

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

**Financial Statements  
December 31, 2010**



**City of Glenwood Springs, Colorado  
Financial Report  
December 31, 2010**

**Table of Contents**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	A1 - A2
<b>Management's Discussion and Analysis</b>	B1 - B7
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets	C1
Statement of Activities	C2
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	C4
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	C5
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Net Assets - Enterprise Funds	C7
Statement of Revenues, Expenses and Changes in Fund Net Assets - Enterprise Funds	C8
Combining Statement of Cash Flows- Enterprise Funds	C9
Statement of Fiduciary Net Assets	C10
Combining Statement of Changes in Fiduciary Net Assets	C11
<b>Notes to the Financial Statements</b>	D1 - D25
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual: General Fund	E1 - E2
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual: Street Tax Fund	E3
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual: Capital Projects Fund	E4
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual: Acquisition and Improvement Fund	E5

**City of Glenwood Springs, Colorado  
Financial Report  
December 31, 2010**

**Table of Contents**

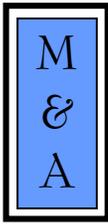
	<b>Page</b>
<b>Required Supplementary Information (continued):</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual: Down Town Development Authority Fund	E6
<b>Supplementary Information:</b>	
Non-Major Funds:	
Combining Balance Sheets - Non-major Governmental Funds	F1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	F2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
Tourism Fund	F3
V.A.L.E. Fund	F4
Conservation Trust Fund	F5
Bus Tax Fund	F6
Fire and Ambulance Fund	F7
General Improvement District No. 1980	F8
Emergency Services Equipment Replacement Fund	F9
Schedule of Revenues and Expenses - Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis:	
Water and Sewer Fund	F10
Electric System Fund	F11
Airport Operations Fund	F12
Landfill Operations Fund	F13
Fleet Service Fund	F14
Schedule of Changes in Fiduciary Net Assets - Budget (GAAP Basis) and Actual:	
Cemetery Reserve Fund	F15
Schedule of Changes in Fiduciary Net Assets - Firemen's Pension Fund	
	F16
Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets	F17 - F18

**City of Glenwood Springs, Colorado  
Financial Report  
December 31, 2010**

**Table of Contents**

Single Audit Reports and Schedules:

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	G1 – G2
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	G3 – G4
Schedule of Findings and Questioned Costs	G5
Schedule of Prior Audit Findings and Questioned Costs	G6
Schedule of Expenditures of Federal Awards	G7



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenwood Springs, (the "City"), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenwood Springs, as of December 31, 2010, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2011 on our consideration of the City's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board ("GASB"). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Member: American Institute of Certified Public Accountants*

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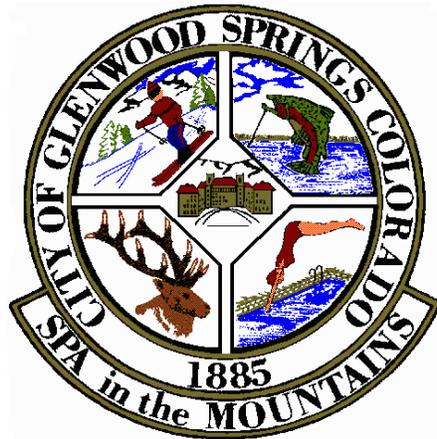
**To the Members of City Council  
City of Glenwood Springs, Colorado**

The budgetary schedules in Section E are not a required part of the basic financial statements but are supplementary information required by GASB. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Accompanying supplementary information in Section F, including individual fund budgetary statements, combining internal service fund financial statements, and the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the Schedule of Expenditures of Federal Awards included in the single audit section is presented for purposes 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 basic financial statements. The individual fund budgetary statements, combining internal service fund financial statements, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**McMahan & Associates, LLC  
June 14, 2011**

MANAGEMENT'S DISCUSSION AND ANALYSIS



# City of Glenwood Springs, Colorado

Management's Discussion and Analysis  
December 31, 2010

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, 2010.

## 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 Assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, Street Tax Fund, Capital Projects Fund, Acquisition and Improvement Fund, and the Downtown Development Authority. 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 Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current and other assets	22,178,854	17,357,810	38,455,684	24,174,397	60,634,538	41,532,207
Capital assets, net	88,433,406	75,049,066	48,796,393	46,844,862	137,229,799	121,893,928
<b>Total Assets</b>	<b>110,612,260</b>	<b>92,406,876</b>	<b>87,252,077</b>	<b>71,019,259</b>	<b>197,864,337</b>	<b>163,426,135</b>
<b>Liabilities:</b>						
Other liabilities	7,459,143	5,932,886	3,088,411	2,226,386	10,547,554	8,159,272
Long-term liabilities	15,352,309	15,861,595	31,487,265	1,872,399	46,839,574	17,733,994
<b>Total Liabilities</b>	<b>22,811,452</b>	<b>21,794,481</b>	<b>34,575,676</b>	<b>4,098,785</b>	<b>57,387,128</b>	<b>25,893,266</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	71,875,207	58,059,538	35,396,033	44,824,569	107,271,240	102,884,107
Restricted	2,289,650	2,310,720	310,000	460,000	2,599,650	2,770,720
Unrestricted	13,635,951	10,242,137	16,970,368	21,635,905	30,606,319	31,878,042
<b>Total Net Assets</b>	<b>87,800,808</b>	<b>70,612,395</b>	<b>52,676,401</b>	<b>66,920,474</b>	<b>140,477,209</b>	<b>137,532,869</b>

### Government-wide Net Assets 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 70% of its total assets; these assets are not an available source for payment of future spending. Of the remaining \$60,634,538 in assets, \$2,530,316 is restricted for the following purposes:

	Governmental Activities	Business-type Activities
Emergency reserve	\$ 652,235	-
Other items	1,237,415	-
Long-term receivables	400,000	
Debt service	-	310,000
	<b>\$ 2,289,650</b>	<b>310,000</b>

At the end of the 2010 fiscal year, the City is able to report positive balances in all three categories of net assets, first for the government as a whole, and then as separate governmental and business-type activities.

The City's net assets increased \$2,944,336 during the current fiscal year. The increase in governmental activities can primarily be attributed to the City's investment in capital assets and debt reduction. The decrease in business-type activities is primarily due to construction costs incurred for the new wastewater facilities for the City's water and sewer utility.

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

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	4,922,387	4,892,382	16,727,813	17,923,695	21,650,200	22,816,077
Grants and contributions	3,433,864	3,827,110	607,844	697,565	4,041,708	4,524,675
General revenue:						
Sales and use taxes	13,716,954	14,261,086	-	-	13,716,954	14,261,086
Property taxes	1,349,371	1,352,426	-	-	1,349,371	1,352,426
Other taxes	840,338	877,736	-	-	840,338	877,736
Interest and other revenues	444,639	517,941	184,738	427,954	629,377	945,895
<b>Total Revenues</b>	<b>24,707,553</b>	<b>25,728,681</b>	<b>17,520,395</b>	<b>19,049,214</b>	<b>42,227,948</b>	<b>44,777,895</b>
<b>Expenses:</b>						
General government	3,682,187	3,441,897	-	-	3,682,187	3,441,897
Transportation	1,344,841	1,332,810	-	-	1,344,841	1,332,810
Public Safety	6,578,169	6,711,856	-	-	6,578,169	6,711,856
Community development	1,318,121	1,663,577	-	-	1,318,121	1,663,577
Public works	4,658,997	3,938,191	-	-	4,658,997	3,938,191
Culture and recreation	3,763,721	4,384,404	-	-	3,763,721	4,384,404
Interest on long-term debt	455,387	821,892	-	-	455,387	821,892
Water and sewer	-	-	4,416,136	3,429,694	4,416,136	3,429,694
Electric system	-	-	9,112,989	9,220,083	9,112,989	9,220,083
Airport operations	-	-	160,103	203,710	160,103	203,710
Landfill	-	-	3,792,961	5,555,517	3,792,961	5,555,517
<b>Total Expenses</b>	<b>21,801,423</b>	<b>22,294,627</b>	<b>17,482,189</b>	<b>18,409,004</b>	<b>39,283,612</b>	<b>40,703,631</b>
<b>Change in Net Assets</b>						
<b>Before Transfers</b>	<b>2,906,130</b>	<b>3,434,054</b>	<b>38,206</b>	<b>640,210</b>	<b>2,944,336</b>	<b>4,074,264</b>
Transfers	14,282,279	1,804,250	(14,282,279)	(1,804,250)	-	-
<b>Change in Net Assets</b>	<b>17,188,409</b>	<b>5,238,304</b>	<b>(14,244,073)</b>	<b>(1,164,040)</b>	<b>2,944,336</b>	<b>4,074,264</b>
<b>Net Assets - Beginning</b>	<b>70,612,399</b>	<b>65,374,091</b>	<b>66,920,474</b>	<b>68,084,514</b>	<b>137,532,873</b>	<b>133,458,605</b>
<b>Net Assets - Ending</b>	<b>87,800,808</b>	<b>70,612,395</b>	<b>52,676,401</b>	<b>66,920,474</b>	<b>140,477,209</b>	<b>137,532,869</b>

**Governmental Activities:** Governmental activities increased the City's net assets by \$17,188,409. Significant events impacting 2010 are:

- Governmental Activities received transfers from business-type activities in the amount of \$14,282,279. The majority of this funding is to be used for the construction of the City's new wastewater facilities.
- Revenues decreased \$1,021,148 over the prior year, as sales tax continued to decrease related to the national economic conditions. Expenditures decreased slightly over 2%.
- 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 asset position.

## Government-wide Financial Analysis (continued):

**Business-type Activities:** Business-type activities decreased the City's net assets by \$14,244,073. Key elements of this increase are as follows:

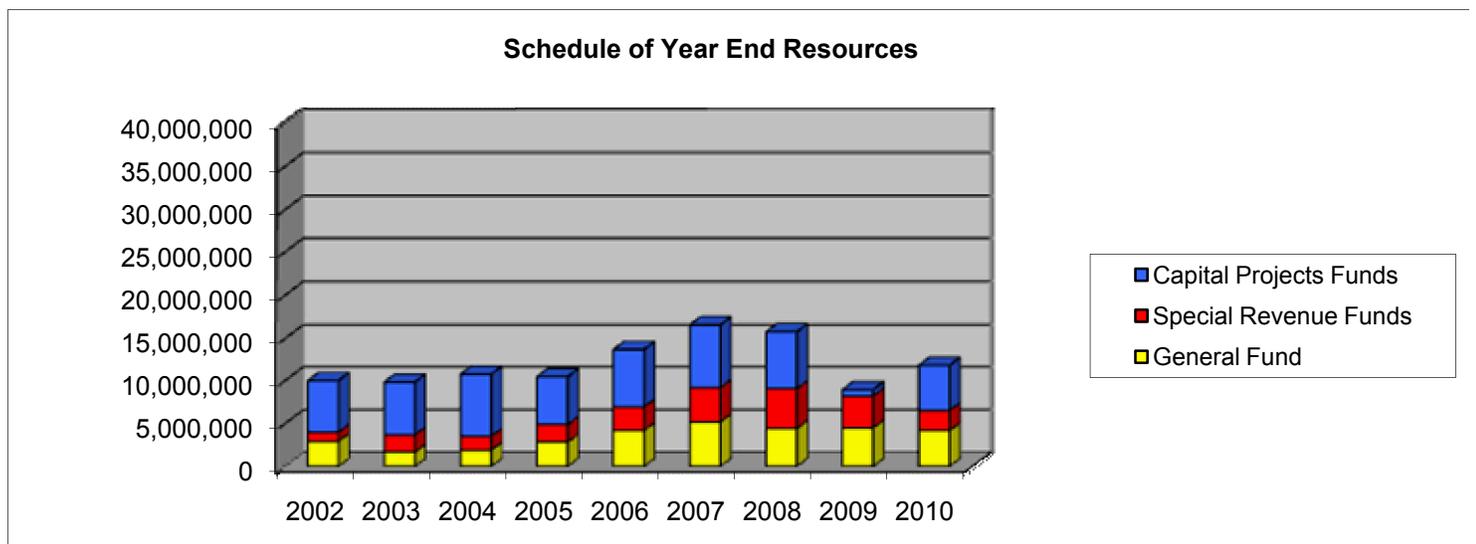
- The Water and Sewer Fund's net assets decreased \$12,959,056, as the fund made transfers to the City's Capital Projects Fund for the construction of the new wastewater facility. The fund entered into loan agreement in the amount of \$31,460,100 to fund this construction. The cash increased by \$17,251,658 for this fund, after the debt issuance and related transfers out.
- The Electric Fund's net assets increased \$256,818. This increase is due primarily to cost containment in an economic recession. Additionally, the fund received \$109,683 in developer contributions. The Fund's available cash decreased by \$1,164,623.
- The Landfill Fund's net assets decreased \$1,538,025. This decrease is largely due to a reduction in construction waste fees and an increase in operating expenditures; with the conversion to a third party operator in May of 2009 and an increase in State compliance costs. Transfers out to other funds totaled \$654,750. In 2007, the Landfill Fund advanced \$435,767 to the Downtown Development Authority for the purchase of property, which is being repaid in installments. Cash in this fund increased \$1,426,762.

## 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.

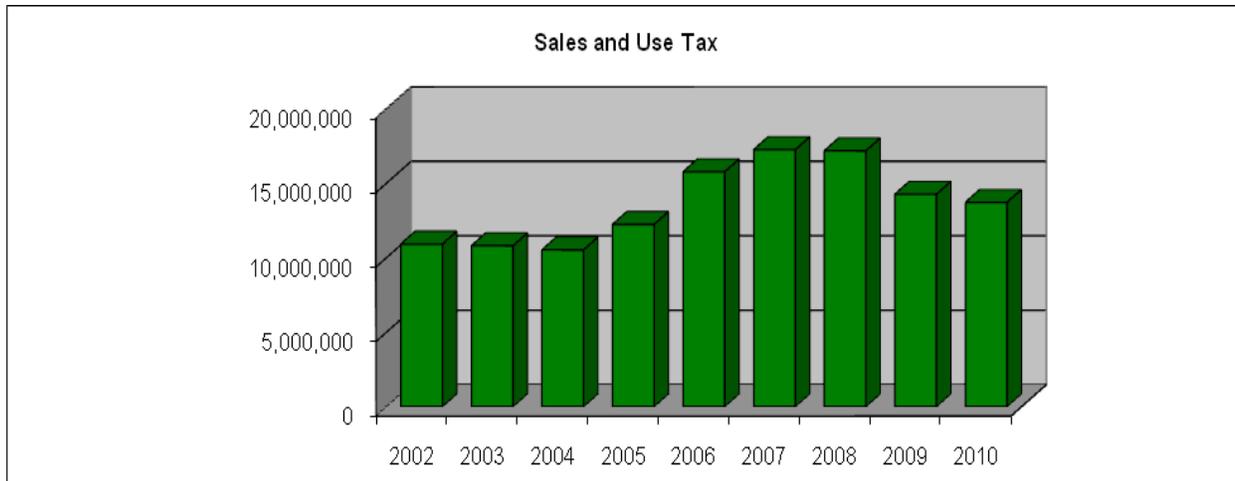
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,783,161, an increase of \$2,838,915 from the prior year ending fund balances. This increase can be attributable to transfers in from the City's business-type funds to offset the costs of undertaking new projects in the Capital Projects and Acquisition and Improvement Funds. Approximately 19% of the total fund balance, or \$2,220,316, is reserved, meaning it is not available for new spending because it has already been committed. The remainder of the combined fund balance is unreserved, which is available for spending at the City's discretion. 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:



The decrease in 2010 is a result of the current economic times felt nationally. Governmental funds received a total of \$14,282,279 in operational transfers in from proprietary funds, before accounting for any capital contributions between fund types. These transfers were approved to primarily cover capital asset activity and to subsidize operational costs.

**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 had ending net assets of \$52,676,400 broken down by fund as follows: Water and Sewer - \$17,398,326, Electric - \$27,478,789, Airport - \$98,629 and Landfill - \$7,700,656. The net assets listed previously include fixed assets. Unrestricted net assets available at year-end broken down by fund is: Water and Sewer - \$4,976,686, Electric System - \$4,730,773, Airport - \$45,950, and Landfill Operations - \$7,526,958.

The approved budget for 2011 includes transfers from the Enterprise funds only for debt requirements and the funding of capital costs.

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

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

<u>Account</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
<b>Revenues:</b>		
General sales tax	\$(1,016,095)	Circumstance of current economic decline as seen throughout the state.
County sales tax	(138,312)	Current econic decline at the local level.
County road and bridge	135,770	Budget anticipated in relation to the prior year actual.
<b>Expenses:</b>		
Annexation costs and rebates	363,629	Discretionary appropriations of \$300,000 remained unspent at year-end
Police department	154,962	Overall staffing shortages within department, as well as receiving grant reimbursements for programs undertaken.

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

**Long-term Debts:** As of the end of the current fiscal year, the City's long-term liabilities totaled \$50,907,822. 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 2010 totaled \$4,180,766. The original 2011 budget anticipates decreasing this balance by \$573,530.

**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 Assets**  
**December 31, 2010**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents - unrestricted	16,312,932	16,943,992	33,256,924
Cash and cash equivalents - restricted	1,713,772	18,403,889	20,117,661
Accounts, taxes, and interest receivable	3,751,618	2,256,634	6,008,252
Due from other governments	321,477	-	321,477
Prepaid items	1,608	-	1,608
Internal Balances	(397,721)	397,721	-
Inventory	30,293	452,375	482,668
<b>Total current assets</b>	<u>21,733,979</u>	<u>38,454,611</u>	<u>60,188,590</u>
<b>Other assets:</b>			
Deferred charges	444,875	1,073	445,948
<b>Capital assets:</b>			
Land and water rights	13,249,977	1,334,857	14,584,834
Buildings and improvements	85,129,631	69,087,618	154,217,249
Equipment	1,172,226	1,085,733	2,257,959
Vehicles	4,088,481	13,693	4,102,174
Construction in Progress	19,888,765	4,629,427	24,518,192
Less accumulated depreciation	(35,095,674)	(27,354,935)	(62,450,609)
<b>Total capital assets (net of accumulated depr.)</b>	<u>88,433,406</u>	<u>48,796,393</u>	<u>137,229,799</u>
<b>Total assets</b>	<u>110,612,260</u>	<u>87,252,077</u>	<u>197,864,337</u>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts, retainage, arbitrage & deposits payable	3,030,083	1,050,299	4,080,382
Accrued compensation	436,005	91,639	527,644
Interest payable	150,643	358,688	509,331
Deferred revenue	1,361,449	500	1,361,949
Compensated absences - Due within one year	510,029	211,735	721,764
Long-term debt - Due within one year	1,970,934	1,375,550	3,346,484
<b>Total current liabilities:</b>	<u>7,459,143</u>	<u>3,088,411</u>	<u>10,547,554</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	765,044	317,602	1,082,646
Long-term debt	14,587,265	31,169,663	45,756,928
<b>Total noncurrent liabilities</b>	<u>15,352,309</u>	<u>31,487,265</u>	<u>46,839,574</u>
<b>Total Liabilities</b>	<u>22,811,452</u>	<u>34,575,676</u>	<u>57,387,128</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	71,875,207	35,396,033	107,271,240
Restricted for:			
Debt service	-	310,000	310,000
Other purposes	1,637,415	-	1,637,415
Emergencies	652,235	-	652,235
Unrestricted	13,635,951	16,970,368	30,606,319
<b>Net Assets</b>	<u>87,800,808</u>	<u>52,676,401</u>	<u>140,477,209</u>

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

**City of Glenwood Springs, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
<b>Functions/Programs:</b>							
<b>Governmental Activities:</b>							
General government	3,682,187	2,077,877	531,428	-	(1,072,882)	-	(1,072,882)
Public transportation	1,344,841	9,000	558,824	-	(777,017)	-	(777,017)
Public safety	6,578,169	1,356,378	225,134	-	(4,996,657)	-	(4,996,657)
Community and economic development	1,318,121	235,292	-	-	(1,082,829)	-	(1,082,829)
Public works	4,658,997	9,001	2,004,020	30,000	(2,615,976)	-	(2,615,976)
Culture and recreation	3,763,721	1,234,839	5,481	78,977	(2,444,424)	-	(2,444,424)
Interest on long-term debt	455,387	-	-	-	(455,387)	-	(455,387)
<b>Total Governmental Activities</b>	<u>21,801,423</u>	<u>4,922,387</u>	<u>3,324,887</u>	<u>108,977</u>	<u>(13,445,172)</u>	<u>-</u>	<u>(13,445,172)</u>
<b>Business-type activities:</b>							
Water and sewer	4,416,136	4,229,091	11,899	5,988	-	(169,158)	(169,158)
Electric system	9,112,989	9,524,984	479,086	109,683	-	1,000,764	1,000,764
Airport operations	160,103	155,653	1,188	-	-	(3,262)	(3,262)
Landfill operations	3,792,961	2,818,085	-	-	-	(974,876)	(974,876)
<b>Total Business-type Activities</b>	<u>17,482,189</u>	<u>16,727,813</u>	<u>492,173</u>	<u>115,671</u>	<u>-</u>	<u>(146,532)</u>	<u>(146,532)</u>
<b>Total</b>	<u>39,283,612</u>	<u>21,650,200</u>	<u>3,817,060</u>	<u>224,648</u>	<u>(13,445,172)</u>	<u>(146,532)</u>	<u>(13,591,704)</u>
<b>General Revenues:</b>							
Taxes:							
Property tax, levied for general purposes					1,349,371	-	1,349,371
Specific ownership tax					37,946	-	37,946
Sales and use tax					13,716,954	-	13,716,954
Franchise tax					173,288	-	173,288
Accommodations tax					595,705	-	595,705
Other miscellaneous taxes					33,399	-	33,399
Unrestricted investment earnings					139,308	175,879	315,187
Grants, contributions and miscellaneous income not restricted for specific purposes					165,905	980	166,885
Gain (loss) on asset disposal					139,426	7,879	147,305
Transfers					14,282,279	(14,282,279)	-
<b>Total General Revenues and Transfers</b>					<u>30,633,581</u>	<u>(14,097,541)</u>	<u>16,536,040</u>
<b>Change in Net Assets</b>					17,188,409	(14,244,073)	2,944,336
<b>Net Assets - Beginning</b>					<u>70,612,399</u>	<u>66,920,474</u>	<u>137,532,873</u>
<b>Net Assets - Ending</b>					<u>87,800,808</u>	<u>52,676,401</u>	<u>140,477,209</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, 2010**

	General	Street Tax Fund	Capital Projects Fund	Acquisition and Improvement	Downtown Development Authority	Other Governmental Funds	Total
<b>Assets:</b>							
Cash and investments	3,268,340	8,852	2,145,489	2,165,501	2,106,163	1,505,748	11,200,093
Cash and investments - restricted	79,088	-	-	1,634,684	-	-	1,713,772
Taxes receivable	1,836,055	200,119	200,119	400,239	263,856	161,173	3,061,561
Accounts receivable	447,050	-	-	-	-	165,038	612,088
Interest receivable	8,318	-	1,021	8,239	-	-	17,578
Due from other governments	-	321,477	-	-	-	-	321,477
Due (to) from other funds	241,270	-	-	-	(638,990)	-	(397,720)
Prepaid items	-	-	-	-	-	1,608	1,608
<b>Total Assets</b>	<u>5,880,121</u>	<u>530,448</u>	<u>2,346,629</u>	<u>4,208,663</u>	<u>1,731,029</u>	<u>1,833,567</u>	<u>16,530,457</u>
<b>Liabilities and Fund Equity:</b>							
<b>Liabilities:</b>							
Accounts/vouchers payable	122,913	338,708	1,770,606	351,187	-	185,936	2,769,350
Other liabilities	228,859	-	-	-	-	-	228,859
Accrued payroll and related liabilities	298,700	-	7,248	-	-	83,290	389,238
Deferred property taxes not collectible until subsequent year	1,048,884	-	-	-	263,856	47,109	1,359,849
<b>Total Liabilities</b>	<u>1,699,356</u>	<u>338,708</u>	<u>1,777,854</u>	<u>351,187</u>	<u>263,856</u>	<u>316,335</u>	<u>4,747,296</u>
<b>Fund Balance:</b>							
Reserved:							
Other	54,915	-	-	1,182,500	-	-	1,237,415
Emergencies	378,579	67,733	50,034	63,646	12,848	79,395	652,235
Long-Term receivable	400,000	-	-	-	-	-	400,000
Unreserved, reported in:							
General	3,347,271	-	-	-	-	-	3,347,271
Special revenue	-	-	-	-	1,454,325	602,294	2,056,619
Capital projects	-	124,007	518,741	2,611,330	-	835,543	4,089,621
<b>Total Fund Balance</b>	<u>4,180,765</u>	<u>191,740</u>	<u>568,775</u>	<u>3,857,476</u>	<u>1,467,173</u>	<u>1,517,232</u>	<u>11,783,161</u>
<b>Total Liabilities and Fund Balance</b>	<u>5,880,121</u>	<u>530,448</u>	<u>2,346,629</u>	<u>4,208,663</u>	<u>1,731,029</u>	<u>1,833,567</u>	<u>16,530,457</u>

**City of Glenwood Springs, Colorado**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets**  
**December 31, 2010**

Governmental Funds Total Fund Balance	11,783,161
Add:	
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	85,692,486
Internal Service Funds are used by the City to account for the repair and replacement costs of the City's heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Activities.	7,864,201
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.	(17,539,040)
Governmental Activities Net Assets	<u><u>87,800,808</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, 2010**

	<u>General</u>	<u>Street Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Acquisition and Improvement</u>	<u>Downtown Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>							
Taxes	6,748,663	1,828,341	1,828,341	3,656,681	424,699	1,374,045	15,860,770
Permits and licenses	194,763	-	-	-	-	-	194,763
Intergovernmental revenue	1,259,347	1,249,242	30,000	4,645	-	683,951	3,227,185
Charges for services	1,452,617	-	9,001	-	-	1,100,204	2,561,822
Investment income	25,474	6,266	3,520	41,088	3,553	5,885	85,786
Miscellaneous	2,462,032	20,025	20,532	215,597	-	26,297	2,744,483
<b>Total Revenues</b>	<u>12,142,896</u>	<u>3,103,874</u>	<u>1,891,394</u>	<u>3,918,011</u>	<u>428,252</u>	<u>3,190,382</u>	<u>24,674,809</u>
<b>Expenditures:</b>							
General government	2,721,679	-	-	1,123,382	266,757	120,798	4,232,616
Transportation	-	4,785,512	-	-	-	1,593,865	6,379,377
Public safety	3,120,821	-	-	-	-	58,127	3,178,948
Community and economic development	814,331	-	-	-	-	503,327	1,317,658
Public works	1,381,285	-	9,029,027	1,569,283	-	2,987,068	14,966,663
Culture and recreation	3,019,078	-	-	632,177	-	49,724	3,700,979
Debt service:							
Principal	175,000	235,730	196,229	1,464,527	-	-	2,071,486
Interest	117,193	30,891	27,372	291,953	24,298	-	491,707
<b>Total Expenditures</b>	<u>11,349,387</u>	<u>5,052,133</u>	<u>9,252,628</u>	<u>5,081,322</u>	<u>291,055</u>	<u>5,312,909</u>	<u>36,339,434</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>793,509</u>	<u>(1,948,259)</u>	<u>(7,361,234)</u>	<u>(1,163,311)</u>	<u>137,197</u>	<u>(2,122,527)</u>	<u>(11,664,625)</u>
<b>Other Financing Sources (Uses):</b>							
Refunding debt proceeds	-	-	-	11,825,000	-	-	11,825,000
Premium on refunding	-	-	-	439,185	-	-	439,185
Payment to refund bond escrow agent	-	-	-	(10,950,148)	-	-	(10,950,148)
Bond issuance costs	-	-	-	(127,499)	-	-	(127,499)
Transfers in	976,376	650,000	12,379,098	572,500	50,000	2,278,910	16,906,884
Transfers (out)	(2,094,880)	(211,057)	(1,264,062)	(13,514)	(3,667)	(2,702)	(3,589,882)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,118,504)</u>	<u>438,943</u>	<u>11,115,036</u>	<u>1,745,524</u>	<u>46,333</u>	<u>2,276,208</u>	<u>14,503,540</u>
<b>Net Change in Fund Balance</b>	(324,995)	(1,509,316)	3,753,802	582,213	183,530	153,681	2,838,915
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>4,505,760</u>	<u>1,701,056</u>	<u>(3,185,027)</u>	<u>3,275,263</u>	<u>1,283,643</u>	<u>1,363,551</u>	<u>8,944,246</u>
<b>Fund Balance - End of Year</b>	<u>4,180,765</u>	<u>191,740</u>	<u>568,775</u>	<u>3,857,476</u>	<u>1,467,173</u>	<u>1,517,232</u>	<u>11,783,161</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 (Deficit)**  
**of Governmental Funds to the Statement of Activities**  
**December 31, 2010**

<b>Net Change in Fund Balances of Governmental Funds</b>	<b>2,838,915</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation for the year.	12,558,374
Issuance of debt provides current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Assets. This represents the debt issuances, including premiums, of the City's governmental funds less amounts transferred in escrow and issuance costs undertaken.	(1,186,543)
Repayment of bond principal and leases are expenditures in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets. This represents the total principal repayments, the change in accrued interest at year end and amortization of debt-related deferrals.	2,111,834
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased.	(54,106)
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.	937,192
In the Statement of Activities only the gain or loss on the sale and disposal of assets is reported, whereas in governmental funds, only the proceeds which increase current available resources is reported.	(17,257)
<b>Governmental Activities Change in Net Assets</b>	<b><u><u>17,188,409</u></u></b>

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

**City of Glenwood Springs, Colorado**  
**Statement of Net Assets**  
**Enterprise Funds**  
**December 31, 2010**

	<b>Water and Sewer</b>	<b>Electric System</b>	<b>Airport Operations</b>	<b>Landfill Operations</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds Totals</b>
<b>Assets:</b>						
<b>Current:</b>						
Cash in bank - Unrestricted	5,209,482	3,812,296	28,492	7,611,040	16,661,310	5,112,842
Cash in bank - Restricted	18,402,072	284,500	-	-	18,686,572	-
Accounts receivable - Trade (net of allowance for doubtful accounts)	420,464	1,344,217	1,819	410,586	2,177,086	43,456
Interest receivable	18,367	16,142	-	42,094	76,603	16,935
Other receivables	2,945	-	-	-	2,945	-
Inventory	192,948	240,679	18,749	-	452,376	30,293
Due (to) other funds	-	-	-	397,721	397,721	-
<b>Total Current Assets</b>	<b>24,246,278</b>	<b>5,697,834</b>	<b>49,060</b>	<b>8,461,441</b>	<b>38,454,613</b>	<b>5,203,526</b>
<b>Other Assets:</b>						
Deferred charge - Bond issuance cost, net of amortization	-	1,073	-	-	1,073	-
<b>Property and Equipment:</b>						
Land	-	1,305,057	-	-	1,305,057	-
Construction in progress	3,462,933	1,150,973	-	15,520	4,629,426	-
Building, plant and system	36,529,086	32,309,387	53,205	195,940	69,087,618	-
Water rights	29,800	-	-	-	29,800	-
Equipment	712,628	210,464	90,388	72,254	1,085,734	1,284,962
Vehicles	-	13,693	-	-	13,693	2,308,000
<b>Total</b>	<b>40,734,447</b>	<b>34,989,574</b>	<b>143,593</b>	<b>283,714</b>	<b>76,151,328</b>	<b>3,592,962</b>
Less accumulated depreciation	<u>(15,222,446)</u>	<u>(11,931,558)</u>	<u>(90,914)</u>	<u>(110,016)</u>	<u>(27,354,934)</u>	<u>(852,048)</u>
<b>Net Property and Equipment</b>	<b>25,512,001</b>	<b>23,058,016</b>	<b>52,679</b>	<b>173,698</b>	<b>48,796,394</b>	<b>2,740,914</b>
 <b>Total Assets</b>	 <b>49,758,279</b>	 <b>28,756,923</b>	 <b>101,739</b>	 <b>8,635,139</b>	 <b>87,252,080</b>	 <b>7,944,440</b>
<b>Liabilities and Fund Equity:</b>						
<b>Current Liabilities:</b>						
Accounts payable	212,770	606,529	1,110	118,293	938,702	26,224
Deposits	-	111,592	-	-	111,592	-
Accrued interest	354,791	3,898	-	-	358,689	-
Accrued payroll and taxes	38,565	43,494	1,500	8,079	91,638	8,947
Accrued vacation and sick pay	293,727	202,621	-	32,989	529,337	45,068
Other liabilities	-	-	500	775,122	775,622	-
Current portion of long-term debt	1,065,550	310,000	-	-	1,375,550	-
<b>Total Current Liabilities</b>	<b>1,965,403</b>	<b>1,278,134</b>	<b>3,110</b>	<b>934,483</b>	<b>4,181,130</b>	<b>80,239</b>
<b>Long-term Liabilities:</b>						
Long-term debt - Bonds payable, net of current portion	30,394,550	-	-	-	30,394,550	-
<b>Total Liabilities</b>	<b>32,359,953</b>	<b>1,278,134</b>	<b>3,110</b>	<b>934,483</b>	<b>34,575,680</b>	<b>80,239</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	12,421,640	22,748,016	52,679	173,698	35,396,033	2,740,914
Restricted for debt service	-	310,000	-	-	310,000	-
Unrestricted	4,976,686	4,420,773	45,950	7,526,958	16,970,367	5,123,287
<b>Total Net Assets</b>	<b>17,398,326</b>	<b>27,478,789</b>	<b>98,629</b>	<b>7,700,656</b>	<b>52,676,400</b>	<b>7,864,201</b>
 <b>Total Liabilities and Fund Equity</b>	 <b>49,758,279</b>	 <b>28,756,923</b>	 <b>101,739</b>	 <b>8,635,139</b>	 <b>87,252,080</b>	 <b>7,944,440</b>

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

**City of Glenwood Springs, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**Enterprise Funds**  
**For the Year Ended December 31, 2010**

	<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>
<b>Operating Revenues:</b>						
Rentals	-	-	24,010	-	24,010	-
Charges and fees	4,228,468	9,548,395	129,923	2,775,611	16,682,397	754,826
Other	9,897	468,516	3,888	42,474	524,775	20,775
<b>Total Operating Revenues</b>	<u>4,238,365</u>	<u>10,016,911</u>	<u>157,821</u>	<u>2,818,085</u>	<u>17,231,182</u>	<u>775,601</u>
<b>Operating Expenses:</b>						
Purchased power	-	5,849,190	-	-	5,849,190	-
Operations and maintenance	1,948,103	1,361,387	115,562	3,470,102	6,895,154	696,123
General and administrative	826,741	1,075,154	31,557	310,544	2,243,996	-
Depreciation	973,391	798,392	12,984	12,315	1,797,082	354,892
<b>Total Operating Expenses</b>	<u>3,748,235</u>	<u>9,084,123</u>	<u>160,103</u>	<u>3,792,961</u>	<u>16,785,422</u>	<u>1,051,015</u>
<b>Operating Income (Loss)</b>	<u>490,130</u>	<u>932,788</u>	<u>(2,282)</u>	<u>(974,876)</u>	<u>445,760</u>	<u>(275,414)</u>
<b>Non-Operating Revenues (Expenses):</b>						
Disposition of assets	8,613	(6,629)	1,000	-	2,984	193,057
Investment income	36,000	48,107	171	91,601	175,879	54,272
Interest expense	(621,026)	(26,132)	-	-	(647,158)	-
Amortization - bond issuance cost	(46,876)	(2,067)	-	-	(48,943)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(623,289)</u>	<u>13,279</u>	<u>1,171</u>	<u>91,601</u>	<u>(517,238)</u>	<u>247,329</u>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	<u>(133,159)</u>	<u>946,067</u>	<u>(1,111)</u>	<u>(883,275)</u>	<u>(71,478)</u>	<u>(28,085)</u>
Transfer (out)	(12,825,897)	(798,932)	(2,700)	(654,750)	(14,282,279)	-
Transfer in	-	-	-	-	-	965,277
Capital contributions	-	109,683	-	-	109,683	-
<b>Change in Net Assets</b>	<u>(12,959,056)</u>	<u>256,818</u>	<u>(3,811)</u>	<u>(1,538,025)</u>	<u>(14,244,074)</u>	<u>937,192</u>
<b>Net Assets - Beginning of Year</b>	<u>30,357,382</u>	<u>27,221,971</u>	<u>102,440</u>	<u>9,238,681</u>	<u>66,920,474</u>	<u>6,927,009</u>
<b>Net Assets - End of Year</b>	<u><u>17,398,326</u></u>	<u><u>27,478,789</u></u>	<u><u>98,629</u></u>	<u><u>7,700,656</u></u>	<u><u>52,676,400</u></u>	<u><u>7,864,201</u></u>

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

**City of Glenwood Springs, Colorado**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended December 31, 2010**

	<b>Water and Sewer</b>	<b>Electric System</b>	<b>Airport Operations</b>	<b>Landfill Operations</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds  Totals</b>
<b>Cash Flows From Operating Activities:</b>						
Cash received from customers	4,207,654	9,732,139	157,158	2,787,049	16,884,000	727,364
Cash paid to suppliers and employees	(2,816,871)	(8,557,178)	(160,528)	(3,822,798)	(15,357,375)	(696,616)
Other operating revenues	-	468,516	-	42,474	510,990	20,775
Interfund transfers	(12,825,897)	(798,932)	(2,700)	(654,750)	(14,282,279)	965,277
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(11,435,114)</b>	<b>844,545</b>	<b>(6,070)</b>	<b>(1,648,025)</b>	<b>(12,244,664)</b>	<b>1,016,800</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>						
Net refunds of customer deposits	-	47,094	-	-	47,094	-
<b>Net Cash (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>47,094</b>	<b>-</b>	<b>-</b>	<b>47,094</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Sale of assets	8,613	26,555	1,000	-	36,168	208,643
Debt proceeds	31,460,100	-	-	-	31,460,100	-
Advance to other funds	-	-	-	3,013,417	3,013,417	-
Interest paid on bonds and equipment contracts	(268,041)	(28,234)	-	-	(296,275)	-
Principal paid on bonds and equipment contracts	(700,000)	(295,000)	-	-	(995,000)	-
Acquisition and construction of capital assets	(1,855,781)	(1,826,542)	-	(11,466)	(3,693,789)	(1,213,701)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>28,644,891</b>	<b>(2,123,221)</b>	<b>1,000</b>	<b>3,001,951</b>	<b>29,524,621</b>	<b>(1,005,058)</b>
<b>Cash Flows From Investing Activities:</b>						
Interest on investments	41,881	66,959	171	72,836	181,847	54,272
<b>Net Cash Provided by Investing Activities</b>	<b>41,881</b>	<b>66,959</b>	<b>171</b>	<b>72,836</b>	<b>181,847</b>	<b>54,272</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>17,251,658</b>	<b>(1,164,623)</b>	<b>(4,899)</b>	<b>1,426,762</b>	<b>17,508,898</b>	<b>66,014</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>6,359,896</b>	<b>5,261,419</b>	<b>33,391</b>	<b>6,184,278</b>	<b>17,838,984</b>	<b>5,046,828</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>23,611,554</b>	<b>4,096,796</b>	<b>28,492</b>	<b>7,611,040</b>	<b>35,347,882</b>	<b>5,112,842</b>
<b>Cash and Cash Equivalents Consists of the Following:</b>						
Cash in bank - Unrestricted	5,209,482	3,812,296	28,492	7,611,040	16,661,310	5,112,842
Cash in bank - Restricted	18,402,072	284,500	-	-	18,686,572	-
<b>Total</b>	<b>23,611,554</b>	<b>4,096,796</b>	<b>28,492</b>	<b>7,611,040</b>	<b>35,347,882</b>	<b>5,112,842</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
<b>Operating income (loss)</b>	<b>490,130</b>	<b>932,788</b>	<b>(2,282)</b>	<b>(974,876)</b>	<b>445,760</b>	<b>(275,414)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>						
Depreciation	973,391	798,392	12,984	12,315	1,797,082	354,892
(Increase) decrease in accounts receivable	(30,711)	183,744	(1,163)	11,439	163,309	(27,462)
(Increase) decrease in inventories	10,038	20,533	(12,922)	-	17,649	-
(Increase) decrease in prepaid items/other assets	-	-	-	-	-	(1,359)
Increase (decrease) in accounts payable	(52,065)	(291,980)	(487)	(42,153)	(386,685)	866
Increase (decrease) in other liabilities	-	-	500	-	500	-
Net change in interfund transfers	(12,825,897)	(798,932)	(2,700)	(654,750)	(14,282,279)	965,277
<b>Total Adjustments</b>	<b>(11,925,244)</b>	<b>(88,243)</b>	<b>(3,788)</b>	<b>(673,149)</b>	<b>(12,690,424)</b>	<b>1,292,214</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(11,435,114)</b>	<b>844,545</b>	<b>(6,070)</b>	<b>(1,648,025)</b>	<b>(12,244,664)</b>	<b>1,016,800</b>
<b>Schedule of Non-Cash Investing, Capital and Financing Activities:</b>						
Assets donated	-	109,683	-	-	109,683	-

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

**City of Glenwood Springs, Colorado**  
**Statement of Fiduciary Net Assets**  
**December 31, 2010**

	<b>Cemetery Reserve Fund</b>	<b>Firemen's Pension Fund</b>	<b>Totals</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	<u>28,992</u>	<u>768,491</u>	<u>797,483</u>
<b>Total Assets</b>	<u>28,992</u>	<u>768,491</u>	<u>797,483</u>
<b>Net Assets:</b>			
Held in Trust	<u><u>28,992</u></u>	<u><u>768,491</u></u>	<u><u>797,483</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 Assets**  
**For the Year Ended December 31, 2010**

	<b>Cemetery Reserve Fund</b>	<b>Fireman's Pension Fund</b>	<b>Totals</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Additions:</b>			
Charges and fees	750	-	750
Pension contributions	-	39,900	39,900
Investment income, net	69	91,584	91,653
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Additions</b>	819	131,484	132,303
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Deductions:</b>			
Pension payments	-	107,249	107,249
<b>Total Reductions</b>	-	107,249	107,249
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Change in Net Assets</b>	819	24,235	25,054
<b>Net Assets - Beginning of Year</b>	28,173	744,256	772,429
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Assets - End of Year</b>	28,992	768,491	797,483
	<u>          </u>	<u>          </u>	<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, 2010**

**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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements after that date to its business-type activities and enterprise funds, it has not chosen to do so. 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 and City Council acts as the Authority's *de facto* governing board.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(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 Assets 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 assets 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) *Street Tax Fund* - accounts for revenues received from one-half (1/2)% sales tax levied for transportation related projects.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

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

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

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) *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.
- (c) *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.
- (d) *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, 2010**  
**(Continued)**

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

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

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

- (e) *Fire and Ambulance Fund* – accounts for fire and ambulance services performed by the City and Rural Fire District.
- (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, 2010**  
**(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, 2010**  
**(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 as deferred revenue.

**5. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**6. Inventories**

Inventories are valued at cost, which approximates market, 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.

**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 Assets. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, 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.

**8. Subsequent Events**

Management has evaluated subsequent events through June 14, 2011, the date these financial statement were available to be issued.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

**9. 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:

	<b>Years</b>
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

**10. Comparative Data**

Comparative data for the prior year have been presented only on the individual fund financial statements in order to provide an understanding of the changes in the financial position and operations of the funds.

**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 Assets**

The governmental fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. 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 \$85,692,486 reconciling item represents the book value of capital assets at December 31, 2010.

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 \$17,539,040 difference represent long-term bonds and loans of \$16,381,326, property and capital leases of \$176,873, accrued interest of \$150,643, compensated absences of \$1,275,073 less deferred debt costs of \$444,875.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets (continued)**

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 Assets". The result is an increase in net assets of \$7,864,201 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 assets 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 \$12,558,374 are net capital outlay of \$15,725,000 less depreciation expense of \$3,166,626.

**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 2010 budget year:

- (1) For the 2010 budget year, prior to December 10, 2009, 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, 2009, 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, 2009.
- (4) For the 2010 budget, prior to December 15, 2009, 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, 2009. The ordinance which legally appropriates expenditures for the upcoming year was passed on or before the first Council meeting in November.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

**A. Budgetary Information (continued)**

- (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 2009 were collected in 2010 and taxes certified in 2010 will be collected in 2011. 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.

During the year, \$16,786,051 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:

<b>Fund</b>	<b>Original Appropriation</b>	<b>Supplemental Appropriation</b>
Capital Projects	18,330,302	18,347,902
V.A.L.E.	44,500	84,500
GID Improvement District No.1980	49,585	59,585
Downtown Development Authority	1,304,238	1,304,238
Water and Sewer	6,501,733	22,001,733
Electric System	12,373,962	13,592,413

Colorado state statutes prohibit expenditures on a total fund basis in excess of amounts appropriated. 2010 expenditures in the City's Water and Sewer Fund exceeded appropriations. This may be a violation of Colorado state statutes.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

**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 \$652,235 which is the approximate required reserve at December 31, 2010.

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.

**C. Budgetary Information**

	<b>Water and Sewer Fund</b>	<b>Electric System Fund</b>	<b>Airport Operations Fund</b>	<b>Landfill Operations Fund</b>	<b>Fleet Service Fund</b>
Excess (deficiency) of revenues over expenditures - budget basis	\$ (14,958,162)	(1,974,407)	\$ (3,811)	(1,549,491)	78,383
Depreciation	-	-	-	-	(354,892)
Debt service - Principal	165,000	295,000	-	-	-
Capital outlay	1,834,106	1,936,225	-	11,466	1,213,701
<b>Total Adjustments</b>	<b>1,999,106</b>	<b>2,231,225</b>	<b>-</b>	<b>11,466</b>	<b>858,809</b>
<b>Net Income (Loss) - GAAP Basis</b>	<b>\$ (12,959,056)</b>	<b>256,818</b>	<b>\$ (3,811)</b>	<b>(1,538,025)</b>	<b>937,192</b>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

**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:

	Standard & Poors Rating	Carrying amounts	Maturities	
			Less than one year	Less than five years
<b>Deposits:</b>				
Petty cash	Not Rated	\$ 2,910	2,910	-
Checking	Not Rated	3,684,684	3,684,684	-
Savings and money market	Not Rated	425,729	425,729	-
<b>Investments:</b>				
Certificates of Deposit	Not Rated	10,698,354	9,396,751	1,301,603
Investment pools	AAAm	19,005,512	19,005,512	-
Cash held by Trustee	Not Rated	20,354,880	19,172,380	1,182,500
		<u>\$ 54,172,069</u>		

The City also has \$768,491 invested with its pension fund trustee – FPPA. The City’s holdings in 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.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

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.

**B. Receivables**

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

	<u>General</u>	<u>Street Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Acquisition and Improvement</u>
Receivables:				
Taxes	\$ 1,836,055	200,119	200,119	400,239
Accounts	447,050	-	-	-
Interest	8,318	-	1,021	8,239
Other	-	-	-	-
Intergovernmental	-	321,477	-	-
Gross receivables	<u>2,291,423</u>	<u>521,596</u>	<u>201,140</u>	<u>408,478</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u><u>2,291,423</u></u>	<u><u>521,596</u></u>	<u><u>201,140</u></u>	<u><u>408,478</u></u>

	<u>DDA</u>	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Non-major and other Funds</u>	<u>Total</u>
Receivables:					
Taxes	263,856	-	-	161,173	3,061,561
Accounts	-	421,964	1,369,217	705,399	2,943,630
Interest	-	18,367	16,142	59,029	111,116
Other	-	2,945	-	-	2,945
Intergovernmental	-	-	-	-	321,477
Gross receivables	<u>263,856</u>	<u>443,276</u>	<u>1,385,359</u>	<u>925,602</u>	<u>6,440,730</u>
Less: allowance for uncollectible	-	(1,500)	(25,000)	(84,500)	(111,000)
Net receivables	<u><u>263,856</u></u>	<u><u>441,776</u></u>	<u><u>1,360,359</u></u>	<u><u>841,102</u></u>	<u><u>6,329,730</u></u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$1,359,849 of deferred revenue for property taxes levied in 2010 but not available until 2011.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

**C. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,037,776	471,287	-	10,509,063
Construction in progress	11,684,120	14,395,939	(6,191,294)	19,888,765
Total capital assets, not being depreciated	<u>21,721,896</u>	<u>14,867,226</u>	<u>(6,191,294)</u>	<u>30,397,828</u>
Capital assets, being depreciated:				
Buildings	27,884,892	-	-	27,884,892
Other improvements	2,959,925	207,553	(68,313)	3,099,165
Machinery and equipment	1,913,562	658,562	(114,935)	2,457,189
Streets and trails	47,698,282	6,447,292	-	54,145,574
Vehicles	5,546,264	985,736	(135,519)	6,396,481
Total capital assets, being depreciated	<u>86,002,925</u>	<u>8,299,143</u>	<u>(318,767)</u>	<u>93,983,301</u>
Less accumulated depreciation for:				
Buildings	(7,448,970)	(927,678)	-	(8,376,648)
Other improvements	(504,025)	(94,480)	22,130	(576,375)
Machinery and equipment	(944,558)	(93,635)	79,608	(958,585)
Streets and trails	(20,430,645)	(1,680,581)	-	(22,111,226)
Vehicles	(3,347,558)	(725,144)	147,813	(3,924,889)
Total accumulated depreciation	<u>(32,675,756)</u>	<u>(3,521,518)</u>	<u>249,551</u>	<u>(35,947,723)</u>
Total capital assets, being depreciated, net	<u>53,327,169</u>	<u>4,777,625</u>	<u>(69,216)</u>	<u>58,035,578</u>
<b>Governmental Activities - Capital Assets, Net</b>	<u>\$ 75,049,065</u>	<u>19,644,851</u>	<u>(6,260,510)</u>	<u>88,433,406</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 104,641	1,200,416	-	1,305,057
Water rights	29,800	-	-	29,800
Construction in progress	5,766,419	2,402,530	(3,539,522)	4,629,427
Total capital assets, not being depreciated	<u>5,900,860</u>	<u>3,602,946</u>	<u>(3,539,522)</u>	<u>5,964,284</u>
Capital assets, being depreciated:				
Buildings and plant	13,651,362	159,742	-	13,811,104
Distribution and collection system	50,348,868	3,476,819	(23,282)	53,802,405
Machinery and equipment	2,542,458	81,811	(64,428)	2,559,841
Vehicles	17,698	-	(4,005)	13,693
Total capital assets, being depreciated	<u>66,560,386</u>	<u>3,718,372</u>	<u>(91,715)</u>	<u>70,187,043</u>
Less accumulated depreciation for:				
Buildings and plant	(7,031,450)	(287,792)	-	(7,319,242)
Distribution and collection system	(17,247,740)	(1,347,145)	9,774	(18,585,111)
Machinery and equipment	(1,319,497)	(162,144)	44,752	(1,436,889)
Vehicles	(17,697)	-	4,005	(13,692)
Total accumulated depreciation	<u>(25,616,384)</u>	<u>(1,797,081)</u>	<u>58,531</u>	<u>(27,354,934)</u>
Total capital assets, being depreciated, net	<u>40,944,002</u>	<u>1,921,291</u>	<u>(33,184)</u>	<u>42,832,109</u>
<b>Business-type Activities - Capital Assets, Net</b>	<u>\$ 46,844,862</u>	<u>5,524,237</u>	<u>(3,572,706)</u>	<u>48,796,393</u>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

**C. Capital Assets (continued)**

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

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
<b>Governmental Activities:</b>		
General government	\$ 8,089	261,006
Transportation	383,590	492,666
Public safety	38,918	366,141
Public works	6,980,262	1,705,325
Culture and recreation	145,870	696,380
<b>Total Governmental Activities</b>	<u>\$ 7,556,729</u>	<u>3,521,518</u>
<b>Business-type Activities:</b>		
Water and sewer	\$ 1,834,106	973,390
Electric	1,936,225	798,392
Airport	-	12,984
Landfill	11,466	12,315
<b>Total Business-type Activities</b>	<u>\$ 3,781,797</u>	<u>1,797,081</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**

Balances at year-end between funds are reported as “due from other funds/due to other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as “internal balances” in the government-wide financial statements.

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, 2010, principal amount outstanding on this loan was \$397,721. Interest payments made by the Downtown Development Authority to Landfill Operations during 2010 totaled \$24,298.

The City had the following interfund receivables or payables as of December 31, 2010:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	241,269
Landfill Operations	-	397,721
Downtown Development	638,990	-
	<u>\$ 638,990</u>	<u>638,990</u>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(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	\$ 238,620		Allocated organizational costs and franchise fees.
Water and Sewer		238,620	
General Fund	80,000		Operational subsidy
Landfill Fund		80,000	
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	657,756		Allocated organizational costs and franchise fees.
Electric Fund		657,756	
Fleet Service Fund	965,277		Funding required in Fleet Service Fund from other funds in accordance with the City's capital replacement plan.
General Fund		20,861	
Water and Sewer		208,179	
Electric Fund		141,176	
Airport		2,700	
Landfill Fund		2,250	
Capital Projects Fund		590,111	
Emergency Services Equipment and Replacement Fund	186,277		City share of capital improvement mill levy.
General Fund		186,277	
Bus Tax Fund	204,300		Infrastructure needs
Traffic Congestion Fund		204,300	
Traffic Congestion Fund	650,000		Infrastructure needs
Capital Projects		650,000	
Capital Projects	12,379,098		Infrastructure needs
Water Fund		12,379,098	
Acquisition and Improvement Fund	572,500		Community pool debt payment
Landfill Fund		572,500	
Fire and Ambulance Fund	1,888,333		Operational subsidy
General Fund		1,888,333	
	<u>\$ 17,872,161</u>	<u>17,872,161</u>	

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

**1. Revenue and General Obligation Bonds**

- (a) \$2,298,217 Government Agency Bonds dated September 15, 1998, issued to evidence the loan agreement of the same date with the Colorado Water Resources and Power Development Authority. The bond bears an effective interest yield of 4.454%, payable April 1 and October 1 from 1999 through 2012. Principal on this issue matures October 1 of each year from 1999 through 2012.
- (b) \$4,999,017 Government Agency Bonds dated May 1, 1999, issued to evidence the loan agreement of the same date with the Colorado Water Resources and Power Development Authority. The bond bears an effective interest yield of 3.77%, payable April 1 and October 1 from 1999 through 2018. Principal on this issue matures April 1 and October 1 of each year from 1999 through 2018.
- (c) \$19,040,000 Sales and Use Tax Revenue Bonds dated February 15, 1999, bearing an effective interest rate of 4.5633%, payable April 1 and October 1 each year thereafter until maturity. Principal on this issue matures October 1 of each year through 2018.

Bonds of this issue maturing before October 1, 2009, are not redeemable prior to their respective maturity dates. Bonds of this issue maturing on or after October 1, 2009, are redeemable in whole or in part. The redemption price is equal to the principal amount thereof and accrued interest to the date of redemption, plus a premium ranging from 0% to 1% of the principal amount of the bonds.

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. This bond issue is MBIA insured.

These bonds were advanced refunded in 2010 with Sales and Use Tax Refunding Bonds, Series 2010.

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

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

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

- (e) \$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 refunds 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.

**2. 2002 SIB Loan**

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

**3. Land Lease Payable**

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

**4. Compensated Absences**

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

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

**5. Annual Debt Service Requirements**

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

<b>Year Ended December 31,</b>	<b>1998 Government Agency Bonds</b>	<b>1999 Government Agency Bonds</b>	<b>2001 Limited Tax General Obligation</b>	<b>2010 Sales and Use Tax Revenue Refunding Bonds</b>
2011	221,692	384,416	289,667	\$ 1,422,738
2012	224,213	383,484	291,748	1,421,338
2013	-	384,983	293,197	1,423,638
2014	-	386,125	294,098	1,419,888
2015	-	384,922	294,332	1,425,238
2016-2020	-	965,226	1,462,960	5,455,213
<b>Total</b>	445,905	2,889,156	2,926,002	12,568,053
Less: Interest	(28,545)	(578,597)	(661,002)	(1,943,053)
<b>Total</b>	<b>417,360</b>	<b>2,310,559</b>	<b>2,265,000</b>	<b>\$ 10,625,000</b>

<b>Year Ended December 31,</b>	<b>SIB Loan</b>	<b>Land Installment Agreement</b>	<b>Grand Total</b>
2011	\$ 166,990	99,631	2,585,134
2012	166,990	99,631	2,587,404
2013	-	-	2,101,818
2014	-	-	2,100,111
2015	-	-	2,104,492
2016-2020	-	-	7,883,399
<b>Total</b>	333,980	199,262	19,362,358
Less: Interest	(9,759)	(22,389)	(3,243,345)
<b>Total</b>	<b>\$ 324,221</b>	<b>176,873</b>	<b>\$ 16,119,013</b>

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

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

(a) \$1,770,000 Water and Sewer Revenue Refunding Bonds - 2003 issue, bearing interest rates ranging from 2.00% to 3.25%, payable on June 1 and December 1 of each year through 2013. Principal matures year to year from 2003 to 2013. The bonds are revenue obligations of the City and are not general obligation bonds of the City. The bonds were issued to refinance the outstanding water and sewer bonds of the City. These bonds were advanced refunded as part of the City's Water and Sewer Revenue Bonds, Series 2010.

(b) \$2,845,000 of Electric System Revenue Bonds bearing interest between 4.0% and 4.5% depending on maturity. The bonds mature in 2011 and require annual payments of approximately \$330,000. The proceeds are to be used for construction of a maintenance facility and municipal operation center.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

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

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

**2. Annual Debt Service Requirements**

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

<b>Year Ended December 31,</b>	<b>Water and Sewer Revenue Loan</b>	<b>Electric System Revenue Bonds</b>	<b>Total</b>
2011	1,912,244	323,950	2,236,194
2012	1,941,510	-	1,941,510
2013	1,953,155	-	1,953,155
2014	1,958,708	-	1,958,708
2015	1,954,330	-	1,954,330
2016 - 2020	9,792,436	-	9,792,436
2021 - 2025	9,792,004	-	9,792,004
2026 - 2030	9,784,634	-	9,784,634
2031 - 2032	3,910,105	-	3,910,105
<b>Total</b>	42,999,126	323,950	43,323,076
Less: Interest	(11,539,026)	(13,950)	(11,552,976)
<b>Total</b>	<b>\$ 31,460,100</b>	<b>310,000</b>	<b>31,770,100</b>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

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

Changes in long-term obligations for the year ended December 31, 2010 are as follows:

	<u>Balance</u> <u>January 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
1998 Governmental Agency Bonds	613,590	-	(196,229)	417,361	202,90
1999 Governmental Agency Bonds	2,575,086	-	(264,527)	2,310,559	272,62
1999 Sales and Use Tax Revenue Bonds	10,620,000	-	(10,620,000)	-	
2001 Limited Tax General Obligation	2,440,000	-	(175,000)	2,265,000	180,00
2010 Sales and Use Tax Revenue Refunding Bonds	-	11,825,000	(1,200,000)	10,625,000	1,070,00
2010 Issuance premium	-	439,185	-	439,185	
Colorado SIB Loan	481,579	-	(157,358)	324,221	160,50
Land Lease Payable	255,245	-	(78,372)	176,873	84,90
Capital Leases	4,028	-	(4,028)	-	
Compensated Absences	1,220,967	54,106	-	1,275,073	510,02
<b>Business-type Activities:</b>					
Water and Sewer Revenue Refunding Bonds, Series 2003	700,000	-	(700,000)	-	
Water and Sewer Revenue Loan	-	31,460,100	-	31,460,100	1,065,55
Electric Revenue Bonds	605,000	-	(295,000)	310,000	310,00
Landfill closure and post closure	713,293	61,820	-	775,113	
Compensated Absences	520,176	9,161	-	529,337	211,73
<b>Total</b>	<u>\$ 20,748,964</u>	<u>43,849,372</u>	<u>(13,690,514)</u>	<u>50,907,822</u>	<u>4,068,24</u>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(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 \$1,028,385 and \$603,073, respectively. As of December 31, 2010, the liability for closure and postclosure is \$488,590 and \$286,523. The December 31, 2010 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 \$856,345 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, \$775,113 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, 2010.

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, 2010 cannot be readily determined.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

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

**J. Reserved Fund Balance**

The City had the following reserves on the fund balance at December 31, 2010:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Emergency reserve	\$ 652,235	-
Other items	1,237,415	-
Long-term receivables	400,000	
Debt service	-	310,000
	\$ 2,289,650	310,000

When expenditures/expenses meet the requirements to be used for restricted purposes, they are initially applied against restricted resources and subsequently applied against unrestricted resources.

**J. Bond Issuance Costs**

Bond issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Unamortized bond issuance costs at December 31, 2010, were \$35,223.

**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 \$10,685,431 and current year payroll for employees covered under the plan was \$9,237,040. The City's contributions were \$642,506.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

**V. Other Information (continued)**

**A. Pension Plans (continued)**

**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 \$10,685,431 and current year payroll for employees covered under the plan was \$3,577,488. The City's contributions were \$264,337.

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

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

**Funding Policy:** The City contributed to the plan in 2010. There were no contributions from participants.

**Annual Pension Costs:** For the fiscal year ended December 31, 2010, the annual pension costs were \$107,249. Eligible firemen presently receive \$500 per month in pension benefits.

**Actuarial Information:** The Annual Required Contribution ("ARC") for the January 1, 2009 (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, 2009. The significant actuarial assumptions used in the valuation as of January 1, 2009, were: (a) life expectancy of participants obtained from the 1983 Group Annuity Mortality Table loaded for fire and police experience; (b) retirement age assumption of age 50 with 20 years of service; (c) pension benefits at \$500 per month with 20 years, or \$25 per year of service between 10 and 20 years; and (d) investment return of 8% per annum net of operating expenses.

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

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

**V. Other Information (continued)**

**A. Pension Plans (continued)**

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

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

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

**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.

**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.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2010**  
**(Continued)**

**V. Other Information (continued)**

**F. Risk Management**

**1. Colorado Intergovernmental Risk Sharing Agency**

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

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2010.

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.

**G. Commitments and Contingencies**

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

On June 1, 2009, the City entered into an operations management agreement (the "Agreement") with South Canyon Waste Systems LLC., to provide operations management for the City's South Canyon Landfill (the "Landfill"). The Agreement was effective as of May 1, 2009 through March 31, 2014, with provisions for four (4) additional five (5) years terms. The Agreement was amended on August 17, 2009 to provide for certain expansion work to be undertaken at the Landfill. Future minimum lease payments for years subsequent to December 31, 2010 are as follows:

<b>Year ending March 31</b>	
2011	\$ 2,085,000
2012	1,985,000
2013	1,985,000
2014	1,985,000
<b>Total</b>	<b><u>\$ 8,040,000</u></b>

At December 31, 2010, the City had incurred \$1,985,000 under the terms of the lease agreement.

REQUIRED SUPPLEMENTARY INFORMATION



**City of Glenwood Springs, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	1,028,086	1,020,480	(7,606)	1,033,421
Specific ownership	84,000	36,407	(47,593)	65,190
Special assessment	37,000	33,399	(3,601)	35,216
General sales tax	6,308,709	5,292,614	(1,016,095)	5,517,307
Use tax	213,651	192,475	(21,176)	156,381
Franchise tax	172,000	173,288	1,288	179,825
<b>Total Taxes</b>	<b>7,843,446</b>	<b>6,748,663</b>	<b>(1,094,783)</b>	<b>6,987,340</b>
<b>Permits and Licenses:</b>				
Contractors licenses	20,000	24,519	4,519	25,501
Liquor licenses	17,500	21,911	4,411	19,398
Dog licenses	700	315	(385)	385
Building permits	138,134	134,455	(3,679)	109,262
Sales tax license	20,000	13,563	(6,437)	35,440
<b>Total Permits and Licenses</b>	<b>196,334</b>	<b>194,763</b>	<b>(1,571)</b>	<b>189,986</b>
<b>Intergovernmental:</b>				
Cigarette tax	116,000	91,603	(24,397)	103,030
County road and bridge	255,000	390,770	135,770	253,039
County sales tax	333,056	194,744	(138,312)	266,148
Highway use tax	283,007	295,421	12,414	263,429
Severance tax	89,000	130,671	41,671	499,277
Grants	141,000	156,138	15,138	172,507
<b>Total Intergovernmental</b>	<b>1,217,063</b>	<b>1,259,347</b>	<b>42,284</b>	<b>1,557,430</b>
<b>Charges and Fees:</b>				
Plan check and record fee	118,216	87,425	(30,791)	81,519
Cemetery fees	18,000	11,000	(7,000)	23,563
Police fines and court fees	160,700	258,381	97,681	288,304
Parking fees and fines	45,000	38,917	(6,083)	45,781
Fire impact fee	13,000	-	(13,000)	300
Impoundment fees	7,000	3,800	(3,200)	8,114
Recreation fees	1,059,000	1,012,836	(46,164)	1,059,514
Park and rafting fees	22,000	31,897	9,897	35,213
Affordable housing fees	15,000	8,361	(6,639)	-
<b>Total Charges and Fees</b>	<b>1,457,916</b>	<b>1,452,617</b>	<b>(5,299)</b>	<b>1,542,308</b>
<b>Other Revenues:</b>				
Contributions	500	836	336	300
Interest	35,000	25,474	(9,526)	57,706
Police confiscated assets	-	16,069	16,069	428
Miscellaneous	25,400	113,142	87,742	66,660
Other lease revenue	408,000	336,862	(71,138)	800,557
Overhead reimbursement	1,936,957	1,942,360	5,403	1,917,707
Other reimbursements	48,253	52,763	4,510	41,241
<b>Total Other Revenues</b>	<b>2,454,110</b>	<b>2,487,506</b>	<b>33,396</b>	<b>2,884,599</b>
<b>Total Revenues</b>	<b>13,168,869</b>	<b>12,142,896</b>	<b>(1,025,973)</b>	<b>13,161,663</b>

(continued)

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

**City of Glenwood Springs, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**  
**(Continued)**

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
<b>Expenditures:</b>				
<b>General Government:</b>				
Administration	537,227	518,201	19,026	528,753
Personnel/purchasing	308,221	266,983	41,238	256,842
City Clerk and elections	332,824	305,930	26,894	337,466
Finance	866,454	829,436	37,018	807,217
Data processing	310,381	276,962	33,419	291,461
Judicial	217,377	202,206	15,171	205,080
Legal	298,233	253,589	44,644	244,396
Annexation costs and rebates	432,000	68,371	363,629	162,256
<b>Total General Government</b>	<u>3,302,717</u>	<u>2,721,678</u>	<u>581,039</u>	<u>2,833,471</u>
<b>Public Safety:</b>				
Police Department	3,275,783	3,120,821	154,962	3,036,520
<b>Total Public Safety</b>	<u>3,275,783</u>	<u>3,120,821</u>	<u>154,962</u>	<u>3,036,520</u>
<b>Community Development:</b>				
Administration/planning	646,714	523,899	122,815	587,677
Building inspector	335,508	290,432	45,076	276,096
<b>Total Community Development</b>	<u>982,222</u>	<u>814,331</u>	<u>167,891</u>	<u>863,773</u>
<b>Public Works:</b>				
Administration/engineering	515,176	462,080	53,096	448,009
Streets, alleys, snow removal	1,054,377	919,205	135,172	1,009,438
<b>Total Public Works</b>	<u>1,569,553</u>	<u>1,381,285</u>	<u>188,268</u>	<u>1,457,447</u>
<b>Culture and Recreation:</b>				
Recreation	2,294,202	2,151,956	142,246	2,236,094
Parks and cemetery	857,235	867,122	(9,887)	908,825
<b>Total Culture and Recreation</b>	<u>3,151,437</u>	<u>3,019,078</u>	<u>132,359</u>	<u>3,144,919</u>
<b>Debt Service:</b>				
Principal on bonded debt	175,000	175,000	-	170,000
Interest on bonded debt	117,193	117,193	-	124,333
<b>Total Debt Service</b>	<u>292,193</u>	<u>292,193</u>	<u>-</u>	<u>294,333</u>
<b>Total Expenditures</b>	<u>12,573,905</u>	<u>11,349,386</u>	<u>1,224,519</u>	<u>11,630,463</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	594,964	793,510	(2,250,492)	1,531,200
<b>Other Financing Sources (Uses):</b>				
Transfers in	926,376	976,376	50,000	881,446
Transfers (out)	(2,096,664)	(2,094,880)	1,784	(2,334,519)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,170,288)</u>	<u>(1,118,504)</u>	<u>51,784</u>	<u>(1,453,073)</u>
<b>Net Change in Fund Balance</b>	(575,324)	(324,994)	(2,198,708)	78,127
<b>Fund Balance - Beginning of Year</b>	4,093,756	4,505,760	412,004	4,427,633
<b>Fund Balance - End of Year</b>	<u>3,518,432</u>	<u>4,180,766</u>	<u>662,334</u>	<u>4,505,760</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>		<u>Variance</u>	<u>2009</u>
	<u>Final</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>(Negative)</u>	
<b>Revenues:</b>				
<b>Taxes:</b>				
General sales tax	2,102,877	1,764,183	(338,694)	1,839,080
Use tax	71,216	64,158	(7,058)	52,126
<b>Other:</b>				
Miscellaneous income	330,000	20,025	(309,975)	93,446
Interest income	24,000	6,266	(17,734)	27,509
<b>Total Revenues</b>	<u>2,528,093</u>	<u>1,854,632</u>	<u>(673,461)</u>	<u>2,012,161</u>
<b>Expenditures:</b>				
<b>Transportation:</b>				
TDM contract	40,000	17,893	22,107	22,087
Transit program	8,117,000	4,562,496	3,554,504	4,143,968
Other expenses	233,269	205,123	28,146	226,793
<b>Total Transportation</b>	<u>8,390,269</u>	<u>4,785,512</u>	<u>3,604,757</u>	<u>4,392,848</u>
<b>Debt Service:</b>				
Principal payment	78,372	78,372	-	72,346
Interest payment	21,259	21,259	-	27,285
Principal payment - SIB loan	157,358	157,358	-	154,273
Interest payment - SIB loan	9,632	9,632	-	12,717
<b>Total Expenditures</b>	<u>8,656,890</u>	<u>5,052,133</u>	<u>3,604,757</u>	<u>4,659,469</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(6,128,797)	(3,197,501)	2,931,296	(2,647,308)
<b>Other Financing Sources (Uses):</b>				
Intergovernmental awards	3,340,000	1,249,242	(2,090,758)	1,321,489
Transfers in	900,000	650,000	(250,000)	153,210
Transfers (out)	(211,057)	(211,057)	-	(131,757)
<b>Total Other Financing Sources (Uses)</b>	<u>4,028,943</u>	<u>1,688,185</u>	<u>(2,340,758)</u>	<u>1,342,942</u>
<b>Net Change in Fund Balance</b>	(2,099,854)	(1,509,316)	590,538	(1,304,366)
<b>Fund Balance - Beginning of Year</b>	<u>2,518,280</u>	<u>1,701,056</u>	<u>(817,224)</u>	<u>3,005,422</u>
<b>Fund Balance - End of Year</b>	<u>418,426</u>	<u>191,740</u>	<u>(226,686)</u>	<u>1,701,056</u>

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

**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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	2010			2009	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Taxes:</b>					
Sales tax	2,102,877	2,102,877	1,764,183	(338,694)	1,839,080
Use tax	71,216	71,216	64,158	(7,058)	52,126
<b>Total Taxes</b>	<u>2,174,093</u>	<u>2,174,093</u>	<u>1,828,341</u>	<u>(345,752)</u>	<u>1,891,206</u>
<b>Intergovernmental:</b>					
Grants	-	30,000	30,000	-	-
<b>Fees and Charges:</b>					
Park land fees	-	-	9,001	9,001	71,907
<b>Other:</b>					
Interest income	8,000	8,000	3,520	(4,480)	18,595
Other income	-	-	20,532	20,532	3,748
<b>Total Other</b>	<u>8,000</u>	<u>8,000</u>	<u>24,052</u>	<u>16,052</u>	<u>22,343</u>
<b>Total Revenues</b>	<u>2,182,093</u>	<u>2,212,093</u>	<u>1,891,394</u>	<u>(320,699)</u>	<u>1,985,456</u>
<b>Expenditures:</b>					
<b>Public Works:</b>					
Work activities team	360,057	360,057	282,619	77,438	311,888
Sewer improvements	15,279,200	15,296,800	8,687,352	6,609,448	6,059,679
Other expenditures	53,382	53,382	59,056	(5,674)	55,144
<b>Total Public Works</b>	<u>15,692,639</u>	<u>15,710,239</u>	<u>9,029,027</u>	<u>6,681,212</u>	<u>6,426,711</u>
<b>Debt Service:</b>					
Principal - 1998 Government Agency Bond	196,229	196,229	196,229	-	188,872
Interest - 1998 Government Agency Bond	27,372	27,372	27,372	-	36,343
<b>Total Debt Service</b>	<u>223,601</u>	<u>223,601</u>	<u>223,601</u>	<u>-</u>	<u>225,215</u>
<b>Total Expenditures</b>	<u>15,916,240</u>	<u>15,933,840</u>	<u>9,252,628</u>	<u>6,681,212</u>	<u>6,651,926</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(13,734,147)	(13,721,747)	(7,361,234)	6,360,513	(4,666,470)
<b>Other Financing Sources (Uses):</b>					
Debt proceeds	15,000,000	15,000,000	-	(15,000,000)	-
Transfers in	223,601	15,723,601	12,379,098	(3,344,503)	225,215
Transfers (out)	(2,414,062)	(2,414,062)	(1,264,062)	1,150,000	(987,591)
<b>Total Other Financing Sources (Uses)</b>	<u>12,809,539</u>	<u>28,309,539</u>	<u>11,115,036</u>	<u>(17,194,503)</u>	<u>(762,376)</u>
<b>Net Change in Fund Balance</b>	(924,608)	14,587,792	3,753,802	(10,833,990)	(5,428,846)
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>1,743,211</u>	<u>(3,185,027)</u>	<u>(3,185,027)</u>	<u>-</u>	<u>2,243,819</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>818,603</u>	<u>11,402,765</u>	<u>568,775</u>	<u>(10,833,990)</u>	<u>(3,185,027)</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	2010			2009	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Taxes:</b>					
General sales tax	4,205,755	4,205,755	3,528,366	(677,389)	3,678,160
Use tax	142,432	142,432	128,315	(14,117)	104,252
<b>Total Taxes</b>	<u>4,348,187</u>	<u>4,348,187</u>	<u>3,656,681</u>	<u>(691,506)</u>	<u>3,782,412</u>
<b>Intergovernmental:</b>					
Grants	-	-	4,645	4,645	-
<b>Other:</b>					
Interest income	53,000	53,000	41,088	(11,912)	37,240
Donations	-	-	-	-	53,175
Cost reimbursement	-	-	176,219	176,219	-
Other income	-	-	39,378	39,378	6,749
<b>Total Other</b>	<u>53,000</u>	<u>53,000</u>	<u>256,685</u>	<u>203,685</u>	<u>97,164</u>
<b>Total Revenues</b>	<u>4,401,187</u>	<u>4,401,187</u>	<u>3,918,011</u>	<u>(483,176)</u>	<u>3,879,576</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
General and administrative	3,747,418	3,420,713	1,083,390	2,337,323	391,748
Bond fees	40,142	40,142	39,992	150	40,142
<b>Total General Government</b>	<u>3,787,560</u>	<u>3,460,855</u>	<u>1,123,382</u>	<u>2,337,473</u>	<u>431,890</u>
<b>Culture and Recreation:</b>					
Frontier Historical Museum	6,017	6,017	5,956	61	6,396
River trail system	1,000,000	750,000	255,614	494,386	520,904
Arts Center	73,000	73,000	311	72,689	22,030
Other projects	203,672	554,672	370,296	184,376	702,253
<b>Total Culture and Recreation</b>	<u>1,282,689</u>	<u>1,383,689</u>	<u>632,177</u>	<u>751,512</u>	<u>1,251,583</u>
<b>Public Works:</b>					
Streets and sidewalks	-	-	-	-	11,680
Glenwood Meadows project	-	-	3,383	(3,383)	39,566
Other projects	1,392,683	1,623,883	1,565,900	57,983	670,254
<b>Total Public Works</b>	<u>1,392,683</u>	<u>1,623,883</u>	<u>1,569,283</u>	<u>54,600</u>	<u>721,500</u>
<b>Debt Service:</b>					
Principal - 1999 Sales and Use Tax bonds	985,000	1,200,000	1,200,000	-	945,000
Interest - 1999 Sales and Use Tax bonds	491,593	211,593	211,392	201	530,810
Principal - 1999 Government Agency bonds	264,527	264,527	264,527	-	256,429
Interest - 1999 Government Agency bonds	80,562	80,562	80,561	1	87,880
Principal - Pool lease	-	-	-	-	220,030
Interest - Pool lease	-	-	-	-	4,813
<b>Total Debt Service</b>	<u>1,821,682</u>	<u>1,756,682</u>	<u>1,756,480</u>	<u>202</u>	<u>2,044,962</u>
<b>Total Expenditures</b>	<u>8,284,614</u>	<u>8,225,109</u>	<u>5,081,322</u>	<u>3,143,787</u>	<u>4,449,935</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(3,883,427)	(3,823,922)	(1,163,311)	2,660,611	(570,359)
<b>Other Financing Sources (Uses):</b>					
Refunding debt proceeds	-	1,246,044	11,825,000	10,578,956	-
Premium on refunding	-	-	439,185	439,185	-
Payment to refund bond escrow agent	-	-	(10,950,148)	(10,950,148)	-
Bond issuance costs	-	-	(127,499)	(127,499)	-
Transfers in	3,900,000	3,900,000	572,500	(3,327,500)	224,843
Transfers (out)	(13,514)	(13,514)	(13,514)	-	(166,724)
<b>Total Other Financing Sources (Uses)</b>	<u>3,886,486</u>	<u>5,132,530</u>	<u>1,745,524</u>	<u>(3,387,006)</u>	<u>58,119</u>
<b>Net Change in Fund Balance</b>	3,059	1,308,608	582,213	(726,395)	(512,240)
<b>Fund Balance - Beginning of Year</b>	<u>1,112,564</u>	<u>3,275,263</u>	<u>3,275,263</u>	<u>-</u>	<u>3,787,503</u>
<b>Fund Balance - End of Year</b>	<u>1,115,623</u>	<u>4,583,871</u>	<u>3,857,476</u>	<u>(726,395)</u>	<u>3,275,263</u>

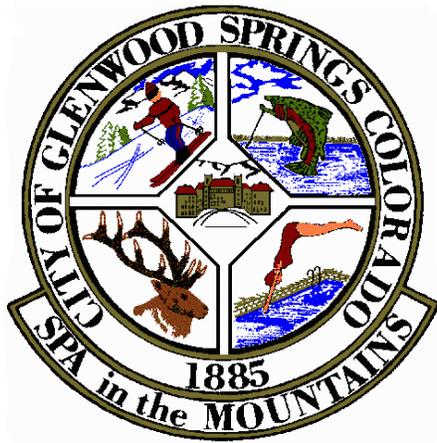
The accompanying notes are an integral part of these financial statements.

**City of Glenwood Springs, Colorado**  
**Downtown Development Authority**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>		<u>Variance Positive (Negative)</u>	<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Property taxes	313,569	283,372	(30,197)	273,851
Sales taxes	305,000	141,327	(163,673)	368,590
Interest income	4,000	3,553	(447)	7,639
<b>Total Revenues</b>	<u>622,569</u>	<u>428,252</u>	<u>(194,317)</u>	<u>650,080</u>
<b>Expenditures:</b>				
General Government:				
Capital outlay	935,000	-	935,000	129,234
Other	311,272	266,757	44,515	65,711
Debt service:				
Interest	24,299	24,298	1	25,047
<b>Total Expenditures</b>	<u>1,270,571</u>	<u>291,055</u>	<u>979,516</u>	<u>219,992</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(648,002)	137,197	785,199	430,088
<b>Other Financing Sources (Uses):</b>				
Transfer in	50,000	50,000	-	50,000
Transfer (out)	(33,667)	(3,667)	30,000	(3,667)
<b>Total Other Financing Sources (Uses)</b>	<u>16,333</u>	<u>46,333</u>	<u>30,000</u>	<u>46,333</u>
<b>Net Change in Fund Balance</b>	(631,669)	183,530	815,199	476,421
<b>Fund Balance - Beginning of Year</b>	<u>706,948</u>	<u>1,283,643</u>	<u>576,695</u>	<u>807,222</u>
<b>Fund Balance - End of Year</b>	<u><u>75,279</u></u>	<u><u>1,467,173</u></u>	<u><u>1,391,894</u></u>	<u><u>1,283,643</u></u>

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

SUPPLEMENTARY INFORMATION



**City of Glenwood Springs, Colorado**  
**Combining Balance Sheets**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2010**

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Tourism Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>Fire and Ambulance Fund</u>	<u>General Improvement District No. 1980</u>	<u>Emergency Services Equipment Replacement</u>	
<b>Assets:</b>								
Cash and investments - Unrestricted	159,749	95,871	156,055	148,927	106,121	44,733	794,292	1,505,748
Taxes receivable	33,897	-	-	80,042	-	47,234	-	161,173
Accounts receivable, net of allowance	-	-	-	5,958	159,080	-	-	165,038
Prepaid items	-	-	-	1,608	-	-	-	1,608
<b>Total Assets</b>	<u>193,646</u>	<u>95,871</u>	<u>156,055</u>	<u>236,535</u>	<u>265,201</u>	<u>91,967</u>	<u>794,292</u>	<u>1,833,567</u>
<b>Liabilities and Fund Balance:</b>								
<b>Liabilities:</b>								
Accounts payable	1,567	-	-	175,091	9,278	-	-	185,936
Accrued payroll and related	-	-	-	-	83,290	-	-	83,290
Deferred property taxes	-	-	-	-	-	47,109	-	47,109
<b>Total Liabilities</b>	<u>1,567</u>	<u>-</u>	<u>-</u>	<u>175,091</u>	<u>92,568</u>	<u>47,109</u>	<u>-</u>	<u>316,335</u>
<b>Fund Balance:</b>								
Reserved:								
Emergency	17,878	1,671	2,380	22,743	31,116	1,430	2,177	79,395
Unreserved	174,201	94,200	153,675	38,701	141,517	43,428	792,115	1,437,837
<b>Total Fund Balance</b>	<u>192,079</u>	<u>95,871</u>	<u>156,055</u>	<u>61,444</u>	<u>172,633</u>	<u>44,858</u>	<u>794,292</u>	<u>1,517,232</u>
<b>Total Liabilities and Fund Balance</b>	<u>193,646</u>	<u>95,871</u>	<u>156,055</u>	<u>236,535</u>	<u>265,201</u>	<u>91,967</u>	<u>794,292</u>	<u>1,833,567</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, 2010**

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Tourism Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>Fire and Ambulance Fund</u>	<u>General Improvement District No. 1980</u>	<u>Emergency Services Equipment Replacement</u>	
<b>Revenues:</b>								
Taxes	595,705	-	-	731,282	-	47,058	-	1,374,045
Intergovernmental	-	-	78,977	541,479	2,400	-	61,095	683,951
Charges for services	-	55,157	-	9,001	1,036,046	-	-	1,100,204
Interest income	240	555	349	475	1,162	592	2,512	5,885
Other	-	-	-	17,345	-	-	8,952	26,297
<b>Total Revenues</b>	<u>595,945</u>	<u>55,712</u>	<u>79,326</u>	<u>1,299,582</u>	<u>1,039,608</u>	<u>47,650</u>	<u>72,559</u>	<u>3,190,382</u>
<b>Expenditures:</b>								
General governmental	-	63,763	-	-	-	57,035	-	120,798
Transportation	-	-	-	1,593,865	-	-	-	1,593,865
Public safety	-	9,652	-	-	-	-	48,475	58,127
Public works	-	-	-	-	2,987,068	-	-	2,987,068
Community and economic development	503,327	-	-	-	-	-	-	503,327
Culture and recreation	-	-	49,724	-	-	-	-	49,724
<b>Total Expenditures</b>	<u>503,327</u>	<u>73,415</u>	<u>49,724</u>	<u>1,593,865</u>	<u>2,987,068</u>	<u>57,035</u>	<u>48,475</u>	<u>5,312,909</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	92,618	(17,703)	29,602	(294,283)	(1,947,460)	(9,385)	24,084	(2,122,527)
<b>Other Financing Sources (Uses):</b>								
Transfers in	-	-	-	204,300	1,888,333	-	186,277	2,278,910
Transfers (out)	-	-	-	(2,702)	-	-	-	(2,702)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,598</u>	<u>1,888,333</u>	<u>-</u>	<u>186,277</u>	<u>2,276,208</u>
<b>Net Change in Fund Balance</b>	92,618	(17,703)	29,602	(92,685)	(59,127)	(9,385)	210,361	153,681
<b>Fund Balance - Beginning of Year</b>	<u>99,461</u>	<u>113,574</u>	<u>126,453</u>	<u>154,129</u>	<u>231,760</u>	<u>54,243</u>	<u>583,931</u>	<u>1,363,551</u>
<b>Fund Balance - End of Year</b>	<u>192,079</u>	<u>95,871</u>	<u>156,055</u>	<u>61,444</u>	<u>172,633</u>	<u>44,858</u>	<u>794,292</u>	<u>1,517,232</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>			<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
Accommodations tax	643,769	595,705	(48,064)	594,470
<b>Other:</b>				
Interest income	400	240	(160)	331
Other income	-	-	-	31,642
<b>Total Revenues</b>	<u>644,169</u>	<u>595,945</u>	<u>(48,224)</u>	<u>626,443</u>
<b>Expenditures:</b>				
<b>Economic Development:</b>				
Salary and benefits	174,590	135,147	39,443	127,325
Administrative	38,557	38,557	-	37,917
Visitor services	-	-	-	60,200
Central reservations/watts line	2,800	1,171	1,629	7,901
Public relations	32,040	31,958	82	32,710
Printing and distribution (brochures, postcards, etc.)	116,008	80,966	35,042	203,985
Database and internet marketing	126,128	92,425	33,703	138,854
Advertising and promotion	216,711	98,834	117,877	308,812
Travel and booth expenses	41,867	23,769	18,098	31,665
Research and tracking	-	-	-	12,000
Special event	3,000	500	2,500	-
<b>Total Expenditures</b>	<u>751,701</u>	<u>503,327</u>	<u>248,374</u>	<u>961,369</u>
<b>Net Change in Fund Balance</b>	(107,532)	92,618	200,150	(334,926)
<b>Fund Balance - Beginning of Year</b>	<u>327,437</u>	<u>99,461</u>	<u>(227,976)</u>	<u>434,387</u>
<b>Fund Balance - End of Year</b>	<u>219,905</u>	<u>192,079</u>	<u>(27,826)</u>	<u>99,461</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2009</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
<b>Charges for Services:</b>					
Assessments	43,000	43,000	55,157	12,157	60,959
<b>Other:</b>					
Interest income	1,000	1,000	555	(445)	901
<b>Total Revenues</b>	<u>44,000</u>	<u>44,000</u>	<u>55,712</u>	<u>11,712</u>	<u>61,860</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
Victim/witness assistance	30,000	70,000	62,711	7,289	30,717
Professional fees	-	-	974	(974)	1,117
Office supplies	1,000	1,000	78	922	137
Capital Outlay:					
Police equipment	13,500	13,500	9,652	3,848	8,177
<b>Total Expenditures</b>	<u>44,500</u>	<u>84,500</u>	<u>73,415</u>	<u>11,085</u>	<u>40,148</u>
<b>Net Change in Fund Balance</b>	(500)	(40,500)	(17,703)	22,797	21,712
<b>Fund Balance - Beginning of Year</b>	<u>92,362</u>	<u>113,574</u>	<u>113,574</u>	<u>-</u>	<u>91,862</u>
<b>Fund Balance - End of Year</b>	<u>91,862</u>	<u>73,074</u>	<u>95,871</u>	<u>22,797</u>	<u>113,574</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>		<u>Variance Positive (Negative)</u>	<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Colorado Lottery	88,000	78,977	(9,023)	83,293
<b>Other:</b>				
Interest income	2,100	349	(1,751)	341
<b>Total Revenues</b>	<u>90,100</u>	<u>79,326</u>	<u>(10,774)</u>	<u>83,634</u>
<b>Expenditures:</b>				
<b>Culture and Recreation:</b>				
Brush Creek Lane playground equipment	-	-	-	2,888
Park improvement and equipment	35,000	31,458	3,542	34,847
Oasis creek playground	6,600	6,524	76	-
Two rivers playground	12,000	11,742	258	-
Other projects	26,400	-	26,400	-
<b>Total Expenditures</b>	<u>80,000</u>	<u>49,724</u>	<u>30,276</u>	<u>37,735</u>
<b>Net Change in Fund Balance</b>	10,100	29,602	19,502	45,899
<b>Fund Balance - Beginning of Year</b>	<u>117,655</u>	<u>126,453</u>	<u>8,798</u>	<u>80,554</u>
<b>Fund Balance - End of Year</b>	<u><u>127,755</u></u>	<u><u>156,055</u></u>	<u><u>28,300</u></u>	<u><u>126,453</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2009</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
<b>Taxes:</b>					
General sales tax	841,089	841,089	705,621	(135,468)	735,577
Use tax	28,484	28,484	25,661	(2,823)	20,849
<b>Intergovernmental:</b>					
Grants and awards	532,000	532,000	541,479	9,479	196,000
<b>Charges for Services:</b>					
Bus fares	-	-	2,189	2,189	1,987
Advertising fees	12,000	12,000	6,812	(5,188)	7,763
<b>Other:</b>					
Interest income	600	600	475	(125)	702
Miscellaneous	1,000	1,000	17,345	16,345	1,433
<b>Total Revenues</b>	<u>1,415,173</u>	<u>1,415,173</u>	<u>1,299,582</u>	<u>(115,591)</u>	<u>964,311</u>
<b>Expenditures:</b>					
<b>Transportation:</b>					
Fixed labor	278,760	278,760	262,585	16,175	271,027
Direct labor	408,019	366,019	331,712	34,307	374,457
Employee bus pass	1,000	1,000	2,392	(1,392)	2,140
Direct mileage cost	252,583	252,583	208,543	44,040	211,980
Training	32,649	39,649	45,032	(5,383)	33,304
Capital costs	385,290	385,290	383,590	1,700	-
Other	364,629	399,629	360,011	39,618	327,957
<b>Total Expenditures</b>	<u>1,722,930</u>	<u>1,722,930</u>	<u>1,593,865</u>	<u>129,065</u>	<u>1,220,865</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(307,757)	(307,757)	(294,283)	13,474	(256,554)
<b>Other Financing Sources (Uses):</b>					
Transfer in	54,300	204,300	204,300	-	200,000
Sale of assets	-	-	-	-	7,525
Transfer (out)	(2,702)	(2,702)	(2,702)	-	(2,702)
<b>Total Other Financing Sources (Uses)</b>	<u>51,598</u>	<u>201,598</u>	<u>201,598</u>	<u>-</u>	<u>204,823</u>
<b>Net Change in Fund Balance</b>	(256,159)	(106,159)	(92,685)	13,474	(51,731)
<b>Fund Balance - Beginning of Year</b>	<u>256,175</u>	<u>256,175</u>	<u>154,129</u>	<u>(102,046)</u>	<u>205,860</u>
<b>Fund Balance - End of Year</b>	<u>16</u>	<u>150,016</u>	<u>61,444</u>	<u>(88,572)</u>	<u>154,129</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>			<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Grants and awards	25,000	2,400	(22,600)	12,993
<b>Charges for Services:</b>				
Permits	12,000	7,700	(4,300)	10,400
Ambulance fees	1,161,173	1,028,346	(132,827)	924,822
<b>Other:</b>				
Interest income	800	1,162	362	357
<b>Total Revenues</b>	<u>1,198,973</u>	<u>1,039,608</u>	<u>(159,365)</u>	<u>948,572</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
Emergency services	<u>3,087,306</u>	<u>2,987,068</u>	<u>100,238</u>	<u>2,839,721</u>
<b>Total Expenditures</b>	<u>3,087,306</u>	<u>2,987,068</u>	<u>100,238</u>	<u>2,839,721</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,888,333)	(1,947,460)	(59,127)	(1,891,149)
<b>Other Financing Sources (Uses):</b>				
Transfer in	<u>1,888,333</u>	<u>1,888,333</u>	<u>-</u>	<u>2,122,909</u>
<b>Total Other Financing Sources (Uses)</b>	<u>1,888,333</u>	<u>1,888,333</u>	<u>-</u>	<u>2,122,909</u>
<b>Net Change in Fund Balance</b>	-	(59,127)	(59,127)	231,760
<b>Fund Balance - Beginning of Year</b>	<u>-</u>	<u>231,760</u>	<u>231,760</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>-</u></u>	<u><u>172,633</u></u>	<u><u>172,633</u></u>	<u><u>231,760</u></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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2009</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Taxes:					
Property taxes	45,685	45,685	45,519	(166)	45,154
Specific ownership taxes	3,800	3,800	1,539	(2,261)	3,034
<b>Total Taxes</b>	<u>49,485</u>	<u>49,485</u>	<u>47,058</u>	<u>(2,427)</u>	<u>48,188</u>
Other:					
Interest income	100	100	592	492	439
Miscellaneous income	-	-	-	-	10,059
<b>Total Revenues</b>	<u>49,585</u>	<u>49,585</u>	<u>47,650</u>	<u>(1,935)</u>	<u>58,686</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
Miscellaneous and Treasurer's fees	914	914	968	(54)	910
Other	48,671	58,671	56,067	2,604	40,636
<b>Total Expenditures</b>	<u>49,585</u>	<u>59,585</u>	<u>57,035</u>	<u>2,550</u>	<u>41,546</u>
<b>Net Change in Fund Balance</b>	-	(10,000)	(9,385)	615	17,140
<b>Fund Balance - Beginning of Year</b>	<u>37,102</u>	<u>47,109</u>	<u>54,243</u>	<u>7,134</u>	<u>37,103</u>
<b>Fund Balance - End of Year</b>	<u><u>37,102</u></u>	<u><u>37,109</u></u>	<u><u>44,858</u></u>	<u><u>7,749</u></u>	<u><u>54,243</u></u>

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

**City of Glenwood Springs, Colorado**  
**Emergency Services Equipment Replacement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>			<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Rural Fire District contribution	61,853	61,095	(758)	58,192
Interest income	3,000	2,512	(488)	2,540
Impact fees	50,000	8,952	(41,048)	109,222
<b>Total Revenues</b>	<u>114,853</u>	<u>72,559</u>	<u>(42,294)</u>	<u>169,954</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
Equipment purchases	110,000	48,475	61,525	428,370
<b>Total Expenditures</b>	<u>110,000</u>	<u>48,475</u>	<u>61,525</u>	<u>428,370</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	4,853	24,084	19,231	(258,416)
<b>Other Financing Sources (Uses):</b>				
Transfer in	188,061	186,277	(1,784)	191,341
<b>Total Other Financing Sources</b>	<u>188,061</u>	<u>186,277</u>	<u>(1,784)</u>	<u>191,341</u>
<b>Net Change in Fund Balance</b>	192,914	210,361	17,447	(67,075)
<b>Fund Balance - Beginning of Year</b>	<u>445,906</u>	<u>583,931</u>	<u>138,025</u>	<u>651,006</u>
<b>Fund Balance - End of Year</b>	<u><u>638,820</u></u>	<u><u>794,292</u></u>	<u><u>155,472</u></u>	<u><u>583,931</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	2010			Final Budget Variance Positive (Negative)	2009
	Original Budget	Final Budget	Actual		Actual
<b>Operating Revenues:</b>					
<b>Charges and Fees:</b>					
Water user fees	2,100,000	2,100,000	2,114,296	14,296	1,966,391
Sewer user fees	1,877,000	1,877,000	2,053,927	176,927	1,696,103
Water connection fees	2,800	2,800	2,714	(86)	6,924
Sewer connection fees	500	500	3,274	2,774	596
Meter sales	8,000	8,000	6,886	(1,114)	3,920
Other	19,500	19,500	9,897	(9,603)	5,230
Water improvement fees	250,000	250,000	29,715	(220,285)	61,468
Sewer improvement fees	150,000	150,000	17,656	(132,344)	34,479
<b>Total Operating Revenues</b>	<u>4,407,800</u>	<u>4,407,800</u>	<u>4,238,365</u>	<u>(169,435)</u>	<u>3,775,111</u>
<b>Operating Expenses:</b>					
Administration	641,500	591,500	552,502	38,998	573,448
Water plant operation	574,620	644,620	630,277	14,343	528,296
Water transmission and distribution	559,306	525,306	512,092	13,214	416,252
Wastewater plant operation	525,778	525,778	511,077	14,701	439,779
Wastewater collection and transmission	286,201	286,201	294,657	(8,456)	268,140
Customer service	174,976	274,976	274,239	737	171,513
Depreciation	1,668,120	1,009,120	973,391	35,729	994,648
Capital outlay	1,177,000	1,177,000	1,834,106	(657,106)	722,918
Debt service - Principal	165,000	165,000	165,000	-	180,000
<b>Total Operating Expenses</b>	<u>5,772,501</u>	<u>5,199,501</u>	<u>5,747,341</u>	<u>(547,840)</u>	<u>4,294,994</u>
<b>Operating Income (Loss) - Budget Basis</b>	<u>(1,364,701)</u>	<u>(791,701)</u>	<u>(1,508,976)</u>	<u>(717,275)</u>	<u>(519,883)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Gain (loss) on disposition of assets	-	-	8,613	8,613	-
Investment income	50,000	50,000	36,000	(14,000)	104,507
Amortization of bond costs	(9,785)	(9,785)	(46,876)	37,091	(11,817)
Interest expense	(49,047)	(622,047)	(621,026)	1,021	(25,800)
<b>Total Non-Operating Revenues (Expenses):</b>	<u>(8,832)</u>	<u>(581,832)</u>	<u>(623,289)</u>	<u>32,725</u>	<u>66,890</u>
Transfers (out)	(670,400)	(16,170,400)	(12,825,897)	3,344,503	(758,113)
<b>Change in Net Assets - Budget Basis</b>	<u>(2,043,933)</u>	<u>(17,543,933)</u>	<u>(14,958,162)</u>	<u>2,659,953</u>	<u>(1,211,106)</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Debt service - Principal			165,000		180,000
Capital outlay			1,834,106		722,918
<b>Total Adjustments</b>			<u>1,999,106</u>		<u>902,918</u>
<b>Net Income - GAAP Basis</b>			<u>(12,959,056)</u>		<u>(308,188)</u>

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

**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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	2010			2009	
	Original Budget	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Operating Revenues:</b>					
<b>Charges and fees:</b>					
Commercial	7,275,877	7,275,877	6,597,871	(678,006)	6,657,536
Residential	3,102,710	3,102,710	2,846,104	(256,606)	2,970,397
Municipal	90,385	90,385	78,352	(12,033)	87,484
Security lights	13,631	13,631	11,173	(2,458)	11,589
Service connect fees	14,000	14,000	14,895	895	14,385
Other	501,000	501,000	468,516	(32,484)	489,098
<b>Total Operating Revenues</b>	<u>10,997,603</u>	<u>10,997,603</u>	<u>10,016,911</u>	<u>(980,692)</u>	<u>10,230,489</u>
<b>Expenses:</b>					
Purchased power	6,341,239	6,341,239	5,849,190	492,049	5,698,133
Maintenance - Distribution	1,627,499	1,627,499	1,361,387	266,112	1,393,265
Customer accounts	428,818	428,818	374,108	54,710	371,863
General and administrative	1,059,591	1,059,591	701,046	358,545	840,874
Capital improvements	785,000	2,003,451	1,936,225	67,226	2,011,761
Depreciation	1,006,459	1,006,459	798,392	208,067	867,419
Debt service - Principal	295,000	295,000	295,000	-	285,000
<b>Total Operating Expenses</b>	<u>11,543,606</u>	<u>12,762,057</u>	<u>11,315,348</u>	<u>1,446,709</u>	<u>11,468,315</u>
<b>Operating Income (Loss) Budget Basis</b>	(546,003)	(1,764,454)	(1,298,437)	466,017	(1,237,826)
<b>Non-Operating Revenues (Expenses):</b>					
Gain (loss) on disposition of assets	(5,000)	(5,000)	(6,629)	(1,629)	(8,775)
Investment income	40,000	40,000	48,107	8,107	119,664
Amortization of bond costs	(2,067)	(2,067)	(2,067)	-	(2,999)
Interest expense	(29,357)	(29,357)	(26,132)	3,225	(39,483)
<b>Total Non-Operating Revenues (Expenses):</b>	<u>3,576</u>	<u>3,576</u>	<u>13,279</u>	<u>9,703</u>	<u>68,407</u>
Capital contributions	400,000	400,000	109,683	(290,317)	131,817
Transfers (out)	(798,932)	(798,932)	(798,932)	-	(806,285)
<b>Change in Net Assets - Budget Basis</b>	<u>(941,359)</u>	<u>(2,159,810)</u>	<u>(1,974,407)</u>	<u>185,403</u>	<u>(1,843,887)</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Debt service - Principal			295,000		285,000
Capital outlay			1,936,225		2,011,761
<b>Total Adjustments</b>			<u>2,231,225</u>		<u>2,296,761</u>
<b>Net Income - GAAP Basis</b>			<u>256,818</u>		<u>452,874</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	<u>2010</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2009</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenues:</b>					
<b>Rentals:</b>					
Airport/land lease	29,000	29,000	23,030	(5,970)	24,103
Hanger lease	-	-	980	980	940
<b>Charges and fees:</b>					
Annual user fees	3,650	3,650	4,170	520	2,605
Long-term tie downs	6,400	6,400	7,965	1,565	6,740
Transient tie downs	1,550	1,550	8,608	7,058	2,627
Fuel sales	123,300	123,300	108,017	(15,283)	92,497
State fuel tax refund	1,100	1,100	1,163	63	654
Other income	-	-	3,888	3,888	3,818
<b>Total Operating Revenues</b>	<u>165,000</u>	<u>165,000</u>	<u>157,821</u>	<u>(7,179)</u>	<u>133,984</u>
<b>Operating Expenses:</b>					
Administration	52,016	52,016	31,557	20,459	28,372
Operations	137,033	137,033	115,562	21,471	92,577
Improvements	-	-	-	-	70,995
Capital Outlay	80,975	80,975	-	80,975	6,095
Depreciation	11,772	11,772	12,984	(1,212)	11,765
<b>Total Expenses</b>	<u>281,796</u>	<u>281,796</u>	<u>160,103</u>	<u>121,693</u>	<u>209,804</u>
<b>Operating Income (Loss) - Budget Basis</b>	(116,796)	(116,796)	(2,282)	114,514	(75,820)
<b>Non-Operating Revenues (Expenses):</b>					
Investment income	150	150	171	21	137
Gain (loss) on disposition of asset	-	-	1,000	1,000	-
Intergovernmental awards	64,780	64,780	-	(64,780)	56,796
<b>Total Non-Operating Revenues</b>	<u>64,930</u>	<u>64,930</u>	<u>1,171</u>	<u>(63,759)</u>	<u>56,933</u>
Transfer (out)	2,700	(2,700)	(2,700)	-	(2,700)
<b>Change in Net Assets - Budget Basis</b>	<u>(49,166)</u>	<u>(54,566)</u>	<u>(3,811)</u>	<u>50,755</u>	<u>(21,587)</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Capital outlay			-		6,095
<b>Total Adjustments</b>			-		6,095
<b>Net Income - GAAP Basis</b>			<u>(3,811)</u>		<u>(15,492)</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, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
<b>Operating Revenues:</b>				
Disposal fees	3,589,000	2,002,141	(1,586,859)	2,543,039
Composting fees	720,000	773,470	53,470	789,575
Other Income	30,000	42,474	12,474	79,650
<b>Total Operating Revenues</b>	4,339,000	2,818,085	(1,520,915)	3,412,264
<b>Operating Expenses:</b>				
Personnel costs	315,245	244,686	70,559	311,170
Operating costs	3,463,650	3,276,674	186,976	3,474,230
Composting fees	-	-	-	147,302
Utilities	7,750	8,229	(479)	7,125
Insurance	79,813	57,629	22,184	63,650
Allocated costs	133,608	133,608	-	127,281
Landfill compliance costs	100,863	59,820	41,043	62,710
Depreciation	45,685	12,315	33,370	197,651
Capital outlay	3,075,000	11,466	3,063,534	4,055
<b>Total Operating Expenses</b>	7,221,614	3,804,427	3,417,187	4,395,174
<b>Operating Income (Loss) Budget Basis</b>	(2,882,614)	(986,342)	1,896,272	(982,910)
<b>Non-Operating Revenues (Expenses):</b>				
Interest income	85,000	91,601	6,601	194,672
Gain (loss) on disposition of asset	(10,000)	-	10,000	(271,899)
Transfers (out)	(3,007,059)	(654,750)	2,352,309	(237,152)
<b>Total Non-Operating Revenues</b>	(2,932,059)	(563,149)	2,368,910	(314,379)
<b>Change in Net Assets - Budget Basis</b>	(5,814,673)	(1,549,491)	4,265,182	(1,297,289)
<b>Reconciliation to GAAP Basis:</b>				
<b>Adjustments:</b>				
Capital outlay		11,466		4,055
<b>Total Adjustments</b>		11,466		4,055
<b>Net Income - GAAP Basis</b>		(1,538,025)		(1,293,234)

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 Assets**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2010</u>		<u>Variance Positive (Negative)</u>	<u>2009</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Charges and fees	886,400	754,826	(131,574)	832,430
Other operating revenue	100	20,775	20,675	24,419
Investment income	29,000	54,272	25,272	76,927
Sale of asset	-	193,057	193,057	124,229
Transfers in	970,086	965,277	(4,809)	1,382,247
<b>Total Revenues</b>	<u>1,885,586</u>	<u>1,988,207</u>	<u>102,621</u>	<u>2,440,252</u>
<b>Expenses:</b>				
General government:				
Operations	819,328	696,123	123,205	713,245
Capital outlay	1,639,270	1,213,701	425,569	658,417
<b>Total Expenses</b>	<u>2,458,598</u>	<u>1,909,824</u>	<u>548,774</u>	<u>1,371,662</u>
<b>Operating Income (Loss) - Budget Basis</b>	<u>(573,012)</u>	78,383	<u>651,395</u>	<u>1,068,590</u>
<b>Reconciliation to GAAP Basis:</b>				
Capital Contributions		-		37,356
Capital outlay		1,213,701		658,417
Depreciation and amortization		(354,892)		(304,974)
<b>Operating Income (Loss) - GAAP Basis</b>		<u>937,192</u>		<u>1,459,389</u>
<b>Net Assets - Beginning of Year</b>		<u>6,927,009</u>		<u>5,467,620</u>
<b>Net Assets - End of Year</b>		<u>7,864,201</u>		<u>6,927,009</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 Assets**  
**Budget (GAAP) Basis and Actual**  
**For the Year Ended December 31, 2010**  
**(With Comparative Actual Amounts for December 31, 2009)**

	2010		Variance Positive (Negative)	2009
	Original and Final Budget	Actual		Actual
<b>Additions:</b>				
Perpetual care fees	2,500	750	(1,750)	3,500
Interest income	50	69	19	60
<b>Total Additions</b>	2,550	819	(1,731)	3,560
<b>Change in Net Assets</b>	2,550	819	(1,731)	3,560
<b>Net Assets - Beginning of Year</b>	27,362	28,173	811	24,613
<b>Net Assets - End of Year</b>	29,912	28,992	(920)	28,173

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 Assets**  
**For the Year Ended December 31, 2010**  
**(With Comparative Totals For the Year Ended December 31, 2009)**

	<u>2010</u>	<u>2009</u>
<b>Additions:</b>		
Pension contributions:		
State of Colorado	18,900	18,900
City of Glenwood Springs	21,000	21,000
Investment gain (loss)	<u>91,584</u>	<u>120,977</u>
<b>Total Additions</b>	<u>131,484</u>	<u>160,877</u>
<b>Deductions:</b>		
Pension payments	<u>107,249</u>	<u>97,906</u>
<b>Total Deductions</b>	<u>107,249</u>	<u>97,906</u>
<b>Change in Net Assets</b>	24,235	62,971
<b>Net Assets - Beginning of Year</b>	<u>744,256</u>	<u>681,285</u>
<b>Net Assets - End of Year</b>	<u><u>768,491</u></u>	<u><u>744,256</u></u>

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

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



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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: City
		YEAR ENDING : December 2010
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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,379,094
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	818,136
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	116,651
2. General fund appropriations	998,572	b. Snow and ice removal	89,129
3. Other local imposts (from page 2)	2,493,986	c. Other	
4. Miscellaneous local receipts (from page 2)	255,520	d. Total (a. through c.)	205,780
5. Transfers from toll facilities		4. General administration & miscellaneous	115,520
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	986,013
a. Bonds - Original Issues		6. Total (1 through 5)	4,504,543
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	26,246
7. Total (1 through 6)	3,748,078	b. Redemption	148,988
<b>B. Private Contributions</b>		c. Total (a. + b.)	175,234
<b>C. Receipts from State government (from page 2)</b>	832,628	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	99,071	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	4,679,777	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	175,234
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	4,679,777

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	1,490,108		151,011	1,339,097
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	4,679,777	4,679,777	0	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2010

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	6,266
b. Other local imposts:		b. Traffic Fines & Penalties	210,337
1. Sales Taxes	2,457,579	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	38,917
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	36,407	g. Other Misc. Receipts	0
6. Total (1. through 5.)	2,493,986	h. Other	0
c. Total (a. + b.)	2,493,986	i. Total (a. through h.)	255,520
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	295,421	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	33,399	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) EIAF Grants	503,808	f. Other Federal	99,071
f. Total (a. through e.)	537,207	g. Total (a. through f.)	99,071
4. Total (1. + 2. + 3.f)	832,628	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

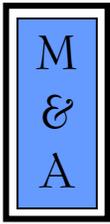
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	13,458	185,777	199,235
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	1,719,770	1,719,770
(3). System Preservation	200,000	235,695	435,695
(4). System Enhancement & Operation	0	24,394	24,394
(5). Total Construction (1) + (2) + (3) + (4)	200,000	1,979,859	2,179,859
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	213,458	2,165,636	2,379,094
			(Carry forward to page 1)

**Notes and Comments:**

Line II.D.f. - HPPM535-003 Grant \$99,071

**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

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

We have audited 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 as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 14, 2011. 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.

### **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*.

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

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

*Member: American Institute of Certified Public Accountants*

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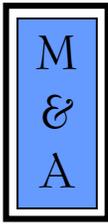
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**To the Members of City Council  
City of Glenwood Springs, Colorado**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**McMahan and Associates, L.L.C.  
June 14, 2011**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### **Compliance**

We have audited the compliance of the City of Glenwood Springs (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Glenwood Springs complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*Performing services for local governments throughout Colorado*

*D. Jerry McMahan, C.P.A.  
Paul J. Backes, C.P.A.*

*Daniel R. Cudahy, C.P.A.  
Michael N. Jenkins, C.A., C.P.A.*

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants  
National and Colorado Government Finance Officers Association/Colorado Municipal League

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

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 indentify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**McMahan and Associates, L.L.C.  
June 14, 2011**

**City of Glenwood Springs, Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2010**

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

*Financial Statements*

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable condition identified that is not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None noted

*Federal Awards*

Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions identified that is not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major program – Capitalization Grants for Drinking Water State Revolving Funds	CFDA #66.468
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	Yes

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

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

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

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

**City of Glenwood Springs, Colorado**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2010**  
**(Continued)**

**Note:** There were no findings for the fiscal year ended December 31, 2009.

**City of Glenwood Springs  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
<b>Office of National Drug Control Policy:</b>			
High Intensity Drug Trafficking Area	07.999	No	<u>94,962</u>
<b>Passed through State of Colorado:</b>			
<b>Department of Agriculture</b>			
Forestry Assistance to States	10.664	No	<u>2,400</u>
<b>Passed through Colorado Department of Transportation:</b>			
<b>Federal Transportation Agency</b>			
Highway Planning and Construction	20.205	No	579,472
Administrative and Operating Costs Section 5311	20.509	No	521,480
State Planning and Research	20.515	No	<u>19,999</u>
<b>Total - Federal Transportation Agency</b>			<u><u>1,120,951</u></u>
<b>Department of Justice:</b>			
<b>American Recovery and Reinvestment Act:</b>			
Justice Assistance Grant	16.804	No	<u>21,363</u>
<b>Environmental Protection Agency:</b>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Yes	<u>3,252,955</u>
<b>Total</b>			<u><u>\$ 4,492,631</u></u>

**Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2010**

**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.