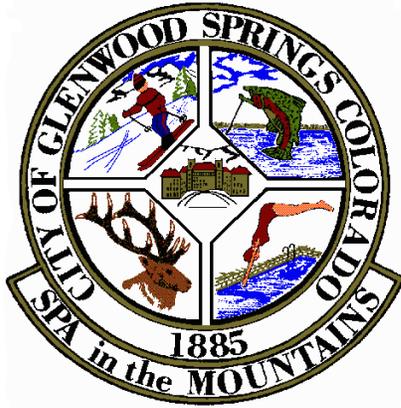


**City of Glenwood Springs
Glenwood Springs, Colorado**

**Financial Statements
December 31, 2013**



**City of Glenwood Springs, Colorado
Financial Report
December 31, 2013**

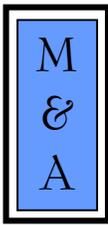
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MCMAHAN AND ASSOCIATES, L.L.C.

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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, 2013, 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

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**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, 2013, 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**

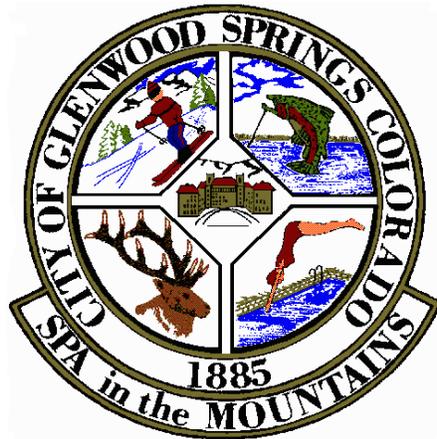
Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section is presented for the purpose of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not 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 10, 2014 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 10, 2014**

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Glenwood Springs, Colorado

Management's Discussion and Analysis
December 31, 2013

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, 2013.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012 (As Restated)	2013	2012	2013	2012 (As Restated)
Assets:						
Current and other assets	25,160,870	23,275,598	19,998,575	20,577,387	45,159,445	43,852,985
Capital assets, net	74,738,918	78,735,477	75,647,237	74,773,758	150,386,155	153,509,235
Total Assets	99,899,788	102,011,075	95,645,812	95,351,145	195,545,600	197,362,220
Deferred Outflows of Resources:	150,984	202,623	-	-	150,984	202,623
Liabilities:						
Other liabilities	4,014,056	4,709,232	2,807,703	3,257,575	6,821,759	7,966,807
Long-term liabilities	9,870,365	11,602,618	28,133,316	29,444,040	38,003,681	41,046,658
Total Liabilities	13,884,421	16,311,850	30,941,019	32,701,615	44,825,440	49,013,465
Deferred Inflows of Resources:	1,399,129	1,163,442	-	-	1,399,129	1,163,442
Net Position:						
Net investment in capital assets	64,250,870	66,598,004	46,705,739	44,536,207	110,956,609	111,134,211
Restricted	2,511,864	2,161,903	-	-	2,511,864	2,161,903
Unrestricted	18,004,488	15,978,499	17,999,054	18,113,323	36,003,542	34,091,822
Total Net Position	84,767,222	84,738,406	64,704,793	62,649,530	149,472,015	147,387,936

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 74% of its net position; these assets are not an available source for payment of future spending. Of the remaining \$38,515,406 in net position, \$686,314 is restricted for TABOR reserve, \$69,791 is restricted for police asset forfeitures, \$1,182,500 is restricted for general obligation bond payments, and \$573,259 is restricted by enabling legislation.

The City's 2012 Net Position was restated during 2013 in accordance with implementation requirements of *GASB Statement No. 65, Items Previously Reports as Assets and Liabilities*. Further information related to this restatement can be found in Section D of the audited financial statements.

At the end of the 2013 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 \$2,084,079 during the current fiscal year. Governmental activities increased due to the retirement of several long-term debt obligations in 2012, and the 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	5,047,150	5,241,397	18,898,198	19,386,288	23,945,348	24,627,685
Grants and contributions	1,902,093	2,359,772	1,843,289	707,115	3,745,382	3,066,887
General revenue:						
Sales and use taxes	14,897,961	14,545,502	-	-	14,897,961	14,545,502
Property taxes	1,156,140	1,262,979	-	-	1,156,140	1,262,979
Other taxes	1,018,148	960,744	-	-	1,018,148	960,744
Interest and other revenues	286,174	225,026	129,880	89,995	416,054	315,021
Total Revenues	<u>24,307,666</u>	<u>24,595,420</u>	<u>20,871,367</u>	<u>20,183,398</u>	<u>45,179,033</u>	<u>44,778,818</u>
Expenses:						
General government	3,539,192	3,517,290	-	-	3,539,192	3,517,290
Transportation	1,121,527	1,091,656	-	-	1,121,527	1,091,656
Public Safety	6,686,488	6,452,872	-	-	6,686,488	6,452,872
Community development	1,358,032	1,267,767	-	-	1,358,032	1,267,767
Public works	5,119,655	5,023,280	-	-	5,119,655	5,023,280
Culture and recreation	4,301,655	4,798,389	-	-	4,301,655	4,798,389
Interest on long-term debt	401,163	458,669	-	-	401,163	458,669
Water and sewer	-	-	5,440,210	4,661,011	5,440,210	4,661,011
Electric system	-	-	11,581,132	9,782,733	11,581,132	9,782,733
Airport operations	-	-	125,672	137,295	125,672	137,295
Landfill	-	-	3,420,228	3,675,545	3,420,228	3,675,545
Total Expenses	<u>22,527,712</u>	<u>22,609,923</u>	<u>20,567,242</u>	<u>18,256,584</u>	<u>43,094,954</u>	<u>40,866,507</u>
Change in Net Position						
Before Transfers	1,779,954	1,985,497	304,125	1,926,814	2,084,079	3,912,311
Transfers	(1,751,138)	(24,652,164)	1,751,138	24,652,164	-	-
Change in Net Position	<u>28,816</u>	<u>(22,666,667)</u>	<u>2,055,263</u>	<u>26,578,978</u>	<u>2,084,079</u>	<u>3,912,311</u>
Net Position -						
Beginning (As Restated)	84,738,406	107,405,073	62,649,530	36,070,552	147,387,936	143,475,625
Net Position - Ending	<u>84,767,222</u>	<u>84,738,406</u>	<u>64,704,793</u>	<u>62,649,530</u>	<u>149,472,015</u>	<u>147,387,936</u>

Governmental Activities: Governmental activities increased the City's net position by \$1,779,954 before transfers. Significant events impacting 2013 are:

- Sales and Use tax increased 2.4 % over 2012 amounts as the overall economic climate continues to improve and consumer spending increases.
- 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 \$304,125 before transfers. Key elements of this increase are as follows:

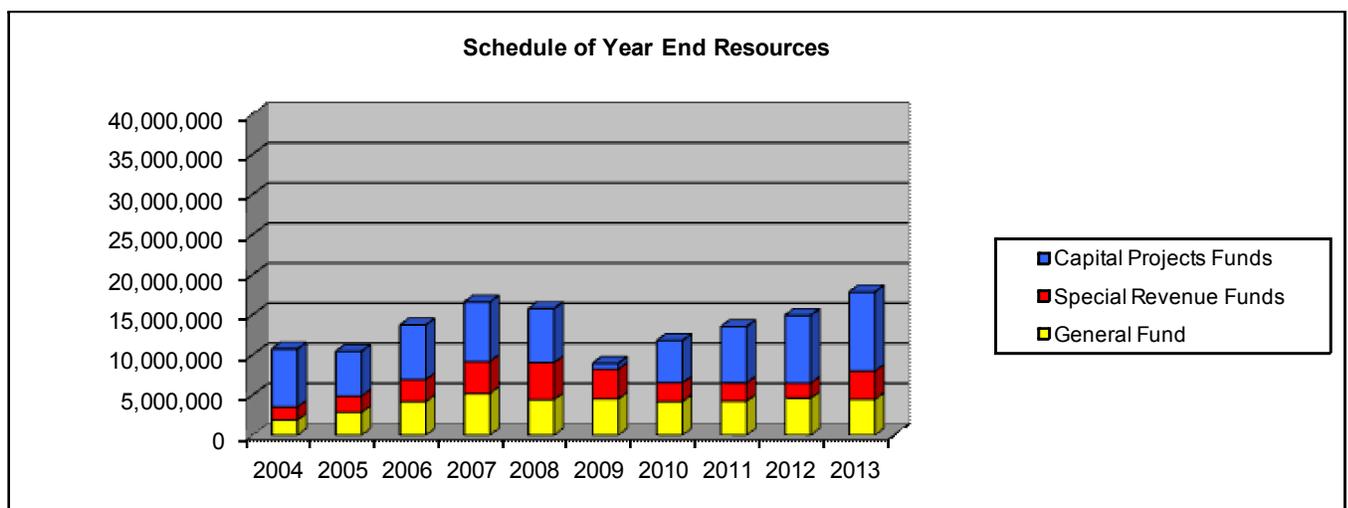
- The Water and Sewer Fund's net position increased \$818,310 before transfers, as user fees increased to pay for the debt associated with construction of the new wastewater facility. The loan agreement is the amount of \$31,460,100 and will be required principal and interest payments until 2032.
- The Electric Fund's net position decreased \$329,978 before transfers. This decrease can be attributable to increased costs for purchased power, which were only marginally offset by commercial and residential user fees.
- The Landfill Fund's net position decreased \$415,382. This decrease is a direct result of fewer disposal fees as large construction projects in the community decrease. 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 an additional \$1,000,000 to the Downtown Development Authority for the construction of the Cooper Street parking structure. There are annual principal and interest payments through August 2027 required on these advances.

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.

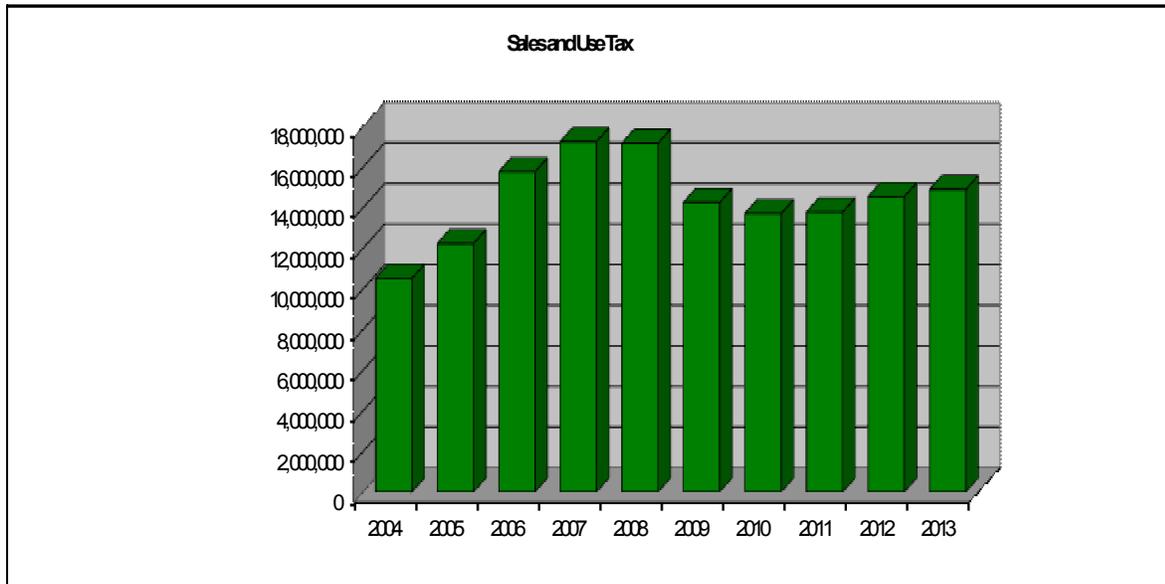
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,834,538, an increase of \$2,907,402 from the prior year ending fund balances. This increase can be attributable to less debt service requirements in 2013, with the payoff of several issuances in fiscal 2012. 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 2013 increased 2.4% over 2012 results. With almost \$14.9 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 \$64,704,793 broken down by fund as follows: Water and Sewer - \$31,684,453, Electric - \$26,726,414, Airport - \$88,074 and Landfill - \$6,205,852. 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 - \$6,394,385, Electric System - \$5,069,799, Airport - \$56,404, and Landfill Operations - \$5,758,215.

The approved budget for 2013 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:

Account	Variance Positive (Negative)	Reason
Revenues:		
Sales and use tax	\$ 195,504	Consumer spending continued to increase as the overall economic climate improves.
Recreation fees	150,099	Increased visits and fees to the City's recreation center
Expenses:		
General government	394,166	Conservative spending throughout departments

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 \$41,622,265. 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 2013 totaled \$4,451,559. The original 2014 budget anticipates decreasing this balance by \$894,552.

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, 2013

	Governmental Activities	Business Type Activities	Total
Assets:			
Cash and cash equivalents - unrestricted	19,962,663	16,013,534	35,976,197
Cash and cash equivalents - restricted	2,276,124	-	2,276,124
Accounts, taxes, and interest receivable	3,973,073	2,290,058	6,263,131
Due from other governments	117,890	-	117,890
Prepaid items	2,335	-	2,335
Internal Balances	(1,208,865)	1,208,865	-
Inventory	37,650	486,118	523,768
Total current assets	25,160,870	19,998,575	45,159,445
Capital assets not being depreciated:			
Land and water rights	10,509,063	1,334,857	11,843,920
Construction in Progress	2,866,268	1,181,516	4,047,784
Capital assets being depreciated:			
Buildings and improvements	97,802,703	105,214,039	203,016,742
Equipment	2,737,483	1,365,191	4,102,674
Vehicles	7,126,437	36,537	7,162,974
Less accumulated depreciation	(46,303,036)	(33,484,903)	(79,787,939)
Total capital assets (net)	74,738,918	75,647,237	150,386,155
Total Assets	99,899,788	95,645,812	195,545,600
Deferred Outflows of Resources:			
Deferred charge on refunding	150,984	-	150,984
Total Deferred Outflows on Resources	150,984	-	150,984
Liabilities:			
Current Liabilities:			
Accounts, retainage, arbitrage & deposits payable	1,133,340	1,017,622	2,150,962
Accrued compensation	509,337	106,940	616,277
Interest payable	83,706	349,304	433,010
Unearned revenue	2,926	-	2,926
Compensated absences - Due within one year	607,431	210,262	817,693
Long-term debt - Due within one year	1,677,316	1,123,575	2,800,891
Total current liabilities:	4,014,056	2,807,703	6,821,759
Noncurrent liabilities:			
Compensated absences	908,649	315,393	1,224,042
Long-term debt	8,961,716	27,817,923	36,779,639
Total noncurrent liabilities	9,870,365	28,133,316	38,003,681
Total Liabilities	13,884,421	30,941,019	44,825,440
Deferred Inflows of Resources:			
Property taxes	1,399,129	-	1,399,129
Total Deferred Inflows on Resources	1,399,129	-	1,399,129
Net Position:			
Net investment in capital assets	64,250,870	46,705,739	110,956,609
Restricted for:			
Emergencies	686,314	-	686,314
Other purposes	1,825,550	-	1,825,550
Unrestricted	18,004,488	17,999,054	36,003,542
Total Net Position	84,767,222	64,704,793	149,472,015

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, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-type	Total
					Activities	Activities	
Functions/Programs:							
Governmental Activities:							
General government	3,539,192	2,213,980	557,993	-	(767,219)	-	(767,219)
Public transportation	1,121,527	129,371	289,435	-	(702,721)	-	(702,721)
Public safety	6,686,488	1,230,251	170,705	16,758	(5,268,774)	-	(5,268,774)
Community and economic development	1,358,032	158,392	713	-	(1,198,927)	-	(1,198,927)
Public works	5,119,655	18,634	760,954	-	(4,340,067)	-	(4,340,067)
Culture and recreation	4,301,655	1,296,522	2,038	103,497	(2,899,598)	-	(2,899,598)
Interest on long-term debt	401,163	-	-	-	(401,163)	-	(401,163)
Total Governmental Activities	<u>22,527,712</u>	<u>5,047,150</u>	<u>1,781,838</u>	<u>120,255</u>	<u>(15,578,469)</u>	<u>-</u>	<u>(15,578,469)</u>
Business-type activities:							
Water and sewer	5,440,210	5,102,858	1,111,558	983	-	775,189	775,189
Electric system	11,581,132	10,725,633	501,046	229,141	-	(125,312)	(125,312)
Airport operations	125,672	127,064	561	-	-	1,953	1,953
Landfill operations	3,420,228	2,942,643	-	-	-	(477,585)	(477,585)
Total Business-type Activities	<u>20,567,242</u>	<u>18,898,198</u>	<u>1,613,165</u>	<u>230,124</u>	<u>-</u>	<u>174,245</u>	<u>174,245</u>
Total	<u>43,094,954</u>	<u>23,945,348</u>	<u>3,395,003</u>	<u>350,379</u>	<u>(15,578,469)</u>	<u>174,245</u>	<u>(15,404,224)</u>
General Revenues:							
Taxes:							
Property tax, levied for general purposes					1,156,140	-	1,156,140
Specific ownership tax					51,048	-	51,048
Sales and use tax					14,897,961	-	14,897,961
Franchise tax					176,480	-	176,480
Accommodations tax					756,542	-	756,542
Other miscellaneous taxes					34,078	-	34,078
Unrestricted investment earnings					125,447	119,800	245,247
Grants, contributions and miscellaneous income not restricted for specific purposes					121,570	-	121,570
Gain (loss) on asset disposal					39,157	10,080	49,237
Transfers					(1,751,138)	1,751,138	-
Total General Revenues and Transfers					<u>15,607,285</u>	<u>1,881,018</u>	<u>17,488,303</u>
Change in Net Position					28,816	2,055,263	2,084,079
Net Position - Beginning (As Restated)					<u>84,738,406</u>	<u>62,649,530</u>	<u>147,387,936</u>
Net Position - Ending					<u>84,767,222</u>	<u>64,704,793</u>	<u>149,472,015</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, 2013

	<u>General</u>	<u>Fire and Ambulance Fund</u>	<u>Downtown Development Authority</u>	<u>Capital Projects Fund</u>	<u>Acquisition and Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:							
Cash and investments	3,566,075	-	2,097,358	4,286,517	1,135,707	5,369,345	16,455,002
Cash and investments - restricted	-	-	-	-	2,276,124	-	2,276,124
Taxes receivable	2,132,588	-	72,695	213,757	427,513	383,763	3,230,316
Accounts receivable, net	429,863	202,352	763	302	-	75,318	708,598
Interest receivable	2,695	-	1,904	2,212	9,062	1,282	17,155
Due from other governments	-	-	-	-	-	117,890	117,890
Due (to) from other funds	237,203	(85,934)	(2,306,457)	-	-	-	(2,155,188)
Prepaid items	-	-	-	-	-	2,335	2,335
Total Assets	<u>6,368,424</u>	<u>116,418</u>	<u>(133,737)</u>	<u>4,502,788</u>	<u>3,848,406</u>	<u>5,949,933</u>	<u>20,652,232</u>
Liabilities:							
Accounts/vouchers payable	195,555	25,349	38,563	148,954	110,942	366,493	885,856
Other liabilities	85,255	-	-	-	-	-	85,255
Accrued payroll and related liabilities	347,477	89,452	-	8,908	-	-	445,837
Unearned revenue	-	1,617	-	-	-	-	1,617
Total Liabilities	<u>628,287</u>	<u>116,418</u>	<u>38,563</u>	<u>157,862</u>	<u>110,942</u>	<u>366,493</u>	<u>1,418,565</u>
Deferred Inflows of Resources							
Property taxes	1,288,578	-	72,695	-	-	37,856	1,399,129
Total Deferred Inflows	<u>1,288,578</u>	<u>-</u>	<u>72,695</u>	<u>-</u>	<u>-</u>	<u>37,856</u>	<u>1,399,129</u>
Fund Balances:							
Nonspendable	539,270	-	-	-	-	2,335	541,605
Restricted	721,789	29,917	12,065	61,115	1,250,579	436,399	2,511,864
Committed	204,615	-	-	425,200	-	260,870	890,685
Assigned	-	(29,917)	-	3,858,611	2,486,885	4,845,980	11,161,559
Unassigned	2,985,885	-	(257,060)	-	-	-	2,728,825
Total Fund Balance	<u>4,451,559</u>	<u>-</u>	<u>(244,995)</u>	<u>4,344,926</u>	<u>3,737,464</u>	<u>5,545,584</u>	<u>17,834,538</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>6,368,424</u>	<u>116,418</u>	<u>(133,737)</u>	<u>4,502,788</u>	<u>3,848,406</u>	<u>5,949,933</u>	<u>20,652,232</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, 2013

Governmental Funds Total Fund Balance	17,834,538
Add:	
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	72,229,703
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.	6,790,817
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.	(12,087,836)
Governmental Activities Net Position	<u><u>84,767,222</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, 2013

	<u>General</u>	<u>Fire and Ambulance Fund</u>	<u>Downtown Development Authority</u>	<u>Capital Projects Fund</u>	<u>Acquisition and Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	7,253,024	-	396,992	1,995,802	3,991,603	3,596,366	17,233,787
Permits and licenses	187,763	-	-	-	-	-	187,763
Intergovernmental revenue	1,091,811	1,933	-	-	-	599,670	1,693,414
Charges for services	1,610,414	944,796	-	18,634	-	167,085	2,740,929
Investment income	14,636	6	5,170	8,103	36,430	7,547	71,892
Miscellaneous	2,482,967	806	-	14,611	29,482	59,520	2,587,386
Total Revenues	<u>12,640,615</u>	<u>947,541</u>	<u>402,162</u>	<u>2,037,150</u>	<u>4,057,515</u>	<u>4,430,188</u>	<u>24,515,171</u>
Expenditures:							
General government	2,950,816	-	633,150	-	1,037,177	61,596	4,682,739
Transportation	-	-	-	-	-	1,763,179	1,763,179
Public safety	3,153,484	3,056,861	-	-	-	80,347	6,290,692
Community and economic development	631,010	-	-	-	-	717,158	1,348,168
Public works	1,398,549	-	-	1,303,192	344,914	-	3,046,655
Culture and recreation	3,069,342	-	-	-	441,488	43,104	3,553,934
Debt service:							
Principal	215,000	-	-	-	1,416,519	-	1,631,519
Interest	40,406	-	65,905	-	330,445	-	436,756
Total Expenditures	<u>11,458,607</u>	<u>3,056,861</u>	<u>699,055</u>	<u>1,303,192</u>	<u>3,570,543</u>	<u>2,665,384</u>	<u>22,753,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,182,008</u>	<u>(2,109,320)</u>	<u>(296,893)</u>	<u>733,958</u>	<u>486,972</u>	<u>1,764,804</u>	<u>1,761,529</u>
Other Financing Sources (Uses):							
Intergovernmental awards	-	-	-	-	-	16,758	16,758
Transfers in	938,958	2,076,381	50,000	990,157	-	385,375	4,440,871
Transfers (out)	(2,282,026)	-	-	(1,006,757)	(13,514)	(9,459)	(3,311,756)
Total Other Financing Sources (Uses)	<u>(1,343,068)</u>	<u>2,076,381</u>	<u>50,000</u>	<u>(16,600)</u>	<u>(13,514)</u>	<u>392,674</u>	<u>1,145,873</u>
Net Change in Fund Balance	(161,060)	(32,939)	(246,893)	717,358	473,458	2,157,478	2,907,402
Fund Balance - Beginning of Year	4,612,619	32,939	1,898	3,627,568	3,264,006	3,388,106	14,927,136
Fund Balance (Deficit) - End of Year	<u>4,451,559</u>	<u>-</u>	<u>(244,995)</u>	<u>4,344,926</u>	<u>3,737,464</u>	<u>5,545,584</u>	<u>17,834,538</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, 2013

Net Change in Fund Balances of Governmental Funds	2,907,402
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 of by which depreciation exceeded capital outlay expenses for the year.	(1,023,109)
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.	1,667,111
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased.	(26,014)
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.	(616,321)
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 2013, the capital projects fund contributed \$2,880,253 to the Water and Sewer Fund. Governmental funds only report the proceeds that increase current available resources.	(2,880,253)
Governmental Activities Change in Net Position	28,816

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, 2013

	Water and Sewer	Electric System	Airport Operations	Landfill Operations	Totals	Governmental Activities Internal Service Funds Totals
Assets:						
Current:						
Cash in bank - Unrestricted	5,271,853	4,648,142	48,723	5,008,979	14,977,697	3,507,660
Cash in bank - Restricted	1,035,837	-	-	-	1,035,837	-
Accounts receivable - Trade (net of allowance for doubtful accounts)	518,268	1,355,297	156	318,975	2,192,696	4,069
Interest receivable	42,362	7,490	-	46,344	96,196	12,937
Other receivables	1,166	-	-	-	1,166	-
Inventory	253,193	221,252	11,673	-	486,118	37,650
Due from (to) other funds	-	-	-	1,208,865	1,208,865	946,323
Total Current Assets	<u>7,122,679</u>	<u>6,232,181</u>	<u>60,552</u>	<u>6,583,163</u>	<u>19,998,575</u>	<u>4,508,639</u>
Property and Equipment:						
Land	-	1,305,057	-	-	1,305,057	-
Construction in progress	61,643	840,812	-	279,061	1,181,516	-
Building, plant and system	71,140,152	33,824,742	53,205	195,940	105,214,039	-
Water rights	29,800	-	-	-	29,800	-
Equipment	967,212	218,205	90,388	89,387	1,365,192	1,420,109
Vehicles	-	13,693	-	22,844	36,537	3,102,581
Total	<u>72,198,807</u>	<u>36,202,509</u>	<u>143,593</u>	<u>587,232</u>	<u>109,132,141</u>	<u>4,522,690</u>
Less accumulated depreciation	<u>(18,687,489)</u>	<u>(14,545,896)</u>	<u>(111,923)</u>	<u>(139,595)</u>	<u>(33,484,903)</u>	<u>(2,013,475)</u>
Net Property and Equipment	<u>53,511,318</u>	<u>21,656,613</u>	<u>31,670</u>	<u>447,637</u>	<u>75,647,238</u>	<u>2,509,215</u>
 Total Assets	 <u>60,633,997</u>	 <u>27,888,794</u>	 <u>92,222</u>	 <u>7,030,800</u>	 <u>95,645,813</u>	 <u>7,017,854</u>
Liabilities and Fund Equity:						
Current Liabilities:						
Accounts payable	66,178	823,051	2,648	53,780	945,657	154,629
Deposits	-	71,958	-	-	71,958	-
Accrued interest	347,972	1,332	-	-	349,304	-
Accrued payroll and taxes	51,835	44,756	1,500	9,469	107,560	12,800
Accrued vacation and sick pay	262,309	221,285	-	41,442	525,036	59,608
Other liabilities	-	-	-	720,257	720,257	-
Current portion of long-term debt	1,123,575	-	-	-	1,123,575	-
Total Current Liabilities	<u>1,851,869</u>	<u>1,162,382</u>	<u>4,148</u>	<u>824,948</u>	<u>3,843,347</u>	<u>227,037</u>
Long-term Liabilities:						
Long-term debt - Bonds payable, net of current portion	27,097,675	-	-	-	27,097,675	-
Total Liabilities	<u>28,949,544</u>	<u>1,162,382</u>	<u>4,148</u>	<u>824,948</u>	<u>30,941,022</u>	<u>227,037</u>
Net Position:						
Net Investment in Capital Assets	25,290,068	21,656,613	31,670	447,637	47,425,988	2,509,215
Unrestricted	6,394,385	5,069,799	56,404	5,758,215	17,278,803	4,281,602
Total Net Position	<u>31,684,453</u>	<u>26,726,412</u>	<u>88,074</u>	<u>6,205,852</u>	<u>64,704,791</u>	<u>6,790,817</u>

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, 2013

	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Operations</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds Totals</u>
Operating Revenues:						
Rentals	-	-	26,500	-	26,500	-
Charges and fees	5,098,526	10,760,599	100,001	2,887,448	18,846,574	613,985
Other	5,686	493,096	1,124	54,955	554,861	4,356
Total Operating Revenues	<u>5,104,212</u>	<u>11,253,695</u>	<u>127,625</u>	<u>2,942,403</u>	<u>19,427,935</u>	<u>618,341</u>
Operating Expenses:						
Purchased power	-	8,131,454	-	-	8,131,454	-
Operations and maintenance	2,009,631	1,415,634	97,537	3,290,117	6,812,919	873,965
General and administrative	890,802	1,163,203	22,072	325,609	2,401,686	-
Depreciation	1,683,407	876,929	6,063	8,632	2,575,031	453,410
Total Operating Expenses	<u>4,583,840</u>	<u>11,587,220</u>	<u>125,672</u>	<u>3,624,358</u>	<u>19,921,090</u>	<u>1,327,375</u>
Operating Income (Loss)	<u>520,372</u>	<u>(333,525)</u>	<u>1,953</u>	<u>(681,955)</u>	<u>(493,155)</u>	<u>(709,034)</u>
Non-Operating Revenues (Expenses):						
Disposition of assets	2,048	(10,682)	-	240	(8,394)	39,157
Investment income	43,120	14,396	80	62,204	119,800	53,556
Intergovernmental awards	1,109,139	-	-	-	1,109,139	-
Other	-	-	-	204,129	204,129	-
Interest expense	(850,356)	(167)	-	-	(850,523)	-
Amortization - bond issuance cost	(6,013)	-	-	-	(6,013)	-
Total Non-Operating Revenues (Expenses)	<u>297,938</u>	<u>3,547</u>	<u>80</u>	<u>266,573</u>	<u>568,138</u>	<u>92,713</u>
Income (Loss) Before Transfers and Capital Contributions	818,310	(329,978)	2,033	(415,382)	74,983	(616,321)
Transfer (out)	(1,303,111)	(626,004)	-	-	(1,929,115)	-
Transfer in	800,000	-	-	-	800,000	-
Capital contributions	2,880,253	229,141	-	-	3,109,394	-
Change in Net Position	3,195,452	(726,841)	2,033	(415,382)	2,055,262	(616,321)
Net Position - Beginning of Year	<u>28,489,001</u>	<u>27,453,253</u>	<u>86,041</u>	<u>6,621,234</u>	<u>62,649,529</u>	<u>7,407,138</u>
Net Position - End of Year	<u>31,684,453</u>	<u>26,726,412</u>	<u>88,074</u>	<u>6,205,852</u>	<u>64,704,791</u>	<u>6,790,817</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, 2013

	Water and Sewer	Electric System	Airport Operations	Landfill Operations	Totals	Governmental Activities Internal Service Funds Totals
Cash Flows From Operating Activities:						
Cash received from customers	5,096,888	10,765,210	127,708	3,081,059	19,070,865	603,658
Cash paid to suppliers and employees	(2,937,470)	(10,554,106)	(109,660)	(4,025,549)	(17,626,785)	(745,067)
Other operating revenues	-	493,096	-	54,955	548,051	4,356
Interfund transfers	(503,111)	(626,004)	-	-	(1,129,115)	-
Net Cash Provided (Used) by Operating Activities	<u>1,656,307</u>	<u>78,196</u>	<u>18,048</u>	<u>(889,535)</u>	<u>863,016</u>	<u>(137,053)</u>
Cash Flows From Non-Capital Financing Activities:						
Net refunds of customer deposits	-	(153,859)	-	-	(153,859)	-
Net Cash (Used) by Non-Capital Financing Activities	<u>-</u>	<u>(153,859)</u>	<u>-</u>	<u>-</u>	<u>(153,859)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:						
Sale of assets	2,048	10,080	-	240	12,368	39,157
Intergovernmental awards	1,109,139	-	-	-	1,109,139	-
Repayments from other funds	-	-	-	159,597	159,597	53,678
Interest paid on bonds and equipment contracts	(856,369)	(537)	-	-	(856,906)	-
Principal paid on bonds and equipment contracts	(1,091,925)	-	-	-	(1,091,925)	-
Acquisition and construction of capital assets	(167,660)	(125,298)	-	(66,920)	(359,878)	(360,210)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,004,767)</u>	<u>(115,755)</u>	<u>-</u>	<u>92,917</u>	<u>(1,027,605)</u>	<u>(267,375)</u>
Cash Flows From Investing Activities:						
Interest on investments	3,408	13,257	80	45,165	61,910	53,556
Net Cash Provided by Investing Activities	<u>3,408</u>	<u>13,257</u>	<u>80</u>	<u>45,165</u>	<u>61,910</u>	<u>53,556</u>
Net Change in Cash and Cash Equivalents	654,948	(178,161)	18,128	(751,453)	(256,538)	(350,872)
Cash and Cash Equivalents - Beginning of Year	<u>5,652,742</u>	<u>4,826,303</u>	<u>30,595</u>	<u>5,760,432</u>	<u>16,270,072</u>	<u>3,858,532</u>
Cash and Cash Equivalents - End of Year	<u>6,307,690</u>	<u>4,648,142</u>	<u>48,723</u>	<u>5,008,979</u>	<u>16,013,534</u>	<u>3,507,660</u>
Cash and Cash Equivalents Consists of the Following:						
Cash in bank - Unrestricted	5,271,853	4,648,142	48,723	5,008,979	14,977,697	3,507,660
Cash in bank - Restricted	1,035,837	-	-	-	1,035,837	-
Total	<u>6,307,690</u>	<u>4,648,142</u>	<u>48,723</u>	<u>5,008,979</u>	<u>16,013,534</u>	<u>3,507,660</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	520,372	(333,525)	1,953	(681,955)	(493,155)	(709,034)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,683,407	876,929	6,063	8,632	2,575,031	453,410
(Increase) decrease in accounts receivable	(7,324)	4,611	83	193,610	190,980	(10,327)
(Increase) decrease in inventories	(11,585)	20,669	9,627	-	18,711	-
(Increase) decrease in prepaid items/other assets	-	-	-	-	-	(2,750)
Increase (decrease) in accounts payable	(25,452)	135,516	322	(409,822)	(299,436)	131,648
Net change in interfund transfers	(503,111)	(626,004)	-	-	(1,129,115)	-
Total Adjustments	<u>1,135,935</u>	<u>411,721</u>	<u>16,095</u>	<u>(207,580)</u>	<u>1,356,171</u>	<u>571,981</u>
Net Cash Provided (Used) by Operating Activities	<u>1,656,307</u>	<u>78,196</u>	<u>18,048</u>	<u>(889,535)</u>	<u>863,016</u>	<u>(137,053)</u>
Schedule of Non-Cash Investing, Capital and Financing Activities:						
Assets contributed from others	2,880,253	-	-	-	2,880,253	-

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

City of Glenwood Springs, Colorado
Statement of Fiduciary Net Position
December 31, 2013

	Cemetery Reserve Fund	Firemen's Pension Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	<u>33,046</u>	<u>744,908</u>	<u>777,954</u>
Total Assets	<u>33,046</u>	<u>744,908</u>	<u>777,954</u>
Net Position:			
Held in Trust	<u><u>33,047</u></u>	<u><u>744,908</u></u>	<u><u>777,955</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, 2013

	<u>Cemetery Reserve Fund</u>	<u>Fireman's Pension Fund</u>	<u>Totals</u>
Additions:			
Charges and fees	1,750	-	1,750
Pension contributions	-	39,900	39,900
Investment income, net	55	99,843	99,898
Total Additions	<u>1,805</u>	<u>139,743</u>	<u>141,548</u>
Deductions:			
Fees	-	1,200	
Pension payments	-	109,045	109,045
Total Reductions	<u>-</u>	<u>110,245</u>	<u>109,045</u>
Change in Net Position	1,805	29,498	32,503
Net Position - Beginning of Year	<u>31,242</u>	<u>715,410</u>	<u>746,652</u>
Net Position - End of Year	<u><u>33,047</u></u>	<u><u>744,908</u></u>	<u><u>779,155</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, 2013

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, 2013
(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, 2013
(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, 2013
(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, 2013
(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, 2013
(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, 2013
(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 one item that qualify for reporting under this category on the Statement of Net Position, deferred charge on refunding. 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, 2013
(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, 2013
(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 \$72,229,703 reconciling item represents the book value of capital assets at December 31, 2013.

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 \$12,087,836 difference represent long-term bonds and loans of \$10,435,694, accrued interest of \$83,706, compensated absences of \$1,516,080, and deferred debt costs of 52,354.

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 \$6,790,817 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 \$1,023,109 are net capital outlay of \$2,251,094 less depreciation expense of \$3,274,203.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(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 2013 budget year:

- (1) For the 2013 budget year, prior to December 10, 2012, 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, 2012, 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, 2012.
- (4) For the 2013 budget, prior to December 15, 2012, 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, 2012. 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 2012 were collected in 2013 and taxes certified in 2013 will be collected in 2014. 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, 2013
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

During the year, \$4,292,287 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 Appropriation</u>	<u>Supplemental Appropriation</u>
General	13,845,091	14,142,009
Fire and Ambulance Fund	3,109,103	3,217,061
Fleet Service Fund	2,192,310	2,243,787
Street Tax Fund	2,387,989	2,596,253
Capital Projects	898,576	1,218,583
Bus Tax	1,221,640	1,224,955
Acquisition and Improvements	4,536,389	4,551,289
Tourism	846,000	851,000
Water and Sewer	8,544,952	9,674,411
Electric System	12,112,427	13,781,325
Landfill Operations	3,461,177	3,947,118
Cemetery Reserve	-	150

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 \$686,314 which is the approximate required reserve at December 31, 2013.

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, 2013
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

C. Budgetary Information

	<u>Water and Sewer Fund</u>	<u>Electric System Fund</u>	<u>Airport Operations Fund</u>	<u>Landfill Operations Fund</u>	<u>Fleet Service Fund</u>
Excess (deficiency) of revenues over expenditures - budget basis	\$ (944,386)	(1,081,280)	\$ 2,033	(482,302)	(976,531)
Capital contributions	2,880,253	-	-	-	-
Debt service - Principal	1,091,925	-	-	-	-
Capital outlay	167,660	354,439	-	66,920	360,210
Total Adjustments	<u>4,139,838</u>	<u>354,439</u>	<u>-</u>	<u>66,920</u>	<u>360,210</u>
Net Income (Loss) - GAAP Basis	<u>\$ 3,195,452</u>	<u>(726,841)</u>	<u>\$ 2,033</u>	<u>(415,382)</u>	<u>(616,321)</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 & Poors Rating</u>	<u>Carrying amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>Less than five years</u>
Deposits:				
Petty cash	Not Rated	\$ 2,710	2,710	-
Checking	Not Rated	4,303,844	4,303,844	-
Savings and money market	Not Rated	152,800	152,800	-
Investments:				
Certificates of Deposit	Not Rated	8,397,841	6,548,092	1,849,749
United States Agencies	AA+	13,195,016	7,144,006	6,051,010
Government investment pools	AAAm	7,629,456	7,629,456	-
Other investment pools	AAAm	3,417,103	3,417,103	-
Corporate	AA-	4,097	-	4,097
Cash held by Trustee	Not Rated	1,927,408	744,908	1,182,500
		<u>\$ 39,030,275</u>		

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The City also has \$744,908 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, 2013
(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:

	General	Fire and Ambulance Fund	Downtown Development Authority	Capital Projects Fund	Acquisition and Improvement
Receivables:					
Taxes	\$ 2,132,588	-	72,695	213,757	427,513
Accounts	429,863	254,352	763	302	-
Interest	2,695	-	1,904	2,212	9,062
Other	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Gross receivables	<u>2,565,146</u>	<u>254,352</u>	<u>75,362</u>	<u>216,271</u>	<u>436,575</u>
Less: allowance for uncollectible	<u>-</u>	<u>(52,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u><u>2,565,146</u></u>	<u><u>202,352</u></u>	<u><u>75,362</u></u>	<u><u>216,271</u></u>	<u><u>436,575</u></u>
	Water and Sewer	Electric System	Landfill Fund	Non-major and Other Funds	Total
Receivables:					
Taxes	-	-	-	383,763	3,230,316
Accounts	519,768	1,462,026	350,704	79,543	3,097,321
Interest	42,362	7,490	46,344	14,218	126,287
Other	1,166	-	771	-	1,937
Intergovernmental	-	-	-	117,890	117,890
Gross receivables	<u>563,296</u>	<u>1,469,516</u>	<u>-</u>	<u>595,414</u>	<u>6,573,751</u>
Less: allowance for uncollectible	<u>(1,500)</u>	<u>(106,729)</u>	<u>(32,500)</u>	<u>-</u>	<u>(192,729)</u>
Net receivables	<u><u>561,796</u></u>	<u><u>1,362,787</u></u>	<u><u>(32,500)</u></u>	<u><u>595,414</u></u>	<u><u>6,381,022</u></u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,509,063	-	-	10,509,063
Construction in progress	8,030,281	1,776,878	(6,940,891)	2,866,268
Total capital assets, not being depreciated	<u>18,539,344</u>	<u>1,776,878</u>	<u>(6,940,891)</u>	<u>13,375,331</u>
Capital assets, being depreciated:				
Buildings	28,950,822	4,324,151	(28,612)	33,246,361
Other improvements	3,795,558	-	-	3,795,558
Machinery and equipment	2,810,879	210,706	(284,102)	2,737,483
Streets and trails	60,760,784	-	-	60,760,784
Vehicles	6,781,678	360,210	(15,451)	7,126,437
Total capital assets, being depreciated	<u>103,099,721</u>	<u>4,895,067</u>	<u>(328,165)</u>	<u>107,666,623</u>
Less accumulated depreciation for:				
Buildings	(10,232,004)	(1,130,908)	28,612	(11,334,300)
Other improvements	(790,520)	(112,624)	-	(903,144)
Machinery and equipment	(2,673,010)	(527,664)	299,553	(2,901,121)
Streets and trails	(25,753,332)	(1,867,264)	-	(27,620,596)
Vehicles	(3,454,722)	(89,153)	-	(3,543,875)
Total accumulated depreciation	<u>(42,903,588)</u>	<u>(3,727,613)</u>	<u>328,165</u>	<u>(46,303,036)</u>
Total capital assets, being depreciated, net	<u>60,196,133</u>	<u>1,167,454</u>	<u>-</u>	<u>61,363,587</u>
Governmental Activities - Capital Assets, Net	<u>\$ 78,735,477</u>	<u>2,944,332</u>	<u>(6,940,891)</u>	<u>74,738,918</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,305,057	-	-	1,305,057
Water rights	29,800	-	-	29,800
Construction in progress	2,948,613	284,548	(2,051,644)	1,181,517
Total capital assets, not being depreciated	<u>4,283,470</u>	<u>284,548</u>	<u>(2,051,644)</u>	<u>2,516,374</u>
Capital assets, being depreciated:				
Buildings and plant	38,709,641	2,880,253	-	41,589,894
Distribution and collection system	59,817,573	2,128,360	(72,197)	61,873,736
Machinery and equipment	2,979,763	204,911	(69,075)	3,115,599
Vehicles	13,693	22,844	-	36,537
Total capital assets, being depreciated	<u>101,520,670</u>	<u>5,236,368</u>	<u>(141,272)</u>	<u>106,615,766</u>
Less accumulated depreciation for:				
Buildings and plant	(7,910,130)	(917,909)	-	(8,828,039)
Distribution and collection system	(21,353,435)	(1,523,024)	51,436	(22,825,023)
Machinery and equipment	(1,753,125)	(134,100)	69,076	(1,818,149)
Vehicles	(13,692)	-	-	(13,692)
Total accumulated depreciation	<u>(31,030,382)</u>	<u>(2,575,033)</u>	<u>120,512</u>	<u>(33,484,903)</u>
Total capital assets, being depreciated, net	<u>70,490,288</u>	<u>2,661,335</u>	<u>(20,760)</u>	<u>73,130,863</u>
Business-type Activities - Capital Assets, Net	<u>\$ 74,773,758</u>	<u>2,945,883</u>	<u>(2,072,404)</u>	<u>75,647,237</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(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>
Governmental Activities:		
General government	\$ 198,378	317,182
Transportation	34,930	43,412
Public safety	80,218	350,040
Community development	-	5,324
Public works	1,906,308	2,132,362
Culture and recreation	391,473	879,293
Total Governmental Activities	<u>\$ 2,611,307</u>	<u>3,727,613</u>
Business-type Activities:		
Water and sewer	\$ 167,660	1,683,409
Electric	354,439	876,929
Airport	-	6,063
Landfill	66,920	8,632
Total Business-type Activities	<u>\$ 589,019</u>	<u>2,575,033</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, 2013, principal amount outstanding on this loan was \$352,523.

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 August 2013 through August 2027. 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, 2013, principal amount outstanding to Landfill Operations totaled \$856,342, and the principal amount outstanding to the Fleet Service Fund totaled \$946,322.

Interest payments made by the Downtown Development Authority to Landfill Operations and the Fleet Service Fund during 2013 totaled \$65,905.

The City had the following interfund receivables or payables as of December 31, 2013:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	237,203
Fire and Ambulance Fund	85,934	-
Landfill Operations	-	1,208,865
Fleet Service Fund	-	946,322
Downtown Development	2,306,456	-
	<u>\$ 2,392,390</u>	<u>2,392,390</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Transfers were as follows:

<u>Fund</u>	<u>Funds Transferred In</u>	<u>Funds Transferred (Out)</u>	<u>Reason</u>
General Fund	\$ 312,954		Allocated organizational costs and franchise fees
Water and Sewer		312,954	
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	626,004		Allocated organizational costs and franchise fees
Electric Fund		626,004	
Emergency Services Equipment and Replacement Fund	185,375		City share of capital improvement mill levy
General Fund		185,375	
Bus Tax Fund	200,000		Infrastructure needs
Capital Projects		200,000	
Capital Projects	190,157		Infrastructure needs and contribution of completed assets
Water Fund		190,157	
Fire and Ambulance Fund	2,076,381		Operational subsidy
General Fund		2,076,381	
	<u>\$ 3,640,871</u>	<u>3,640,871</u>	

E. Governmental Funds Long-term Debt

1. Revenue and General Obligation Bonds

- (a) \$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. In 2013, this debt was advance refunded by Colorado Water Resources and Power Development Authority, with estimated saving of \$141,970 to the City.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Governmental Funds Long-term Debt (continued)

1. Revenue and General Obligation Bonds (continued)

- (b) \$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.

- (c) \$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.

2. 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.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Governmental Funds Long-term Debt (continued)

3. Annual Debt Service Requirements

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

<u>Year Ended December 31,</u>	<u>1999 Government Agency Bonds</u>	<u>2010 Sales and Use Tax Revenue Refunding Bonds</u>	<u>2012 Limited Tax General Obligation</u>	<u>Grand Total</u>
2014	\$ 360,356	\$ 1,419,888	255,697	\$ 2,035,941
2015	363,823	1,425,238	255,879	2,044,940
2016	360,149	1,419,388	255,952	2,035,489
2017	368,520	1,427,638	250,915	2,047,073
2018	185,545	2,608,188	250,878	3,044,611
2019-2022	-	-	506,206	506,206
Total	<u>1,638,393</u>	<u>8,300,340</u>	<u>1,775,527</u>	<u>11,714,260</u>
Less: Interest	<u>(172,699)</u>	<u>(960,340)</u>	<u>(145,527)</u>	<u>(1,278,566)</u>
Total	<u><u>\$ 1,465,694</u></u>	<u><u>\$ 7,340,000</u></u>	<u><u>1,630,000</u></u>	<u><u>\$ 10,435,694</u></u>

F. Business-Type Long-term Debt

1. Revenue and General Obligation Refunding Bonds

- (a) \$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.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Business-Type Long-term Debt (continued)

2. Annual Debt Service Requirements

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

<u>Year Ended December 31,</u>	<u>Water and Sewer Revenue Loan</u>
2014	1,958,708
2015	1,954,330
2016	1,956,032
2017	1,957,715
2018	1,959,168
2019-2023	9,797,869
2024 - 2028	9,786,135
2029 - 2032	7,822,262
Total	37,192,219
Less: Interest	(8,970,969)
Total	<u>\$ 28,221,250</u>

G. Changes in Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2013 are as follows:

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2013</u>	<u>Due Within One Year</u>
Governmental Activities:					
1999 Governmental Agency Bonds	1,757,213	-	(291,519)	1,465,694	302,316
2010 Sales and Use Tax					
Revenue Refunding Bonds	8,465,000	-	(1,125,000)	7,340,000	1,155,000
2012 Limited Tax General Obligation	1,845,000	-	(215,000)	1,630,000	220,000
Deferred amounts:					
2010 Issuance premium	272,883	-	(69,545)	203,338	-
Compensated Absences	1,490,066	68,735	(42,721)	1,516,080	607,431
Business-type Activities:					
Water and Sewer Revenue Loan	29,313,175	-	(1,091,925)	28,221,250	1,123,575
Landfill closure and post closure	924,376	-	(204,128)	720,248	-
Compensated Absences	497,356	28,299	-	525,655	210,262
Total	<u>\$ 44,565,069</u>	<u>97,034</u>	<u>(3,039,838)</u>	<u>41,622,265</u>	<u>3,618,584</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

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 \$717,667 and \$553,358, respectively. As of December 31, 2013, the liability for closure and postclosure is \$406,678 and \$313,570. The December 31, 2013 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 \$550,777 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, \$720,248 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, 2013.

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.

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, 2013 cannot be readily determined.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(Continued)

IV. Detailed Notes on All Funds (continued)

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 \$686,314 for TABOR reserves, \$69,791 for police forfeitures, \$1,182,500 for debt service and \$573,259 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 \$890,685 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, 2013
(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 \$10,556,553 and current year payroll for employees covered under the plan was \$9,547,985. The City's contributions were \$603,262.

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 \$10,556,553 and current year payroll for employees covered under the plan was \$3,521,649. The City's contributions were \$262,243.

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 \$21,000 to the plan in 2013. There were no contributions from participants.

Annual Pension Costs: For the fiscal year ended December 31, 2013, the annual pension costs were \$109,045. Eligible firemen presently receive \$500 per month in pension benefits.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2013
(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, 2013 (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, 2013. The significant actuarial assumptions used in the valuation as of January 1, 2013, were: (a) life expectancy of participants obtained from the generational mortality, with a blue collar adjustment for healthy retirees; (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 7.5% 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.

Actuarial valuation date	Plan assets available for benefits (a)	Actuarial accrued liability (b)	Unfunded actuarial liability (funding excess) (c)	Funded ratio (a)/(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%
1/1/2013	741,647	1,166,698	425,051	64%

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, 2013
(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. Subsequent Events - Related Party Transactions

In February 2014, the Downtown Development Authority (“DDA”) board of directors approved a City streetscape project. The project includes providing outdoor seating for various businesses within the City’s right-of-way. The City is working on preparing documents to lease the improved right-of-ways to business wishing to utilize the space for outdoor seating. A member of the DDA’s board is a member of a limited liability company that owns property that may benefit from the City’s improved right-of-way. On March 11, 2014, the DDA authorized a construction contract for completion of the streetscape project. The company awarded this bid employees a direct family member of the DDA’s governing board. The contract is valued over one million dollars.

G. 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, 2013.

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, 2013
(Continued)

V. Other Information (continued)

H. 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, 2013 are as follows:

Year ending	
March 31	
2014	\$ 1,985,000
Total	\$ 1,985,000

At December 31, 2013, the City had incurred \$1,985,000 under the terms of the lease agreement.

I. Restatement of Prior Periods – Implementation of *Government Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities*

The City implemented *Government Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs, previously reported as an asset and amortized, to be recognized as an outflow at the time such costs were incurred. As such these financial statements report a restatement of beginning net position of governmental activities in the amount of \$88,117, which were the unamortized debt issuance costs at December 31, 2011.

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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>Final Budget</u>	<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
Property taxes	1,011,343	1,011,343	1,006,129	(5,214)	1,048,748
Specific ownership	56,000	56,000	48,858	(7,142)	51,557
Special assessment	34,000	34,000	34,078	78	33,992
General sales tax	5,734,407	5,734,407	5,839,461	105,054	5,695,053
Use tax	57,568	57,568	148,018	90,450	109,677
Franchise tax	160,500	160,500	176,480	15,980	151,314
Total Taxes	<u>7,053,818</u>	<u>7,053,818</u>	<u>7,253,024</u>	<u>199,206</u>	<u>7,090,341</u>
Permits and Licenses:					
Contractors licenses	23,000	23,000	25,242	2,242	24,182
Liquor licenses	25,000	25,000	21,725	(3,275)	32,186
Dog licenses	500	500	265	(235)	360
Building permits	80,900	80,900	60,556	(20,344)	67,636
Sales tax license	71,000	71,000	79,975	8,975	29,134
Total Permits and Licenses	<u>200,400</u>	<u>200,400</u>	<u>187,763</u>	<u>(12,637)</u>	<u>153,498</u>
Intergovernmental:					
Cigarette tax	69,410	69,410	71,441	2,031	76,060
County road and bridge	250,000	250,000	276,270	26,270	271,358
County sales tax	211,859	211,859	146,961	(64,898)	227,329
Highway use tax	283,020	283,020	282,223	(797)	283,298
Severance tax	264,156	264,156	217,394	(46,762)	274,479
Grants	92,366	92,366	97,522	5,156	94,148
Total Intergovernmental	<u>1,170,811</u>	<u>1,170,811</u>	<u>1,091,811</u>	<u>(79,000)</u>	<u>1,226,672</u>
Charges and Fees:					
Plan check and record fee	55,300	55,300	90,451	35,151	89,398
Cemetery fees	8,000	8,000	9,344	1,344	11,000
Police fines and court fees	144,000	144,000	178,873	34,873	182,076
Parking fees and fines	44,200	44,200	41,086	(3,114)	48,933
Impoundment fees	5,000	5,000	3,482	(1,518)	4,863
Recreation fees	1,089,000	1,089,000	1,239,099	150,099	1,140,875
Park and rafting fees	24,700	24,700	48,079	23,379	36,478
Affordable housing fees	-	-	-	-	267
Total Charges and Fees	<u>1,370,200</u>	<u>1,370,200</u>	<u>1,610,414</u>	<u>240,214</u>	<u>1,513,890</u>
Other Revenues:					
Contributions	100	100	1,519	1,419	-
Interest	5,000	5,000	14,636	9,636	16,778
Police confiscated assets	-	-	35,011	35,011	2,787
Miscellaneous	55,270	55,270	83,189	27,919	50,176
Other lease revenue	492,895	492,895	303,169	(189,726)	507,483
Overhead reimbursement	2,024,132	2,024,132	2,021,698	(2,434)	2,170,031
Other reimbursements	30,692	30,692	38,381	7,689	39,385
Total Other Revenues	<u>2,608,089</u>	<u>2,608,089</u>	<u>2,497,603</u>	<u>(110,486)</u>	<u>2,786,640</u>
Total Revenues	<u>12,403,318</u>	<u>12,403,318</u>	<u>12,640,615</u>	<u>237,297</u>	<u>12,771,041</u>

(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, 2013
(With Comparative Actual Amounts for December 31, 2012)
(Continued)

	<u>2013</u>			<u>2012</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative) Actual</u>	
Expenditures:					
General Government:					
Administration	524,458	524,458	514,317	10,141	493,307
Personnel/purchasing	293,505	293,505	247,685	45,820	326,861
City Clerk and elections	381,308	381,308	387,017	(5,709)	321,805
Finance	923,441	923,441	914,639	8,802	899,568
Data processing	261,088	261,088	230,604	30,484	240,653
Judicial	248,039	248,039	212,014	36,025	213,711
Legal	287,357	287,357	278,752	8,605	266,260
Annexation costs and rebates	128,868	425,786	165,788	259,998	120,035
Total General Government	<u>3,048,064</u>	<u>3,344,982</u>	<u>2,950,816</u>	<u>394,166</u>	<u>2,882,200</u>
Public Safety:					
Police Department	3,121,300	3,121,300	3,153,484	(32,184)	3,043,074
Total Public Safety	<u>3,121,300</u>	<u>3,121,300</u>	<u>3,153,484</u>	<u>(32,184)</u>	<u>3,043,074</u>
Community Development:					
Administration/planning	440,293	440,293	406,675	33,618	371,663
Building inspector	238,361	238,361	224,335	14,026	209,847
Total Community Development	<u>678,654</u>	<u>678,654</u>	<u>631,010</u>	<u>47,644</u>	<u>581,510</u>
Public Works:					
Administration/engineering	441,566	441,566	407,468	34,098	397,935
Streets, alleys, snow removal	989,985	989,985	991,081	(1,096)	931,859
Total Public Works	<u>1,431,551</u>	<u>1,431,551</u>	<u>1,398,549</u>	<u>33,002</u>	<u>1,329,794</u>
Culture and Recreation:					
Recreation	2,139,182	2,139,182	2,111,792	27,390	2,079,612
Parks and cemetery	979,211	979,211	957,550	21,661	1,025,183
Total Culture and Recreation	<u>3,118,393</u>	<u>3,118,393</u>	<u>3,069,342</u>	<u>49,051</u>	<u>3,104,795</u>
Debt Service:					
Principal on bonded debt	215,000	215,000	215,000	-	240,000
Interest on bonded debt	40,406	40,406	40,406	-	54,884
Total Debt Service	<u>255,406</u>	<u>255,406</u>	<u>255,406</u>	<u>-</u>	<u>294,884</u>
Total Expenditures	<u>11,653,368</u>	<u>11,950,286</u>	<u>11,458,607</u>	<u>491,679</u>	<u>11,236,257</u>
Excess (Deficiency) of Revenues Over Expenditures	749,950	453,032	1,182,008	728,976	1,534,784
Other Financing Sources (Uses):					
Transfers in	968,958	968,958	938,958	(30,000)	902,108
Transfers (out)	(2,191,723)	(2,191,723)	(2,282,026)	(90,303)	(2,055,235)
Total Other Financing Sources (Uses)	<u>(1,222,765)</u>	<u>(1,222,765)</u>	<u>(1,343,068)</u>	<u>(120,303)</u>	<u>(1,153,127)</u>
Net Change in Fund Balance	(472,815)	(769,733)	(161,060)	608,673	381,657
Fund Balance - Beginning of Year	<u>4,125,604</u>	<u>4,612,619</u>	<u>4,612,619</u>	<u>-</u>	<u>4,230,962</u>
Fund Balance - End of Year	<u>3,652,789</u>	<u>3,842,886</u>	<u>4,451,559</u>	<u>608,673</u>	<u>4,612,619</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			Final Budget Variance Positive (Negative)	<u>2012</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental:					
Grants and awards	-	-	1,933	1,933	26,739
Charges for Services:					
Permits	10,000	10,000	7,600	(2,400)	13,000
Ambulance fees	1,110,984	1,110,984	937,196	(173,788)	973,990
Other:					
Interest income	40	40	6	(34)	38
Miscellaneous	-	-	806	806	-
Total Revenues	<u>1,121,024</u>	<u>1,121,024</u>	<u>947,541</u>	<u>(173,483)</u>	<u>1,013,767</u>
Expenditures:					
Public Safety:					
Emergency services	3,109,103	3,217,061	3,056,861	160,200	2,922,667
Total Expenditures	<u>3,109,103</u>	<u>3,217,061</u>	<u>3,056,861</u>	<u>160,200</u>	<u>2,922,667</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,988,079)	(2,096,037)	(2,109,320)	(13,283)	(1,908,900)
Other Financing Sources (Uses):					
Transfer in	1,984,934	1,984,934	2,076,381	91,447	1,848,666
Total Other Financing Sources (Uses)	<u>1,984,934</u>	<u>1,984,934</u>	<u>2,076,381</u>	<u>91,447</u>	<u>1,848,666</u>
Net Change in Fund Balance	(3,145)	(111,103)	(32,939)	78,164	(60,234)
Fund Balance - Beginning of Year	<u>3,145</u>	<u>32,939</u>	<u>32,939</u>	<u>-</u>	<u>93,173</u>
Fund Balance - End of Year	<u>-</u>	<u>(78,164)</u>	<u>-</u>	<u>78,164</u>	<u>32,939</u>

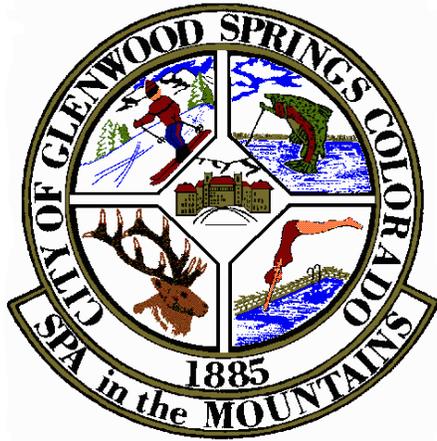
The accompanying notes are an integral part of these financial statements.

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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	112,835	106,441	(6,394)	169,839
Sales taxes	223,811	290,551	66,740	206,381
Interest income	1,500	5,170	3,670	3,648
Other	-	-	-	1,170
Total Revenues	<u>338,146</u>	<u>402,162</u>	<u>64,016</u>	<u>381,038</u>
Expenditures:				
General Government:				
Capital outlay	500,000	486,469	13,531	1,634,541
Other	145,352	146,681	(1,329)	153,083
Debt service:				
Interest	65,906	65,905	1	22,666
Total Expenditures	<u>711,258</u>	<u>699,055</u>	<u>12,203</u>	<u>1,810,290</u>
Excess (Deficiency) of Revenues Over Expenditures	(373,112)	(296,893)	76,219	(1,429,252)
Other Financing Sources (Uses):				
Interfund loan proceeds	-	-	-	2,000,000
Interfund repayments	(243,276)	(243,275)	1	-
Transfer in	50,000	50,000	-	50,000
Total Other Financing Sources (Uses)	<u>(193,276)</u>	<u>(193,275)</u>	<u>1</u>	<u>2,050,000</u>
Net Change in Fund Balance - Budget Basis	<u>(566,388)</u>	(490,168)	<u>76,220</u>	620,748
Reconciliation to GAAP Basis:				
Adjustments:				
Interfund loan proceeds		-		(2,000,000)
Interfund loan repayments		243,275		-
Net Income - GAAP Basis		<u>(246,893)</u>		<u>(1,379,252)</u>
Fund Balance - Beginning of Year		<u>1,898</u>		<u>1,381,150</u>
Fund Balance (Deficit) - End of Year		<u>(244,995)</u>		<u>1,898</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative) Actual</u>	
Revenues:					
Taxes:					
Sales tax	1,911,446	1,911,446	1,946,463	35,017	1,898,328
Use tax	19,189	19,189	49,339	30,150	36,559
Total Taxes	<u>1,930,635</u>	<u>1,930,635</u>	<u>1,995,802</u>	<u>65,167</u>	<u>1,934,887</u>
Fees and Charges:					
Park land fees	-	-	18,634	18,634	40,538
Other:					
Interest income	2,500	2,500	8,103	5,603	5,578
Other income	6,757	6,757	14,611	7,854	165,920
Total Other	<u>9,257</u>	<u>9,257</u>	<u>22,714</u>	<u>13,457</u>	<u>171,498</u>
Total Revenues	<u>1,939,892</u>	<u>1,939,892</u>	<u>2,037,150</u>	<u>97,258</u>	<u>2,146,923</u>
Expenditures:					
Public Works:					
Work activities team	378,291	551,039	497,527	53,512	315,253
Sewer improvements	80,735	80,735	324,891	(244,156)	2,749,202
Other expenditures	439,550	586,809	480,774	106,035	162,640
Total Public Works	<u>898,576</u>	<u>1,218,583</u>	<u>1,303,192</u>	<u>(84,609)</u>	<u>3,227,095</u>
Debt Service:					
Principal - 1998 Government Agency Bond	-	-	-	-	214,455
Interest - 1998 Government Agency Bond	-	-	-	-	9,758
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,213</u>
Total Expenditures	<u>898,576</u>	<u>1,218,583</u>	<u>1,303,192</u>	<u>(84,609)</u>	<u>3,451,308</u>
Excess (Deficiency) of Revenues Over Expenditures	1,041,316	721,309	733,958	12,649	(1,304,385)
Other Financing Sources (Uses):					
Transfers in	-	1,000,000	990,157	(9,843)	3,447,226
Transfers (out)	(950,165)	(1,150,165)	(1,006,757)	143,408	(806,757)
Total Other Financing Sources (Uses)	<u>(950,165)</u>	<u>(150,165)</u>	<u>(16,600)</u>	<u>133,565</u>	<u>2,640,469</u>
Net Change in Fund Balance	91,151	571,144	717,358	146,214	1,336,084
Fund Balance - Beginning of Year	<u>2,468,815</u>	<u>3,627,568</u>	<u>3,627,568</u>	<u>-</u>	<u>2,291,484</u>
Fund Balance - End of Year	<u>2,559,966</u>	<u>4,198,712</u>	<u>4,344,926</u>	<u>146,214</u>	<u>3,627,568</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	2013			2012	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General sales tax	3,822,891	3,822,891	3,892,926	70,035	3,796,655
Use tax	38,378	38,378	98,677	60,299	73,117
Total Taxes	<u>3,861,269</u>	<u>3,861,269</u>	<u>3,991,603</u>	<u>130,334</u>	<u>3,869,772</u>
Intergovernmental:					
Grants	295,000	295,000	-	(295,000)	-
Other:					
Interest income	33,000	33,000	36,430	3,430	37,719
Donations	-	-	-	-	2,200
Other income	13,514	13,514	29,482	15,968	6,346
Total Other	<u>46,514</u>	<u>46,514</u>	<u>65,912</u>	<u>19,398</u>	<u>46,265</u>
Total Revenues	<u>4,202,783</u>	<u>4,202,783</u>	<u>4,057,515</u>	<u>(145,268)</u>	<u>3,916,037</u>
Expenditures:					
General Government:					
General and administrative	665,966	1,165,966	995,739	170,227	2,135,989
Bond fees	39,992	39,992	41,438	(1,446)	40,192
Total General Government	<u>705,958</u>	<u>1,205,958</u>	<u>1,037,177</u>	<u>168,781</u>	<u>2,176,181</u>
Culture and Recreation:					
Frontier Historical Museum	4,547	4,547	4,311	236	6,348
River trail system	50,000	50,000	29,454	20,546	24,574
Arts Center	-	14,900	-	14,900	-
Other projects	1,175,000	661,672	407,723	253,949	11,776
Total Culture and Recreation	<u>1,229,547</u>	<u>731,119</u>	<u>441,488</u>	<u>289,631</u>	<u>42,698</u>
Public Works:					
Streets and sidewalks	16,000	16,000	16,145	(145)	-
Other projects	816,254	829,582	328,769	500,813	225,514
Total Public Works	<u>832,254</u>	<u>845,582</u>	<u>344,914</u>	<u>500,668</u>	<u>225,514</u>
Debt Service:					
Principal - 1999 Sales and Use Tax bonds	1,125,000	1,125,000	1,125,000	-	1,090,000
Interest - 1999 Sales and Use Tax bonds	298,638	298,638	298,638	-	331,338
Principal - 1999 Government Agency bonds	291,520	291,520	291,519	1	280,722
Interest - 1999 Government Agency bonds	53,472	53,472	31,807	21,665	62,770
Total Debt Service	<u>1,768,630</u>	<u>1,768,630</u>	<u>1,746,964</u>	<u>21,666</u>	<u>1,764,830</u>
Total Expenditures	<u>4,536,389</u>	<u>4,551,289</u>	<u>3,570,543</u>	<u>980,746</u>	<u>4,209,223</u>
Excess (Deficiency) of Revenues Over Expenditures	(333,606)	(348,506)	486,972	835,478	(293,186)
Other Financing Sources (Uses):					
Transfers (out)	(13,514)	(13,514)	(13,514)	-	(13,514)
Total Other Financing Sources (Uses)	<u>(13,514)</u>	<u>(13,514)</u>	<u>(13,514)</u>	<u>-</u>	<u>(13,514)</u>
Net Change in Fund Balance	(347,120)	(362,020)	473,458	835,478	(306,700)
Fund Balance - Beginning of Year	<u>2,961,704</u>	<u>3,264,006</u>	<u>3,264,006</u>	<u>-</u>	<u>3,570,706</u>
Fund Balance - End of Year	<u>2,614,584</u>	<u>2,901,986</u>	<u>3,737,464</u>	<u>835,478</u>	<u>3,264,006</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, 2013

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Tourism Fund</u>	<u>Street Tax Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>General Improvement District No. 1980</u>	<u>Emergency Services Equipment Replacement</u>	
Assets:								
Cash and investments - Unrestricted	510,915	2,361,017	104,763	323,624	299,219	19,089	1,750,718	5,369,345
Taxes receivable	46,483	213,757	-	-	85,486	38,037	-	383,763
Accounts receivable, net of allowance	713	-	-	-	74,605	-	-	75,318
Interest receivable	115	674	-	171	-	-	322	1,282
Due from other governments	-	117,890	-	-	-	-	-	117,890
Prepaid items	-	-	-	-	2,335	-	-	2,335
Total Assets	<u>558,226</u>	<u>2,693,338</u>	<u>104,763</u>	<u>323,795</u>	<u>461,645</u>	<u>57,126</u>	<u>1,751,040</u>	<u>5,949,933</u>
Liabilities and Fund Balance:								
Liabilities:								
Accounts payable	60,147	134,263	-	4,699	167,384	-	-	366,493
Total Liabilities	<u>60,147</u>	<u>134,263</u>	<u>-</u>	<u>4,699</u>	<u>167,384</u>	<u>-</u>	<u>-</u>	<u>366,493</u>
Deferred Inflows of Resources:								
Property Taxes	-	-	-	-	-	37,856	-	37,856
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,856</u>	<u>-</u>	<u>37,856</u>
Fund Balances:								
Nonspendable	-	-	-	-	2,335	-	-	2,335
Restricted	22,770	60,521	1,140	319,096	28,015	1,378	3,479	436,399
Committed	110,937	149,933	-	-	-	-	-	260,870
Assigned	364,372	2,348,621	103,623	-	263,911	17,892	1,747,561	4,845,980
Total Fund Balance	<u>498,079</u>	<u>2,559,075</u>	<u>104,763</u>	<u>319,096</u>	<u>294,261</u>	<u>19,270</u>	<u>1,751,040</u>	<u>5,545,584</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>558,226</u>	<u>2,693,338</u>	<u>104,763</u>	<u>323,795</u>	<u>461,645</u>	<u>57,126</u>	<u>1,751,040</u>	<u>5,949,933</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, 2013

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Tourism Fund</u>	<u>Street Tax Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>General Improvement District No. 1980</u>	<u>Emergency Services Equipment Replacement</u>	
Revenues:								
Taxes	756,542	1,995,802	-	-	798,262	45,760	-	3,596,366
Intergovernmental	-	149,067	-	103,497	283,680	-	63,426	599,670
Charges for services	-	-	37,714	-	129,371	-	-	167,085
Interest income	758	2,759	271	619	445	174	2,521	7,547
Other	1,713	18,795	-	-	5,755	-	33,257	59,520
Total Revenues	<u>759,013</u>	<u>2,166,423</u>	<u>37,985</u>	<u>104,116</u>	<u>1,217,513</u>	<u>45,934</u>	<u>99,204</u>	<u>4,430,188</u>
Expenditures:								
General governmental	-	-	16,387	-	-	45,209	-	61,596
Transportation	-	638,365	-	-	1,124,814	-	-	1,763,179
Public safety	-	-	-	-	-	-	80,347	80,347
Community and economic development	717,158	-	-	-	-	-	-	717,158
Culture and recreation	-	-	-	43,104	-	-	-	43,104
Total Expenditures	<u>717,158</u>	<u>638,365</u>	<u>16,387</u>	<u>43,104</u>	<u>1,124,814</u>	<u>45,209</u>	<u>80,347</u>	<u>2,665,384</u>
Excess (Deficiency) of Revenues Over Expenditures	41,855	1,528,058	21,598	61,012	92,699	725	18,857	1,764,804
Other Financing Sources (Uses):								
Intergovernmental awards	-	-	-	-	-	-	16,758	16,758
Transfers in	-	200,000	-	-	-	-	185,375	385,375
Transfers (out)	-	(6,757)	-	-	(2,702)	-	-	(9,459)
Total Other Financing Sources (Uses)	<u>-</u>	<u>193,243</u>	<u>-</u>	<u>-</u>	<u>(2,702)</u>	<u>-</u>	<u>202,133</u>	<u>392,674</u>
Net Change in Fund Balance	41,855	1,721,301	21,598	61,012	89,997	725	220,990	2,157,478
Fund Balance - Beginning of Year	<u>456,224</u>	<u>837,774</u>	<u>83,165</u>	<u>258,084</u>	<u>204,264</u>	<u>18,545</u>	<u>1,530,050</u>	<u>3,388,106</u>
Fund Balance - End of Year	<u>498,079</u>	<u>2,559,075</u>	<u>104,763</u>	<u>319,096</u>	<u>294,261</u>	<u>19,270</u>	<u>1,751,040</u>	<u>5,545,584</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
Accommodations tax	730,000	730,000	756,542	26,542	721,787
Other:					
Interest income	300	300	758	458	622
Other income	-	-	1,713	1,713	1,016
Total Revenues	<u>730,300</u>	<u>730,300</u>	<u>759,013</u>	<u>28,713</u>	<u>723,425</u>
Expenditures:					
Economic Development:					
Salary and benefits	91,250	91,250	83,601	7,649	68,750
Administrative	21,053	21,053	19,553	-	18,368
Consulting services	59,600	59,600	11,663	47,937	17,952
Visitor services	75,947	75,947	77,301	(1,354)	70,000
Central reservations/watts line	1,500	1,500	15,411	(13,911)	1,752
Public relations	37,800	37,800	37,622	178	34,331
Printing and distribution (brochures, postcards, etc.)	158,030	158,030	139,105	18,925	114,979
Database and internet marketing	104,025	104,025	124,744	(20,719)	115,035
Advertising and promotion	270,800	270,800	183,541	87,259	136,807
Travel and booth expenses	20,995	20,995	19,261	1,734	12,192
Research and tracking	-	-	-	-	2,928
Equipment	-	5,000	-	5,000	-
Special event	5,000	5,000	5,356	(356)	20,815
Total Expenditures	<u>846,000</u>	<u>851,000</u>	<u>717,158</u>	<u>132,342</u>	<u>613,909</u>
Net Change in Fund Balance	(115,700)	(120,700)	41,855	162,555	109,516
Fund Balance - Beginning of Year	<u>296,802</u>	<u>456,224</u>	<u>456,224</u>	<u>-</u>	<u>346,708</u>
Fund Balance - End of Year	<u>181,102</u>	<u>335,524</u>	<u>498,079</u>	<u>162,555</u>	<u>456,224</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			Final Budget Variance Positive (Negative)	<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Taxes:					
General sales tax	1,911,446	1,911,446	1,946,463	35,017	1,898,328
Use tax	19,189	19,189	49,339	30,150	36,559
Other:					
Miscellaneous income	56,757	56,757	18,795	(37,962)	6,748
Interest income	50	50	2,759	2,709	414
Total Revenues	<u>1,987,442</u>	<u>1,987,442</u>	<u>2,017,356</u>	<u>29,914</u>	<u>1,942,049</u>
Expenditures:					
Transportation:					
TDM contract	30,000	30,000	12,854	17,146	8,791
Transit program	1,969,500	2,304,500	414,678	1,889,822	690,299
Other expenses	388,489	261,753	210,833	50,920	397,037
Total Transportation	<u>2,387,989</u>	<u>2,596,253</u>	<u>638,365</u>	<u>1,957,888</u>	<u>1,096,127</u>
Debt Service:					
Principal payment	-	-	-	-	91,938
Interest payment	-	-	-	-	7,658
Principal payment - SIB loan	-	-	-	-	163,716
Interest payment - SIB loan	-	-	-	-	3,274
Total Expenditures	<u>2,387,989</u>	<u>2,596,253</u>	<u>638,365</u>	<u>1,957,888</u>	<u>1,362,713</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(400,547)	(608,811)	1,378,991	1,987,802	579,336
Other Financing Sources (Uses):					
Intergovernmental awards	600,000	600,000	149,067	(450,933)	190,429
Transfers in	-	200,000	200,000	-	-
Transfers (out)	(6,757)	(6,757)	(6,757)	-	(6,757)
Total Other Financing Sources (Uses)	<u>593,243</u>	<u>793,243</u>	<u>342,310</u>	<u>(450,933)</u>	<u>183,672</u>
Net Change in Fund Balance	192,696	184,432	1,721,301	1,536,869	763,008
Fund Balance - Beginning of Year	<u>104,476</u>	<u>837,774</u>	<u>837,774</u>	<u>-</u>	<u>74,766</u>
Fund Balance - End of Year	<u>297,172</u>	<u>1,022,206</u>	<u>2,559,075</u>	<u>1,536,869</u>	<u>837,774</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Charges for Services:				
Assessments	40,000	37,714	(2,286)	38,353
Other:				
Interest income	300	271	(29)	318
Total Revenues	<u>40,300</u>	<u>37,985</u>	<u>(2,315)</u>	<u>38,671</u>
Expenditures:				
General Government:				
Victim/witness assistance	45,000	15,447	29,553	33,960
Training	500	-	500	-
Professional fees	-	534	(534)	1,132
Office supplies	1,000	406	594	98
Capital Outlay:				
Police equipment	15,000	-	15,000	3,452
Total Expenditures	<u>61,500</u>	<u>16,387</u>	<u>45,113</u>	<u>38,642</u>
Net Change in Fund Balance	(21,200)	21,598	42,798	29
Fund Balance - Beginning of Year	<u>79,237</u>	<u>83,165</u>	<u>3,928</u>	<u>83,136</u>
Fund Balance - End of Year	<u><u>58,037</u></u>	<u><u>104,763</u></u>	<u><u>46,726</u></u>	<u><u>83,165</u></u>

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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental:				
Colorado Lottery	85,000	103,497	18,497	95,751
Other:				
Interest income	300	619	319	418
Total Other	<u>300</u>	<u>619</u>	<u>319</u>	<u>418</u>
Total Revenues	<u>85,300</u>	<u>104,116</u>	<u>18,816</u>	<u>96,169</u>
Expenditures:				
Culture and Recreation:				
Community center equipment	-	16,158	(16,158)	-
Park improvement and equipment	40,000	26,946	13,054	51,603
LOVA Trail	75,000	-	75,000	-
Whitewater park	5,000	-	5,000	-
Other projects	54,069	-	54,069	-
Total Expenditures	<u>174,069</u>	<u>43,104</u>	<u>130,965</u>	<u>51,603</u>
Net Change in Fund Balance	(88,769)	61,012	149,781	44,566
Fund Balance - Beginning of Year	<u>178,769</u>	<u>258,084</u>	<u>79,315</u>	<u>213,518</u>
Fund Balance - End of Year	<u><u>90,000</u></u>	<u><u>319,096</u></u>	<u><u>229,096</u></u>	<u><u>258,084</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
General sales tax	764,522	764,522	778,528	14,006	759,275
Use tax	7,676	7,676	19,734	12,058	14,622
Intergovernmental:					
Grants and awards	252,000	252,000	283,680	31,680	317,864
Charges for Services:					
Bus fares	144,000	144,000	125,229	(18,771)	128,473
Advertising fees	7,000	7,000	4,142	(2,858)	5,066
Other:					
Interest income	50	50	445	395	186
Miscellaneous	2,702	2,702	5,755	3,053	1,313
Total Revenues	<u>1,177,950</u>	<u>1,177,950</u>	<u>1,217,513</u>	<u>39,563</u>	<u>1,226,799</u>
Expenditures:					
Transportation:					
Fixed labor	296,400	296,400	342,879	(46,479)	313,441
Direct labor	350,853	350,853	236,319	114,534	258,792
Employee bus pass	1,686	1,686	1,849	(163)	4,137
Direct mileage cost	226,827	226,827	216,361	10,466	218,877
Training	48,614	48,614	49,986	(1,372)	40,345
Capital costs	40,000	40,000	34,930	5,070	54,327
Other	257,260	260,575	242,490	18,085	219,007
Total Expenditures	<u>1,221,640</u>	<u>1,224,955</u>	<u>1,124,814</u>	<u>100,141</u>	<u>1,108,926</u>
Excess (Deficiency) of Revenues Over Expenditures	(43,690)	(47,005)	92,699	139,704	117,873
Other Financing Sources (Uses):					
Transfer (out)	(2,702)	(2,702)	(2,702)	-	(2,702)
Total Other Financing Sources (Uses)	<u>(2,702)</u>	<u>(2,702)</u>	<u>(2,702)</u>	<u>-</u>	<u>(2,702)</u>
Net Change in Fund Balance	(46,392)	(49,707)	89,997	139,704	115,171
Fund Balance - Beginning of Year	<u>302,075</u>	<u>204,264</u>	<u>204,264</u>	<u>-</u>	<u>89,093</u>
Fund Balance - End of Year	<u>255,683</u>	<u>154,557</u>	<u>294,261</u>	<u>139,704</u>	<u>204,264</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	2013			2012
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Taxes:				
Property taxes	43,677	43,570	(107)	44,393
Specific ownership taxes	2,200	2,190	(10)	2,094
Total Taxes	45,877	45,760	(117)	46,487
Other:				
Interest income	100	174	74	278
Total Revenues	45,977	45,934	(43)	46,765
Expenditures:				
General Government:				
Miscellaneous and Treasurer's fees	900	874	26	889
Other	45,120	44,335	785	51,204
Total Expenditures	46,020	45,209	811	52,093
Net Change in Fund Balance	(43)	725	768	(5,328)
Fund Balance - Beginning of Year	22,882	18,545	(4,337)	23,873
Fund Balance - End of Year	22,839	19,270	(3,569)	18,545

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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Rural Fire District contribution	63,426	63,426	-	62,531
Interest income	1,000	2,521	1,521	3,041
Impact fees	3,000	33,257	30,257	182,223
Total Revenues	<u>67,426</u>	<u>99,204</u>	<u>31,778</u>	<u>247,795</u>
Expenditures:				
Public Safety:				
Equipment purchases	740,000	80,347	659,653	31,835
Total Expenditures	<u>740,000</u>	<u>80,347</u>	<u>659,653</u>	<u>31,835</u>
Excess (Deficiency) of Revenues Over Expenditures	(672,574)	18,857	691,431	215,960
Other Financing Sources (Uses):				
Intergovernmental awards	-	16,758	16,758	-
Transfer in	186,519	185,375	(1,144)	186,299
Total Other Financing Sources	<u>186,519</u>	<u>202,133</u>	<u>15,614</u>	<u>186,299</u>
Net Change in Fund Balance	(486,055)	220,990	707,045	402,259
Fund Balance - Beginning of Year	<u>753,215</u>	<u>1,530,050</u>	<u>776,835</u>	<u>1,127,791</u>
Fund Balance - End of Year	<u><u>267,160</u></u>	<u><u>1,751,040</u></u>	<u><u>1,483,880</u></u>	<u><u>1,530,050</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	2013			Final Budget Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges and Fees:					
Water user fees	2,419,000	2,419,000	2,345,228	(73,772)	2,562,950
Sewer user fees	2,796,888	2,796,888	2,726,051	(70,837)	2,708,067
Water connection fees	1,000	1,000	828	(172)	2,941
Sewer connection fees	1,000	1,000	155	(845)	150
Meter sales	10,000	10,000	5,865	(4,135)	13,429
Other	7,500	7,500	5,686	(1,814)	6,997
Water improvement fees	30,000	30,000	12,756	(17,244)	38,906
Sewer improvement fees	10,000	10,000	7,643	(2,357)	20,348
Total Operating Revenues	<u>5,275,388</u>	<u>5,275,388</u>	<u>5,104,212</u>	<u>(171,176)</u>	<u>5,353,788</u>
Operating Expenses:					
Administration	751,591	783,078	638,991	144,087	530,442
Water plant operation	545,392	545,392	577,352	(31,960)	594,449
Water transmission and distribution	609,328	609,328	367,359	241,969	527,572
Wastewater plant operation	728,720	728,720	744,116	(15,396)	692,035
Wastewater collection and transmission	301,014	302,271	320,804	(18,533)	302,953
Customer service	162,136	258,851	251,811	7,040	190,423
Depreciation	1,751,916	1,751,916	1,683,407	68,509	945,769
Capital outlay	1,346,000	1,346,000	167,660	1,178,340	230,813
Debt service - Principal	1,091,925	1,091,925	1,091,925	-	1,081,375
Total Operating Expenses	<u>7,288,022</u>	<u>7,417,481</u>	<u>5,843,425</u>	<u>1,574,056</u>	<u>5,095,831</u>
Operating Income (Loss) - Budget Basis	<u>(2,012,634)</u>	<u>(2,142,093)</u>	<u>(739,213)</u>	<u>1,402,880</u>	<u>257,957</u>
Non-Operating Revenues (Expenses):					
Gain (loss) on disposition of assets	-	-	2,048	2,048	1,995
Investment income	10,000	10,000	43,120	33,120	17,727
Intergovernmental awards	-	1,000,000	1,109,139	109,139	61,446
Amortization of bond costs	(6,013)	(6,013)	(6,013)	-	(11,413)
Interest expense	(861,231)	(861,231)	(850,356)	10,875	(865,957)
Total Non-Operating Revenues (Expenses):	<u>(857,244)</u>	<u>142,756</u>	<u>297,938</u>	<u>155,182</u>	<u>(796,202)</u>
Transfers in	800,000	800,000	800,000	-	800,000
Transfers (out)	(389,686)	(1,389,686)	(1,303,111)	86,575	(3,731,206)
Change in Net Position - Budget Basis	<u>(2,459,564)</u>	<u>(2,589,023)</u>	<u>(944,386)</u>	<u>1,644,637</u>	<u>(3,469,451)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital contributions			2,880,253		28,201,498
Debt service - Principal			1,091,925		1,081,375
Capital outlay			167,660		230,813
Total Adjustments			<u>4,139,838</u>		<u>29,513,686</u>
Net Income - GAAP Basis			<u>3,195,452</u>		<u>26,044,235</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative) Actual</u>	
Operating Revenues:					
Charges and fees:					
Commercial	6,921,459	6,921,459	7,391,377	469,918	6,806,317
Residential	2,976,092	2,976,092	3,242,123	266,031	2,955,805
Municipal	86,170	86,170	100,390	14,220	84,764
Security lights	11,423	11,423	11,109	(314)	11,145
Service connect fees	14,000	14,000	15,600	1,600	16,800
Other	455,650	455,650	493,096	37,446	537,837
Total Operating Revenues	<u>10,464,794</u>	<u>10,464,794</u>	<u>11,253,695</u>	<u>788,901</u>	<u>10,412,668</u>
Expenses:					
Purchased power	6,533,487	8,033,487	8,131,454	(97,967)	6,286,954
Maintenance - Distribution	1,547,693	1,547,693	1,415,634	132,059	1,524,259
Customer accounts	341,452	410,517	412,387	(1,870)	388,722
General and administrative	1,022,090	1,086,923	750,816	336,107	692,160
Capital improvements	1,023,000	1,058,000	354,439	703,561	395,992
Depreciation	976,994	976,994	876,929	100,065	911,261
Total Operating Expenses	<u>11,444,716</u>	<u>13,113,614</u>	<u>11,941,659</u>	<u>1,171,955</u>	<u>10,199,348</u>
Operating Income (Loss) Budget Basis	(979,922)	(2,648,820)	(687,964)	1,960,856	213,320
Non-Operating Revenues (Expenses):					
Gain (loss) on disposition of assets	(10,000)	(10,000)	(10,682)	(682)	571
Investment income	8,000	8,000	14,396	6,396	17,823
Interest expense	(200)	(200)	(167)	33	(167)
Total Non-Operating Revenues (Expenses):	<u>(2,200)</u>	<u>(2,200)</u>	<u>3,547</u>	<u>5,747</u>	<u>18,227</u>
Capital contributions	400,000	400,000	229,141	(170,859)	92,319
Transfers (out)	(667,511)	(667,511)	(626,004)	41,507	(618,128)
Change in Net Position - Budget Basis	<u>(1,249,633)</u>	<u>(2,918,531)</u>	<u>(1,081,280)</u>	<u>1,837,251</u>	<u>(294,262)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			354,439		395,992
Total Adjustments			<u>354,439</u>		<u>395,992</u>
Net Income - GAAP Basis			<u>(726,841)</u>		<u>101,730</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>2012</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenues:				
Rentals:				
Airport/land lease	24,910	26,500	1,590	24,500
Hanger lease	1,060	-	(1,060)	800
Charges and fees:				
Annual user fees	2,820	3,533	713	3,250
Long-term tie downs	8,610	3,720	(4,890)	6,185
Transient tie downs	2,955	1,034	(1,921)	573
Fuel sales	92,500	91,154	(1,346)	99,204
State fuel tax refund	600	560	(40)	639
Other income	50	1,124	1,074	2,968
Total Operating Revenues	<u>133,505</u>	<u>127,625</u>	<u>(5,880)</u>	<u>138,119</u>
Operating Expenses:				
Administration	48,903	22,072	26,831	28,059
Operations	123,432	97,537	25,895	102,877
Capital Outlay	-	-	-	296
Depreciation	6,072	6,063	9	6,063
Total Expenses	<u>178,407</u>	<u>125,672</u>	<u>52,735</u>	<u>137,295</u>
Operating Income (Loss) - Budget Basis	(44,902)	1,953	46,855	824
Non-Operating Revenues (Expenses):				
Investment income	100	80	(20)	69
Change in Net Position - Budget Basis	<u>(44,802)</u>	<u>2,033</u>	<u>46,835</u>	<u>893</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Capital outlay		-		-
Total Adjustments		-		-
Net Income - GAAP Basis		<u>2,033</u>		<u>893</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	2013			Final Budget Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Disposal fees	2,862,000	2,862,000	2,235,156	(626,844)	3,494,185
Composting fees	523,000	523,000	652,292	129,292	496,577
Other Income	40,000	40,000	54,955	14,955	63,896
Total Operating Revenues	<u>3,425,000</u>	<u>3,425,000</u>	<u>2,942,403</u>	<u>(482,597)</u>	<u>4,054,658</u>
Operating Expenses:					
Personnel costs	259,243	286,041	264,405	21,636	248,156
Operating costs	2,835,650	3,294,793	3,145,687	149,106	3,131,334
Composting fees	50,000	50,000	-	50,000	-
Utilities	8,050	8,050	5,836	2,214	4,610
Insurance	52,646	52,646	55,368	(2,722)	51,613
Allocated costs	144,430	144,430	144,430	-	163,162
Landfill compliance costs	100,518	100,518	-	100,518	68,037
Depreciation	8,640	8,640	8,632	8	8,632
Capital outlay	-	-	66,920	(66,920)	234,985
Total Operating Expenses	<u>3,459,177</u>	<u>3,945,118</u>	<u>3,691,278</u>	<u>253,840</u>	<u>3,910,529</u>
Operating Income (Loss) Budget Basis	(34,177)	(520,118)	(748,875)	(228,757)	144,129
Non-Operating Revenues (Expenses):					
Interest income	46,305	46,305	62,204	15,899	53,005
Gain (loss) on disposition of asset	(2,000)	(2,000)	240	2,240	-
Landfill compliance cost recovery	-	-	204,129	204,129	-
Total Non-Operating Revenues (Expenses)	<u>44,305</u>	<u>44,305</u>	<u>266,573</u>	<u>222,268</u>	<u>53,005</u>
Change in Net Position - Budget Basis	<u>10,128</u>	<u>(475,813)</u>	<u>(482,302)</u>	<u>(6,489)</u>	<u>197,134</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			66,920		234,985
Total Adjustments			<u>66,920</u>		<u>234,985</u>
Net Income - GAAP Basis			<u>(415,382)</u>		<u>432,119</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	<u>2013</u>			<u>Final Budget Variance Positive (Negative)</u>	<u>2012</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenues:					
Charges and fees	636,844	636,844	613,985	(22,859)	613,949
Other operating revenue	10,000	10,000	4,356	(5,644)	15,769
Total Operating Revenues	<u>646,844</u>	<u>646,844</u>	<u>618,341</u>	<u>(28,503)</u>	<u>629,718</u>
Expenses:					
General government:					
Operations	944,782	996,259	873,965	122,294	827,116
Depreciation	495,428	495,428	453,410	42,018	438,234
Capital outlay	752,100	752,100	360,210	391,890	309,172
Total Operating Expenses	<u>2,192,310</u>	<u>2,243,787</u>	<u>1,687,585</u>	<u>556,202</u>	<u>1,574,522</u>
Operating Income (Loss) - Budget Basis	(1,545,466)	(1,596,943)	(1,069,244)	527,699	(944,804)
Non-Operating Revenues (Expenses):					
Investment income	42,100	42,100	53,556	11,456	24,823
Sale of asset	50,000	50,000	39,157	(10,843)	41,602
Transfers in	261,647	261,647	-	(261,647)	-
Total Non-Operating Revenues (Expenses)	<u>353,747</u>	<u>353,747</u>	<u>92,713</u>	<u>(261,034)</u>	<u>66,425</u>
Change in Net Position - Budget Basis	<u>(1,191,719)</u>	<u>(1,243,196)</u>	<u>(976,531)</u>	<u>266,665</u>	<u>(878,379)</u>
Reconciliation to GAAP Basis:					
Capital Contributions			-		-
Capital outlay			360,210		309,172
Operating Income (Loss) - GAAP Basis			<u>(616,321)</u>		<u>(569,207)</u>
Net Position - Beginning of Year			<u>7,407,138</u>		<u>7,976,345</u>
Net Position - End of Year			<u>6,790,817</u>		<u>7,407,138</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, 2013
(With Comparative Actual Amounts for December 31, 2012)

	2013			Final Budget Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Additions:					
Perpetual care fees	1,000	1,000	1,750	750	3,250
Interest income	50	50	55	5	52
Total Additions	1,050	1,050	1,805	755	3,302
Deductions:					
Cemetery maintenance	-	150	-	150	-
Total Deductions	-	150	-	150	3,602
Change in Net Position	1,050	900	1,805	905	(300)
Net Position - Beginning of Year	32,591	31,242	31,242	-	31,542
Net Position - End of Year	33,641	32,142	33,047	905	31,242

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, 2013
(With Comparative Totals For the Year Ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
Additions:		
Pension contributions:		
State of Colorado	18,900	18,900
City of Glenwood Springs	21,000	21,000
Investment gain (loss)	<u>99,843</u>	<u>76,645</u>
Total Additions	<u>139,743</u>	<u>116,545</u>
Deductions:		
Pension payments	109,045	108,045
Fees	<u>1,200</u>	<u>-</u>
Total Deductions	<u>110,245</u>	<u>108,045</u>
Change in Net Position	29,498	8,500
Net Position - Beginning of Year	<u>715,410</u>	<u>706,910</u>
Net Position - End of Year	<u><u>744,908</u></u>	<u><u>715,410</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.

LOCAL HIGHWAY FINANCE REPORT		City or County: City
		YEAR ENDING : December 2013
This Information From The Records Of (example - City of _ or County of City of Glenwood Springs)	Prepared By: Phone:	Michael J. Harman (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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	462,439
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	856,951
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	106,468
2. General fund appropriations	1,054,252	b. Snow and ice removal	98,622
3. Other local imposts (from page 2)	942,810	c. Other	0
4. Miscellaneous local receipts (from page 2)	194,196	d. Total (a. through c.)	205,090
5. Transfers from toll facilities		4. General administration & miscellaneous	101,867
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,017,366
a. Bonds - Original Issues		6. Total (1 through 5)	2,643,713
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,191,258	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	364,969	2. Notes:	
D. Receipts from Federal Government (from page 2)	87,486	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2,643,713	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	2,643,713

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,067,277	0	141,573	925,704
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,643,713	2,643,713		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	2,759
b. Other local imposts:		b. Traffic Fines & Penalties	137,438
1. Sales Taxes	889,394	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	4,558	d. Parking Meter Fees	41,086
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	48,858	g. Other Misc. Receipts	0
6. Total (1. through 5.)	942,810	h. Other GARCO mineral lease grant	12,913
c. Total (a. + b.)	942,810	i. Total (a. through h.)	194,196
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	282,223	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	34,078	d. Federal Transit Admin	0
d. Other (Specify) - EIAF Grant	48,668	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Feder Earmark Grant	87,486
f. Total (a. through e.)	82,746	g. Total (a. through f.)	87,486
4. Total (1. + 2. + 3.f)	364,969	3. Total (1. + 2.g)	
			(Carry forward to page 1)

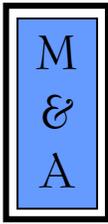
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	53,973	256,460	310,433
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	119,770	119,770
(4). System Enhancement & Operation	0	32,236	32,236
(5). Total Construction (1) + (2) + (3) + (4)	0	152,006	152,006
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	53,973	408,466	462,439
			(Carry forward to page 1)

Notes and Comments:

SINGLE AUDIT REPORTS AND SCHEDULES





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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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, 2013, 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 10, 2014.

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

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

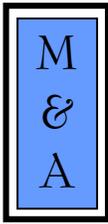
Compliance and Other Matters

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 10, 2014**



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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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, 2013. 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, 2013.

Member: American Institute of Certified Public Accountants

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**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 10, 2014**

City of Glenwood Springs, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 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, 2013
(Continued)

Note: There were no findings for the fiscal year ended December 31, 2012.

City of Glenwood Springs
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Office of National Drug Control Policy:			
High Intensity Drug Trafficking Area	95.001	No	<u>87,378</u>
Department of Homeland Security			
Assistance to Firefighters Grant Program, Fire Prevention and Safety	97.044	No	<u>550</u>
Passed through State of Colorado:			
Department of Agriculture			
Forestry Assistance to States	10.664	No	<u>1,383</u>
Passed through Colorado Department of Transportation:			
Federal Transportation Agency			
Highway Planning and Construction	20.205	No	87,486
Administrative and Operating Costs Section 5311	20.509	No	283,680
Safety Incentive Grants for Use of Seatbelts	20.604	No	<u>608</u>
Total - Federal Transportation Agency			<u><u>371,774</u></u>
Department of Justice:			
American Recovery and Reinvestment Act:			
Joint Law Enforcement Operations	16.111	No	<u>2,545</u>
Passed through Colorado Water Resources & Power Development Authority:			
Environmental Protection Agency:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Yes	<u>246,054</u>
Total			<u><u>\$ 709,684</u></u>

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2013

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.