75% of its net position; these assets are not an available source for payment of future spending. Of the remaining \$36,341,844 in net position, \$670,968 is restricted for TABOR reserve, \$52,420 is restricted for police asset forfeitures, \$1,182,500 is restricted for general obligation bond payments, and \$256,015 is restricted by enabling legislation.

At the end of the 2012 fiscal year, the City is able to report positive balances in all three categories of net position, first for the government as a whole, and then as separate governmental and business-type activities.

The City's net position increased \$3,912,311 during the current fiscal year. The decrease in governmental activities and increase in business-type activities can primarily be attributed to the City's transfer of the completed wastewater facility to the City's water and sewer utility.

**Government-wide Financial Analysis (continued):**

**City of Glenwood Spring's Changes in Net Position**

|                                 | <u>Governmental Activities</u> |                    | <u>Business-type Activities</u> |                     | <u>Total</u>       |                    |
|---------------------------------|--------------------------------|--------------------|---------------------------------|---------------------|--------------------|--------------------|
|                                 | <u>2012</u>                    | <u>2011</u>        | <u>2012</u>                     | <u>2011</u>         | <u>2012</u>        | <u>2011</u>        |
| <b>Revenues:</b>                |                                |                    |                                 |                     |                    |                    |
| Program revenues:               |                                |                    |                                 |                     |                    |                    |
| Charges for services            | 5,241,397                      | 4,790,315          | 19,386,288                      | 17,563,691          | 24,627,685         | 22,354,006         |
| Grants and contributions        | 2,359,772                      | 2,114,880          | 707,115                         | 764,889             | 3,066,887          | 2,879,769          |
| General revenue:                |                                |                    |                                 |                     |                    |                    |
| Sales and use taxes             | 14,545,502                     | 13,793,060         | -                               | -                   | 14,545,502         | 13,793,060         |
| Property taxes                  | 1,262,979                      | 1,344,378          | -                               | -                   | 1,262,979          | 1,344,378          |
| Other taxes                     | 960,744                        | 896,805            | -                               | -                   | 960,744            | 896,805            |
| Interest and other revenues     | 225,026                        | 319,700            | 89,995                          | 134,039             | 315,021            | 453,739            |
| <b>Total Revenues</b>           | <u>24,595,420</u>              | <u>23,259,138</u>  | <u>20,183,398</u>               | <u>18,462,619</u>   | <u>44,778,818</u>  | <u>41,721,757</u>  |
| <b>Expenses:</b>                |                                |                    |                                 |                     |                    |                    |
| General government              | 3,517,290                      | 3,731,639          | -                               | -                   | 3,517,290          | 3,731,639          |
| Transportation                  | 1,091,656                      | 1,097,498          | -                               | -                   | 1,091,656          | 1,097,498          |
| Public Safety                   | 6,452,872                      | 6,492,262          | -                               | -                   | 6,452,872          | 6,492,262          |
| Community development           | 1,267,767                      | 1,236,633          | -                               | -                   | 1,267,767          | 1,236,633          |
| Public works                    | 5,023,280                      | 4,309,107          | -                               | -                   | 5,023,280          | 4,309,107          |
| Culture and recreation          | 4,798,389                      | 3,851,086          | -                               | -                   | 4,798,389          | 3,851,086          |
| Interest on long-term debt      | 458,669                        | 569,937            | -                               | -                   | 458,669            | 569,937            |
| Water and sewer                 | -                              | -                  | 4,661,011                       | 4,431,679           | 4,661,011          | 4,431,679          |
| Electric system                 | -                              | -                  | 9,782,733                       | 9,530,276           | 9,782,733          | 9,530,276          |
| Airport operations              | -                              | -                  | 137,295                         | 161,143             | 137,295            | 161,143            |
| Landfill                        | -                              | -                  | 3,675,545                       | 3,223,961           | 3,675,545          | 3,223,961          |
| <b>Total Expenses</b>           | <u>22,609,923</u>              | <u>21,288,162</u>  | <u>18,256,584</u>               | <u>17,347,059</u>   | <u>40,866,507</u>  | <u>38,635,221</u>  |
| <b>Change in Net Position</b>   |                                |                    |                                 |                     |                    |                    |
| <b>Before Transfers</b>         | 1,985,497                      | 1,970,976          | 1,926,814                       | 1,115,560           | 3,912,311          | 3,086,536          |
| Transfers                       | (24,652,164)                   | 17,721,408         | 24,652,164                      | (17,721,408)        | -                  | -                  |
| <b>Change in Net Position</b>   | <u>(22,666,667)</u>            | <u>19,692,384</u>  | <u>26,578,978</u>               | <u>(16,605,848)</u> | <u>3,912,311</u>   | <u>3,086,536</u>   |
| <b>Net Position - Beginning</b> | <u>107,493,191</u>             | <u>87,800,807</u>  | <u>36,070,553</u>               | <u>52,676,401</u>   | <u>143,563,744</u> | <u>140,477,208</u> |
| <b>Net Position - Ending</b>    | <u>84,826,524</u>              | <u>107,493,191</u> | <u>62,649,531</u>               | <u>36,070,553</u>   | <u>147,476,055</u> | <u>143,563,744</u> |

**Governmental Activities:** Governmental activities increased the City's net position by \$919,567 before transfers. Significant events impacting 2012 are:

- Sales and Use tax increased 5 ½ % over 2011 amounts as the overall economic climate became positive and consumer spending increased.
- Culture and recreation expenses increase due to the contribution of the 802 Grand Avenue parking lot to the Garfield County Library District for the completion of a new library building. The contribution consisted of property purchased for \$1,601,928 less leasehold improvements located at 413 9<sup>th</sup> Street, received in exchange for the contribution.
- The City has historically contributed capital assets from the Capital Projects Fund to the business-type activities funds. The business-type activities funds also share the cost of general government overhead functions. The reimbursement of overhead from business-type activities to governmental activities has assisted the governmental activities in maintaining an overall positive net position.

## Government-wide Financial Analysis (continued):

**Business-type Activities:** Business-type activities increased the City's net position by \$1,926,814 before transfers. Key elements of this increase are as follows:

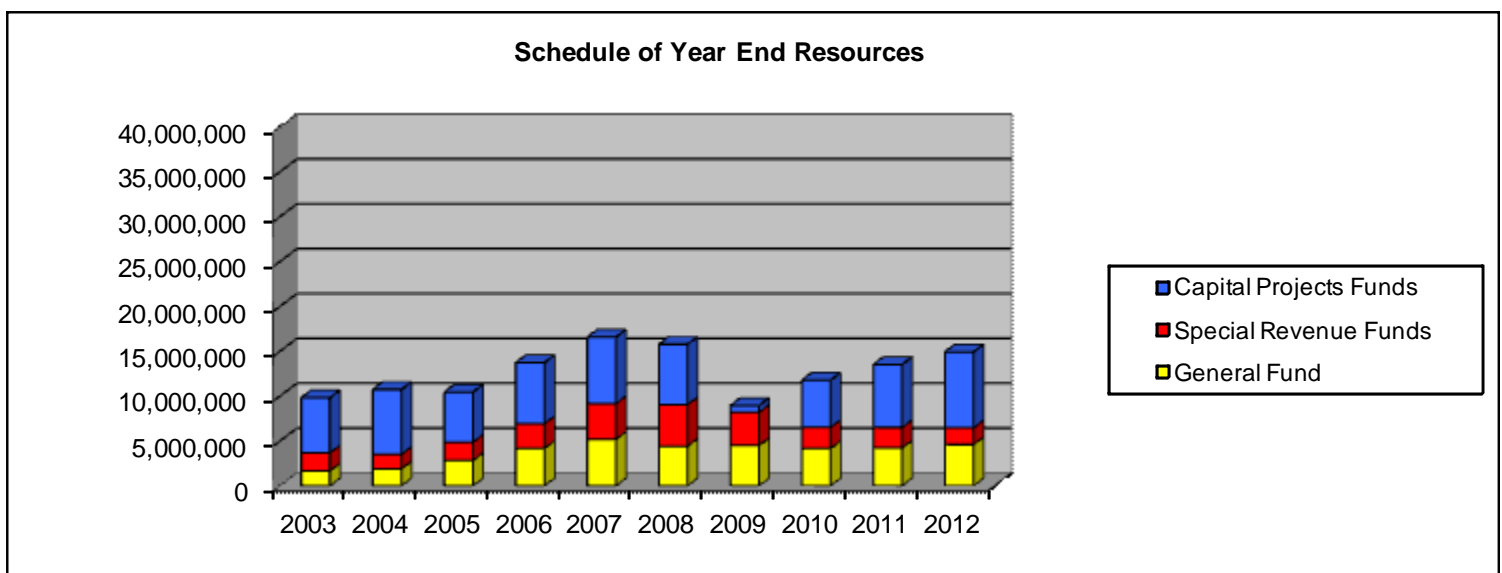
- The Water and Sewer Fund's net position increased \$773,944 before transfers, as user fees increased to pay for the debt associated with construction of the new wastewater facility. The loan agreement is the amount of \$31,460,100 and will be required principal and interest payments until 2032.
- The Electric Fund's net position increased \$627,539 before transfers. This increase is due increased residential and commercial revenue. The Fund's available cash increased by \$702,374.
- The Landfill Fund's net position increased \$432,119. This increase is a direct result of increased disposal fees as construction and other project pick up within the community with the improved economic climate. In 2007, the Landfill Fund advanced \$435,767 to the Downtown Development Authority for the purchase of property, which is being repaid in installments. In 2012, the Landfill additionally advanced \$1,000,000 to the Downtown Development Authority for the construction of the Cooper Street parking structure.

## Financial Analysis of the City's Funds

As mentioned earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

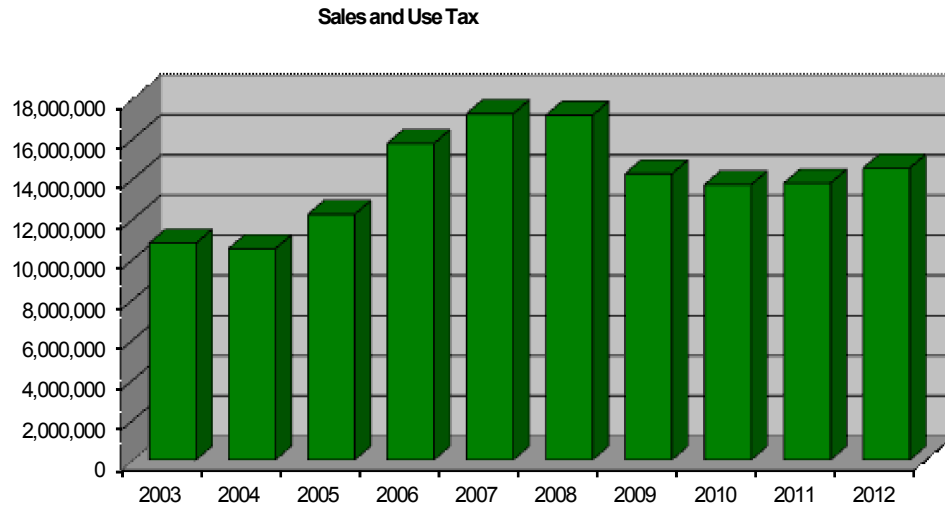
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,927,138, an increase of \$1,400,776 from the prior year ending fund balances. This increase can be attributable to transfers in from the City's business-type funds to offset the costs of undertaking new projects in the Capital Projects and Acquisition and Improvement Funds. The following graph provides a view of the City's ending fund balances:



## Financial Analysis of the City's Funds (continued)

### Governmental Funds (continued):

The City's primary funding of governmental activities is sales and use tax. The following chart represents changes in the City's sales and use tax revenue:



Sales and use tax in 2012 increased 5 ½ % over 2011 results. With almost \$14.5 million in sales and use tax collections, it was the City's best performance since 2008.

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City's proprietary funds ending net position was \$62,649,532 broken down by fund as follows: Water and Sewer - \$28,489,002, Electric - \$27,453,253, Airport - \$86,041 and Landfill - \$6,621,236. The net position includes each fund's net investment of capital assets. Unrestricted net position available at year-end broken down by fund is: Water and Sewer - \$5,655,365, Electric System - \$5,253,389, Airport - \$48,308, and Landfill Operations - \$6,231,887.

The approved budget for 2012 included transfers from the Enterprise funds only for debt requirements and the funding of capital costs.

**Financial Analysis of the City's Funds (continued)**

**Budget Variances in the General Fund:** The following significant variances were noted in the General Fund:

| <u>Account</u>      | <u>Variance<br/>Positive<br/>(Negative)</u> | <u>Reason</u>  |
|---------------------|---|--|
| <b>Revenues:</b>    |   |  |
| Other lease revenue | \$ 112,614                                  | Mineral lease revenues continue to increase and are conservatively budgeted.                                     |
| Building permits    | (68,164)                                    | Throughout the City there are less construction projects   |
| <b>Expenses:</b>    |   |  |
| Recreation          | 70,125                                      | Staffing cutbacks  |
| Police department   | 59,444                                      | Overall staffing shortages within department, as well as receiving grant reimbursements for programs undertaken. |

**Capital Assets:** The City's capitalization policy pertains to assets with a purchase value of \$5,000 or greater. Assets of lesser value are treated as operational expenditures. Additional information as well as a detailed classification of the City's net capital assets can be found in the Notes to the Financial Statement in section D.

**Long-term Debts:** As of the end of the current fiscal year, the City's long-term liabilities totaled \$44,565,069. Additional information as well as a detailed classification of the City's total long-term liabilities can be found in the Notes to the Financial Statements in section D of this report.

**Next Year's Budget and Rates:** The City's General Fund balance at the end of fiscal year 2012 totaled \$4,612,622. The original 2013 budget anticipates decreasing this balance by \$472,815.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Glenwood Springs, City Finance Director, 101 W. 8th Street, Glenwood Springs, CO 81601.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



**City of Glenwood Springs, Colorado**  
**Statement of Net Position**  
**December 31, 2012**

|   | <b>Governmental<br/>Activities</b> | <b>Business<br/>Type<br/>Activities</b> | <b>Total</b>        |
|---|------------------------------------|---|---------------------|
| <b>Assets:</b>                                    |                                    |   |                     |
| Cash and cash equivalents - unrestricted          | 18,944,550                         | 16,264,061                              | 35,208,611          |
| Cash and cash equivalents - restricted            | 1,785,403                          | 6,013                                   | 1,791,416           |
| Accounts, taxes, and interest receivable          | 3,738,908                          | 2,434,022                               | 6,172,930           |
| Due from other governments                        | 138,238                            | -                                       | 138,238             |
| Prepaid items                                     | 2,061                              | -                                       | 2,061               |
| Internal Balances                                 | (1,368,462)                        | 1,368,462                               | -                   |
| Inventory   | 34,900                             | 504,829                                 | 539,729             |
| <b>Total current assets</b>                       | <u>23,275,598</u>                  | <u>20,577,387</u>                       | <u>43,852,985</u>   |
| Capital assets not being depreciated:             |                                    |   |                     |
| Land and water rights                             | 10,509,063                         | 1,334,857                               | 11,843,920          |
| Construction in Progress                          | 8,030,281                          | 2,948,612                               | 10,978,893          |
| Capital assets being depreciated:                 |                                    |   |                     |
| Buildings and improvements                        | 93,507,164                         | 100,202,595                             | 193,709,759         |
| Equipment   | 5,568,701                          | 1,304,383                               | 6,873,084           |
| Vehicles  | 4,023,856                          | 13,693                                  | 4,037,549           |
| Less accumulated depreciation                     | <u>(42,903,588)</u>                | <u>(31,030,382)</u>                     | <u>(73,933,970)</u> |
| <b>Total capital assets (net)</b>                 | <u>78,735,477</u>                  | <u>74,773,758</u>                       | <u>153,509,235</u>  |
| <b>Total Assets</b>                               | <u>102,011,075</u>                 | <u>95,351,145</u>                       | <u>197,362,220</u>  |
| <b>Deferred Outflows of Resources:</b>            |                                    |   |                     |
| Bond issuance costs                               | 88,117                             | -                                       | 88,117              |
| Deferred charge on refunding                      | 202,623                            | -                                       | 202,623             |
| <b>Total Deferred Outflows on Resources</b>       | <u>290,740</u>                     | <u>-</u>                                | <u>290,740</u>      |
| <b>Liabilities:</b>                               |                                    |   |                     |
| Current Liabilities:                              |                                    |   |                     |
| Accounts, retainage, arbitrage & deposits payable | 1,892,084                          | 1,502,833                               | 3,394,917           |
| Accrued compensation                              | 487,661                            | 103,326                                 | 590,987             |
| Interest payable                                  | 101,392                            | 360,548                                 | 461,940             |
| Unearned revenue                                  | 550                                | -                                       | 550                 |
| Compensated absences - Due within one year        | 596,025                            | 198,942                                 | 794,967             |
| Long-term debt - Due within one year              | 1,631,519                          | 1,091,925                               | 2,723,444           |
| <b>Total current liabilities:</b>                 | <u>4,709,231</u>                   | <u>3,257,574</u>                        | <u>7,966,805</u>    |
| Noncurrent liabilities:                           |                                    |   |                     |
| Compensated absences                              | 894,041                            | 298,414                                 | 1,192,455           |
| Long-term debt                                    | 10,708,577                         | 29,145,626                              | 39,854,203          |
| <b>Total noncurrent liabilities</b>               | <u>11,602,618</u>                  | <u>29,444,040</u>                       | <u>41,046,658</u>   |
| <b>Total Liabilities</b>                          | <u>16,311,849</u>                  | <u>32,701,614</u>                       | <u>49,013,463</u>   |
| <b>Deferred Inflows of Resources:</b>             |                                    |   |                     |
| Property taxes                                    | 1,163,442                          | -                                       | 1,163,442           |
| <b>Total Deferred Inflows on Resources</b>        | <u>1,163,442</u>                   | <u>-</u>                                | <u>1,163,442</u>    |
| <b>Net Position:</b>                              |                                    |   |                     |
| Net investment in capital assets                  | 66,598,004                         | 44,536,207                              | 111,134,211         |
| Restricted for:                                   |                                    |   |                     |
| Emergencies                                       | 670,968                            | -                                       | 670,968             |
| Other purposes                                    | 1,490,935                          | -                                       | 1,490,935           |
| Unrestricted                                      | 16,066,617                         | 18,113,324                              | 34,179,941          |
| <b>Total Net Position</b>                         | <u>84,826,524</u>                  | <u>62,649,531</u>                       | <u>147,476,055</u>  |

The notes to the financial statements are an integral part of this statement.



**City of Glenwood Springs, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

|  | Program Revenues  |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |                            |                             |                     |
|--|-------------------|-------------------------|--|--|----------------------------|-----------------------------|---------------------|
|  | Expenses          | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions               | Governmental<br>Activities | Business-type<br>Activities | Total               |
| <b>Functions/Programs:</b>   |                   |                         |  |  |                            |                             |                     |
| <b>Governmental Activities:</b>  |                   |                         |  |  |                            |                             |                     |
| General government   | 3,517,288         | 2,328,855               | 836,534                                  | -  | (351,899)                  | -                           | (351,899)           |
| Public transportation  | 1,091,656         | 133,540                 | 319,177                                  | -  | (638,939)                  | -                           | (638,939)           |
| Public safety  | 6,452,872         | 1,404,106               | 187,544                                  | -  | (4,861,222)                | -                           | (4,861,222)         |
| Community and economic development   | 1,267,767         | 144,975                 | -  | -  | (1,122,792)                | -                           | (1,122,792)         |
| Public works   | 5,023,280         | 40,538                  | 918,459                                  | -  | (4,064,283)                | -                           | (4,064,283)         |
| Culture and recreation   | 4,798,389         | 1,189,383               | 2,307                                    | 95,751   | (3,510,948)                | -                           | (3,510,948)         |
| Interest on long-term debt   | 458,669           | -                       | -  | -  | (458,669)                  | -                           | (458,669)           |
| <b>Total Governmental Activities</b>   | <u>22,609,921</u> | <u>5,241,397</u>        | <u>2,264,021</u>                         | <u>95,751</u>  | <u>(15,008,752)</u>        | <u>-</u>                    | <u>(15,008,752)</u> |
| <b>Business-type activities:</b>   |                   |                         |  |  |                            |                             |                     |
| Water and sewer  | 4,661,012         | 5,350,696               | 63,441                                   | 3,091  | -                          | 756,216                     | 756,216             |
| Electric system  | 9,782,733         | 9,844,504               | 547,376                                  | 92,319   | -                          | 701,466                     | 701,466             |
| Airport operations   | 137,295           | 136,431                 | 888                                      | -  | -                          | 24                          | 24                  |
| Landfill operations  | 3,675,545         | 4,054,657               | -  | -  | -                          | 379,112                     | 379,112             |
| <b>Total Business-type Activities</b>  | <u>18,256,585</u> | <u>19,386,288</u>       | <u>611,705</u>                           | <u>95,410</u>  | <u>-</u>                   | <u>1,836,818</u>            | <u>1,836,818</u>    |
| <b>Total</b>   | <u>40,866,506</u> | <u>24,627,685</u>       | <u>2,875,726</u>                         | <u>191,161</u>                                       | <u>(15,008,752)</u>        | <u>1,836,818</u>            | <u>(13,171,934)</u> |
| <b>General Revenues:</b>   |                   |                         |  |  |                            |                             |                     |
| Taxes:   |                   |                         |  |  |                            |                             |                     |
| Property tax, levied for general purposes  |                   |                         |  |  | 1,262,979                  | -                           | 1,262,979           |
| Specific ownership tax   |                   |                         |  |  | 53,651                     | -                           | 53,651              |
| Sales and use tax  |                   |                         |  |  | 14,545,502                 | -                           | 14,545,502          |
| Franchise tax  |                   |                         |  |  | 151,314                    | -                           | 151,314             |
| Accommodations tax   |                   |                         |  |  | 721,787                    | -                           | 721,787             |
| Other miscellaneous taxes  |                   |                         |  |  | 33,992                     | -                           | 33,992              |
| Unrestricted investment earnings   |                   |                         |  |  | 93,862                     | 88,624                      | 182,486             |
| Grants, contributions and miscellaneous income<br>not restricted for specific purposes |                   |                         |  |  | 89,561                     | 800                         | 90,361              |
| Gain (loss) on asset disposal  |                   |                         |  |  | 41,603                     | 571                         | 42,174              |
| Transfers  |                   |                         |  |  | (24,652,164)               | 24,652,164                  | -                   |
| <b>Total General Revenues and Transfers</b>  |                   |                         |  |  | <u>(7,657,913)</u>         | <u>24,742,159</u>           | <u>17,084,246</u>   |
| <b>Change in Net Position</b>  |                   |                         |  |  | <u>(22,666,665)</u>        | <u>26,578,977</u>           | <u>3,912,312</u>    |
| <b>Net Position - Beginning</b>  |                   |                         |  |  | <u>107,493,189</u>         | <u>36,070,554</u>           | <u>143,563,743</u>  |
| <b>Net Position - Ending</b>   |                   |                         |  |  | <u>84,826,524</u>          | <u>62,649,531</u>           | <u>147,476,055</u>  |

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

FUND FINANCIAL STATEMENTS



**City of Glenwood Springs, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

|  | <u>General</u>   | <u>Fire and<br/>Ambulance<br/>Fund</u> | <u>Downtown<br/>Development<br/>Authority</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Acquisition<br/>and<br/>Improvement</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>      |
|--|------------------|--|---|--------------------------------------|--|---|-------------------|
| <b>Assets:</b>   |                  |  |   |                                      |  |   |                   |
| Cash and investments   | 3,886,338        | -                                      | 2,782,487                                     | 3,913,241                            | 1,323,945                                  | 3,180,010                               | 15,086,021        |
| Cash and investments - restricted                                | -                | -                                      | -   | -                                    | 1,785,403                                  | -                                       | 1,785,403         |
| Taxes receivable   | 1,800,989        | -                                      | 107,096                                       | 209,772                              | 419,543                                    | 377,620                                 | 2,915,020         |
| Accounts receivable, net   | 428,407          | 208,915                                | -   | 162,712                              | -  | 7,698                                   | 807,732           |
| Interest receivable  | 1,237            | -                                      | -   | -                                    | 8,239                                      | -                                       | 9,476             |
| Due from other governments                                       | -                | -                                      | -   | -                                    | -  | 138,238                                 | 138,238           |
| Due (to) from other funds  | 252,610          | (71,341)                               | (2,549,731)                                   | -                                    | -  | -                                       | (2,368,462)       |
| Prepaid items  | -                | -                                      | -   | -                                    | -  | 2,061                                   | 2,061             |
| <b>Total Assets</b>  | <u>6,369,581</u> | <u>137,574</u>                         | <u>339,852</u>                                | <u>4,285,725</u>                     | <u>3,537,130</u>                           | <u>3,705,627</u>                        | <u>18,375,489</u> |
| <b>Liabilities:</b>  |                  |  |   |                                      |  |   |                   |
| Accounts/vouchers payable  | 150,401          | 13,388                                 | 230,858                                       | 649,919                              | 273,125                                    | 273,574                                 | 1,591,265         |
| Other liabilities  | 263,721          | -                                      | -   | -                                    | -  | -                                       | 263,721           |
| Accrued payroll and related liabilities                          | 330,437          | 90,698                                 | -   | 8,238                                | -  | -                                       | 429,373           |
| Unearned revenue   | -                | 550                                    | -   | -                                    | -  | -                                       | 550               |
| <b>Total Liabilities</b>   | <u>744,559</u>   | <u>104,636</u>                         | <u>230,858</u>                                | <u>658,157</u>                       | <u>273,125</u>                             | <u>273,574</u>                          | <u>2,284,909</u>  |
| <b>Deferred Inflows of Resources</b>                             |                  |  |   |                                      |  |   |                   |
| Property taxes   | 1,012,400        | -                                      | 107,096                                       | -                                    | -  | 43,946                                  | 1,163,442         |
| <b>Total Deferred Inflows</b>                                    | <u>1,012,400</u> | <u>-</u>                               | <u>107,096</u>                                | <u>-</u>                             | <u>-</u>                                   | <u>43,946</u>                           | <u>1,163,442</u>  |
| <b>Fund Balances:</b>  |                  |  |   |                                      |  |   |                   |
| Nonspendable   | 569,270          | -                                      | -   | -                                    | -  | 2,061                                   | 571,331           |
| Restricted   | 705,940          | 30,102                                 | 11,431  | 57,681                               | 1,245,770                                  | 110,979                                 | 2,161,903         |
| Committed  | 205,669          | -                                      | -   | 406,565                              | 646,906                                    | 250,195                                 | 1,509,335         |
| Assigned   | -                | 2,836                                  | -   | 3,163,322                            | 1,371,329                                  | 3,024,872                               | 7,562,359         |
| Unassigned   | 3,131,743        | -                                      | (9,533)                                       | -                                    | -  | -                                       | 3,122,210         |
| <b>Total Fund Balance</b>  | <u>4,612,622</u> | <u>32,938</u>                          | <u>1,898</u>                                  | <u>3,627,568</u>                     | <u>3,264,005</u>                           | <u>3,388,107</u>                        | <u>14,927,138</u> |
| <b>Total Liabilities, Deferred Inflows<br/>and Fund Balances</b> | <u>6,369,581</u> | <u>137,574</u>                         | <u>339,852</u>                                | <u>4,285,725</u>                     | <u>3,537,130</u>                           | <u>3,705,627</u>                        | <u>18,375,489</u> |

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

**City of Glenwood Springs, Colorado**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2012**

|   |                          |
|---|--------------------------|
| Governmental Funds Total Fund Balance   | 14,927,138               |
| Add:  |                          |
| Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.   | 76,133,062               |
| Internal Service Funds are used by the City to account for the repair and replacement costs of the City's heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Activities. | 7,407,138                |
| Less:   |                          |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of City long-term liabilities, including accrued interest and deferred costs.                             | (13,640,814)             |
| Governmental Activities Net Position  | <u><u>84,826,524</u></u> |

The notes to the financial statements are an integral part of this statement.

**City of Glenwood Springs, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2012**

|  | <u>General</u>     | <u>Fire and<br/>Ambulance<br/>Fund</u> | <u>Downtown<br/>Development<br/>Authority</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Acquisition<br/>and<br/>Improvement</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|--------------------|--|---|--------------------------------------|--|---|---|
| <b>Revenues:</b>   |                    |  |   |                                      |  |   |   |
| Taxes  | 7,090,341          | -                                      | 376,220                                       | 1,934,887                            | 3,869,772                                  | 3,477,058                               | 16,748,278                              |
| Permits and licenses   | 153,498            | -                                      | -   | -                                    | -  | -                                       | 153,498                                 |
| Intergovernmental revenue                                    | 1,226,672          | 26,739                                 | -   | -                                    | -  | 666,575                                 | 1,919,986                               |
| Charges for services   | 1,513,890          | 986,990                                | -   | 40,538                               | -  | 171,892                                 | 2,713,310                               |
| Investment income  | 16,778             | 38                                     | 3,648   | 5,578                                | 37,719                                     | 5,277                                   | 69,038                                  |
| Miscellaneous  | 2,769,863          | -                                      | 1,170   | 165,920                              | 8,546                                      | 191,300                                 | 3,136,799                               |
| <b>Total Revenues</b>  | <u>12,771,042</u>  | <u>1,013,767</u>                       | <u>381,038</u>                                | <u>2,146,923</u>                     | <u>3,916,037</u>                           | <u>4,512,102</u>                        | <u>24,740,909</u>                       |
| <b>Expenditures:</b>   |                    |  |   |                                      |  |   |   |
| General government   | 2,882,202          | -                                      | 1,787,624                                     | -                                    | 2,176,181                                  | 87,283                                  | 6,933,290                               |
| Transportation   | -                  | -                                      | -   | -                                    | -  | 2,205,053                               | 2,205,053                               |
| Public safety  | 3,043,074          | 2,922,667                              | -   | -                                    | -  | 35,287                                  | 6,001,028                               |
| Community and economic development                           | 581,510            | -                                      | -   | -                                    | -  | 613,909                                 | 1,195,419                               |
| Public works   | 1,329,793          | -                                      | -   | 3,227,095                            | 225,514                                    | -                                       | 4,782,402                               |
| Culture and recreation                                       | 3,104,795          | -                                      | -   | -                                    | 42,698                                     | 51,603                                  | 3,199,096                               |
| Debt service:  |                    |  |   |                                      |  |   |   |
| Principal  | 240,000            | -                                      | -   | 214,455                              | 1,370,722                                  | 255,654                                 | 2,080,831                               |
| Interest   | 54,884             | -                                      | 22,666  | 9,758                                | 394,108                                    | 10,932                                  | 492,348                                 |
| <b>Total Expenditures</b>                                    | <u>11,236,258</u>  | <u>2,922,667</u>                       | <u>1,810,290</u>                              | <u>3,451,308</u>                     | <u>4,209,223</u>                           | <u>3,259,721</u>                        | <u>26,889,467</u>                       |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>1,534,784</u>   | <u>(1,908,900)</u>                     | <u>(1,429,252)</u>                            | <u>(1,304,385)</u>                   | <u>(293,186)</u>                           | <u>1,252,381</u>                        | <u>(2,148,558)</u>                      |
| <b>Other Financing Sources (Uses):</b>                       |                    |  |   |                                      |  |   |   |
| Transfers in   | 902,108            | 1,848,666                              | 50,000  | 3,447,226                            | -  | 186,299                                 | 6,434,299                               |
| Transfers (out)  | (2,055,235)        | -                                      | -   | (806,757)                            | (13,514)                                   | (9,459)                                 | (2,884,965)                             |
| <b>Total Other Financing<br/>Sources (Uses)</b>              | <u>(1,153,127)</u> | <u>1,848,666</u>                       | <u>50,000</u>                                 | <u>2,640,469</u>                     | <u>(13,514)</u>                            | <u>176,840</u>                          | <u>3,549,334</u>                        |
| <b>Net Change in Fund Balance</b>                            | 381,657            | (60,234)                               | (1,379,252)                                   | 1,336,084                            | (306,700)                                  | 1,429,221                               | 1,400,776                               |
| <b>Fund Balance - Beginning of Year</b>                      | <u>4,230,965</u>   | <u>93,172</u>                          | <u>1,381,150</u>                              | <u>2,291,484</u>                     | <u>3,570,705</u>                           | <u>1,958,886</u>                        | <u>13,526,362</u>                       |
| <b>Fund Balance - End of Year</b>                            | <u>4,612,622</u>   | <u>32,938</u>                          | <u>1,898</u>                                  | <u>3,627,568</u>                     | <u>3,264,005</u>                           | <u>3,388,107</u>                        | <u>14,927,138</u>                       |

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

**City of Glenwood Springs, Colorado**  
**Reconciliation of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**December 31, 2012**

**Net Change in Fund Balances of Governmental Funds** 1,400,776

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation for the year. 3,251,661

Repayment of bond principal and leases are expenditures in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position. This represents the total principal repayments, the change in accrued interest at year end and amortization of debt-related deferrals. 2,114,510

Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased. (126,909)

Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities. (569,207)

In the Statement of Activities, the gain or loss on the sale and disposal of assets is reported, including contributions made to non-governmental funds and other entities. In 2012, the capital projects fund contributed \$28,201,498 to the Water and Sewer Fund. Additionally, the City contributed \$535,998 to outside entities. Governmental funds only report the proceeds that increase current available resources. (28,737,496)

**Governmental Activities Change in Net Position** (22,666,665)

The notes to the financial statements are an integral part of this statement.

**City of Glenwood Springs, Colorado**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2012**

|  | <b>Water and<br/>Sewer</b> | <b>Electric<br/>System</b> | <b>Airport<br/>Operations</b> | <b>Landfill<br/>Operations</b> | <b>Totals</b>       | <b>Governmental<br/>Activities<br/>Internal<br/>Service Funds<br/>Totals</b> |
|--|----------------------------|----------------------------|-------------------------------|--------------------------------|---------------------|--|
| <b>Assets:</b>   |                            |                            |                               |                                |                     |  |
| <b>Current:</b>  |                            |                            |                               |                                |                     |  |
| Cash in bank - Unrestricted  | 4,670,770                  | 4,826,303                  | 30,596                        | 5,760,433                      | 15,288,102          | 3,858,530  |
| Cash in bank - Restricted  | 981,972                    | -                          | -                             | -                              | 981,972             | -  |
| Accounts receivable - Trade (net of allowance for doubtful accounts) | 503,055                    | 1,359,908                  | 239                           | 512,585                        | 2,375,787           | -  |
| Interest receivable  | 13,524                     | 6,351                      | -                             | 29,305                         | 49,180              | 6,679  |
| Other receivables  | 9,055                      | -                          | -                             | -                              | 9,055               | -  |
| Inventory  | 241,608                    | 241,921                    | 21,300                        | -                              | 504,829             | 34,900   |
| Due from (to) other funds  | -                          | -                          | -                             | 1,368,462                      | 1,368,462           | 1,000,000  |
| <b>Total Current Assets</b>  | <b>6,419,984</b>           | <b>6,434,483</b>           | <b>52,135</b>                 | <b>7,670,785</b>               | <b>20,577,387</b>   | <b>4,900,109</b>   |
| <b>Property and Equipment:</b>                                       |                            |                            |                               |                                |                     |  |
| Land   | -                          | 1,305,057                  | -                             | -                              | 1,305,057           | -  |
| Construction in progress   | 1,563,874                  | 1,149,753                  | -                             | 234,985                        | 2,948,612           | -  |
| Building, plant and system   | 66,739,015                 | 33,214,434                 | 53,205                        | 195,940                        | 100,202,594         | -  |
| Water rights   | 29,800                     | -                          | -                             | -                              | 29,800              | -  |
| Equipment  | 906,404                    | 218,205                    | 90,388                        | 89,387                         | 1,304,384           | 1,420,109  |
| Vehicles   | -                          | 13,693                     | -                             | -                              | 13,693              | 2,757,822  |
| <b>Total</b>   | <b>69,239,093</b>          | <b>35,901,142</b>          | <b>143,593</b>                | <b>520,312</b>                 | <b>105,804,140</b>  | <b>4,177,931</b>   |
| Less accumulated depreciation  | <u>(17,092,281)</u>        | <u>(13,701,278)</u>        | <u>(105,860)</u>              | <u>(130,963)</u>               | <u>(31,030,382)</u> | <u>(1,575,516)</u>   |
| <b>Net Property and Equipment</b>                                    | <b>52,146,812</b>          | <b>22,199,864</b>          | <b>37,733</b>                 | <b>389,349</b>                 | <b>74,773,758</b>   | <b>2,602,415</b>   |
| <br>   |                            |                            |                               |                                |                     |  |
| <b>Total Assets</b>  | <b>58,566,796</b>          | <b>28,634,347</b>          | <b>89,868</b>                 | <b>8,060,134</b>               | <b>95,351,145</b>   | <b>7,502,524</b>   |
| <b>Liabilities and Fund Equity:</b>                                  |                            |                            |                               |                                |                     |  |
| <b>Current Liabilities:</b>  |                            |                            |                               |                                |                     |  |
| Accounts payable   | 119,419                    | 687,904                    | 2,094                         | 467,013                        | 1,276,430           | 28,859   |
| Deposits   | -                          | 226,393                    | -                             | -                              | 226,393             | -  |
| Accrued interest   | 358,846                    | 1,702                      | -                             | -                              | 360,548             | -  |
| Accrued payroll and taxes  | 44,765                     | 48,811                     | 1,733                         | 8,515                          | 103,824             | 11,470   |
| Accrued vacation and sick pay  | 241,589                    | 216,284                    | -                             | 38,985                         | 496,858             | 55,057   |
| Other liabilities  | -                          | -                          | -                             | 924,385                        | 924,385             | -  |
| Current portion of long-term debt                                    | 1,091,925                  | -                          | -                             | -                              | 1,091,925           | -  |
| <b>Total Current Liabilities</b>                                     | <b>1,856,544</b>           | <b>1,181,094</b>           | <b>3,827</b>                  | <b>1,438,898</b>               | <b>4,480,363</b>    | <b>95,386</b>  |
| <b>Long-term Liabilities:</b>  |                            |                            |                               |                                |                     |  |
| Long-term debt - Bonds payable, net of current portion               | 28,221,250                 | -                          | -                             | -                              | 28,221,250          | -  |
| <b>Total Liabilities</b>   | <b>30,077,794</b>          | <b>1,181,094</b>           | <b>3,827</b>                  | <b>1,438,898</b>               | <b>32,701,613</b>   | <b>95,386</b>  |
| <b>Net Position:</b>   |                            |                            |                               |                                |                     |  |
| Net Investment in Capital Assets                                     | 22,833,637                 | 22,199,864                 | 37,733                        | 389,349                        | 45,460,583          | 2,602,415  |
| Unrestricted   | 5,655,365                  | 5,253,389                  | 48,308                        | 6,231,887                      | 17,188,949          | 4,804,723  |
| <b>Total Net Position</b>  | <b>28,489,002</b>          | <b>27,453,253</b>          | <b>86,041</b>                 | <b>6,621,236</b>               | <b>62,649,532</b>   | <b>7,407,138</b>   |

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

**City of Glenwood Springs, Colorado**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

|   | <u>Water and<br/>Sewer</u> | <u>Electric<br/>System</u> | <u>Airport<br/>Operations</u> | <u>Landfill<br/>Operations</u> | <u>Totals</u>            | <u>Governmental<br/>Activities<br/>Internal<br/>Service Funds<br/>Totals</u> |
|---|----------------------------|----------------------------|-------------------------------|--------------------------------|--------------------------|--|
| <b>Operating Revenues:</b>  |                            |                            |                               |                                |                          |  |
| Rentals   | -                          | -                          | 25,300                        | -                              | 25,300                   | -  |
| Charges and fees  | 5,346,790                  | 9,874,831                  | 109,851                       | 3,990,762                      | 19,322,234               | 613,949  |
| Other   | 6,997                      | 537,837                    | 2,968                         | 63,896                         | 611,698                  | 15,769   |
| <b>Total Operating Revenues</b>                                     | <u>5,353,787</u>           | <u>10,412,668</u>          | <u>138,119</u>                | <u>4,054,658</u>               | <u>19,959,232</u>        | <u>629,718</u>   |
| <b>Operating Expenses:</b>  |                            |                            |                               |                                |                          |  |
| Purchased power   | -                          | 6,286,954                  | -                             | -                              | 6,286,954                | -  |
| Operations and maintenance  | 2,117,008                  | 1,524,259                  | 102,877                       | 3,362,533                      | 7,106,677                | 827,116  |
| General and administrative  | 720,864                    | 1,080,882                  | 28,059                        | 304,379                        | 2,134,184                | -  |
| Improvements  | -                          | -                          | 296                           | -                              | 296                      | -  |
| Depreciation  | 945,769                    | 911,261                    | 6,063                         | 8,632                          | 1,871,725                | 438,234  |
| <b>Total Operating Expenses</b>                                     | <u>3,783,641</u>           | <u>9,803,356</u>           | <u>137,295</u>                | <u>3,675,544</u>               | <u>17,399,836</u>        | <u>1,265,350</u>   |
| <b>Operating Income (Loss)</b>                                      | <u>1,570,146</u>           | <u>609,312</u>             | <u>824</u>                    | <u>379,114</u>                 | <u>2,559,396</u>         | <u>(635,632)</u>   |
| <b>Non-Operating Revenues (Expenses):</b>                           |                            |                            |                               |                                |                          |  |
| Disposition of assets   | 1,995                      | 571                        | -                             | -                              | 2,566                    | 41,602   |
| Investment income   | 17,727                     | 17,823                     | 69                            | 53,005                         | 88,624                   | 24,823   |
| Intergovernmental awards  | 61,446                     | -                          | -                             | -                              | 61,446                   | -  |
| Interest expense  | (865,957)                  | (167)                      | -                             | -                              | (866,124)                | -  |
| Amortization - bond issuance cost                                   | (11,413)                   | -                          | -                             | -                              | (11,413)                 | -  |
| <b>Total Non-Operating Revenues<br/>(Expenses)</b>                  | <u>(796,202)</u>           | <u>18,227</u>              | <u>69</u>                     | <u>53,005</u>                  | <u>(724,901)</u>         | <u>66,425</u>  |
| <b>Income (Loss) Before Transfers<br/>and Capital Contributions</b> | 773,944                    | 627,539                    | 893                           | 432,119                        | 1,834,495                | (569,207)  |
| Transfer (out)  | (3,731,206)                | (618,128)                  | -                             | -                              | (4,349,334)              | -  |
| Transfer in   | 800,000                    | -                          | -                             | -                              | 800,000                  | -  |
| Capital contributions   | 28,201,498                 | 92,319                     | -                             | -                              | 28,293,817               | -  |
| <b>Change in Net Position</b>                                       | 26,044,236                 | 101,730                    | 893                           | 432,119                        | 26,578,978               | (569,207)  |
| <b>Net Position - Beginning of Year</b>                             | <u>2,444,766</u>           | <u>27,351,523</u>          | <u>85,148</u>                 | <u>6,189,117</u>               | <u>36,070,554</u>        | <u>7,976,345</u>   |
| <b>Net Position - End of Year</b>                                   | <u><u>28,489,002</u></u>   | <u><u>27,453,253</u></u>   | <u><u>86,041</u></u>          | <u><u>6,621,236</u></u>        | <u><u>62,649,532</u></u> | <u><u>7,407,138</u></u>  |

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



**City of Glenwood Springs, Colorado**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

|  | <b>Water and<br/>Sewer</b> | <b>Electric<br/>System</b> | <b>Airport<br/>Operations</b> | <b>Landfill<br/>Operations</b> | <b>Totals</b>      | <b>Governmental<br/>Activities<br/>Internal<br/>Service Funds<br/>Totals</b> |
|--|----------------------------|----------------------------|-------------------------------|--------------------------------|--------------------|--|
| <b>Cash Flows From Operating Activities:</b>   |                            |                            |                               |                                |                    |  |
| Cash received from customers   | 5,335,354                  | 9,742,029                  | 137,907                       | 4,229,676                      | 19,444,966         | 625,541  |
| Cash paid to suppliers and employees   | (2,899,208)                | (8,829,026)                | (123,269)                     | (3,204,242)                    | (15,055,745)       | (811,791)  |
| Other operating revenues   | -                          | 537,837                    | -                             | 63,896                         | 601,733            | 15,769   |
| Interfund transfers  | (5,207,302)                | (618,128)                  | -                             | -                              | (5,825,430)        | -  |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <u>(2,771,156)</u>         | <u>832,712</u>             | <u>14,638</u>                 | <u>1,089,330</u>               | <u>(834,476)</u>   | <u>(170,481)</u>   |
| <b>Cash Flows From Non-Capital Financing Activities:</b>   |                            |                            |                               |                                |                    |  |
| Net refunds of customer deposits   | -                          | 153,180                    | -                             | -                              | 153,180            | -  |
| <b>Net Cash (Used) by Non-Capital Financing Activities</b>   | <u>-</u>                   | <u>153,180</u>             | <u>-</u>                      | <u>-</u>                       | <u>153,180</u>     | <u>-</u>   |
| <b>Cash Flows From Capital and Related Financing Activities:</b>   |                            |                            |                               |                                |                    |  |
| Sale of assets   | 4,049                      | 571                        | -                             | -                              | 4,620              | 50,072   |
| Intergovernmental awards   | 61,446                     | -                          | -                             | -                              | 61,446             | -  |
| Loans to other funds   | -                          | -                          | -                             | (1,000,000)                    | (1,000,000)        | (1,000,000)  |
| Repayments from other funds  | -                          | -                          | -                             | 15,049                         | 15,049             | -  |
| Interest paid on bonds and equipment contracts   | (871,547)                  | (533)                      | -                             | -                              | (872,080)          | -  |
| Principal paid on bonds and equipment contracts  | (1,081,375)                | -                          | -                             | -                              | (1,081,375)        | -  |
| Acquisition and construction of capital assets   | (230,813)                  | (303,673)                  | -                             | (234,985)                      | (769,471)          | (309,172)  |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>                                  | <u>(2,118,240)</u>         | <u>(303,635)</u>           | <u>-</u>                      | <u>(1,219,936)</u>             | <u>(3,641,811)</u> | <u>(1,259,100)</u>   |
| <b>Cash Flows From Investing Activities:</b>   |                            |                            |                               |                                |                    |  |
| Interest on investments  | 13,792                     | 20,117                     | 70                            | 40,100                         | 74,079             | 24,824   |
| <b>Net Cash Provided by Investing Activities</b>   | <u>13,792</u>              | <u>20,117</u>              | <u>70</u>                     | <u>40,100</u>                  | <u>74,079</u>      | <u>24,824</u>  |
| <b>Net Change in Cash and Cash Equivalents</b>   | (4,875,604)                | 702,374                    | 14,708                        | (90,506)                       | (4,249,028)        | (1,404,757)  |
| <b>Cash and Cash Equivalents - Beginning of Year</b>   | <u>10,528,346</u>          | <u>4,123,929</u>           | <u>15,888</u>                 | <u>5,850,939</u>               | <u>20,519,102</u>  | <u>5,263,287</u>   |
| <b>Cash and Cash Equivalents - End of Year</b>   | <u>5,652,742</u>           | <u>4,826,303</u>           | <u>30,596</u>                 | <u>5,760,433</u>               | <u>16,270,074</u>  | <u>3,858,530</u>   |
| <b>Cash and Cash Equivalents Consists of the Following:</b>  |                            |                            |                               |                                |                    |  |
| Cash in bank - Unrestricted  | 4,670,770                  | 4,826,303                  | 30,596                        | 5,760,433                      | 15,288,102         | 3,858,530  |
| Cash in bank - Restricted  | 981,972                    | -                          | -                             | -                              | 981,972            | -  |
| <b>Total</b>   | <u>5,652,742</u>           | <u>4,826,303</u>           | <u>30,596</u>                 | <u>5,760,433</u>               | <u>16,270,074</u>  | <u>3,858,530</u>   |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>        |                            |                            |                               |                                |                    |  |
| <b>Operating income (loss)</b>   | 1,570,146                  | 609,312                    | 824                           | 379,114                        | 2,559,396          | (635,632)  |
| <b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b> |                            |                            |                               |                                |                    |  |
| Depreciation   | 945,769                    | 911,261                    | 6,063                         | 8,632                          | 1,871,725          | 438,234  |
| (Increase) decrease in accounts receivable   | (18,433)                   | (132,802)                  | (212)                         | 238,917                        | 87,470             | 11,592   |
| (Increase) decrease in inventories   | (27,371)                   | (2,628)                    | 7,247                         | -                              | (22,752)           | -  |
| (Increase) decrease in prepaid items/other assets  | -                          | -                          | -                             | -                              | -                  | 3,427  |
| Increase (decrease) in accounts payable  | (33,965)                   | 65,697                     | 716                           | 462,667                        | 495,115            | 11,898   |
| Net change in interfund transfers  | (5,207,302)                | (618,128)                  | -                             | -                              | (5,825,430)        | -  |
| <b>Total Adjustments</b>   | <u>(4,341,302)</u>         | <u>223,400</u>             | <u>13,814</u>                 | <u>710,216</u>                 | <u>(3,393,872)</u> | <u>465,151</u>   |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <u>(2,771,156)</u>         | <u>832,712</u>             | <u>14,638</u>                 | <u>1,089,330</u>               | <u>(834,476)</u>   | <u>(170,481)</u>   |
| <b>Schedule of Non-Cash Investing, Capital and Financing Activities:</b>                                     |                            |                            |                               |                                |                    |  |
| Assets contributed from others   | 28,201,498                 | 92,319                     | -                             | -                              | 28,293,817         | -  |

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

**City of Glenwood Springs, Colorado**  
**Statement of Fiduciary Net Position**  
**December 31, 2012**

|                      | <b>Cemetery<br/>Reserve<br/>Fund</b> | <b>Firemen's<br/>Pension<br/>Fund</b> | <b>Totals</b>         |
|----------------------|--------------------------------------|---------------------------------------|-----------------------|
|                      | <u>          </u>                    | <u>          </u>                     | <u>          </u>     |
| <b>Assets:</b>       |                                      |                                       |                       |
| Cash and investments | <u>31,242</u>                        | <u>715,410</u>                        | <u>746,652</u>        |
| <b>Total Assets</b>  | <u>31,242</u>                        | <u>715,410</u>                        | <u>746,652</u>        |
| <b>Net Position:</b> |                                      |                                       |                       |
| Held in Trust        | <u><u>31,241</u></u>                 | <u><u>715,410</u></u>                 | <u><u>746,651</u></u> |

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

**City of Glenwood Springs, Colorado**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended December 31, 2012**

|   | <b>Cemetery<br/>Reserve<br/>Fund</b> | <b>Fireman's<br/>Pension<br/>Fund</b> | <b>Totals</b>         |
|---|--------------------------------------|---------------------------------------|-----------------------|
|   | <u>          </u>                    | <u>          </u>                     | <u>          </u>     |
| <b>Additions:</b>                       |                                      |                                       |                       |
| Charges and fees                        | 3,250                                | -                                     | 3,250                 |
| Pension contributions                   | -                                    | 39,900                                | 39,900                |
| Investment income, net                  | 52                                   | 76,645                                | 76,697                |
|   | <u>          </u>                    | <u>          </u>                     | <u>          </u>     |
| <b>Total Additions</b>                  | <u>3,302</u>                         | <u>116,545</u>                        | <u>119,847</u>        |
| <b>Deductions:</b>                      |                                      |                                       |                       |
| Capital outlay                          | 3,602                                | -                                     | 3,602                 |
| Pension payments                        | -                                    | 108,045                               | 108,045               |
|   | <u>          </u>                    | <u>          </u>                     | <u>          </u>     |
| <b>Total Reductions</b>                 | <u>3,602</u>                         | <u>108,045</u>                        | <u>111,647</u>        |
| <b>Change in Net Position</b>           | (300)                                | 8,500                                 | 8,200                 |
| <b>Net Position - Beginning of Year</b> | <u>31,541</u>                        | <u>706,910</u>                        | <u>738,451</u>        |
| <b>Net Position - End of Year</b>       | <u><u>31,241</u></u>                 | <u><u>715,410</u></u>                 | <u><u>746,651</u></u> |

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

NOTES TO THE FINANCIAL STATEMENTS



**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**

**I. Summary of Significant Accounting Policies**

The City of Glenwood Springs, Colorado, ("City"), is located in Garfield County, Colorado and its major operations include police and fire protection, road maintenance, ambulance, airport, utilities and culture and recreation.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the City are discussed below.

**A. Reporting Entity**

In 1966, the City became a "Home Rule City" (a municipal corporation, as defined by Colorado Revised Statutes). The City is governed by an appointed Mayor and an elected City Council which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. Additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the City since they were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

**B. Blended Component Units**

In conformity with generally accepted accounting principles, the financial statements of the following component units have been included in the financial reporting entity as blended component units.

- General Improvement District Number 1980 (the "District"); the District's primary purpose is to provide infrastructure improvements to specific areas within the City's downtown area. The District's primary funding source is an ad valorem tax. The District's boundaries are entirely within the City's boundaries. Although the District is legally separate from the City, the District and the City are related through a common governing board. For financial reporting purposes, the District is reported as if it were part of the City's operations because the City is able to impose its will on the District and City Council acts as the District's *de facto* governing board.
- Downtown Development Authority (the "Authority"); the Authority's primary purpose is to develop and implement a downtown development and redevelopment plan for the central business area. The Authority's boundaries are entirely within the City's boundaries. The Authority exists only with the City's express consent. Although the Authority is legally separate from the City, the Authority and the City are related through a common governing board. For financial reporting purposes, the Authority is reported as if it were part of the City's operations because the City is able to impose its will on the Authority.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Government-wide and Fund Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, road maintenance, culture and recreation, community development, transportation systems, and administration are classified as governmental activities. The City's utilities, airport and landfill are classified as business-type activities.

**1. Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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 Activities demonstrates the degree to which direct expenses of a given function or segment is 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*.

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The City reports the following major governmental funds:

- (a) *General Fund* - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.
- (b) *Fire & Ambulance Fund* - accounts for fire and ambulance services performed by the City and Rural Fire District.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

- (c) *Downtown Development Authority* – A blended component unit, was established by a vote of the citizens in 2001 for the purpose of revitalizing the downtown corridor and building a parking structure.
- (d) *Capital Projects Fund* – accounts for major City Projects which are financed by one-half (1/2) cent sales tax.
- (e) *Acquisitions and Improvements Fund* - accounts for revenues and expenditures received from a 1.00% sales tax and special assessments levied for capital improvements purposes.

The City reports the following major propriety funds:

- (a) *Water and Sewer Fund* - accounts for activities of the fund that supplies water and sewer services to the citizens of the City. City water is provided on a metered basis.
- (b) *Electric System Fund* - accounts for activities related to the purchase and delivery of power within the City limits.
- (c) *Airport Operations Fund* - accounts for activities related to user charges and maintenance expenses for the airport.
- (d) *Landfill Operations Fund* - accounts for the activities related to the operations of the City landfill and recycling program.

The City reports the following non-major governmental funds:

- (a) *Tourism Fund* - accounts for funds received from a two and one-half percent rent tax on accommodations. Expenditures are restricted for tourism promotion purposes.
- (b) *Street Tax Fund* – accounts for revenues received from the one-half (1/2)% sales tax levied for transportation and related projects.
- (c) *Victims Assistance and Law Enforcement Fund (V.A.L.E.)* - accounts for funds received from a surcharge for violation of all municipal ordinances and violations of the Model Traffic Code. Expenditures are restricted to victims' and witnesses' services and reimbursements and to Police Department equipment purchases, training, and additional personnel costs.
- (d) *Conservation Trust Fund* - accounts for funds received and restricted as to use in the acquisition, development and maintenance of new conservation sites pursuant to Colorado Revised Statutes.
- (e) *Bus Tax Fund* - accounts for the .2% sales tax designated towards "Ride Glenwood Springs" bus service.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

- (f) *General Improvement District Number 1980 Fund* - the District's primary purpose is to provide infrastructure improvements to specific areas within the downtown area. The District's primary funding source is an ad valorem tax.
- (g) *Emergency Services Equipment Replacement Fund* - accounts for revenues received on a pro-rated basis from the Glenwood Springs Rural Fire Protection District and transfers from the General Fund for the purchase of emergency services, facilities and equipment.

The City also reports the following fiduciary funds which are not included in the government-wide statements since the resources of the fund are not available to the City:

- (a) The *Cemetery Reserve Fund* accounts for funds received and restricted for the maintenance and care of the Rosebud Cemetery.
- (b) The *Firemen's Pension Fund* accounts for the retirement plan established for the City's volunteer firemen through the Fire and Police Pension Association.

Additionally, the City reports the following Internal Service Fund:

*Fleet Service Fund* - accounts for the repair and maintenance costs and the capital replacement plan of the City's vehicles and heavy equipment, excluding fire trucks.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.



**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

**1. Long-term Economic Focus and Accrual Basis**

Both governmental and business-type activities in the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**3. Financial Statement Presentation**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the 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 non-operating revenues and expenses.

**E. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

**2. Investments**

Investments are stated at fair value.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**3. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Electric System Fund and the Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month prior to the close of the fiscal year.

**4. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and a deferred inflow of resources.

**5. Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased on the fund financial statements.

**6. Prepaid Items**

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

**7. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are shown as long-term debt on the Government-wide Statement of Net Position. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated to be taken as "terminal leave" at retirement.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**8. Capital Assets**

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

|  | <u>Years</u> |
|--|--------------|
| Infrastructure                                 | 25-40        |
| Buildings                                      | 30           |
| Electric plant                                 | 40           |
| Electric system and equipment                  | 25           |
| Water and sewer, plant and distribution system | 40           |
| Office furniture and equipment                 | 10           |
| Vehicles and tools                             | 5            |

**9. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has two items that qualify for reporting under this category on the Statement of Net Position. These items are issuance costs and deferred charge on refunding. Issuance costs for long-term bonds and debt payable are recorded and amortized over the term to maturity of the debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item that qualifies for reporting in this category, unavailable revenue from property taxes, reported in the governmental balance sheet and on the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Financial Statement Accounts (continued)**

**10. Fund Equity**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned fund balance is limited to negative residual fund balance. For further details on the various fund balance classifications, refer to Note IV.J.

**11. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as "due from other funds" or "due to other funds" on the balance sheet when they are expected to be liquidated within a reasonable amount of time. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**F. Significant Accounting Policies**

**1. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**2. Credit Risk**

Receivables in the City's funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

**3. Restricted and Unrestricted Resources**

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

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The \$75,067,132 reconciling item represents the book value of capital assets at December 31, 2012.

Another element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$13,640,814 difference represent long-term bonds and loans of \$12,067,213, accrued interest of \$101,392, compensated absences of \$1,490,066, less deferred debt costs of \$17,857.

Another element of that reconciliation states that “Internal Service Funds are used by the City to account for the repair and replacement costs of the City’s heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position”. The result is an increase in net position of \$7,407,138 within governmental activities.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “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 as depreciation expense”. The details of the net difference of \$3,251,661 are net capital outlay of \$6,337,260 less depreciation expense of \$3,085,599.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

As required by Colorado statutes and the Home Rule Charter, the City followed required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar for the 2012 budget year:

- (1) For the 2012 budget year, prior to December 10, 2011, the County Assessor sent to the City the final recertified assessed valuation of all taxable property within the City's boundaries.
- (2) The City Manager, or other qualified persons appointed by the Council, submitted to the Council, on or before October 15, 2011, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Council prior to October 15, 2011.
- (4) For the 2012 budget, prior to December 15, 2011, the City Council computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) After the required public hearing, the City Council adopted the proposed budget by resolution prior to October 15, 2011. The ordinance which legally appropriates expenditures for the upcoming year was passed on or before the first Council meeting in November.
- (6) After adoption of the budget ordinance, the City may make by ordinance the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) a reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the City Council may, by affirmative vote of five or more members, transfer part or all of any unexpended funds from one department, fund, or office to another.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2011 were collected in 2012 and taxes certified in 2012 will be collected in 2013. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the Water and Sewer Fund, Electric System Fund, Airport Operations Fund, Landfill Operations Fund, and Fleet Service Fund. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at fiscal year end except for the Capital Projects Fund and the Acquisition and Improvement fund, which lapse upon project completion.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

During the year, \$3,237,977 of supplemental appropriation ordinances were approved. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

The following funds had supplementary budget appropriations:

| <u>Fund</u>                      | <u>Original<br/>Appropriation</u> | <u>Supplemental<br/>Appropriation</u> |
|----------------------------------|-----------------------------------|---------------------------------------|
| General                          | 13,317,996                        | 13,742,761                            |
| Bus Tax                          | 945,744                           | 1,160,806                             |
| Acquisition and Improvements     | 4,284,896                         | 6,234,896                             |
| GID Improvement District No.1980 | 49,216                            | 54,216                                |
| Water and Sewer                  | 11,836,590                        | 12,139,740                            |
| Landfill Operations              | 3,669,270                         | 4,009,270                             |

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$670,968 which is the approximate required reserve at December 31, 2012.

The City's voters approved a ballot question which will allow the City to collect, retain, and expend the full proceeds of the City's sales and use tax, non-federal grants, fees and other revenues from the date of January 1, 1993 and thereafter. The City may not increase tax rates or add new debt without voter approval.

The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**C. Budgetary Information**

|   | <u>Water and<br/>Sewer Fund</u> | <u>Electric System<br/>Fund</u> | <u>Airport<br/>Operations<br/>Fund</u> | <u>Landfill<br/>Operations<br/>Fund</u> | <u>Fleet Service<br/>Fund</u> |
|---|---------------------------------|---------------------------------|--|---|-------------------------------|
| Excess (deficiency) of revenues<br>over expenditures - budget basis | \$ (3,469,450)                  | (294,262)                       | \$ 893                                 | 197,134                                 | (878,379)                     |
| Debt service - Principal  | 1,081,375                       | -                               | -                                      | -                                       | -                             |
| Capital outlay  | 230,813                         | 395,992                         | -                                      | 234,985                                 | 309,172                       |
| <b>Total Adjustments</b>  | <u>29,513,686</u>               | <u>395,992</u>                  | <u>-</u>                               | <u>234,985</u>                          | <u>309,172</u>                |
| <b>Net Income (Loss) - GAAP Basis</b>                               | <u>\$ 26,044,236</u>            | <u>101,730</u>                  | <u>\$ 893</u>                          | <u>432,119</u>                          | <u>(569,207)</u>              |

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts in deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of collateral must be at least equal to the aggregate uninsured deposits.

At year end, the City had the following investments and maturities:

|                             | <u>Standard &amp;<br/>Poors Rating</u> | <u>Carrying<br/>amounts</u> | <u>Maturities</u>             |                                 |
|-----------------------------|--|-----------------------------|-------------------------------|---------------------------------|
|                             |  |                             | <u>Less than one<br/>year</u> | <u>Less than five<br/>years</u> |
| <b>Deposits:</b>            |  |                             |                               |                                 |
| Petty cash                  | Not Rated                              | \$ 2,710                    | 2,710                         | -                               |
| Checking                    | Not Rated                              | 5,466,012                   | 5,466,012                     | -                               |
| Savings and money market    | Not Rated                              | 212,171                     | 212,171                       | -                               |
| <b>Investments:</b>         |  |                             |                               |                                 |
| Certificates of Deposit     | Not Rated                              | 2,494,535                   | 644,786                       | 1,849,749                       |
| United States Agencies      | AA+                                    | 7,551,374                   | 1,500,364                     | 6,051,010                       |
| Government investment pools | AAAm                                   | 12,595,247                  | 12,595,247                    | -                               |
| Other investment pools      | AAAm                                   | 7,308,417                   | 7,308,417                     | -                               |
| Corporate                   | AA-                                    | 212,290                     | -                             | 212,290                         |
| Cash held by Trustee        | Not Rated                              | 1,903,923                   | 721,423                       | 1,182,500                       |
|                             |  | <u>\$ 37,746,679</u>        |                               |                                 |



**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

The City also has \$715,410 invested with its pension fund trustee – FPPA. The City's holdings in government investment pools are comprised of balances with COLOTRUST and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The City has no regulatory oversight for the pools.

**Interest Rate Risk:** As a means of limiting its exposure to interest rate risk, the City coordinates its investments maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the City has limited its interest rate risk.

**Credit Risk:** State law and City policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**Concentration of Credit Risk:** The City diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding City funds must provide the City with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**B. Receivables**

Receivables as of year-end for the City's funds, including applicable allowances for uncollectible accounts, are as follows:

|                                   | <b>General</b>          | <b>Fire and<br/>Ambulance<br/>Fund</b> | <b>Downtown<br/>Development<br/>Authority</b> | <b>Capital Projects<br/>Fund</b> | <b>Acquisition and<br/>Improvement</b> |
|-----------------------------------|-------------------------|--|---|----------------------------------|--|
| Receivables:                      |                         |  |   |                                  |  |
| Taxes                             | \$ 1,800,989            | -                                      | 107,096                                       | 209,772                          | 419,543                                |
| Accounts                          | 428,408                 | 260,915                                | -   | 162,712                          | -                                      |
| Interest                          | 1,237                   | 0                                      | -   | -                                | 8,239                                  |
| Other                             | -                       | -                                      | -   | -                                | -                                      |
| Intergovernmental                 | -                       | -                                      | -   | -                                | -                                      |
| Gross receivables                 | <u>2,230,634</u>        | <u>260,915</u>                         | <u>107,096</u>                                | <u>372,484</u>                   | <u>427,782</u>                         |
| Less: allowance for uncollectible | -                       | (52,000)                               | -   | -                                | -                                      |
| Net receivables                   | <u><u>2,230,634</u></u> | <u><u>208,915</u></u>                  | <u><u>107,096</u></u>                         | <u><u>372,484</u></u>            | <u><u>427,782</u></u>                  |

|                                   | <b>Water and<br/>Sewer</b> | <b>Electric System</b>  | <b>Landfill Fund</b>   | <b>Non-major and<br/>Other Funds</b> | <b>Total</b>            |
|-----------------------------------|----------------------------|-------------------------|------------------------|--------------------------------------|-------------------------|
| Receivables:                      |                            |                         |                        |                                      |                         |
| Taxes                             | -                          | -                       | -                      | 377,620                              | 2,915,020               |
| Accounts                          | 504,555                    | 1,466,637               | 540,585                | 7,937                                | 3,371,749               |
| Interest                          | 13,524                     | 6,351                   | 29,305                 | 6,679                                | 65,335                  |
| Other                             | 9,055                      | -                       | 4,500                  | -                                    | 13,555                  |
| Intergovernmental                 | -                          | -                       | -                      | 138,238                              | 138,238                 |
| Gross receivables                 | <u>527,134</u>             | <u>1,472,988</u>        | <u>-</u>               | <u>530,474</u>                       | <u>6,503,897</u>        |
| Less: allowance for uncollectible | (1,500)                    | (106,729)               | (32,500)               | -                                    | (192,729)               |
| Net receivables                   | <u><u>525,634</u></u>      | <u><u>1,366,259</u></u> | <u><u>(32,500)</u></u> | <u><u>530,474</u></u>                | <u><u>6,311,168</u></u> |

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

The City had the following capital asset activity for the year:

|   | <u>Beginning<br/>Balances</u> | <u>Increases</u>   | <u>Decreases</u>    | <u>Ending Balances</u> |
|---|-------------------------------|--------------------|---------------------|------------------------|
| <b>Governmental Activities:</b>                           |                               |                    |                     |                        |
| Capital assets, not being depreciated:                    |                               |                    |                     |                        |
| Land  | \$ 12,110,991                 | -                  | (1,601,928)         | 10,509,063             |
| Construction in progress                                  | 33,512,432                    | 6,476,353          | (31,958,504)        | 8,030,281              |
| Total capital assets, not being depreciated               | <u>45,623,423</u>             | <u>6,476,353</u>   | <u>(33,560,432)</u> | <u>18,539,344</u>      |
| Capital assets, being depreciated:                        |                               |                    |                     |                        |
| Buildings   | 27,884,892                    | -                  | -                   | 27,884,892             |
| Other improvements  | 3,236,296                     | 1,625,192          | -                   | 4,861,488              |
| Machinery and equipment                                   | 2,701,490                     | 109,390            | -                   | 2,810,880              |
| Streets and trails  | 57,811,523                    | 2,949,261          | -                   | 60,760,784             |
| Vehicles  | 6,534,483                     | 309,172            | (61,977)            | 6,781,678              |
| Total capital assets, being depreciated                   | <u>98,168,684</u>             | <u>4,993,015</u>   | <u>(61,977)</u>     | <u>103,099,722</u>     |
| Less accumulated depreciation for:                        |                               |                    |                     |                        |
| Buildings   | (9,304,326)                   | (927,678)          | -                   | (10,232,004)           |
| Other improvements  | (677,896)                     | (112,624)          | -                   | (790,520)              |
| Machinery and equipment                                   | (1,045,189)                   | (52,305)           | -                   | (1,097,494)            |
| Streets and trails  | (23,886,061)                  | (1,867,271)        | -                   | (25,753,332)           |
| Vehicles  | (4,519,790)                   | (563,955)          | 53,506              | (5,030,239)            |
| Total accumulated depreciation                            | <u>(39,433,262)</u>           | <u>(3,523,833)</u> | <u>53,506</u>       | <u>(42,903,589)</u>    |
| Total capital assets, being depreciated, net              | <u>58,735,422</u>             | <u>1,469,182</u>   | <u>(8,471)</u>      | <u>60,196,133</u>      |
| <b>Governmental Activities - Capital<br/>Assets, Net</b>  | <u>\$ 104,358,845</u>         | <u>7,945,535</u>   | <u>(33,568,903)</u> | <u>78,735,477</u>      |
| <b>Business-type Activities</b>                           |                               |                    |                     |                        |
| Capital assets, not being depreciated:                    |                               |                    |                     |                        |
| Land  | \$ 1,305,057                  | -                  | -                   | 1,305,057              |
| Water rights  | 29,800                        | -                  | -                   | 29,800                 |
| Construction in progress                                  | 3,932,344                     | 627,444            | (1,611,175)         | 2,948,613              |
| Total capital assets, not being depreciated               | <u>5,267,201</u>              | <u>627,444</u>     | <u>(1,611,175)</u>  | <u>4,283,470</u>       |
| Capital assets, being depreciated:                        |                               |                    |                     |                        |
| Buildings and plant                                       | 13,811,104                    | 24,898,537         | -                   | 38,709,641             |
| Distribution and collection system                        | 54,939,776                    | 4,894,797          | (17,000)            | 59,817,573             |
| Machinery and equipment                                   | 2,730,078                     | 253,685            | (4,000)             | 2,979,763              |
| Vehicles  | 13,693                        | -                  | -                   | 13,693                 |
| Total capital assets, being depreciated                   | <u>71,494,651</u>             | <u>30,047,019</u>  | <u>(21,000)</u>     | <u>101,520,670</u>     |
| Less accumulated depreciation for:                        |                               |                    |                     |                        |
| Buildings and plant                                       | (7,614,687)                   | (295,443)          | -                   | (7,910,130)            |
| Distribution and collection system                        | (19,956,211)                  | (1,414,224)        | 17,000              | (21,353,435)           |
| Machinery and equipment                                   | (1,593,014)                   | (162,058)          | 1,947               | (1,753,125)            |
| Vehicles  | (13,692)                      | -                  | -                   | (13,692)               |
| Total accumulated depreciation                            | <u>(29,177,604)</u>           | <u>(1,871,725)</u> | <u>18,947</u>       | <u>(31,030,382)</u>    |
| Total capital assets, being depreciated, net              | <u>42,317,047</u>             | <u>28,175,294</u>  | <u>(2,053)</u>      | <u>70,490,288</u>      |
| <b>Business-type Activities - Capital<br/>Assets, Net</b> | <u>\$ 47,584,248</u>          | <u>28,802,738</u>  | <u>(1,613,228)</u>  | <u>74,773,758</u>      |

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

The City had capital outlay and depreciation expense for the following functions:

|                                       | <u>Capital Outlay</u> | <u>Depreciation Expense</u> |
|---------------------------------------|-----------------------|-----------------------------|
| <b>Governmental Activities:</b>       |                       |                             |
| General government                    | \$ 109,390            | 239,072                     |
| Transportation                        | -                     | 470,200                     |
| Public safety                         | -                     | 200,898                     |
| Community development                 | -                     | 1,682                       |
| Public works                          | 6,438,727             | 1,826,796                   |
| Culture and recreation                | 37,625                | 785,185                     |
| <b>Total Governmental Activities</b>  | <u>\$ 6,585,742</u>   | <u>3,523,833</u>            |
| <b>Business-type Activities:</b>      |                       |                             |
| Water and sewer                       | \$ 230,813            | 945,770                     |
| Electric                              | 395,992               | 911,261                     |
| Airport                               | -                     | 6,063                       |
| Landfill                              | 234,985               | 8,631                       |
| <b>Total Business-type Activities</b> | <u>\$ 861,790</u>     | <u>1,871,725</u>            |

The difference between fixed asset additions and capital outlay include contributed assets and projects initially capitalized and subsequently expensed.

**D. Interfund Receivables, Payables, and Transfers**

In 2007, Landfill Operations loaned to the Downtown Development Authority \$435,767 to acquire real property. Terms of the Interfund Loan are annual principal and interest payments beginning August 2008 through August 2027. Annual interest rate is fixed at 5.91%. At December 31, 2012, principal amount outstanding on this loan was \$368,462. Interest payments made by the Downtown Development Authority to Landfill Operations during 2012 totaled \$22,666.

In 2012, the City's Landfill Operating and Fleet Service Funds loaned a total of \$2,000,000 to the Downtown Development Authority to pursue the construction of a parking garage within City limits. Terms of the Interfund Loan are annual principal and interest payments beginning in January 2013 through January 2028. Annual interest rates are at 1% on \$500,000 for five years, 2% on \$500,000 for ten years, and 3% on \$1,000,000 for 15 years on the various interfund loans. At December 31, 2012, principal amount outstanding on these loans was \$1,000,000.

The City had the following interfund receivables or payables as of December 31, 2012:

|                         | <u>Due from</u>     | <u>Due to</u>    |
|-------------------------|---------------------|------------------|
| General Fund            | \$ -                | 252,611          |
| Fire and Ambulance Fund | 71,341              | -                |
| Landfill Operations     | -                   | 1,368,462        |
| Fleet Service Fund      | -                   | 1,000,000        |
| Downtown Development    | 2,549,732           | -                |
|                         | <u>\$ 2,621,073</u> | <u>2,621,073</u> |

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**D. Interfund Receivables, Payables, and Transfers (continued)**

Transfers were as follows:

| <u>Fund</u>                                       | <u>Funds<br/>Transferred In</u> | <u>Funds<br/>Transferred (Out)</u> | <u>Reason</u>  |
|---|---------------------------------|------------------------------------|--|
| General Fund                                      | \$ 283,980                      |                                    | Allocated organizational costs and franchise fees                |
| Water and Sewer                                   |                                 | 283,980                            |  |
| Downtown Development Authority                    | 50,000                          |                                    | Transfer of sales tax per Glenwood Meadows development agreement |
| General Fund                                      |                                 | 20,270                             |  |
| Street Tax Fund                                   |                                 | 6,757                              |  |
| Bus Tax Fund                                      |                                 | 2,702                              |  |
| Capital Projects Fund                             |                                 | 6,757                              |  |
| Acquisition and Improvement Fund                  |                                 | 13,514                             |  |
| General Fund                                      | 618,128                         |                                    | Allocated organizational costs and franchise fees                |
| Electric Fund                                     |                                 | 618,128                            |  |
| Emergency Services Equipment and Replacement Fund | 186,299                         |                                    | City share of capital improvement mill levy                      |
| General Fund                                      |                                 | 186,299                            |  |
| Water Fund  | 800,000                         |                                    | Infrastructure needs   |
| Capital Projects                                  |                                 | 800,000                            |  |
| Capital Projects                                  | 3,447,226                       |                                    | Infrastructure needs   |
| Water Fund  |                                 | 3,447,226                          |  |
| Fire and Ambulance Fund                           | 1,848,666                       |                                    | Operational subsidy  |
| General Fund                                      |                                 | 1,848,666                          |  |
|   | <u>\$ 7,234,299</u>             | <u>7,234,299</u>                   |  |

**E. Governmental Funds Long-term Debt**

**1. Revenue and General Obligation Bonds**

- (a) \$2,298,217 Government Agency Bonds dated September 15, 1998, issued to evidence the loan agreement of the same date with the Colorado Water Resources and Power Development Authority. The bond bears an effective interest yield of 4.454%, payable April 1 and October 1 from 1999 through 2012. Principal on this issue matures October 1 of each year from 1999 and matured in 2012.
- (b) \$4,999,017 Government Agency Bonds dated May 1, 1999, issued to evidence the loan agreement of the same date with the Colorado Water Resources and Power Development Authority. The bond bears an effective interest yield of 3.77%, payable April 1 and October 1 from 1999 through 2018. Principal on this issue matures April 1 and October 1 of each year from 1999 through 2018. This issuance is serviced by the City's Acquisition and Improvement Fund.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Governmental Funds Long-term Debt (continued)**

**1. Revenue and General Obligation Bonds (continued)**

- (c) \$3,695,000 Limited Tax General Obligation Bonds dated March 15, 2001, bearing interest rates ranging from 4.0% to 5.05%. The revenues derived from an ad valorem mill levy imposed annually through December 31, 2020, upon all taxable property within the City are pledged for this bond issue. The issue is subject to mandatory sinking fund requirements. This bond issue is insured by Financial Security Assurance, Inc. The proceeds are to be used for the acquisition and construction of fire department buildings and equipment.

These bonds were advance refunded in 2012 Limited Tax General Obligation Bonds, Series 2012.

- (d) \$11,825,000 Sales and Use Tax Revenue Refunding Bonds dated March 9, 2010, bearing interest rates ranging from 2.0% to 3.4%. This offering advance refunded the City's Sales and Use Tax Revenue Bonds, Series 1999.

Bonds of this issue maturing on October 1, 2018, are subject to mandatory sinking fund requirements. The revenues derived from the 1.0% portion of the City's effective 3.7% sales and use tax are pledged for payment of bonds of this issue. The City's Acquisition and Improvement Fund will service these bonds.

- (e) \$2,085,000 Limited Tax General Obligation bonds dated February 1, 2012, with stated interest rate at 2.190%. This offering advance refunded the City's Limited Tax General Obligation Bonds, Series 2001. This issuance will be serviced by the City's General Fund.

This advance refunding was undertaken to reduce total debt service payment over the remaining term of the bonds as of the refunding date by an estimated \$327,353. The economic gain on this transaction was \$252,508.

**2. 2002 SIB Loan**

In 2002, the City entered into a loan agreement with the State Infrastructure Bank via the Colorado Department of Transportation to purchase property for possible Highway 82 relocation. The original principal balance was \$1,500,000 with annual payments of \$166,990. The loan has a stated interest rate of 2% and matured in 2012.

**3. Land Lease Payable**

On December 29, 2000, the City entered into an installment purchase agreement (\$1,000,000) for the purchase of land located within the City limits. The annual interest rate in relation to this note is 8.33%. Repayment terms include equal annual installments of \$99,631 over a period of eleven years and matured in 2012.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Governmental Funds Long-term Debt (continued)**

**4. Compensated Absences**

The City has a policy for the accumulation of sick pay, vacation pay and compensatory time up to certain limits. Earned vacation pay accrues on a graduated scale from the date of employment but may not exceed 52 days. Sick pay may be accumulated to a maximum of 120 days; upon retirement, an employee's accrued sick leave may be converted to monetary payment at their current rate of pay for 100% of the amount accrued. In lieu of accruing and receiving additional sick leave, an employee who has accrued 120 days will be compensated as follows; in money at current salary or hourly rate for half of the accrued days in excess of the 120 days or in vacation leave at a ratio of 1 day for every 2 days sick leave. In lieu of overtime compensation, an employee may bank compensatory time at the rate of 1½ hours for every hour worked up to a maximum of 40 hours.

**5. Annual Debt Service Requirements**

Annual debt service requirements to maturity for governmental activities are as follows:

| <u>Year Ended<br/>December 31,</u> | <u>1999<br/>Government<br/>Agency Bonds</u> | <u>2010 Sales and<br/>Use Tax Revenue<br/>Refunding Bonds</u> | <u>2012 Limited<br/>Tax General<br/>Obligation</u> | <u>Grand Total</u>   |
|------------------------------------|---|---|--|----------------------|
| 2013                               | \$ 384,983                                  | \$ 1,423,638  | 255,406  | \$ 2,064,027         |
| 2014                               | 386,125                                     | 1,419,888   | 255,697  | 2,061,710            |
| 2015                               | 384,922                                     | 1,425,238   | 255,879  | 2,066,039            |
| 2016                               | 384,502                                     | 1,419,388   | 255,952  | 2,059,842            |
| 2017                               | 386,804                                     | 1,427,638   | 250,915  | 2,065,357            |
| 2018-2022                          | 193,920                                     | 2,608,185   | 757,082  | 3,559,187            |
| <b>Total</b>                       | 2,121,256                                   | 9,723,975   | 2,030,931  | 13,876,162           |
| Less: Interest                     | (364,043)                                   | (1,258,975)   | (185,931)  | (1,808,949)          |
| <b>Total</b>                       | <u>\$ 1,757,213</u>                         | <u>\$ 8,465,000</u>   | <u>1,845,000</u>                                   | <u>\$ 12,067,213</u> |

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Business-Type Long-term Debt**

**1. Revenue and General Obligation Refunding Bonds**

- (a) \$1,770,000 Water and Sewer Revenue Refunding Bonds - 2003 issue, bearing interest rates ranging from 2.00% to 3.25%, payable on June 1 and December 1 of each year through 2013. Principal matured year to year from 2003 to 2013. The bonds are revenue obligations of the City and are not general obligation bonds of the City. The bonds were issued to refinance the outstanding water and sewer bonds of the City.

These bonds were advanced refunded as part of the City's Water and Sewer Revenue Bonds, Series 2010.

- (b) \$31,460,100 Water and Sewer Revenue Bonds, Series 2010, issued by Colorado Water Resources and Power Development Authority ("CWRPDA") on behalf of the City's utility enterprise, per a loan agreement dated May 1, 2010. Repayment terms are through August, 2032. The City's annual interest is 2.5%. The proceeds are to be used to construct a regional wastewater plant, lift station and upgrades to the distribution system.

**2. Annual Debt Service Requirements**

The following is a summary of annual debt service requirements to maturity for business-type activities:

| <u>Year Ended<br/>December 31,</u> | <u>Water and<br/>Sewer Revenue<br/>Loan</u> |
|------------------------------------|---|
| 2013                               | 1,953,155                                   |
| 2014                               | 1,958,708                                   |
| 2015                               | 1,954,330                                   |
| 2016                               | 1,956,032                                   |
| 2017                               | 1,957,715                                   |
| 2018-2022                          | 9,798,951                                   |
| 2023 - 2027                        | 9,788,367                                   |
| 2028 - 2032                        | 9,778,114                                   |
| <b>Total</b>                       | <b>39,145,372</b>                           |
| Less: Interest                     | (9,832,197)                                 |
| <b>Total</b>                       | <b>\$ 29,313,175</b>                        |



**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**G. Changes in Long-Term Debt**

Changes in long-term obligations for the year ended December 31, 2012 are as follows:

|                                     | <u>Balance<br/>January 1, 2012</u> | <u>Additions</u> | <u>Reductions</u>  | <u>Balance<br/>December 31,<br/>2012</u> | <u>Due Within<br/>One Year</u> |
|-------------------------------------|------------------------------------|------------------|--------------------|--|--------------------------------|
| <b>Governmental Activities:</b>     |                                    |                  |                    |  |                                |
| 1998 Governmental Agency Bonds      | 214,456                            | -                | (214,456)          | -  | -                              |
| 1999 Governmental Agency Bonds      | 2,037,935                          | -                | (280,722)          | 1,757,213                                | 291,519                        |
| 2001 Limited Tax General Obligation | 2,085,000                          | -                | (2,085,000)        | -  | -                              |
| 2010 Sales and Use Tax              |                                    |                  |                    |  |                                |
| Revenue Refunding Bonds             | 9,555,000                          | -                | (1,090,000)        | 8,465,000                                | 1,125,000                      |
| 2012 Limited Tax General Obligation | -                                  | 2,085,000        | (240,000)          | 1,845,000                                | 215,000                        |
| Deferred amounts:                   |                                    |                  |                    |  |                                |
| 2010 Issuance premium               | 351,566                            | 78,683           | -                  | 272,883                                  | -                              |
| Colorado SIB Loan                   | 163,716                            | -                | (163,716)          | -  | -                              |
| Land Lease Payable                  | 91,973                             | -                | (91,973)           | -  | -                              |
| Compensated Absences                | 1,363,157                          | 126,909          | -                  | 1,490,066                                | 596,025                        |
| <b>Business-type Activities:</b>    |                                    |                  |                    |  |                                |
| Water and Sewer Revenue Loan        | 30,394,550                         | -                | (1,081,375)        | 29,313,175                               | 1,091,925                      |
| Landfill closure and post closure   | 856,339                            | 68,037           | -                  | 924,376                                  | -                              |
| Compensated Absences                | 553,001                            | 3,074            | (58,719)           | 497,356                                  | 198,942                        |
| <b>Total</b>                        | <u>\$ 47,666,693</u>               | <u>2,361,703</u> | <u>(5,305,961)</u> | <u>44,565,069</u>                        | <u>3,518,411</u>               |

**H. Landfill Closure and Post-Closure Costs**

State and federal laws and regulations require the City to perform certain closure and post-closure maintenance of the landfill site for thirty years after closure. In addition to operating expenses relating to current activities of the landfill, an expense provision and related liability are being recognized based on the amount of landfill used during the year. The estimated liability for landfill closure and postclosure care are based upon an estimate of the landfill used during the year. The estimated liability for landfill closure and postclosure costs is \$1,028,385 and \$603,073, respectively. As of December 31, 2012, the liability for closure and postclosure is \$582,678 and \$341,698. The December 31, 2012 liability is based upon the usage (filled) of the landfill and is shown in these financial statements as an accrued liability in the Landfill Fund. It is estimated that an additional \$707,082 will be recognized as closure and postclosure care expenses between the date of the balance sheet and 2027, the date the landfill is expected to be filled to capacity.

The estimated total current cost of the landfill closure and postclosure cost, \$924,376 is based upon the estimated amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2012.

The actual costs of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and federal laws and regulations to provide adequate financial resources to pay for all closure and postclosure care. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**I. Advance Refunding**

The City has advance refunded several general obligation and revenue bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has not been recorded on the financial statements. The amount of defeased bonds outstanding at December 31, 2012 cannot be readily determined.

**J. Fund Balance Disclosures**

The City classifies governmental fund balances as follows:

*Non-spendable* – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, and long-term portions of loans receivable.

*Spendable Fund Balance:*

*Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The City has restricted \$670,968 for TABOR reserves, \$52,420 for police forfeitures, \$1,182,500 for debt service and \$256,015 by enabling legislation.

*Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the City Council. The City's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the City's platform to review and/or make changes to each department's budget. The budget is formally presented to the City Council via an advertised public process for the review, revisions and final approval by year-end. All subsequent budget requests made during the year, after City Council approval, must be presented via a public process and again approved by the City Council. The City must make formal action through resolution to establish, modify, or rescind committed fund balance amounts. The City has committed \$1,509,335 for future projects.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or its management designees. The City Manager has the authority to establish, modify, or rescind assigned fund balance to a specific department or project within a fund, as stated in the City's adopted financial policies.

*Unassigned* – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City's restricted amounts are to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Other Information**

**A. Pension Plans**

All City employees, except police and fire, participate in the Federal Social Security system for which the City has no liability except for amounts withheld and related statutory matching amounts. In addition, the City has established two contributory pension plans.

**1. Contributory Pension Plan (IRS Section 401(k))**

All full-time employees of the City are eligible to participate in the plan. Eligibility is after six months of employment with enrollment dates of the first day of each month. An employee must have six months of employment at the enrollment date. The City contributes 4% of the base pay of all eligible City employees. In addition, all eligible employees may contribute, for which the City will match up to an additional 3%. Employee contributions are fully vested and City contributions become fully vested after five years. The non-vested contributions that are forfeited are allocated to the remaining plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Daily Access Concepts. Total payroll for the year was \$10,615,967 and current year payroll for employees covered under the plan was \$9,638,674. The City's contributions were \$619,345.

**2. Contributory Pension Plan (IRS Section 401(a))**

All City police and fire employees are eligible to participate in this plan, in lieu of Social Security benefits. Eligibility is at the date of employment. The employee and the City contribute 7 1/2% of compensation to this plan. Employee contributions are fully vested, and the City's contributions become fully vested after five years. If the employee does not become eligible for the benefits, the forfeitures are divided among the plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Daily Access Concepts. Total payroll for the year was \$10,615,967 and current year payroll for employees covered under the plan was \$3,517,455. The City's contributions were \$261,229.

**3. Volunteer Firemen's Pension Fund**

**Plan Description:** The City, on behalf of its volunteer firemen, provides a defined benefit pension plan which is affiliated with the Colorado Fire and Police Pension Association ("FPPA"). Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the plan. Title 31, Article 30 of the Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the plan. The activity for the Firemen's Pension Trust Fund has been reported in these financial statements.

**Funding Policy:** The City contributed to the plan in 2012. There were no contributions from participants.

**Annual Pension Costs:** For the fiscal year ended December 31, 2012, the annual pension costs were \$108,045. Eligible firemen presently receive \$500 per month in pension benefits.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Other Information (continued)**

**A. Pension Plans (continued)**

**3. Volunteer Firemen's Pension Fund (continued)**

**Actuarial Information:** The Annual Required Contribution ("ARC") for the January 1, 2011 (the last available year) was determined by the FPPA actuary, or an actuarial firm designated by FPPA using the "entry age normal" cost method and is as of January 1, 2011. The significant actuarial assumptions used in the valuation as of January 1, 2011, were: (a) life expectancy of participants obtained from the 1983 Group Annuity Mortality Table loaded for fire and police experience; (b) retirement age assumption of age 50 with 20 years of service; (c) pension benefits at \$525 per month with 20 years, or \$26.25 per year of service between 10 and 20 years; and (d) investment return of 8% per annum net of operating expenses.

For the purpose of this actuarial study, plan assets were valued at fair value using quoted market prices. The study uses a level amortization period over a period of 20 years, up to a maximum of 40 years.

Listed below is the required disclosure for the most recent actuarial valuation, prior evaluations are not available as the City joined the plan in 1997.

| <b>Actuarial<br/>valuation<br/>date</b> | <b>Plan assets<br/>available for<br/>benefits<br/>(a)</b> | <b>Actuarial<br/>accrued<br/>liability<br/>(b)</b> | <b>Unfunded<br/>actuarial liability<br/>(funding excess)<br/>(c)</b> | <b>Funded<br/>ratio<br/>(a)/(b)</b> |
|---|---|--|--|-------------------------------------|
| 1/1/1997                                | \$ 545,609  | 274,607  | -271,002   | 199%                                |
| 1/1/1999                                | 687,733   | 393,630  | -294,103   | 175%                                |
| 1/1/2001                                | 818,845   | 590,928  | -227,917   | 139%                                |
| 1/1/2003                                | 772,828   | 636,148  | -136,680   | 121%                                |
| 1/1/2005                                | 806,515   | 831,758  | 25,243   | 97%                                 |
| 1/1/2007                                | 946,200   | 1,020,629  | 74,429   | 93%                                 |
| 1/1/2009                                | 817,542   | 1,028,580  | 211,038  | 79%                                 |
| 1/1/2011                                | 782,947   | 1,110,964  | 328,017  | 70%                                 |

**B. Post-Employment Health Care Benefits**

All City employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment (for reasons other than "gross misconduct") for up to 18 months after the occurrence of one of these events. Eligible dependents may continue coverage for up to 36 months. Employees who elect continued coverage must pay the City for premiums from the termination date of coverage and monthly thereafter. Retirees and their dependents can stay on the medical, dental and vision insurance until they are eligible for Medicare. The employee pays the total premiums for any elections. No cost to the City is recognized as employees reimburse 100% of their premium cost.

**C. Cafeteria Plan**

The City offers a cafeteria plan organized under IRS Sections 125 and 129. It allows employees to pay premiums for some insurances tax free, contribute to medical spending accounts and contribute to dependent care spending accounts. No cost to the City is recognized as the plan is a salary reduction plan.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Other Information (continued)**

**D. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**E. Claims**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**F. Risk Management**

**1. Colorado Intergovernmental Risk Sharing Agency**

The City is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2012.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2012**  
**(Continued)**

**V. Other Information (continued)**

**G. Commitments and Contingencies**

**1. Lease for Operations Management at South Canyon Landfill**

On June 1, 2009, the City entered into an operations management agreement (the "Agreement") with South Canyon Waste Systems LLC., to provide operations management for the City's South Canyon Landfill (the "Landfill"). The Agreement was effective as of May 1, 2009 through March 31, 2014, with provisions for four (4) additional five (5) years terms. The Agreement was amended on August 17, 2009 to provide for certain expansion work to be undertaken at the Landfill. Future minimum lease payments for years subsequent to December 31, 2012 are as follows:

| <b>Year ending</b> |                            |
|--------------------|----------------------------|
| <b>March 31</b>    |                            |
| 2013               | \$ 1,985,000               |
| 2014               | 1,985,000                  |
| <b>Total</b>       | <b><u>\$ 3,970,000</u></b> |

At December 31, 2012, the City had incurred \$1,985,000 under the terms of the lease agreement.

REQUIRED SUPPLEMENTARY INFORMATION



**City of Glenwood Springs, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|                                   | 2012               |                   |                   | Final Budget<br>Variance<br>Positive<br>(Negative) | 2011              |
|-----------------------------------|--------------------|-------------------|-------------------|--|-------------------|
|                                   | Original<br>Budget | Final<br>Budget   | Actual            |  | Actual            |
| <b>Revenues:</b>                  |                    |                   |                   |  |                   |
| <b>Taxes:</b>                     |                    |                   |                   |  |                   |
| Property taxes                    | 1,054,515          | 1,054,515         | 1,048,748         | (5,767)  | 1,041,897         |
| Specific ownership                | 40,000             | 40,000            | 51,557            | 11,557   | 55,911            |
| Special assessment                | 32,000             | 32,000            | 33,992            | 1,992  | 34,628            |
| General sales tax                 | 5,452,451          | 5,722,738         | 5,695,053         | (27,685)   | 5,405,738         |
| Use tax                           | 51,730             | 51,730            | 109,677           | 57,947   | 104,353           |
| Franchise tax                     | 179,800            | 179,800           | 151,314           | (28,486)   | 157,319           |
| <b>Total Taxes</b>                | <b>6,810,496</b>   | <b>7,080,783</b>  | <b>7,090,341</b>  | <b>9,558</b>                                       | <b>6,799,846</b>  |
| <b>Permits and Licenses:</b>      |                    |                   |                   |  |                   |
| Contractors licenses              | 23,000             | 23,000            | 24,182            | 1,182  | 23,493            |
| Liquor licenses                   | 18,000             | 18,000            | 32,186            | 14,186   | 17,741            |
| Dog licenses                      | 400                | 400               | 360               | (40)   | 340               |
| Building permits                  | 135,800            | 135,800           | 67,636            | (68,164)   | 43,853            |
| Sales tax license                 | 22,000             | 22,000            | 29,134            | 7,134  | 71,197            |
| <b>Total Permits and Licenses</b> | <b>199,200</b>     | <b>199,200</b>    | <b>153,498</b>    | <b>(45,702)</b>                                    | <b>156,624</b>    |
| <b>Intergovernmental:</b>         |                    |                   |                   |  |                   |
| Cigarette tax                     | 92,000             | 92,000            | 76,060            | (15,940)   | 81,126            |
| County road and bridge            | 277,854            | 277,854           | 271,358           | (6,496)  | 200,624           |
| County sales tax                  | 150,000            | 150,000           | 227,329           | 77,329   | 201,655           |
| Highway use tax                   | 289,078            | 289,078           | 283,298           | (5,780)  | 286,270           |
| Severance tax                     | 192,252            | 192,252           | 274,479           | 82,227   | 253,833           |
| Grants                            | 96,552             | 96,552            | 94,148            | (2,404)  | 104,465           |
| <b>Total Intergovernmental</b>    | <b>1,097,736</b>   | <b>1,097,736</b>  | <b>1,226,672</b>  | <b>128,936</b>                                     | <b>1,127,973</b>  |
| <b>Charges and Fees:</b>          |                    |                   |                   |  |                   |
| Plan check and record fee         | 92,700             | 92,700            | 89,398            | (3,302)  | 57,525            |
| Cemetery fees                     | 8,000              | 8,000             | 11,000            | 3,000  | 9,906             |
| Police fines and court fees       | 262,980            | 262,980           | 182,076           | (80,904)   | 226,487           |
| Parking fees and fines            | 48,000             | 48,000            | 48,933            | 933  | 34,037            |
| Impoundment fees                  | 3,300              | 3,300             | 4,863             | 1,563  | 5,104             |
| Recreation fees                   | 1,089,000          | 1,089,000         | 1,140,875         | 51,875   | 1,057,573         |
| Park and rafting fees             | 23,000             | 23,000            | 36,478            | 13,478   | 30,829            |
| Affordable housing fees           | -                  | -                 | 267               | 267  | 200               |
| <b>Total Charges and Fees</b>     | <b>1,526,980</b>   | <b>1,526,980</b>  | <b>1,513,890</b>  | <b>(13,090)</b>                                    | <b>1,421,661</b>  |
| <b>Other Revenues:</b>            |                    |                   |                   |  |                   |
| Contributions                     | 500                | 500               | -                 | (500)  | 1,000             |
| Interest                          | 2,500              | 2,500             | 16,778            | 14,278   | 16,334            |
| Police confiscated assets         | -                  | -                 | 2,787             | 2,787  | 3,557             |
| Miscellaneous                     | 45,000             | 45,000            | 50,176            | 5,176  | 68,943            |
| Other lease revenue               | 394,869            | 394,869           | 507,483           | 112,614  | 466,036           |
| Overhead reimbursement            | 2,159,030          | 2,159,030         | 2,170,031         | 11,001   | 2,096,773         |
| Other reimbursements              | 44,216             | 44,216            | 39,385            | (4,831)  | 52,416            |
| <b>Total Other Revenues</b>       | <b>2,646,115</b>   | <b>2,646,115</b>  | <b>2,786,640</b>  | <b>140,525</b>                                     | <b>2,705,059</b>  |
| <b>Total Revenues</b>             | <b>12,280,527</b>  | <b>12,550,814</b> | <b>12,771,041</b> | <b>220,227</b>                                     | <b>12,211,163</b> |

(continued)

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



**City of Glenwood Springs, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**  
**(Continued)**

|   | <u>2012</u>                |                         |                    | <u>2011</u>  |                    |
|---|----------------------------|-------------------------|--------------------|--|--------------------|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>      | <u>Final Budget<br/>Variance<br/>Positive<br/>(Negative)</u> | <u>Actual</u>      |
| <b>Expenditures:</b>                        |                            |                         |                    |  |                    |
| <b>General Government:</b>                  |                            |                         |                    |  |                    |
| Administration                              | 536,579                    | 546,579                 | 493,307            | 53,272   | 488,435            |
| Personnel/purchasing                        | 286,108                    | 338,108                 | 326,861            | 11,247   | 257,174            |
| City Clerk and elections                    | 333,455                    | 342,555                 | 321,805            | 20,750   | 325,526            |
| Finance                                     | 910,354                    | 906,354                 | 899,568            | 6,786  | 829,828            |
| Data processing                             | 262,518                    | 268,518                 | 240,653            | 27,865   | 215,902            |
| Judicial                                    | 233,326                    | 238,826                 | 213,711            | 25,115   | 222,647            |
| Legal                                       | 278,788                    | 287,888                 | 266,260            | 21,628   | 256,719            |
| Annexation costs and rebates                | 115,880                    | 134,145                 | 120,035            | 14,110   | 58,556             |
| <b>Total General Government</b>             | <u>2,957,008</u>           | <u>3,062,973</u>        | <u>2,882,200</u>   | <u>180,773</u>   | <u>2,654,787</u>   |
| <b>Public Safety:</b>                       |                            |                         |                    |  |                    |
| Police Department                           | 3,032,518                  | 3,102,518               | 3,043,074          | 59,444   | 2,954,521          |
| <b>Total Public Safety</b>                  | <u>3,032,518</u>           | <u>3,102,518</u>        | <u>3,043,074</u>   | <u>59,444</u>  | <u>2,954,521</u>   |
| <b>Community Development:</b>               |                            |                         |                    |  |                    |
| Administration/planning                     | 413,210                    | 423,110                 | 371,663            | 51,447   | 418,998            |
| Building inspector                          | 258,784                    | 258,784                 | 209,847            | 48,937   | 276,705            |
| <b>Total Community Development</b>          | <u>671,994</u>             | <u>681,894</u>          | <u>581,510</u>     | <u>100,384</u>   | <u>695,703</u>     |
| <b>Public Works:</b>                        |                            |                         |                    |  |                    |
| Administration/engineering                  | 405,322                    | 405,322                 | 397,935            | 7,387  | 448,293            |
| Streets, alleys, snow removal               | 937,858                    | 967,858                 | 931,859            | 35,999   | 928,015            |
| <b>Total Public Works</b>                   | <u>1,343,180</u>           | <u>1,373,180</u>        | <u>1,329,794</u>   | <u>43,386</u>  | <u>1,376,308</u>   |
| <b>Culture and Recreation:</b>              |                            |                         |                    |  |                    |
| Recreation                                  | 2,126,837                  | 2,149,737               | 2,079,612          | 70,125   | 1,972,439          |
| Parks and cemetery                          | 937,500                    | 1,019,500               | 1,025,183          | (5,683)  | 865,634            |
| <b>Total Culture and Recreation</b>         | <u>3,064,337</u>           | <u>3,169,237</u>        | <u>3,104,795</u>   | <u>64,442</u>  | <u>2,838,073</u>   |
| <b>Debt Service:</b>                        |                            |                         |                    |  |                    |
| Principal on bonded debt                    | 190,000                    | 240,000                 | 240,000            | -  | 180,000            |
| Interest on bonded debt                     | 101,748                    | 55,748                  | 54,884             | 864  | 109,668            |
| <b>Total Debt Service</b>                   | <u>291,748</u>             | <u>295,748</u>          | <u>294,884</u>     | <u>864</u>   | <u>289,668</u>     |
| <br>  |                            |                         |                    |  |                    |
| <b>Total Expenditures</b>                   | <u>11,360,785</u>          | <u>11,685,550</u>       | <u>11,236,257</u>  | <u>449,293</u>   | <u>10,809,060</u>  |
| <b>Excess (Deficiency) of Revenues</b>      |                            |                         |                    |  |                    |
| <b>Over Expenditures</b>                    | 919,742                    | 865,264                 | 1,534,784          | (229,066)  | 1,402,103          |
| <b>Other Financing Sources (Uses):</b>      |                            |                         |                    |  |                    |
| Transfers in                                | 932,108                    | 902,108                 | 902,108            | -  | 872,348            |
| Transfers (out)                             | (1,957,211)                | (2,057,211)             | (2,055,235)        | 1,976  | (2,224,254)        |
| <b>Total Other Financing Sources (Uses)</b> | <u>(1,025,103)</u>         | <u>(1,155,103)</u>      | <u>(1,153,127)</u> | <u>1,976</u>   | <u>(1,351,906)</u> |
| <br>  |                            |                         |                    |  |                    |
| <b>Net Change in Fund Balance</b>           | (105,361)                  | (289,839)               | 381,657            | (227,090)  | 50,197             |
| <br>  |                            |                         |                    |  |                    |
| <b>Fund Balance - Beginning of Year</b>     | <u>3,607,335</u>           | <u>4,230,965</u>        | <u>4,230,965</u>   | <u>-</u>   | <u>4,180,768</u>   |
| <br>  |                            |                         |                    |  |                    |
| <b>Fund Balance - End of Year</b>           | <u>3,501,974</u>           | <u>3,941,126</u>        | <u>4,612,622</u>   | <u>671,496</u>   | <u>4,230,965</u>   |

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

**City of Glenwood Springs, Colorado**  
**Fire and Ambulance Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | <u>2012</u>                |                         |                  | <u>2011</u>  |                  |
|--|----------------------------|-------------------------|------------------|--|------------------|
|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Final Budget<br/>Variance<br/>Positive<br/>(Negative)</u> | <u>Actual</u>    |
| <b>Revenues:</b>   |                            |                         |                  |  |                  |
| <b>Intergovernmental:</b>                                    |                            |                         |                  |  |                  |
| Grants and awards  | -                          | 16,000                  | 26,739           | 10,739   | 9,318            |
| <b>Charges for Services:</b>                                 |                            |                         |                  |  |                  |
| Permits  | 9,000                      | 9,000                   | 13,000           | 4,000  | 11,000           |
| Ambulance fees   | 1,041,093                  | 1,041,093               | 973,990          | (67,103)   | 904,450          |
| <b>Other:</b>  |                            |                         |                  |  |                  |
| Interest income  | 800                        | 800                     | 38               | (762)  | 44               |
| <b>Total Revenues</b>  | <u>1,050,893</u>           | <u>1,066,893</u>        | <u>1,013,767</u> | <u>(53,126)</u>  | <u>924,812</u>   |
| <b>Expenditures:</b>   |                            |                         |                  |  |                  |
| <b>Public Safety:</b>  |                            |                         |                  |  |                  |
| Emergency services   | <u>2,889,585</u>           | <u>3,004,685</u>        | <u>2,922,667</u> | <u>82,018</u>  | <u>3,020,876</u> |
| <b>Total Expenditures</b>                                    | <u>2,889,585</u>           | <u>3,004,685</u>        | <u>2,922,667</u> | <u>82,018</u>  | <u>3,020,876</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | (1,838,692)                | (1,937,792)             | (1,908,900)      | 28,892   | (2,096,064)      |
| <b>Other Financing Sources (Uses):</b>                       |                            |                         |                  |  |                  |
| Transfer in  | <u>1,748,666</u>           | <u>1,848,666</u>        | <u>1,848,666</u> | <u>-</u>   | <u>2,016,604</u> |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>1,748,666</u>           | <u>1,848,666</u>        | <u>1,848,666</u> | <u>-</u>   | <u>2,016,604</u> |
| <b>Net Change in Fund Balance</b>                            | (90,026)                   | (89,126)                | (60,234)         | 28,892   | (79,460)         |
| <b>Fund Balance - Beginning of Year</b>                      | <u>90,026</u>              | <u>93,172</u>           | <u>93,172</u>    | <u>-</u>   | <u>172,632</u>   |
| <b>Fund Balance - End of Year</b>                            | <u>-</u>                   | <u>4,046</u>            | <u>32,938</u>    | <u>28,892</u>  | <u>93,172</u>    |

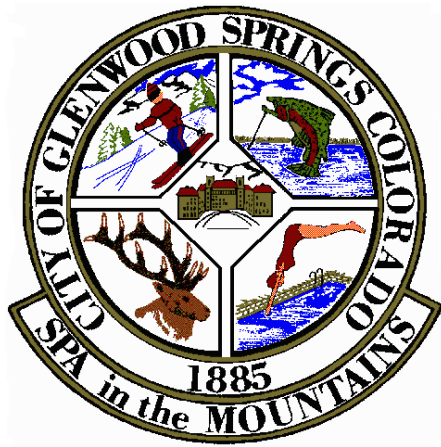
The accompanying notes are an integral part of these financial statements.

**City of Glenwood Springs, Colorado**  
**Downtown Development Authority**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | <u>2012</u>                              |                  | <u>Variance<br/>Positive<br/>(Negative)</u> | <u>2011</u>      |
|--|--|------------------|---|------------------|
|  | <u>Original and<br/>Final<br/>Budget</u> | <u>Actual</u>    |   | <u>Actual</u>    |
| <b>Revenues:</b>   |  |                  |   |                  |
| Property taxes   | 208,530                                  | 169,839          | (38,691)                                    | 255,431          |
| Sales taxes  | 142,740                                  | 206,381          | 63,641                                      | 126,431          |
| Interest income  | 2,000                                    | 3,648            | 1,648                                       | 2,499            |
| Other  | -  | 1,170            | 1,170                                       | 10,000           |
| <b>Total Revenues</b>  | <u>353,270</u>                           | <u>381,038</u>   | <u>27,768</u>                               | <u>394,361</u>   |
| <b>Expenditures:</b>   |  |                  |   |                  |
| General Government:  |  |                  |   |                  |
| Capital outlay   | 3,043,700                                | 1,634,541        | 1,409,159                                   | 88,117           |
| Other  | 159,786                                  | 153,083          | 6,703                                       | 436,943          |
| Debt service:  |  |                  |   |                  |
| Interest   | 22,666                                   | 22,666           | -   | 23,505           |
| <b>Total Expenditures</b>                                    | <u>3,226,152</u>                         | <u>1,810,290</u> | <u>1,415,862</u>                            | <u>548,565</u>   |
| <b>Excess (Deficiency) of Revenues Over<br/>Expenditures</b> | (2,872,882)                              | (1,429,252)      | 1,443,630                                   | (154,204)        |
| <b>Other Financing Sources (Uses):</b>                       |  |                  |   |                  |
| Interfund loan proceeds                                      | 2,000,000                                | 2,000,000        | -   | -                |
| Transfer in  | 50,000                                   | 50,000           | -   | 68,183           |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>2,050,000</u>                         | <u>2,050,000</u> | <u>-</u>                                    | <u>68,183</u>    |
| <b>Net Change in Fund Balance - Budget Basis</b>             | <u>(822,882)</u>                         | 620,748          | <u>1,443,630</u>                            | (86,021)         |
| <b>Reconciliation to GAAP Basis:</b>                         |  |                  |   |                  |
| <b>Adjustments:</b>  |  |                  |   |                  |
| Interfund loan proceeds                                      |  | (2,000,000)      |   | -                |
| <b>Net Income - GAAP Basis</b>                               |  | (1,379,252)      |   | (86,021)         |
| <b>Fund Balance - Beginning of Year</b>                      |  | <u>1,381,150</u> |   | <u>1,467,171</u> |
| <b>Fund Balance - End of Year</b>                            |  | <u>1,898</u>     |   | <u>1,381,150</u> |

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

SUPPLEMENTARY INFORMATION



**City of Glenwood Springs, Colorado**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | <u>2012</u>                              |                  |   | <u>2011</u>       |
|--|--|------------------|---|-------------------|
|  | <u>Original and<br/>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> | <u>Actual</u>     |
| <b>Revenues:</b>   |  |                  |   |                   |
| <b>Taxes:</b>  |  |                  |   |                   |
| Sales tax  | 1,817,461                                | 1,898,328        | 80,867                                      | 1,801,891         |
| Use tax  | 17,243                                   | 36,559           | 19,316                                      | 34,784            |
| <b>Total Taxes</b>                                       | <u>1,834,704</u>                         | <u>1,934,887</u> | <u>100,183</u>                              | <u>1,836,675</u>  |
| <b>Intergovernmental:</b>                                |  |                  |   |                   |
| Grants   | 90,000                                   | -                | (90,000)                                    | -                 |
| <b>Fees and Charges:</b>                                 |  |                  |   |                   |
| Park land fees   | -  | 40,538           | 40,538                                      | 5,130             |
| <b>Other:</b>  |  |                  |   |                   |
| Interest income  | 3,000                                    | 5,578            | 2,578                                       | 8,364             |
| Other income   | -  | 165,920          | 165,920                                     | 2,861             |
| <b>Total Other</b>                                       | <u>3,000</u>                             | <u>171,498</u>   | <u>168,498</u>                              | <u>11,225</u>     |
| <b>Total Revenues</b>                                    | <u>1,927,704</u>                         | <u>2,146,923</u> | <u>219,219</u>                              | <u>1,853,030</u>  |
| <b>Expenditures:</b>                                     |  |                  |   |                   |
| <b>Public Works:</b>                                     |  |                  |   |                   |
| Work activities team                                     | 354,513                                  | 315,253          | 39,260                                      | 293,412           |
| Sewer improvements                                       | 4,949,903                                | 2,749,202        | 2,200,701                                   | 13,941,341        |
| Other expenditures                                       | 543,803                                  | 162,640          | 381,163                                     | 79,004            |
| <b>Total Public Works</b>                                | <u>5,848,219</u>                         | <u>3,227,095</u> | <u>2,621,124</u>                            | <u>14,313,757</u> |
| <b>Debt Service:</b>                                     |  |                  |   |                   |
| Principal - 1998 Government Agency Bond                  | 214,456                                  | 214,455          | 1   | 202,905           |
| Interest - 1998 Government Agency Bond                   | 9,758                                    | 9,758            | -   | 18,787            |
| <b>Total Debt Service</b>                                | <u>224,214</u>                           | <u>224,213</u>   | <u>1</u>                                    | <u>221,692</u>    |
| <b>Total Expenditures</b>                                | <u>6,072,433</u>                         | <u>3,451,308</u> | <u>2,621,125</u>                            | <u>14,535,449</u> |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | (4,144,729)                              | (1,304,385)      | 2,840,344                                   | (12,682,419)      |
| <b>Other Financing Sources (Uses):</b>                   |  |                  |   |                   |
| Transfers in   | 5,128,817                                | 3,447,226        | (1,681,591)                                 | 15,429,865        |
| Transfers (out)  | (806,757)                                | (806,757)        | -   | (1,024,735)       |
| <b>Total Other Financing Sources (Uses)</b>              | <u>4,322,060</u>                         | <u>2,640,469</u> | <u>(1,681,591)</u>                          | <u>14,405,130</u> |
| <b>Net Change in Fund Balance</b>                        | 177,331                                  | 1,336,084        | 1,158,753                                   | 1,722,711         |
| <b>Fund Balance - Beginning of Year</b>                  | <u>557,809</u>                           | <u>2,291,484</u> | <u>1,733,675</u>                            | <u>568,773</u>    |
| <b>Fund Balance - End of Year</b>                        | <u>735,140</u>                           | <u>3,627,568</u> | <u>2,892,428</u>                            | <u>2,291,484</u>  |

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

**City of Glenwood Springs, Colorado**  
**Acquisition and Improvement fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | 2012               |                  |                  | 2011   |                  |
|--|--------------------|------------------|------------------|--|------------------|
|  | Original<br>Budget | Final<br>Budget  | Actual           | Final Budget<br>Variance<br>Positive<br>(Negative) | Actual           |
| <b>Revenues:</b>   |                    |                  |                  |  |                  |
| <b>Taxes:</b>  |                    |                  |                  |  |                  |
| General sales tax  | 3,634,923          | 3,634,923        | 3,796,655        | 161,732  | 3,603,781        |
| Use tax  | 34,486             | 34,486           | 73,117           | 38,631   | 69,568           |
| <b>Total Taxes</b>                                       | <u>3,669,409</u>   | <u>3,669,409</u> | <u>3,869,772</u> | <u>200,363</u>                                     | <u>3,673,349</u> |
| <b>Intergovernmental:</b>                                |                    |                  |                  |  |                  |
| Grants   | -                  | -                | -                | -  | 7,758            |
| <b>Other:</b>  |                    |                  |                  |  |                  |
| Interest income  | 20,000             | 20,000           | 37,719           | 17,719   | 36,068           |
| Donations  | -                  | -                | 2,200            | 2,200  | 9,150            |
| Other income   | -                  | -                | 6,346            | 6,346  | 5,083            |
| <b>Total Other</b>                                       | <u>20,000</u>      | <u>20,000</u>    | <u>46,265</u>    | <u>26,265</u>                                      | <u>50,301</u>    |
| <b>Total Revenues</b>                                    | <u>3,689,409</u>   | <u>3,689,409</u> | <u>3,916,037</u> | <u>226,628</u>                                     | <u>3,731,408</u> |
| <b>Expenditures:</b>                                     |                    |                  |                  |  |                  |
| <b>General Government:</b>                               |                    |                  |                  |  |                  |
| General and administrative                               | 1,434,967          | 3,419,967        | 2,135,989        | 1,283,978  | 2,078,656        |
| Bond fees  | 39,992             | 39,992           | 40,192           | (200)  | 40,342           |
| <b>Total General Government</b>                          | <u>1,474,959</u>   | <u>3,459,959</u> | <u>2,176,181</u> | <u>1,283,778</u>                                   | <u>2,118,998</u> |
| <b>Culture and Recreation:</b>                           |                    |                  |                  |  |                  |
| Frontier Historical Museum                               | 6,673              | 6,673            | 6,348            | 325  | 6,383            |
| River trail system                                       | 50,000             | 50,000           | 24,574           | 25,426   | 47,738           |
| Arts Center  | -                  | -                | -                | -  | 68,521           |
| Other projects   | 77,831             | 26,654           | 11,776           | 14,878   | 19,833           |
| <b>Total Culture and Recreation</b>                      | <u>134,504</u>     | <u>83,327</u>    | <u>42,698</u>    | <u>40,629</u>                                      | <u>142,475</u>   |
| <b>Public Works:</b>                                     |                    |                  |                  |  |                  |
| Other projects   | 893,602            | 909,779          | 225,514          | 684,265  | 1,776,030        |
| <b>Total Public Works</b>                                | <u>910,602</u>     | <u>926,779</u>   | <u>225,514</u>   | <u>701,265</u>                                     | <u>1,776,030</u> |
| <b>Debt Service:</b>                                     |                    |                  |                  |  |                  |
| Principal - 1999 Sales and Use Tax bonds                 | 1,090,000          | 1,090,000        | 1,090,000        | -  | 1,070,000        |
| Interest - 1999 Sales and Use Tax bonds                  | 331,338            | 331,338          | 331,338          | -  | 352,738          |
| Principal - 1999 Government Agency bonds                 | 280,723            | 280,723          | 280,722          | 1  | 272,625          |
| Interest - 1999 Government Agency bonds                  | 62,770             | 62,770           | 62,770           | -  | 71,800           |
| <b>Total Debt Service</b>                                | <u>1,764,831</u>   | <u>1,764,831</u> | <u>1,764,830</u> | <u>1</u>   | <u>1,767,163</u> |
| <b>Total Expenditures</b>                                | <u>4,284,896</u>   | <u>6,234,896</u> | <u>4,209,223</u> | <u>2,025,673</u>                                   | <u>5,804,666</u> |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | (595,487)          | (2,545,487)      | (293,186)        | 2,252,301  | (2,073,258)      |
| <b>Other Financing Sources (Uses):</b>                   |                    |                  |                  |  |                  |
| Transfers in   | -                  | -                | -                | -  | 1,800,000        |
| Transfers (out)  | (13,514)           | (13,514)         | (13,514)         | -  | (13,514)         |
| <b>Total Other Financing Sources (Uses)</b>              | <u>(13,514)</u>    | <u>(13,514)</u>  | <u>(13,514)</u>  | <u>-</u>   | <u>1,786,486</u> |
| <b>Net Change in Fund Balance</b>                        | (609,001)          | (2,559,001)      | (306,700)        | 2,252,301  | (286,772)        |
| <b>Fund Balance - Beginning of Year</b>                  | <u>3,862,434</u>   | <u>3,570,705</u> | <u>3,570,705</u> | <u>-</u>   | <u>3,857,477</u> |
| <b>Fund Balance - End of Year</b>                        | <u>3,253,433</u>   | <u>1,011,704</u> | <u>3,264,005</u> | <u>2,252,301</u>                                   | <u>3,570,705</u> |

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

**City of Glenwood Springs, Colorado**  
**Combining Balance Sheets**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2012**

|  | <u>Special Revenue Funds</u> |                            |                          |  | <u>Capital Projects Funds</u> |  | <u>Totals</u>    |   |
|--|------------------------------|----------------------------|--------------------------|--|-------------------------------|--|------------------|---|
|  | <u>Tourism<br/>Fund</u>      | <u>Street Tax<br/>Fund</u> | <u>V.A.L.E.<br/>Fund</u> | <u>Conservation<br/>Trust<br/>Fund</u> | <u>Bus<br/>Tax<br/>Fund</u>   | <u>General<br/>Improvement<br/>District<br/>No. 1980</u> |                  | <u>Emergency<br/>Services<br/>Equipment<br/>Replacement</u> |
| <b>Assets:</b>   |                              |                            |                          |  |                               |  |                  |   |
| Cash and investments - Unrestricted                              | 452,411                      | 581,762                    | 83,166                   | 260,167                                | 250,740                       | 18,377   | 1,533,387        | 3,180,010   |
| Taxes receivable   | 39,833                       | 209,772                    | -                        | -                                      | 83,902                        | 44,113   | -                | 377,620   |
| Accounts receivable, net of allowance                            | 1,016                        | -                          | -                        | -                                      | 6,682                         | -  | -                | 7,698   |
| Due from other governments                                       | -                            | 138,238                    | -                        | -                                      | -                             | -  | -                | 138,238   |
| Prepaid items  | -                            | -                          | -                        | -                                      | 2,061                         | -  | -                | 2,061   |
| <b>Total Assets</b>  | <u>493,260</u>               | <u>929,772</u>             | <u>83,166</u>            | <u>260,167</u>                         | <u>343,385</u>                | <u>62,490</u>  | <u>1,533,387</u> | <u>3,705,627</u>  |
| <b>Liabilities and Fund Balance:</b>                             |                              |                            |                          |  |                               |  |                  |   |
| <b>Liabilities:</b>  |                              |                            |                          |  |                               |  |                  |   |
| Accounts payable   | 37,038                       | 91,997                     | -                        | 2,082                                  | 139,121                       | -  | 3,336            | 273,574   |
| <b>Total Liabilities</b>   | <u>37,038</u>                | <u>91,997</u>              | <u>-</u>                 | <u>2,082</u>                           | <u>139,121</u>                | <u>-</u>   | <u>3,336</u>     | <u>273,574</u>  |
| <b>Deferred Inflows of Resources:</b>                            |                              |                            |                          |  |                               |  |                  |   |
| Property Taxes   | -                            | -                          | -                        | -                                      | -                             | 43,946   | -                | 43,946  |
| <b>Total Deferred Inflows</b>                                    | <u>-</u>                     | <u>-</u>                   | <u>-</u>                 | <u>-</u>                               | <u>-</u>                      | <u>43,946</u>  | <u>-</u>         | <u>43,946</u>   |
| <b>Fund Balances:</b>  |                              |                            |                          |  |                               |  |                  |   |
| Nonspendable   | -                            | -                          | -                        | -                                      | 2,061                         | -  | -                | 2,061   |
| Restricted   | 21,703                       | 48,961                     | 1,160                    | 2,885                                  | 27,433                        | 1,403  | 7,434            | 110,979   |
| Committed  | 104,821                      | 145,374                    | -                        | -                                      | -                             | -  | -                | 250,195   |
| Assigned   | 329,698                      | 643,440                    | 82,006                   | 255,200                                | 174,770                       | 17,141   | 1,522,617        | 3,024,872   |
| <b>Total Fund Balance</b>  | <u>456,222</u>               | <u>837,775</u>             | <u>83,166</u>            | <u>258,085</u>                         | <u>204,264</u>                | <u>18,544</u>  | <u>1,530,051</u> | <u>3,388,107</u>  |
| <b>Total Liabilities, Deferred Inflows<br/>and Fund Balances</b> | <u>493,260</u>               | <u>929,772</u>             | <u>83,166</u>            | <u>260,167</u>                         | <u>343,385</u>                | <u>62,490</u>  | <u>1,533,387</u> | <u>3,705,627</u>  |

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

**City of Glenwood Springs, Colorado**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2012**

|  | <u>Special Revenue Funds</u> |                            |                          |  |                         | <u>Capital Projects Funds</u>                            |   | <u>Totals</u>    |
|--|------------------------------|----------------------------|--------------------------|--|-------------------------|--|---|------------------|
|  | <u>Tourism<br/>Fund</u>      | <u>Street Tax<br/>Fund</u> | <u>V.A.L.E.<br/>Fund</u> | <u>Conservation<br/>Trust<br/>Fund</u> | <u>Bus Tax<br/>Fund</u> | <u>General<br/>Improvement<br/>District<br/>No. 1980</u> | <u>Emergency<br/>Services<br/>Equipment<br/>Replacement</u> |                  |
| <b>Revenues:</b>   |                              |                            |                          |  |                         |  |   |                  |
| Taxes  | 721,787                      | 1,934,887                  | -                        | -                                      | 773,897                 | 46,487   | -   | 3,477,058        |
| Intergovernmental  | -                            | 190,429                    | -                        | 95,751                                 | 317,864                 | -  | 62,531  | 666,575          |
| Charges for services   | -                            | -                          | 38,353                   | -                                      | 133,539                 | -  | -   | 171,892          |
| Interest income  | 622                          | 414                        | 318                      | 418                                    | 186                     | 278  | 3,041   | 5,277            |
| Other  | 1,016                        | 6,748                      | -                        | -                                      | 1,313                   | -  | 182,223   | 191,300          |
| <b>Total Revenues</b>  | <u>723,425</u>               | <u>2,132,478</u>           | <u>38,671</u>            | <u>96,169</u>                          | <u>1,226,799</u>        | <u>46,765</u>  | <u>247,795</u>  | <u>4,512,102</u> |
| <b>Expenditures:</b>   |                              |                            |                          |  |                         |  |   |                  |
| General governmental   | -                            | -                          | 35,190                   | -                                      | -                       | 52,093   | -   | 87,283           |
| Transportation   | -                            | 1,096,127                  | -                        | -                                      | 1,108,926               | -  | -   | 2,205,053        |
| Public safety  | -                            | -                          | 3,452                    | -                                      | -                       | -  | 31,835  | 35,287           |
| Community and economic development                           | 613,909                      | -                          | -                        | -                                      | -                       | -  | -   | 613,909          |
| Culture and recreation                                       | -                            | -                          | -                        | 51,603                                 | -                       | -  | -   | 51,603           |
| <b>Debt Service:</b>   |                              |                            |                          |  |                         |  |   |                  |
| Principal  | -                            | 255,654                    | -                        | -                                      | -                       | -  | -   | 255,654          |
| Interest   | -                            | 10,932                     | -                        | -                                      | -                       | -  | -   | 10,932           |
| <b>Total Expenditures</b>                                    | <u>613,909</u>               | <u>1,362,713</u>           | <u>38,642</u>            | <u>51,603</u>                          | <u>1,108,926</u>        | <u>52,093</u>  | <u>31,835</u>   | <u>3,259,721</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | 109,516                      | 769,765                    | 29                       | 44,566                                 | 117,873                 | (5,328)  | 215,960   | 1,252,381        |
| <b>Other Financing Sources (Uses):</b>                       |                              |                            |                          |  |                         |  |   |                  |
| Transfers in   | -                            | -                          | -                        | -                                      | -                       | -  | 186,299   | 186,299          |
| Transfers (out)  | -                            | (6,757)                    | -                        | -                                      | (2,702)                 | -  | -   | (9,459)          |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>-</u>                     | <u>(6,757)</u>             | <u>-</u>                 | <u>-</u>                               | <u>(2,702)</u>          | <u>-</u>   | <u>186,299</u>  | <u>176,840</u>   |
| <b>Net Change in Fund Balance</b>                            | 109,516                      | 763,008                    | 29                       | 44,566                                 | 115,171                 | (5,328)  | 402,259   | 1,429,221        |
| <b>Fund Balance - Beginning of Year</b>                      | <u>346,706</u>               | <u>74,767</u>              | <u>83,137</u>            | <u>213,519</u>                         | <u>89,093</u>           | <u>23,872</u>  | <u>1,127,792</u>  | <u>1,958,886</u> |
| <b>Fund Balance - End of Year</b>                            | <u>456,222</u>               | <u>837,775</u>             | <u>83,166</u>            | <u>258,085</u>                         | <u>204,264</u>          | <u>18,544</u>  | <u>1,530,051</u>  | <u>3,388,107</u> |

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



**City of Glenwood Springs, Colorado**  
**Tourism Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | <u>2012</u>                              |                       |   | <u>2011</u>           |
|---|--|-----------------------|---|-----------------------|
|   | <u>Original and<br/>Final<br/>Budget</u> | <u>Actual</u>         | <u>Variance<br/>Positive<br/>(Negative)</u> | <u>Actual</u>         |
| <b>Revenues:</b>  |  |                       |   |                       |
| <b>Taxes:</b>   |  |                       |   |                       |
| Accommodations tax  | 650,000                                  | 721,787               | 71,787                                      | 646,255               |
| <b>Other:</b>   |  |                       |   |                       |
| Interest income   | 300                                      | 622                   | 322   | 782                   |
| Other income  | -  | 1,016                 | 1,016                                       | -                     |
| <b>Total Revenues</b>                                     | <u>650,300</u>                           | <u>723,425</u>        | <u>73,125</u>                               | <u>647,037</u>        |
| <b>Expenditures:</b>                                      |  |                       |   |                       |
| <b>Economic Development:</b>                              |  |                       |   |                       |
| Salary and benefits                                       | 68,750                                   | 68,750                | -   | 108,261               |
| Administrative  | 18,368                                   | 18,368                | -   | 37,480                |
| Consulting services                                       | 58,000                                   | 17,952                | 40,048                                      | 32,037                |
| Visitor services  | 70,000                                   | 70,000                | -   | -                     |
| Central reservations/watts line                           | 2,500                                    | 1,752                 | 748   | 1,075                 |
| Public relations  | 34,400                                   | 34,331                | 69  | 28,759                |
| Printing and distribution<br>(brochures, postcards, etc.) | 128,132                                  | 114,979               | 13,153                                      | 141,723               |
| Database and internet marketing                           | 127,075                                  | 115,035               | 12,040                                      | 80,590                |
| Advertising and promotion                                 | 136,005                                  | 136,807               | (802)                                       | 47,116                |
| Travel and booth expenses                                 | 10,975                                   | 12,192                | (1,217)                                     | 3,864                 |
| Research and tracking                                     | -  | 2,928                 | (2,928)                                     | -                     |
| Special event   | 46,000                                   | 20,815                | 25,185                                      | 11,505                |
| <b>Total Expenditures</b>                                 | <u>700,205</u>                           | <u>613,909</u>        | <u>86,296</u>                               | <u>492,410</u>        |
| <b>Net Change in Fund Balance</b>                         | (49,905)                                 | 109,516               | 159,421                                     | 154,627               |
| <b>Fund Balance - Beginning of Year</b>                   | <u>321,301</u>                           | <u>346,706</u>        | <u>25,405</u>                               | <u>192,079</u>        |
| <b>Fund Balance - End of Year</b>                         | <u><u>271,396</u></u>                    | <u><u>456,222</u></u> | <u><u>184,826</u></u>                       | <u><u>346,706</u></u> |

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

**City of Glenwood Springs, Colorado**  
**Street Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | <u>2012</u>                              |                  |   | <u>2011</u>      |
|--|--|------------------|---|------------------|
|  | <u>Original and<br/>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> | <u>Actual</u>    |
| <b>Revenues:</b>   |  |                  |   |                  |
| <b>Taxes:</b>  |  |                  |   |                  |
| General sales tax  | 1,817,461                                | 1,898,328        | 80,867                                      | 1,801,891        |
| Use tax  | 17,243                                   | 36,559           | 19,316                                      | 34,784           |
| <b>Other:</b>  |  |                  |   |                  |
| Miscellaneous income   | 45,150                                   | 6,748            | (38,402)                                    | 38,007           |
| Interest income  | 500                                      | 414              | (86)  | 350              |
| <b>Total Revenues</b>  | <u>1,880,354</u>                         | <u>1,942,049</u> | <u>61,695</u>                               | <u>1,875,032</u> |
| <b>Expenditures:</b>   |  |                  |   |                  |
| <b>Transportation:</b>                                       |  |                  |   |                  |
| TDM contract   | 23,910                                   | 8,791            | 15,119                                      | 13,596           |
| Transit program  | 1,467,500                                | 690,299          | 777,201                                     | 1,964,945        |
| Other expenses   | 495,557                                  | 397,037          | 98,520                                      | 289,057          |
| <b>Total Transportation</b>                                  | <u>1,986,967</u>                         | <u>1,096,127</u> | <u>890,840</u>                              | <u>2,267,598</u> |
| <b>Debt Service:</b>   |  |                  |   |                  |
| Principal payment  | 91,950                                   | 91,938           | 12  | 84,900           |
| Interest payment   | 7,681                                    | 7,658            | 23  | 14,731           |
| Principal payment - SIB loan                                 | 163,716                                  | 163,716          | -   | 160,505          |
| Interest payment - SIB loan                                  | 3,274                                    | 3,274            | -   | 6,484            |
| <b>Total Expenditures</b>                                    | <u>2,253,588</u>                         | <u>1,362,713</u> | <u>890,875</u>                              | <u>2,534,218</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | (373,234)                                | 579,336          | 952,570                                     | (659,186)        |
| <b>Other Financing Sources (Uses):</b>                       |  |                  |   |                  |
| Intergovernmental awards                                     | 409,700                                  | 190,429          | (219,271)                                   | 368,972          |
| Transfers in   |  |                  | -   | 250,000          |
| Transfers (out)  | (6,757)                                  | (6,757)          | -   | (76,757)         |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>402,943</u>                           | <u>183,672</u>   | <u>(219,271)</u>                            | <u>542,215</u>   |
| <b>Net Change in Fund Balance</b>                            | 29,709                                   | 763,008          | 733,299                                     | (116,971)        |
| <b>Fund Balance - Beginning of Year</b>                      | <u>386,513</u>                           | <u>74,767</u>    | <u>(311,746)</u>                            | <u>191,738</u>   |
| <b>Fund Balance - End of Year</b>                            | <u>416,222</u>                           | <u>837,775</u>   | <u>421,553</u>                              | <u>74,767</u>    |

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

**City of Glenwood Springs, Colorado**  
**V.A.L.E. Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | 2012                            |        |                                    | 2011     |
|---|---------------------------------|--------|------------------------------------|----------|
|   | Original and<br>Final<br>Budget | Actual | Variance<br>Positive<br>(Negative) | Actual   |
| <b>Revenues:</b>                        |                                 |        |                                    |          |
| <b>Charges for Services:</b>            |                                 |        |                                    |          |
| Assessments                             | 64,000                          | 38,353 | (25,647)                           | 46,351   |
| <b>Other:</b>                           |                                 |        |                                    |          |
| Interest income                         | 600                             | 318    | (282)                              | 333      |
| <b>Total Revenues</b>                   | 64,600                          | 38,671 | (25,929)                           | 46,684   |
| <b>Expenditures:</b>                    |                                 |        |                                    |          |
| <b>General Government:</b>              |                                 |        |                                    |          |
| Victim/witness assistance               | 50,000                          | 33,960 | 16,040                             | 46,973   |
| Professional fees                       | -                               | 1,132  | (1,132)                            | 995      |
| Office supplies                         | 3,000                           | 98     | 2,902                              | 110      |
| Capital Outlay:                         |                                 |        |                                    |          |
| Police equipment                        | 15,000                          | 3,452  | 11,548                             | 11,340   |
| <b>Total Expenditures</b>               | 68,000                          | 38,642 | 29,358                             | 59,418   |
| <b>Net Change in Fund Balance</b>       | (3,400)                         | 29     | 3,429                              | (12,734) |
| <b>Fund Balance - Beginning of Year</b> | 91,971                          | 83,137 | (8,834)                            | 95,871   |
| <b>Fund Balance - End of Year</b>       | 88,571                          | 83,166 | (5,405)                            | 83,137   |

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

**City of Glenwood Springs, Colorado**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | 2012                            |                       |                                    | 2011                  |
|---|---------------------------------|-----------------------|------------------------------------|-----------------------|
|   | Original and<br>Final<br>Budget | Actual                | Variance<br>Positive<br>(Negative) | Actual                |
| <b>Revenues:</b>                        |                                 |                       |                                    |                       |
| <b>Intergovernmental:</b>               |                                 |                       |                                    |                       |
| Colorado Lottery                        | 70,000                          | 95,751                | 25,751                             | 83,265                |
| <b>Other:</b>                           |                                 |                       |                                    |                       |
| Interest income                         | 250                             | 418                   | 168                                | 354                   |
| <b>Total Other</b>                      | <u>250</u>                      | <u>418</u>            | <u>168</u>                         | <u>354</u>            |
| <br>                                    |                                 |                       |                                    |                       |
| <b>Total Revenues</b>                   | <u>70,250</u>                   | <u>96,169</u>         | <u>25,919</u>                      | <u>83,619</u>         |
| <br>                                    |                                 |                       |                                    |                       |
| <b>Expenditures:</b>                    |                                 |                       |                                    |                       |
| <b>Culture and Recreation:</b>          |                                 |                       |                                    |                       |
| Park improvement and equipment          | 50,000                          | 51,603                | (1,603)                            | 26,156                |
| LOVA Trail                              | 35,000                          | -                     | 35,000                             | -                     |
| Whitewater park                         | 10,000                          | -                     | 10,000                             | -                     |
| Other projects                          | 10,000                          | -                     | 10,000                             | -                     |
| <b>Total Expenditures</b>               | <u>105,000</u>                  | <u>51,603</u>         | <u>53,397</u>                      | <u>26,156</u>         |
| <br>                                    |                                 |                       |                                    |                       |
| <b>Net Change in Fund Balance</b>       | (34,750)                        | 44,566                | 79,316                             | 57,463                |
| <br>                                    |                                 |                       |                                    |                       |
| <b>Fund Balance - Beginning of Year</b> | <u>156,306</u>                  | <u>213,519</u>        | <u>57,213</u>                      | <u>156,056</u>        |
| <br>                                    |                                 |                       |                                    |                       |
| <b>Fund Balance - End of Year</b>       | <u><u>121,556</u></u>           | <u><u>258,085</u></u> | <u><u>136,529</u></u>              | <u><u>213,519</u></u> |

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

**City of Glenwood Springs, Colorado**  
**Bus Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | <u>2012</u>                |                         |                  | <b>Final Budget<br/>Variance<br/>Positive<br/>(Negative)</b> | <u>2011</u>      |
|--|----------------------------|-------------------------|------------------|--|------------------|
|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>    |  | <b>Actual</b>    |
| <b>Revenues:</b>   |                            |                         |                  |  |                  |
| <b>Taxes:</b>  |                            |                         |                  |  |                  |
| General sales tax  | 726,931                    | 726,931                 | 759,275          | 32,344   | 720,703          |
| Use tax  | 6,897                      | 6,897                   | 14,622           | 7,725  | 13,913           |
| <b>Intergovernmental:</b>                                    |                            |                         |                  |  |                  |
| Grants and awards  | 220,000                    | 220,000                 | 317,864          | 97,864   | 223,037          |
| <b>Charges for Services:</b>                                 |                            |                         |                  |  |                  |
| Bus fares  | 200,000                    | 200,000                 | 128,473          | (71,527)   | 2,464            |
| Advertising fees   | 7,000                      | 7,000                   | 5,066            | (1,934)  | 7,765            |
| <b>Other:</b>  |                            |                         |                  |  |                  |
| Interest income  | 400                        | 400                     | 186              | (214)  | 119              |
| Miscellaneous  | 200                        | 200                     | 1,313            | 1,113  | 1,130            |
| <b>Total Revenues</b>  | <u>1,161,428</u>           | <u>1,161,428</u>        | <u>1,226,799</u> | <u>65,371</u>  | <u>969,131</u>   |
| <b>Expenditures:</b>   |                            |                         |                  |  |                  |
| <b>Transportation:</b>                                       |                            |                         |                  |  |                  |
| Fixed labor  | 244,892                    | 314,592                 | 313,441          | 1,151  | 279,676          |
| Direct labor   | 304,713                    | 304,713                 | 258,792          | 45,921   | 324,832          |
| Employee bus pass  | 1,605                      | 4,605                   | 4,137            | 468  | 2,561            |
| Direct mileage cost  | 191,640                    | 220,640                 | 218,877          | 1,763  | 206,074          |
| Training   | 37,538                     | 40,538                  | 40,345           | 193  | 45,865           |
| Capital costs  | -                          | 54,327                  | 54,327           | -  | -                |
| Other  | 165,356                    | 221,391                 | 219,007          | 2,384  | 157,888          |
| <b>Total Expenditures</b>                                    | <u>945,744</u>             | <u>1,160,806</u>        | <u>1,108,926</u> | <u>51,880</u>  | <u>1,016,896</u> |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | 215,684                    | 622                     | 117,873          | 117,251  | (47,765)         |
| <b>Other Financing Sources (Uses):</b>                       |                            |                         |                  |  |                  |
| Transfer in  | -                          | -                       | -                | -  | 70,000           |
| Sale of assets   | -                          | -                       | -                | -  | 8,118            |
| Transfer (out)   | (2,702)                    | (2,702)                 | (2,702)          | -  | (2,702)          |
| <b>Total Other Financing Sources (Uses)</b>                  | <u>(2,702)</u>             | <u>(2,702)</u>          | <u>(2,702)</u>   | <u>-</u>   | <u>75,416</u>    |
| <b>Net Change in Fund Balance</b>                            | 212,982                    | (2,080)                 | 115,171          | 117,251  | 27,651           |
| <b>Fund Balance - Beginning of Year</b>                      | <u>241,500</u>             | <u>89,093</u>           | <u>89,093</u>    | <u>-</u>   | <u>61,442</u>    |
| <b>Fund Balance - End of Year</b>                            | <u>454,482</u>             | <u>87,013</u>           | <u>204,264</u>   | <u>117,251</u>   | <u>89,093</u>    |

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

**City of Glenwood Springs, Colorado**  
**General Improvement District No. 1980**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | <u>2012</u>                |                         |               | <u>2011</u>   |
|---|----------------------------|-------------------------|---------------|---------------|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Actual</u> |
|   |                            |                         |               |               |
| <b>Revenues:</b>                        |                            |                         |               |               |
| Taxes:                                  |                            |                         |               |               |
| Property taxes                          | 45,026                     | 45,026                  | 44,393        | 47,049        |
| Specific ownership taxes                | 3,100                      | 3,100                   | 2,094         | 2,692         |
| <b>Total Taxes</b>                      | <u>48,126</u>              | <u>48,126</u>           | <u>46,487</u> | <u>49,741</u> |
| Other:                                  |                            |                         |               |               |
| Interest income                         | 400                        | 400                     | 278           | 446           |
| <b>Total Revenues</b>                   | <u>48,526</u>              | <u>48,526</u>           | <u>46,765</u> | <u>50,187</u> |
| <b>Expenditures:</b>                    |                            |                         |               |               |
| <b>General Government:</b>              |                            |                         |               |               |
| Miscellaneous and Treasurer's fees      | 914                        | 914                     | 889           | 947           |
| Other                                   | 48,302                     | 53,302                  | 51,204        | 70,225        |
| <b>Total Expenditures</b>               | <u>49,216</u>              | <u>54,216</u>           | <u>52,093</u> | <u>71,172</u> |
| <b>Net Change in Fund Balance</b>       | (690)                      | (5,690)                 | (5,328)       | (20,985)      |
| <b>Fund Balance - Beginning of Year</b> | <u>31,833</u>              | <u>23,872</u>           | <u>23,872</u> | <u>44,857</u> |
| <b>Fund Balance - End of Year</b>       | <u>31,143</u>              | <u>18,182</u>           | <u>18,544</u> | <u>23,872</u> |

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

**City of Glenwood Springs, Colorado**  
**Emergency Services Equipment Replacement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | <u>2012</u>                              |                         | <u>Variance<br/>Positive<br/>(Negative)</u> | <u>2011</u>             |
|--|--|-------------------------|---|-------------------------|
|  | <u>Original and<br/>Final<br/>Budget</u> | <u>Actual</u>           |   | <u>Actual</u>           |
| <b>Revenues:</b>   |  |                         |   |                         |
| Rural Fire District contribution                             | 61,648                                   | 62,531                  | 883   | 62,620                  |
| Interest income  | 2,500                                    | 3,041                   | 541   | 1,915                   |
| Impact fees  | 3,000                                    | 182,223                 | 179,223                                     | 105,682                 |
| <b>Total Revenues</b>  | <u>67,148</u>                            | <u>247,795</u>          | <u>180,647</u>                              | <u>170,217</u>          |
| <b>Expenditures:</b>   |  |                         |   |                         |
| <b>Public Safety:</b>  |  |                         |   |                         |
| Equipment purchases  | 630,000                                  | 31,835                  | 598,165                                     | 24,097                  |
| <b>Total Expenditures</b>                                    | <u>630,000</u>                           | <u>31,835</u>           | <u>598,165</u>                              | <u>24,097</u>           |
| <b>Excess (Deficiency) of Revenues Over<br/>Expenditures</b> | (562,852)                                | 215,960                 | 778,812                                     | 146,120                 |
| <b>Other Financing Sources (Uses):</b>                       |  |                         |   |                         |
| Transfer in  | 188,275                                  | 186,299                 | (1,976)                                     | 187,380                 |
| <b>Total Other Financing Sources</b>                         | <u>188,275</u>                           | <u>186,299</u>          | <u>(1,976)</u>                              | <u>187,380</u>          |
| <b>Net Change in Fund Balance</b>                            | (374,577)                                | 402,259                 | 776,836                                     | 333,500                 |
| <b>Fund Balance - Beginning of Year</b>                      | <u>669,292</u>                           | <u>1,127,792</u>        | <u>458,500</u>                              | <u>794,292</u>          |
| <b>Fund Balance - End of Year</b>                            | <u><u>294,715</u></u>                    | <u><u>1,530,051</u></u> | <u><u>1,235,336</u></u>                     | <u><u>1,127,792</u></u> |

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

**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | 2012               |                    |                    | Final Budget                       | 2011                |
|---|--------------------|--------------------|--------------------|------------------------------------|---------------------|
|   | Original<br>Budget | Final<br>Budget    | Actual             | Variance<br>Positive<br>(Negative) | Actual              |
| <b>Operating Revenues:</b>                      |                    |                    |                    |                                    |                     |
| <b>Charges and Fees:</b>                        |                    |                    |                    |                                    |                     |
| Water user fees                                 | 2,227,375          | 2,227,375          | 2,562,950          | 335,575                            | 2,076,794           |
| Sewer user fees                                 | 2,644,431          | 2,644,431          | 2,708,067          | 63,636                             | 2,557,162           |
| Water connection fees                           | 3,000              | 3,000              | 2,941              | (59)                               | 150                 |
| Sewer connection fees                           | 500                | 500                | 150                | (350)                              | 150                 |
| Meter sales                                     | 3,000              | 3,000              | 13,429             | 10,429                             | 11,730              |
| Other   | 5,500              | 5,500              | 6,997              | 1,497                              | 12,460              |
| Water improvement fees                          | 50,000             | 50,000             | 38,906             | (11,094)                           | 33,615              |
| Sewer improvement fees                          | 30,000             | 30,000             | 20,348             | (9,652)                            | 10,301              |
| <b>Total Operating Revenues</b>                 | <u>4,963,806</u>   | <u>4,963,806</u>   | <u>5,353,788</u>   | <u>389,982</u>                     | <u>4,702,362</u>    |
| <b>Operating Expenses:</b>                      |                    |                    |                    |                                    |                     |
| Administration                                  | 514,896            | 532,246            | 530,441            | 1,805                              | 506,877             |
| Water plant operation                           | 559,414            | 593,714            | 594,449            | (735)                              | 543,480             |
| Water transmission and distribution             | 577,538            | 562,538            | 527,572            | 34,966                             | 555,820             |
| Wastewater plant operation                      | 522,384            | 617,384            | 692,035            | (74,651)                           | 529,621             |
| Wastewater collection and transmission          | 282,818            | 293,818            | 302,953            | (9,135)                            | 289,616             |
| Customer service                                | 203,888            | 191,888            | 190,423            | 1,465                              | 201,602             |
| Depreciation                                    | 1,084,932          | 946,432            | 945,769            | 663                                | 943,012             |
| Capital outlay                                  | 725,000            | 1,036,000          | 230,813            | 805,187                            | 93,336              |
| Debt service - Principal                        | 1,081,375          | 1,081,375          | 1,081,375          | -                                  | 1,065,550           |
| <b>Total Operating Expenses</b>                 | <u>5,552,245</u>   | <u>5,855,395</u>   | <u>5,095,830</u>   | <u>759,565</u>                     | <u>4,728,914</u>    |
| <b>Operating Income (Loss) - Budget Basis</b>   | <u>(588,439)</u>   | <u>(891,589)</u>   | <u>257,958</u>     | <u>1,149,547</u>                   | <u>(26,552)</u>     |
| <b>Non-Operating Revenues (Expenses):</b>       |                    |                    |                    |                                    |                     |
| Gain (loss) on disposition of assets            | -                  | -                  | 1,995              | 1,995                              | -                   |
| Investment income                               | 25,000             | 25,000             | 17,727             | (7,273)                            | 21,249              |
| Intergovernmental awards                        | -                  | -                  | 61,446             | 61,446                             | -                   |
| Amortization of bond costs                      | (11,413)           | (11,413)           | (11,413)           | -                                  | (16,725)            |
| Interest expense                                | (860,135)          | (860,135)          | (865,957)          | (5,822)                            | (844,927)           |
| <b>Total Non-Operating Revenues (Expenses):</b> | <u>(846,548)</u>   | <u>(846,548)</u>   | <u>(796,202)</u>   | <u>50,346</u>                      | <u>(840,403)</u>    |
| Transfers in                                    | 800,000            | 800,000            | 800,000            | -                                  | 600,000             |
| Transfers (out)                                 | (5,412,797)        | (5,412,797)        | (3,731,206)        | 1,681,591                          | (15,845,493)        |
| <b>Change in Net Position - Budget Basis</b>    | <u>(6,047,784)</u> | <u>(6,350,934)</u> | <u>(3,469,450)</u> | <u>2,881,484</u>                   | <u>(16,112,448)</u> |
| <b>Reconciliation to GAAP Basis:</b>            |                    |                    |                    |                                    |                     |
| <b>Adjustments:</b>                             |                    |                    |                    |                                    |                     |
| Capital contributions                           |                    |                    | 28,201,498         |                                    | -                   |
| Debt service - Principal                        |                    |                    | 1,081,375          |                                    | 1,065,550           |
| Capital outlay                                  |                    |                    | 230,813            |                                    | 93,336              |
| <b>Total Adjustments</b>                        |                    |                    | <u>29,513,686</u>  |                                    | <u>1,158,886</u>    |
| <b>Net Income - GAAP Basis</b>                  |                    |                    | <u>26,044,236</u>  |                                    | <u>(14,953,562)</u> |



**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Electric System Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | <u>2012</u>                |                         |                   | <u>2011</u>   |                    |
|---|----------------------------|-------------------------|-------------------|---|--------------------|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Final Budget<br/>Variance<br/>Positive<br/>(Negative)</u><br><u>Actual</u> |                    |
| <b>Operating Revenues:</b>                      |                            |                         |                   |   |                    |
| <b>Charges and fees:</b>                        |                            |                         |                   |   |                    |
| Commercial                                      | 6,759,435                  | 6,759,435               | 6,806,317         | 46,882  | 6,373,575          |
| Residential                                     | 3,014,953                  | 3,014,953               | 2,955,805         | (59,148)  | 2,858,924          |
| Municipal                                       | 84,809                     | 84,809                  | 84,764            | (45)  | 82,180             |
| Security lights                                 | 12,927                     | 12,927                  | 11,145            | (1,782)   | 11,345             |
| Service connect fees                            | 14,000                     | 14,000                  | 16,800            | 2,800   | 15,675             |
| Other   | 447,400                    | 447,400                 | 537,837           | 90,437  | 556,308            |
| <b>Total Operating Revenues</b>                 | <u>10,333,524</u>          | <u>10,333,524</u>       | <u>10,412,668</u> | <u>79,144</u>   | <u>9,898,007</u>   |
| <b>Expenses:</b>                                |                            |                         |                   |   |                    |
| Purchased power                                 | 6,198,050                  | 6,268,050               | 6,286,954         | (18,904)  | 6,070,604          |
| Maintenance - Distribution                      | 1,539,089                  | 1,707,789               | 1,524,259         | 183,530   | 1,443,847          |
| Customer accounts                               | 395,868                    | 398,868                 | 388,722           | 10,146  | 472,886            |
| General and administrative                      | 973,368                    | 741,368                 | 692,160           | 49,208  | 638,468            |
| Capital improvements                            | 720,000                    | 720,000                 | 395,992           | 324,008   | 563,838            |
| Depreciation                                    | 928,439                    | 918,739                 | 911,261           | 7,478   | 889,890            |
| Debt service - Principal                        | -                          | -                       | -                 | -   | 310,000            |
| <b>Total Operating Expenses</b>                 | <u>10,754,814</u>          | <u>10,754,814</u>       | <u>10,199,348</u> | <u>555,466</u>  | <u>10,389,533</u>  |
| <b>Operating Income (Loss) Budget Basis</b>     | (421,290)                  | (421,290)               | 213,320           | 634,610   | (491,526)          |
| <b>Non-Operating Revenues (Expenses):</b>       |                            |                         |                   |   |                    |
| Gain (loss) on disposition of assets            | (5,000)                    | (5,000)                 | 571               | 5,571   | (10,285)           |
| Investment income                               | 40,000                     | 40,000                  | 17,823            | (22,177)  | 30,315             |
| Intergovernmental awards                        | -                          | -                       | -                 | -   | 7,008              |
| Amortization of bond costs                      | -                          | -                       | -                 | -   | (1,073)            |
| Interest expense                                | (1,700)                    | (1,700)                 | (167)             | 1,533   | (12,930)           |
| <b>Total Non-Operating Revenues (Expenses):</b> | <u>33,300</u>              | <u>33,300</u>           | <u>18,227</u>     | <u>(15,073)</u>   | <u>13,035</u>      |
| Capital contributions                           | 400,000                    | 400,000                 | 92,319            | (307,681)   | 186,138            |
| Transfers (out)                                 | (618,128)                  | (618,128)               | (618,128)         | -   | (708,752)          |
| <b>Change in Net Position - Budget Basis</b>    | <u>(606,118)</u>           | <u>(606,118)</u>        | <u>(294,262)</u>  | <u>311,856</u>  | <u>(1,001,105)</u> |
| <b>Reconciliation to GAAP Basis:</b>            |                            |                         |                   |   |                    |
| <b>Adjustments:</b>                             |                            |                         |                   |   |                    |
| Debt service - Principal                        |                            |                         | -                 |   | 310,000            |
| Capital outlay                                  |                            |                         | 395,992           |   | 563,838            |
| <b>Total Adjustments</b>                        |                            |                         | <u>395,992</u>    |   | <u>873,838</u>     |
| <b>Net Income - GAAP Basis</b>                  |                            |                         | <u>101,730</u>    |   | <u>(127,267)</u>   |

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

**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Airport Operations Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | <u>2012</u>                              |                |   | <u>2011</u>     |
|---|--|----------------|---|-----------------|
|   | <u>Original and<br/>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> | <u>Actual</u>   |
| <b>Operating Revenues:</b>                    |  |                |   |                 |
| <b>Rentals:</b>                               |  |                |   |                 |
| Airport/land lease                            | 24,910                                   | 24,500         | (410)                                       | 25,000          |
| Hanger lease                                  | 1,060                                    | 800            | (260)                                       | -               |
| <b>Charges and fees:</b>                      |  |                |   |                 |
| Annual user fees                              | 2,820                                    | 3,250          | 430   | 3,550           |
| Long-term tie downs                           | 8,610                                    | 6,185          | (2,425)                                     | 6,575           |
| Transient tie downs                           | 2,955                                    | 573            | (2,382)                                     | 3,624           |
| Fuel sales                                    | 92,500                                   | 99,204         | 6,704                                       | 107,372         |
| State fuel tax refund                         | 600                                      | 639            | 39  | 897             |
| Other income                                  | 50                                       | 2,968          | 2,918                                       | 3,249           |
| <b>Total Operating Revenues</b>               | <u>133,505</u>                           | <u>138,119</u> | <u>4,614</u>                                | <u>150,267</u>  |
| <b>Operating Expenses:</b>                    |  |                |   |                 |
| Administration                                | 40,844                                   | 28,059         | 12,785                                      | 41,663          |
| Operations                                    | 108,308                                  | 102,877        | 5,431                                       | 110,597         |
| Capital Outlay                                | 35,800                                   | 296            | 35,504                                      | -               |
| Depreciation                                  | 12,996                                   | 6,063          | 6,933                                       | 8,883           |
| <b>Total Expenses</b>                         | <u>197,948</u>                           | <u>137,295</u> | <u>60,653</u>                               | <u>161,143</u>  |
| <b>Operating Income (Loss) - Budget Basis</b> | (64,443)                                 | 824            | 65,267                                      | (10,876)        |
| <b>Non-Operating Revenues (Expenses):</b>     |  |                |   |                 |
| Investment income                             | 100                                      | 69             | (31)  | 94              |
| Intergovernmental awards                      | 28,640                                   | -              | (28,640)                                    | -               |
| <b>Total Non-Operating Revenues</b>           | <u>28,740</u>                            | <u>69</u>      | <u>(28,671)</u>                             | <u>94</u>       |
| Transfer (out)                                | -  | -              | -   | (2,700)         |
| <b>Change in Net Position - Budget Basis</b>  | <u>(35,703)</u>                          | <u>893</u>     | <u>36,596</u>                               | <u>(13,482)</u> |
| <b>Reconciliation to GAAP Basis:</b>          |  |                |   |                 |
| <b>Adjustments:</b>                           |  |                |   |                 |
| Capital outlay                                |  | -              |   | -               |
| <b>Total Adjustments</b>                      |  | -              |   | -               |
| <b>Net Income - GAAP Basis</b>                |  | <u>893</u>     |   | <u>(13,482)</u> |

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

**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Landfill Operations Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|  | <u>2012</u>                |                         |                  | <b>Final Budget<br/>Variance<br/>Positive<br/>(Negative)</b> | <u>2011</u>        |
|--|----------------------------|-------------------------|------------------|--|--------------------|
|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>    |  | <b>Actual</b>      |
| <b>Operating Revenues:</b>                     |                            |                         |                  |  |                    |
| Disposal fees                                  | 2,363,181                  | 2,363,181               | 3,494,185        | 1,131,004  | 2,688,800          |
| Composting fees                                | 617,123                    | 617,123                 | 496,577          | (120,546)  | 558,549            |
| Other Income                                   | 76,255                     | 76,255                  | 63,896           | (12,359)   | 153,701            |
| <b>Total Operating Revenues</b>                | <u>3,056,559</u>           | <u>3,056,559</u>        | <u>4,054,658</u> | <u>998,099</u>   | <u>3,401,050</u>   |
| <b>Operating Expenses:</b>                     |                            |                         |                  |  |                    |
| Personnel costs                                | 233,275                    | 247,275                 | 248,156          | (881)  | 221,966            |
| Operating costs                                | 3,040,362                  | 3,026,362               | 3,131,334        | (104,972)  | 2,688,225          |
| Composting fees                                | 50,000                     | 50,000                  | -                | 50,000   | -                  |
| Utilities                                      | 7,750                      | 7,750                   | 4,610            | 3,140  | 5,827              |
| Insurance                                      | 50,528                     | 50,528                  | 51,613           | (1,085)  | 51,239             |
| Allocated costs                                | 163,162                    | 163,162                 | 163,162          | -  | 163,162            |
| Landfill compliance costs                      | 83,878                     | 83,878                  | 68,037           | 15,841   | 81,226             |
| Depreciation                                   | 14,315                     | 14,315                  | 8,632            | 5,683  | 12,315             |
| Capital outlay                                 | 24,000                     | 364,000                 | 234,985          | 129,015  | 1,612              |
| <b>Total Operating Expenses</b>                | <u>3,667,270</u>           | <u>4,007,270</u>        | <u>3,910,529</u> | <u>96,741</u>  | <u>3,225,572</u>   |
| <b>Operating Income (Loss) Budget Basis</b>    | (610,711)                  | (950,711)               | 144,129          | 1,094,840  | 175,478            |
| <b>Non-Operating Revenues (Expenses):</b>      |                            |                         |                  |  |                    |
| Interest income                                | 43,443                     | 43,443                  | 53,005           | 9,562  | 75,835             |
| Gain (loss) on disposition of asset            | (2,000)                    | (2,000)                 | -                | 2,000  | -                  |
| Transfers in                                   | -                          | -                       | -                | -  | 35,537             |
| Transfers (out)                                | -                          | -                       | -                | -  | (1,800,000)        |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>41,443</u>              | <u>41,443</u>           | <u>53,005</u>    | <u>11,562</u>  | <u>(1,688,628)</u> |
| <b>Change in Net Position - Budget Basis</b>   | <u>(569,268)</u>           | <u>(909,268)</u>        | <u>197,134</u>   | <u>1,106,402</u>   | <u>(1,513,150)</u> |
| <b>Reconciliation to GAAP Basis:</b>           |                            |                         |                  |  |                    |
| <b>Adjustments:</b>                            |                            |                         |                  |  |                    |
| Capital outlay                                 |                            |                         | 234,985          |  | 1,612              |
| <b>Total Adjustments</b>                       |                            |                         | <u>234,985</u>   |  | <u>1,612</u>       |
| <b>Net Income - GAAP Basis</b>                 |                            |                         | <u>432,119</u>   |  | <u>(1,511,538)</u> |

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

**City of Glenwood Springs, Colorado**

**Internal Service Funds**

**Fleet Service Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Net Position  
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**

**For the Year Ended December 31, 2012**

**(With Comparative Actual Amounts for December 31, 2011)**

|  | <b>2012</b>                              |                  |   | <b>2011</b>      |
|--|--|------------------|---|------------------|
|  | <b>Original and<br/>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> | <b>Actual</b>    |
| <b>Operating Revenues:</b>                     |  |                  |   |                  |
| Charges and fees                               | 636,844                                  | 613,949          | (22,895)                                    | 821,290          |
| Other operating revenue                        | 1,000                                    | 15,769           | 14,769                                      | 16,165           |
| Transfers in                                   | -  | -                | -   | 422,710          |
| <b>Total Operating Revenues</b>                | <u>637,844</u>                           | <u>629,718</u>   | <u>(8,126)</u>                              | <u>1,260,165</u> |
| <b>Expenses:</b>                               |  |                  |   |                  |
| General government:                            |  |                  |   |                  |
| Operations                                     | 917,211                                  | 827,116          | 90,095                                      | 777,310          |
| Depreciation                                   | 589,959                                  | 438,234          | 151,725                                     | 413,907          |
| Capital outlay                                 | 886,100                                  | 309,172          | 576,928                                     | 431,982          |
| <b>Total Operating Expenses</b>                | <u>2,393,270</u>                         | <u>1,574,522</u> | <u>818,748</u>                              | <u>1,623,199</u> |
| <b>Operating Income (Loss) - Budget Basis</b>  | (1,755,426)                              | (944,804)        | 810,622                                     | (363,034)        |
| <b>Non-Operating Revenues (Expenses):</b>      |  |                  |   |                  |
| Investment income                              | 5,000                                    | 24,823           | 19,823                                      | 41,590           |
| Sale of asset                                  | 100,000                                  | 41,602           | (58,398)                                    | 55,325           |
| Transfers (out)                                | -  | -                | -   | (53,720)         |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>105,000</u>                           | <u>66,425</u>    | <u>(38,575)</u>                             | <u>43,195</u>    |
| <b>Change in Net Position - Budget Basis</b>   | <u>(1,650,426)</u>                       | <u>(878,379)</u> | <u>772,047</u>                              | <u>(319,839)</u> |
| <b>Reconciliation to GAAP Basis:</b>           |  |                  |   |                  |
| Capital outlay                                 |  | 309,172          |   | 431,982          |
| <b>Operating Income (Loss) - GAAP Basis</b>    |  | <u>(569,207)</u> |   | <u>112,143</u>   |
| <b>Net Position - Beginning of Year</b>        |  | <u>7,976,345</u> |   | <u>7,864,202</u> |
| <b>Net Position - End of Year</b>              |  | <u>7,407,138</u> |   | <u>7,976,345</u> |

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

**City of Glenwood Springs, Colorado**  
**Fiduciary Funds**  
**Cemetery Reserve Fund**  
**Schedule of Changes in Fiduciary Net Position**  
**Budget (GAAP) Basis and Actual**  
**For the Year Ended December 31, 2012**  
**(With Comparative Actual Amounts for December 31, 2011)**

|   | 2012                 |                      |                      | Final Budget<br>Variance<br>Positive<br>(Negative) | 2011                 |
|---|----------------------|----------------------|----------------------|--|----------------------|
|   | Original<br>Budget   | Final<br>Budget      | Actual               |  | Actual               |
| <b>Additions:</b>                       |                      |                      |                      |  |                      |
| Perpetual care fees                     | 1,000                | 1,000                | 3,250                | 2,250  | 2,500                |
| Interest income                         | 50                   | 50                   | 52                   | 2  | 50                   |
| <b>Total Additions</b>                  | <u>1,050</u>         | <u>1,050</u>         | <u>3,302</u>         | <u>2,252</u>                                       | <u>2,550</u>         |
| <b>Deductions:</b>                      |                      |                      |                      |  |                      |
| Capital Outlay                          | -                    | 3,700                | 3,602                | 98   | -                    |
| <b>Total Deductions</b>                 | <u>-</u>             | <u>3,700</u>         | <u>3,602</u>         | <u>98</u>  | <u>-</u>             |
| <b>Change in Net Position</b>           | 1,050                | (2,650)              | (300)                | 2,350  | 2,550                |
| <b>Net Position - Beginning of Year</b> | <u>30,041</u>        | <u>31,541</u>        | <u>31,541</u>        | <u>-</u>   | <u>28,991</u>        |
| <b>Net Position - End of Year</b>       | <u><u>31,091</u></u> | <u><u>28,891</u></u> | <u><u>31,241</u></u> | <u><u>2,350</u></u>                                | <u><u>31,541</u></u> |

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

**City of Glenwood Springs, Colorado**  
**Fiduciary Funds**  
**Firemen's Pension Fund**  
**Schedule of Changes in Fiduciary Net Position**  
**For the Year Ended December 31, 2012**  
**(With Comparative Totals For the Year Ended December 31, 2011)**

|   | <u>2012</u>           | <u>2011</u>           |
|---|-----------------------|-----------------------|
| <b>Additions:</b>                       |                       |                       |
| Pension contributions:                  |                       |                       |
| State of Colorado                       | 18,900                | 18,900                |
| City of Glenwood Springs                | 21,000                | 21,000                |
| Investment gain (loss)                  | <u>76,645</u>         | <u>6,564</u>          |
| <b>Total Additions</b>                  | <u>116,545</u>        | <u>46,464</u>         |
| <b>Deductions:</b>                      |                       |                       |
| Pension payments                        | <u>108,045</u>        | <u>108,045</u>        |
| <b>Total Deductions</b>                 | <u>108,045</u>        | <u>108,045</u>        |
| <b>Change in Net Position</b>           | 8,500                 | (61,581)              |
| <b>Net Position - Beginning of Year</b> | <u>706,910</u>        | <u>768,491</u>        |
| <b>Net Position - End of Year</b>       | <u><u>715,410</u></u> | <u><u>706,910</u></u> |

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

**ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES  
FOR ROADS, BRIDGES AND STREETS**



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

|                                     |                                |
|-------------------------------------|--------------------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b> | City or County:<br>City        |
|                                     | YEAR ENDING :<br>December 2012 |

|   |                        |                                    |
|---|------------------------|------------------------------------|
| This Information From The Records Of (example - City of _ or County of _)<br>City of Glenwood Springs | Prepared By:<br>Phone: | Michael J. Harman<br>(970)384-6422 |
|---|------------------------|------------------------------------|

**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)                   | 776,680   |
| a. Motor Fuel (from Item I.A.5.)                            |           | 2. Maintenance:                                   | 878,360   |
| b. Motor Vehicle (from Item I.B.5.)                         |           | 3. Road and street services:                      |           |
| c. Total (a.+b.)  |           | a. Traffic control operations                     | 126,276   |
| 2. General fund appropriations                              | 990,328   | b. Snow and ice removal                           | 81,007    |
| 3. Other local imposts (from page 2)                        | 1,262,707 | c. Other  |           |
| 4. Miscellaneous local receipts (from page 2)               | 309,310   | d. Total (a. through c.)                          | 207,283   |
| 5. Transfers from toll facilities                           |           | 4. General administration & miscellaneous         | 99,484    |
| 6. Proceeds of sale of bonds and notes:                     |           | 5. Highway law enforcement and safety             | 988,407   |
| a. Bonds - Original Issues                                  |           | 6. Total (1 through 5)                            | 2,950,214 |
| b. Bonds - Refunding Issues                                 |           | <b>B. Debt service on local obligations:</b>      |           |
| c. Notes  |           | 1. Bonds:   |           |
| d. Total (a. + b. + c.)                                     | 0         | a. Interest                                       |           |
| 7. Total (1 through 6)                                      | 2,562,345 | b. Redemption                                     |           |
| <b>B. Private Contributions</b>                             |           | c. Total (a. + b.)                                | 0         |
| <b>C. Receipts from State government</b><br>(from page 2)   | 344,436   | 2. Notes:   |           |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | 43,433    | a. Interest                                       |           |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | 2,950,214 | b. Redemption                                     |           |
|   |           | c. Total (a. + b.)                                | 0         |
|   |           | 3. Total (1.c + 2.c)                              | 0         |
|   |           | <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> | 2,950,214 |

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

|                              | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| <b>A. Bonds (Total)</b>      | 1,204,445    | 0             | 137,168     | 1,067,277    |
| 1. Bonds (Refunding Portion) |              |               |             |              |
| <b>B. Notes (Total)</b>      |              |               |             | 0            |

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

|  | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  |                      | 2,950,214         | 2,950,214              |                   | 0                 |

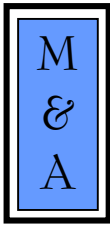
Notes and Comments:



|   |   |  |                           |
|---|---|--|---------------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                             |   | STATE:<br>Colorado                         |                           |
|   |   | YEAR ENDING (mm/yy):<br>December 2012      |                           |
| <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                               |   | a. Interest on investments                 | 414                       |
| b. Other local imposts:   |   | b. Traffic Fines & Penalties               | 140,113                   |
| 1. Sales Taxes  | 1,206,809                               | c. Parking Garage Fees                     |                           |
| 2. Infrastructure & Impact Fees                                 | 4,341                                   | d. Parking Meter Fees                      | 48,933                    |
| 3. Liens  |   | e. Sale of Surplus Property                |                           |
| 4. Licenses   |   | f. Charges for Services                    |                           |
| 5. Specific Ownership &/or Other                                | 51,557                                  | g. Other Misc. Receipts                    |                           |
| 6. Total (1. through 5.)  | 1,262,707                               | h. Other                                   | 119,850                   |
| c. Total (a. + b.)  | 1,262,707                               | i. Total (a. through h.)                   | 309,310                   |
|   | (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   | 283,298                                 | 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                                  | 33,992                                  | d. Federal Transit Admin                   |                           |
| d. Other (Specify) - DOLA Grant                                 | 27,146                                  | e. U.S. Corps of Engineers                 |                           |
| e. Other (Specify)  |   | f. Other Federal Grant                     | 43,433                    |
| f. Total (a. through e.)  | 61,138                                  | g. Total (a. through f.)                   | 43,433                    |
| 4. Total (1. + 2. + 3.f)  | 344,436                                 | 3. Total (1. + 2.g)                        |                           |
|   |   |  | (Carry forward to page 1) |
| <b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b> |   |  |                           |
|   | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b)   | TOTAL<br>(c)              |
| <b>A.1. Capital outlay:</b>                                     |   |  |                           |
| a. Right-Of-Way Costs   | 0                                       | 0  | 0                         |
| b. Engineering Costs  | 86,381                                  | 106,932                                    | 193,313                   |
| c. Construction:  |   |  |                           |
| (1). New Facilities   | 0                                       | 0  | 0                         |
| (2). Capacity Improvements                                      | 0                                       | 0  | 0                         |
| (3). System Preservation  | 0                                       | 553,329                                    | 553,329                   |
| (4). System Enhancement & Operation                             | 0                                       | 30,038                                     | 30,038                    |
| (5). Total Construction (1) + (2) + (3) + (4)                   | 0                                       | 583,367                                    | 583,367                   |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)             | 86,381                                  | 690,299                                    | 776,680                   |
|   |   |  | (Carry forward to page 1) |
| <b>Notes and Comments:</b>                                      |   |  |                           |

**SINGLE AUDIT REPORTS AND SCHEDULES**





# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, Avon, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

### **Independent Auditor's Report**

**To the Members of City Council  
City of Glenwood Springs  
Glenwood Springs, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Glenwood Springs (the "City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2013.

#### **Internal Control Over Financial Reporting**

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

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

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

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**To the Members of City Council  
City of Glenwood Springs, Colorado**

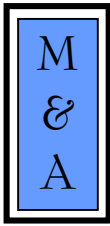
**Compliance and Other Matters**

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

**Purpose of this Report**

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

**McMahan and Associates, L.L.C.  
June 28, 2013**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, Avon, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

### **Independent Auditor's Report**

**To the Members of City Council  
City of Glenwood Springs  
Glenwood Springs, Colorado**

#### **Report on Compliance for Each Major Program**

We have audited the City of Glenwood Springs's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
DANIEL R. CUDAHY, CPA, CGMA

Avon: (970) 845-8800  
Aspen: (970) 544-3996  
Frisco: (970) 668-3481

**To the Members of City Council  
City of Glenwood Springs, Colorado**

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**McMahan and Associates, L.L.C.  
June 28, 2013**

**City of Glenwood Springs, Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2012**

**Part I: Summary of Auditor's Results**

*Financial Statements*

|  |               |
|--|---------------|
| Type of auditor's report issued                      | Unqualified   |
| Internal control over financial reporting:           |               |
| Material weakness identified                         | None noted    |
| Significant deficiency identified                    | None reported |
| Noncompliance material to financial statements noted | None noted    |

*Federal Awards*

|   |               |
|---|---------------|
| Internal control over major programs:   |               |
| Material weakness identified  | None noted    |
| Significant deficiency identified   | None reported |
| Type of auditor's report issued on compliance for major programs  | Unqualified   |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 | None noted    |
| Major program – Capitalization Grants for Drinking Water State Revolving Funds                                    | CFDA #66.468  |
| Dollar threshold used to identify Type A from Type B programs   | \$300,000     |
| Identified as low-risk auditee  | Yes           |

**Part II: Findings Related to Financial Statements**

|   |                |
|---|----------------|
| Findings related to financial statements as required by Government Auditing Standards | None noted     |
| Auditor-assigned reference number   | Not applicable |

**Part III: Findings Related to Federal Awards**

|                                   |                |
|-----------------------------------|----------------|
| Internal control findings         | None noted     |
| Compliance findings               | None noted     |
| Questioned costs                  | None noted     |
| Auditor-assigned reference number | Not applicable |

**City of Glenwood Springs**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2012**  
**(Continued)**

**Note:** There were no findings for the fiscal year ended December 31, 2011.



**City of Glenwood Springs  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2012**

| <u>Program Title</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Major<br/>Program</u> | <u>Expenditures</u>        |
|---|------------------------------------|--------------------------|----------------------------|
| <b>Office of National Drug Control Policy:</b>                                    |                                    |                          |                            |
| High Intensity Drug Trafficking Area  | 95.001                             | No                       | <u>83,631</u>              |
| <b>Department of Homeland Security</b>  |                                    |                          |                            |
| Assistance to Firefighters Grant Program, Fire Prevention and Safety              | 97.044                             | No                       | <u>450</u>                 |
| <b>Passed through State of Colorado:</b>  |                                    |                          |                            |
| <b>Department of Agriculture</b>  |                                    |                          |                            |
| Forestry Assistance to States   | 10.664                             | No                       | <u>26,289</u>              |
| <b>Passed through Colorado Department of Transportation:</b>                      |                                    |                          |                            |
| <b>Federal Transportation Agency</b>  |                                    |                          |                            |
| Highway Planning and Construction   | 20.205                             | No                       | 43,433                     |
| Administrative and Operating Costs Section 5311                                   | 20.509                             | No                       | 277,365                    |
| State Planning and Research   | 20.515                             | No                       | <u>34,999</u>              |
| <b>Total - Federal Transportation Agency</b>                                      |                                    |                          | <u><u>355,797</u></u>      |
| <b>Passed through Colorado Water Resources &amp; Power Development Authority:</b> |                                    |                          |                            |
| <b>Environmental Protection Agency:</b>   |                                    |                          |                            |
| Capitalization Grants for Drinking Water State Revolving Funds                    | 66.468                             | Yes                      | <u>1,366,528</u>           |
| <b>Total</b>  |                                    |                          | <u><u>\$ 1,832,695</u></u> |

**Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2012**

**Note 1. Basis of Presentation:**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Glenwood Springs and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

**Note 2. Sub-recipients:**

The City of Glenwood Springs did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards to sub-recipients.