

CITY OF MANITOU SPRINGS, COLORADO

FINANCIAL STATEMENTS

December 31, 2014



Logan and Associates, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council  
City of Manitou Springs  
Manitou Springs, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manitou Springs (the "City") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manitou Springs as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 10, the City elected to change its method of accounting for reporting grant revenue for the year ended December 31, 2014. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress volunteer firefighters pension plan and old hire fire pension plan, and budgetary comparison schedule on pages i – ix and 36 – 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated December 11, 2015, on our consideration of the City of Manitou Springs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Manitou Springs' internal control over financial reporting and compliance.

*Logan and Associates, LLC*

Aurora, Colorado  
December 11, 2015

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# City of Manitou Springs, Colorado Management's Discussion and Analysis

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As management of the City of Manitou Springs (the "City"), we offer readers of the City's Basic Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in our basic financial statements.

## **Introduction**

The City of Manitou Springs is a Home Rule City that was incorporated in 1876. The government structure is City Council/Mayor with the seven elected officials being responsible for all policy decisions that affect the City's financial condition. The appointed City Administrator is responsible for preparing the annual budget, which is adopted and generally amended by the City Council as needed with a final amendment by December 15<sup>th</sup>. The City Administrator is responsible for financial reporting to the City Council and the public-at-large.

## **Financial Information**

The City's government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The City's financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The City's annual audit is performed by an accounting firm (Logan and Associates, LLC) with the contents of the audit meeting the requirements set forth by the Colorado State Auditor's Office. The financial system of the City incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the City Council approves all changes at the fund level by passage of an Ordinance amending the budget.

## **Financial Highlights**

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$25,524,181 (net position) for the primary reporting entity. Of this amount \$3,174,204 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3,881,553 during the fiscal year.
- As of the close of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$2,643,798.
- The *governmental funds* reported total unrestricted/unassigned fund balances of \$1,456,052.

## City of Manitou Springs, Colorado Management's Discussion and Analysis

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- The combined governmental funds remained in a positive financial condition. The General Fund fund balance would allow the City to cover its governmental operating costs for 107 days.
- The City's total debt, including accrued compensated absences, increased by \$57,395 during the current fiscal year. Existing debt was reduced by principal payments totaling \$886,250, offset by a new capital lease of \$783,586.
- General Fund sales/use tax revenue in 2014, \$2,453,431, increased by 23.76% or \$471,029, from 2013 sales/use tax revenue of \$1,982,402.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Manitou Springs' 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 themselves.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the following governmental funds: General Fund, Conservation Trust Fund, Rural Transportation Authority Fund, Law Enforcement Fund,

## City of Manitou Springs, Colorado Management's Discussion and Analysis

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El Paso/Beckers Park Fund, Open Space Fund, Capital Improvements Fund, and the Downtown Public Facilities Fund. The business related activities of the City include Water, Sewer, and Storm Drainage utilities. In addition to the governmental and business related activities, which are primary government, the financial statements include discrete presentation of a component unit of the City. The Manitou Springs Urban Renewal Authority, "URA", was created to reduce, eliminate and prevent the spread of blight and to stimulate growth and investment within the area to the east of Highway 24. It is fiscally dependent upon the City due to its revenues being provided by tax-increment financing through property and sales taxes. On a yearly basis, City Council may allocate municipal sales tax increments to the URA when it submits a financing plan to council. Tax-increment financing is also considered evidence of financial burden (commitment of the primary government's taxing power.)

**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 inflow 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.

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

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvements Fund, and the nonmajor funds. Individual fund data for nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

## City of Manitou Springs, Colorado Management's Discussion and Analysis

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**Proprietary funds.** The City maintains one type of proprietary fund. *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, sewer, and storm drainage activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefits 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 City uses a fiduciary fund to account for the Manitou Springs Metropolitan District.

**Notes to the financial statements.** The notes provide additional information that is essential to a better understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

Combining individual fund financial statements and schedules are presented immediately following the required supplementary information for additional financial analysis.

### **Government-wide Financial Analysis**

- As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$25,524,181 at the close of the fiscal year.
- The City's net investment in capital assets is \$21,709,201. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The balance of *unrestricted net position* \$3,174,204 may be used to meet the governments ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.



**City of Manitou Springs, Colorado  
Management's Discussion and Analysis**

**CITY OF MANITOU SPRINGS NET POSITION**

**Governmental activities:** Governmental activities increased the City's net position by \$726,081. In 2014, general sales tax/use revenues, \$2,703,710, comprised approximately 51% of all general revenues and transfers. Total revenues increased by \$89,284 in 2014. While intergovernmental revenues experienced a significant decrease from 2013 by \$1,409,966, due to the completion of the Downtown Improvement Project which had been funded by a Federal Transportation Grant, all other revenues increased enough to still end with a positive balance over 2013.

**Business-Type activities:** Business-type activities increased the City's net position by \$3,155,472. This is directly connected to the Williams Canyon Flood Control Project, a concrete drainage channel designed to mitigation dangerous flooding conditions on the north side of the City. The project was funded primarily through grants, the largest two being from NRCS (National Resources Conservation Service) and from the Colorado Department of Local Affairs, totaling \$5,217,256. The water fund had a loss of \$251,451. In order to maintain healthy funds the City has implemented a multi-year rate increase to gradually bring water and sewer rates up to cover the increased costs of these Enterprises.

	Governmental Activities		Business-type Activities		Totals	
	2013	2014	2013	2014	2013	2014
<b>Current and other assets</b>	\$3,414,913	<b>\$3,689,093</b>	2,095,739	<b>\$1,522,137</b>	\$5,510,652	<b>\$5,211,230</b>
Non-current assets	12,727,290	<b>13,161,891</b>	10,215,334	<b>14,021,741</b>	22,942,624	<b>27,183,632</b>
Total assets	16,142,203	<b>16,850,984</b>	12,311,073	<b>15,543,878</b>	28,453,276	<b>32,394,862</b>
<b>Total current liabilities</b>	397,035	<b>341,494</b>	173,412	<b>232,984</b>	570,447	<b>574,478</b>
Total non-current liabilities	2,011,545	<b>2,051,179</b>	3,523,462	<b>3,541,223</b>	5,535,007	<b>5,592,402</b>
Total Liabilities	2,408,580	<b>2,392,673</b>	3,696,874	<b>3,774,207</b>	6,105,454	<b>6,166,880</b>
Deferred Inflow of Resources	705,194	<b>703,801</b>			705,194	<b>703,801</b>
Net Position:						
Net Investment in Capital Assets	10,874,367	<b>11,204,804</b>	6,732,100	<b>10,504,397</b>	17,606,467	<b>21,709,201</b>
Restricted	748,149	<b>640,776</b>	-	-	748,149	<b>640,776</b>
Unrestricted	1,405,913	<b>1,908,930</b>	1,882,099	<b>1,265,274</b>	3,288,012	<b>3,174,204</b>
<b>Total net position</b>	\$13,028,429	<b>\$13,754,510</b>	\$8,614,199	<b>\$11,769,671</b>	\$21,642,628	<b>\$25,524,181</b>

**City of Manitou Springs, Colorado  
Management's Discussion and Analysis**

**CHANGES IN NET POSITION**

Revenues:	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2013
<b>Program Revenues:</b>						
Charges for Services	\$1,336,547	\$1,578,020	\$2,263,819	\$2,372,293	\$3,600,366	\$3,950,313
Operating Grants and Contributions	252,194	213,577	-	-	252,194	213,577
Capital Grants and Contributions	1,510,565	230,398	299,972	5,336,429	1,810,537	5,566,827
<b>General Revenues</b>						
Taxes	3,939,722	4,582,765	-	-	3,939,722	4,582,765
Investment Income	1,982	2,052	282	492	2,264	2,544
Other	95,457	78,137	9,885	51,319	105,342	132,000
Total General Revenues	4,037,161	4,662,954	10,167	51,811	4,047,328	4,714,765
Transfers	66,537	607,339	(66,537)	(607,339)	-	-
<b>Total Revenues</b>	<b>7,203,004</b>	<b>7,292,288</b>	<b>2,507,421</b>	<b>7,153,194</b>	<b>9,710,425</b>	<b>14,445,482</b>
<b>Expenses:</b>						
General Government	1,853,514	1,984,189	-	-	1,853,514	1,984,189
Public Safety	2,241,777	2,534,069	-	-	2,241,777	2,534,069
Public Works	1,484,884	1,191,298	-	-	1,484,884	1,191,298
Culture & Recreation	682,834	774,904	-	-	682,834	774,904
Interest on Long term Debt	94,306	81,747	-	-	94,306	94,306
Business-type Activities	-	-	2,682,789	3,997,722	2,682,789	3,997,722
Total Expenses	6,357,315	6,566,207	2,682,789	3,997,722	9,040,104	10,563,929
Increase (Decrease) in Net Position	845,689	726,081	(175,368)	3,155,472	670,321	3,881,553
Beginning Net Position	12,182,740	13,028,429	8,789,567	8,614,199	20,972,304	\$21,642,628
<b>Ending Net Position</b>	<b>\$13,028,429</b>	<b>\$13,754,510</b>	<b>\$8,614,199</b>	<b>\$11,769,671</b>	<b>\$21,642,628</b>	<b>\$25,524,181</b>

- The City's total net position increased by \$3,881,553 during the current fiscal year.

## City of Manitou Springs, Colorado Management's Discussion and Analysis

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### Financial Analysis of the City's Funds

**Governmental funds.** As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,643,798. Approximately 54% of this total amount, \$1,456,052, constitutes *unrestricted/unassigned fund balance*. The remainder of fund balance is *restricted, committed or assigned* to indicate that it is not available for new spending.

General Fund total revenues exceeded expenditures by \$576,335. Transfers out totaled \$484,007 and exceeded transfers in of \$199,056. The net fund balance increased by \$291,384. The General Fund finished 2014 with an ending fund balance of \$1,629,630. Sales tax increased by \$612,651 over 2013. This was caused by a good summer with excellent weather and allowing the sale of retail marijuana in the City. Voters approved the opening of two retail marijuana establishments within the City and one of the two opened in late summer.

The Capital Improvements Fund had a large lease purchase program in 2014 with the purchase of \$489,927 in equipment and vehicles for the police, fire and public works departments, as well as maintaining debt service payments for several existing lease purchase agreements.

### Enterprise Funds

The Storm Drainage Fund's regular operations are funded through an \$11 fee applied to all utilities bills. In 2014, the Williams Canyon Flood Mitigation project was started and it was accounted for in the Storm Drainage Fund due to its nature. Operations and Maintenance costs increased from \$467,039, in 2013, to \$1,737,419. The project is being funded through several sources, including the City. The fund had an overall increase of \$3,867,483.

The Water Fund serves approximately 2,100 users with a distribution system including a reservoir, fresh water treatment plant and two storage tanks. The distribution system delivered an average of 480,290 gallons of fresh water per day in 2014. The Fund had an overall loss of \$251,454. In order to maintain healthy funds the City has implemented a multi-year rate increase to gradually bring water and sewer rates up to cover the increased costs of these Enterprises.

The Sewer Enterprise Fund serves the same approximate 2,100 utility users, as the water distribution system. The City of Manitou Springs does not have a sewage treatment capability and relies on the neighboring City of Colorado Springs for treatment at their

**City of Manitou Springs, Colorado  
Management's Discussion and Analysis**

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facility. Sewer rates for residential, are determined by water usage per customer during the months of January and February of each year. For commercial users (non-single family dwelling units) the rate is determined by the monthly water usage. The Sewer Fund had an overall income of \$132,693.

**General Fund Budgetary Highlights**

As a matter of policy the City amends its budget twice during each year: once at mid-year and again a final amendment at the end of its fiscal year in December. The City believes that this amendment practice gives the City tight control over expenditures directly related to revenue performance in a timelier manner.

Actual General Fund revenues were greater than amended budget by \$78,998, this was due, in most part, to sales tax and amusement and lodging taxes being greater than forecasted. Actual General Fund expenditures were less than the budgeted amount by \$84,686, this was due to a large transfer out to the Downtown Improvement Fund of previous years' use tax revenues which were dedicated to the Downtown Improvement Fund bond payments but had not been transferred and a large transfer to the Storm Drainage Fund to help finance the Williams Canyon Flood Mitigation project. The total transfer amount exceeded budget by \$205,792.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounted to \$27,183,632 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery, equipment, and vehicles. Major additions to capital assets in 2014 included vehicles and equipment, water/sewer upgrades and infrastructure.

Capital assets at the end of the current fiscal year included the following:

**CAPITAL ASSETS**

	Governmental Activities	Business-type Activities	Total
Land and Land Improvements	\$ 9,667,647	\$ 38,596	\$9,706,243
Construction in Progress	287,863	4,029,040	4,316,903
Buildings	1,610,182		1,610,182
Equipment and Vehicles	3,563,733	-	3,563,733
Collection and Distribution Improvements	-	16,819,653	16,819,653
Machinery and Equipment	-	2,670,614	2,670,614
Infrastructure	9,042,633	-	9,042,633
Total	24,172,058	23,557,903	47,729,961
Accumulated Depreciation	(11,010,167)	(9,536,162)	(20,546,329)
Net Capital Assets	\$ 13,161,891	\$ 14,021,741	\$ 27,183,632

**City of Manitou Springs, Colorado  
Management's Discussion and Analysis**

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Additional information on the City's capital assets can be found in Note 4.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$5,474,431 (net of compensated absences). Of this amount, \$935,000 are sales tax revenue bonds, and \$2,405,136 are ARRA non-interest bearing loans for water/sewer improvements. The City added one new Capital Lease in the amount of \$783,586, for a total of \$1,639,437 in Capital Leases.

Additional information on the City's long-term debt can be found in Note 5.

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

As a tourism based economy, general sales tax collection has been considered a leading barometer of economic activity within the City of Manitou Springs. The City of Manitou Springs is not a self-collecting entity but relies upon the Colorado Department of Revenue for the collection of the City's sales taxes. This reliance results in a two-month lag between a taxable sale and the remittance of the corresponding sales tax to the City. Additionally, the City's prime industry is tourism with seasonal characteristics.

Taxable sales in 2014 increased in comparison to those in 2013 by 23%.

Since 2010, taxable sales have performed as follows:

FY2010	\$52,801,163
FY2011	\$54,790,079
FY2012	\$55,377,802
FY2013	\$54,274,599
FY2014	\$66,754,759

All of the above facts were considered during the preparing of the City's budget for the 2015 fiscal year.

**Requests for Information**

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

Finance Office  
City of Manitou Springs  
606 Manitou Avenue  
Manitou Springs, CO 80829  
or call (719) 685-2548

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## **BASIC FINANCIAL STATEMENTS**

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CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF NET POSITION  
December 31, 2014

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	MS URBAN RENEWAL AUTHORITY
<b>ASSETS</b>				
Cash and Investments	\$ 906,468	\$ 1,294,810	\$ 2,201,278	\$ 424,958
Restricted Cash and Investments	86,074	412	86,486	-
Receivables				
Property Taxes	703,801	-	703,801	46,115
Other Governments	543,534	-	543,534	82,038
Accounts	148,985	281,465	430,450	-
Grants	52,350	1,193,331	1,245,681	-
Internal Balances	1,247,881	(1,247,881)	-	-
Capital Assets, Not Depreciated	5,926,283	4,029,040	9,955,323	-
Capital Assets, Net of Accumulated Depreciation	7,235,608	9,992,701	17,228,309	-
<b>TOTAL ASSETS</b>	<b>16,850,984</b>	<b>15,543,878</b>	<b>32,394,862</b>	<b>553,111</b>
<b>LIABILITIES</b>				
Accounts Payable	312,566	185,062	497,628	5,000
Accrued Liabilities	28,928	3,830	32,758	-
Accrued Interest	-	21,961	21,961	-
Unearned Revenue	-	22,131	22,131	-
Noncurrent Liabilities				
Due within One Year	438,127	368,465	806,592	-
Due in More Than One Year	1,613,052	3,172,758	4,785,810	-
<b>TOTAL LIABILITIES</b>	<b>2,392,673</b>	<b>3,774,207</b>	<b>6,166,880</b>	<b>5,000</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred Property Tax Revenue	703,801	-	703,801	46,115
<b>NET POSITION</b>				
Net Investment in Capital Assets	11,204,804	10,504,397	21,709,201	-
Restricted for Parks and Open Space	624,103	-	624,103	-
Restricted for Law Enforcement	16,673	-	16,673	-
Unrestricted	1,908,930	1,265,274	3,174,204	501,996
<b>TOTAL NET POSITION</b>	<b>\$ 13,754,510</b>	<b>\$ 11,769,671</b>	<b>\$ 25,524,181</b>	<b>\$ 501,996</b>

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

CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES	
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 1,984,189	\$ 136,826	\$ 7,725	\$ -
Public Safety	2,534,069	430,949	285	2,674
Public Works	1,191,298	48,000	205,567	178,277
Culture and Recreation	774,904	962,245	-	49,447
Interest on Long-Term Debt	81,747	-	-	-
Total Governmental Activities	<u>6,566,207</u>	<u>1,578,020</u>	<u>213,577</u>	<u>230,398</u>
<b>Business-Type Activities</b>				
Storm Drainage	1,804,548	275,619	-	5,217,256
Water	1,352,404	1,117,881	-	108,398
Sewer	810,353	978,793	-	10,775
Interest on Long-Term Debt	30,417	-	-	-
Total Business-Type Activities	<u>3,997,722</u>	<u>2,372,293</u>	<u>-</u>	<u>5,336,429</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 10,563,929</u>	<u>\$ 3,950,313</u>	<u>\$ 213,577</u>	<u>\$ 5,566,827</u>
<b>COMPONENT UNIT</b>				
MS Urban Renewal Authority	<u>\$ 69,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GENERAL REVENUES  
Sales and Use Taxes  
Property Taxes  
Amusement and Lodging Taxes  
Franchise Taxes  
Auto Use Taxes  
Intergovernmental Revenues not  
Restricted to Specific Program  
Investment Income  
Miscellaneous  
TRANSFERS

TOTAL GENERAL REVENUES  
AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND  
CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	MS URBAN RENEWAL AUTHORITY
\$ (1,839,638)	\$ -	\$ (1,839,638)	\$ -
(2,100,161)	-	(2,100,161)	-
(759,454)	-	(759,454)	-
236,788	-	236,788	-
(81,747)	-	(81,747)	-
<u>(4,544,212)</u>	<u>-</u>	<u>(4,544,212)</u>	<u>-</u>
-	3,688,327	3,688,327	-
-	(126,125)	(126,125)	-
-	179,215	179,215	-
-	(30,417)	(30,417)	-
<u>-</u>	<u>3,711,000</u>	<u>3,711,000</u>	<u>-</u>
<u>(4,544,212)</u>	<u>3,711,000</u>	<u>(833,212)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,616)</u>
2,703,710	-	2,703,710	233,823
780,405	-	780,405	47,609
698,934	-	698,934	-
137,934	-	137,934	-
261,782	-	261,782	-
20,881	-	20,881	-
2,052	492	2,544	42
57,256	51,319	108,575	-
607,339	(607,339)	-	-
<u>5,270,293</u>	<u>(555,528)</u>	<u>4,714,765</u>	<u>281,474</u>
726,081	3,155,472	3,881,553	211,858
<u>13,028,429</u>	<u>8,614,199</u>	<u>21,642,628</u>	<u>290,138</u>
<u>\$ 13,754,510</u>	<u>\$ 11,769,671</u>	<u>\$ 25,524,181</u>	<u>\$ 501,996</u>

CITY OF MANITOU SPRINGS, COLORADO

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2014

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
<b>ASSETS</b>				
Cash and Investments	\$ 36,261	\$ 238,697	\$ 631,510	\$ 906,468
Restricted Cash and Investments	-	9,155	76,919	86,074
Property Taxes Receivable	566,195	32,474	105,132	703,801
Due From Other Governments	405,545	-	137,989	543,534
Accounts Receivable	144,463	2,911	1,611	148,985
Grants Receivable	-	52,350	-	52,350
Due From Other Funds	1,369,950	-	-	1,369,950
<b>TOTAL ASSETS</b>	<b>\$ 2,522,414</b>	<b>\$ 335,587</b>	<b>\$ 953,161</b>	<b>\$ 3,811,162</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 297,661	\$ 13,789	\$ 1,116	\$ 312,566
Accrued Liabilities	28,928	-	-	28,928
Due to Other Funds	-	-	122,069	122,069
<b>TOTAL LIABILITIES</b>	<b>326,589</b>	<b>13,789</b>	<b>123,185</b>	<b>463,563</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenue	566,195	32,474	105,132	703,801
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>566,195</b>	<b>32,474</b>	<b>105,132</b>	<b>703,801</b>
<b>FUND EQUITY</b>				
Fund Balance				
Restricted for Parks and Open Space	-	-	624,103	624,103
Restricted for Law Enforcement	-	-	16,673	16,673
Restricted for Capital Projects	-	9,155	76,919	86,074
Committed to Imaging Technology	36,702	-	-	36,702
Assigned to Barr Trail Maintenance	116,338	-	-	116,338
Assigned to Capital Projects	-	280,169	7,149	287,318
Assigned to Police, Fire and Trails	20,538	-	-	20,538
Unassigned	1,456,052	-	-	1,456,052
<b>TOTAL FUND EQUITY</b>	<b>1,629,630</b>	<b>289,324</b>	<b>724,844</b>	<b>2,643,798</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>	<b>\$ 2,522,414</b>	<b>\$ 335,587</b>	<b>\$ 953,161</b>	<b>\$ 3,811,162</b>

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

CITY OF MANITOU SPRINGS, COLORADO

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2014

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

Total Fund Balances of Governmental Funds	\$ 2,643,798
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	13,161,891
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include Bonds Payable of (\$935,000), Capital Leases (\$1,022,087) and Accrued Compensated Absences (\$94,092).	<u>(2,051,179)</u>
Net position of governmental activities	<u>\$ 13,754,510</u>

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

CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended December 31, 2014

	GENERAL FUND	CAPITAL IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
<b>REVENUES</b>				
Taxes	\$ 4,195,215	\$ 32,405	\$ 355,145	\$ 4,582,765
Licenses and Permits	74,813	-	-	74,813
Charges for Services	1,175,863	-	-	1,175,863
Intergovernmental	234,458	-	232,472	466,930
Fines and Forfeitures	294,114	-	33,230	327,344
Investment Income	1,351	676	25	2,052
Miscellaneous	50,961	3,000	3,295	57,256
<b>TOTAL REVENUES</b>	<b>6,026,775</b>	<b>36,081</b>	<b>624,167</b>	<b>6,687,023</b>
<b>EXPENDITURES</b>				
General Government	1,637,185	-	-	1,637,185
Public Safety	2,410,289	-	-	2,410,289
Public Works	859,232	-	17,760	876,992
Culture and Recreation	543,734	-	53,420	597,154
Capital Outlay	-	563,606	225,515	789,121
Debt Service				
Principal	-	226,574	165,265	391,839
Interest	-	8,117	73,630	81,747
<b>TOTAL EXPENDITURES</b>	<b>5,450,440</b>	<b>798,297</b>	<b>535,590</b>	<b>6,784,327</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>576,335</b>	<b>(762,216)</b>	<b>88,577</b>	<b>(97,304)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Issuance of Debt	-	416,403	-	416,403
Transfers In	199,056	278,215	65,792	543,063
Transfers Out	(484,007)	-	(44,967)	(528,974)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(284,951)</b>	<b>694,618</b>	<b>20,825</b>	<b>430,492</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>291,384</b>	<b>(67,598)</b>	<b>109,402</b>	<b>333,188</b>
FUND BALANCES, Beginning, As Restated	1,338,246	356,922	615,442	2,310,610
FUND BALANCES, Ending	<u>\$ 1,629,630</u>	<u>\$ 289,324</u>	<u>\$ 724,844</u>	<u>\$ 2,643,798</u>

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

# CITY OF MANITOU SPRINGS, COLORADO

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended December 31, 2014

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 333,188
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 \$572,524, capital asset transfers from the Manitou Springs Park Authority \$593,250 exceeded depreciation expense (\$731,173) in the current period	434,601
Revenues that do not provide current financial resources are deferred in governmental funds but are recognized in the statement of activities	(2,074)
Capital lease proceeds are reported as other financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities.	(416,403)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include bond payments of \$130,000 and payments of capital leases of \$261,839.	391,839
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences	<u>(15,070)</u>
Change in Net Position of Governmental Activities	<u>\$ 726,081</u>

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

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CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2014

	STORM DRAINAGE FUND	WATER FUND	SEWER FUND	TOTALS
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ -	\$ 790,922	\$ 503,888	\$ 1,294,810
Restricted Cash and Investments	412	-	-	412
Accounts Receivable	35,457	120,500	125,508	281,465
Grants Receivable	1,139,767	53,564	-	1,193,331
Total Current Assets	1,175,636	964,986	629,396	2,770,018
Noncurrent Assets				
Capital Assets, Not Depreciated	4,029,040	-	-	4,029,040
Capital Assets, Net of Accumulated Depreciation	1,494,713	5,897,830	2,600,158	9,992,701
Total Noncurrent Assets	5,523,753	5,897,830	2,600,158	14,021,741
<b>TOTAL ASSETS</b>	<b>6,699,389</b>	<b>6,862,816</b>	<b>3,229,554</b>	<b>16,791,759</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	131,906	16,433	36,723	185,062
Accrued Liabilities	778	2,580	472	3,830
Due to Other Funds	1,247,881	-	-	1,247,881
Unearned Revenue	13,128	8,704	299	22,131
Accrued Compensated Absences	3,490	17,250	3,139	23,879
Accrued Interest Payable	1,780	16,535	3,646	21,961
Leases Payable, Current Portion	38,234	60,742	49,719	148,695
Loans Payable, Current Portion	-	191,721	4,170	195,891
Total Current Liabilities	1,437,197	313,965	98,168	1,849,330
Noncurrent Liabilities				
Leases Payable	122,717	102,725	243,213	468,655
Loans Payable	-	2,643,637	60,466	2,704,103
Total Noncurrent Liabilities	122,717	2,746,362	303,679	3,172,758
<b>TOTAL LIABILITIES</b>	<b>1,559,914</b>	<b>3,060,327</b>	<b>401,847</b>	<b>5,022,088</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,362,802	2,899,005	2,242,590	10,504,397
Unrestricted	(223,327)	903,484	585,117	1,265,274
<b>TOTAL NET POSITION</b>	<b>\$ 5,139,475</b>	<b>\$ 3,802,489</b>	<b>\$ 2,827,707</b>	<b>\$ 11,769,671</b>

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

CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended December 31, 2014

	STORM DRAINAGE FUND	WATER FUND	SEWER FUND	MANITOU SPRINGS PARK AUTHORITY FUND
OPERATING REVENUES				
Charges for Services	\$ 275,619	\$ 1,117,881	\$ 978,793	\$ -
Miscellaneous	51,187	-	132	-
TOTAL OPERATING REVENUES	326,806	1,117,881	978,925	-
OPERATING EXPENSES				
Operations and Maintenance	1,737,419	813,981	653,872	-
Depreciation and Amortization	67,129	538,423	156,481	-
TOTAL OPERATING EXPENSES	1,804,548	1,352,404	810,353	-
OPERATING INCOME (LOSS)	(1,477,742)	(234,523)	168,572	-
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	66	207	219	-
Interest Expenses	(3,033)	(25,272)	(2,112)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,967)	(25,065)	(1,893)	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,480,709)	(259,588)	166,679	-
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions				
Tap Fees	-	55,540	10,775	-
Capital Grants	5,217,256	52,858	-	-
Transfers In	140,000	-	-	-
Transfers (Out)	(9,064)	(100,264)	(44,761)	(593,250)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	5,348,192	8,134	(33,986)	(593,250)
CHANGE IN NET POSITION	3,867,483	(251,454)	132,693	(593,250)
NET POSITION, Beginning, As Restated	1,271,992	4,053,943	2,695,014	593,250
NET POSITION, Ending	\$ 5,139,475	\$ 3,802,489	\$ 2,827,707	\$ -

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

TOTALS

\$ 2,372,293  
51,319

2,423,612

3,205,272  
762,033

3,967,305

(1,543,693)

492  
(30,417)

(29,925)

(1,573,618)

66,315  
5,270,114  
140,000  
(747,339)

4,729,090

3,155,472

8,614,199

\$ 11,769,671

CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended December 31, 2014  
 Increase (Decrease) in Cash and Cash Equivalents

	STORM DRAINAGE FUND	WATER FUND	SEWER FUND	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 280,487	\$ 1,127,301	\$ 981,404	\$ 2,389,192
Cash Received from Others	64,315	-	132	64,447
Cash Paid to Suppliers	(1,434,115)	(460,802)	(583,434)	(2,478,351)
Cash Paid to Employees	(189,025)	(376,514)	(122,587)	(688,126)
Net Cash Provided (Used) by Operating Activities	<u>(1,278,338)</u>	<u>289,985</u>	<u>275,515</u>	<u>(712,838)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments from Other Funds	1,120,765	-	-	1,120,765
Payments to Other Funds	(9,064)	(100,264)	(44,761)	(154,089)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,111,701</u>	<u>(100,264)</u>	<u>(44,761)</u>	<u>966,676</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase and Construction of Capital Assets	(4,065,626)	(513,347)	(582,717)	(5,161,690)
Lease Proceeds	23,380	48,960	294,793	367,133
Long-term Debt Principal Paid	(38,092)	(250,791)	(59,839)	(348,722)
Interest Paid	(3,040)	(24,747)	642	(27,145)
Capital Contributions - Grants	4,234,662	51,882	-	4,286,544
Tap Fees Received	-	55,540	10,775	66,315
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>151,284</u>	<u>(632,503)</u>	<u>(336,346)</u>	<u>(817,565)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	66	207	219	492
Net (Decrease) in Cash and Cash Equivalents	(15,287)	(442,575)	(105,373)	(563,235)
CASH AND CASH EQUIVALENTS, Beginning	15,699	1,233,497	609,261	1,858,457
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 412</u>	<u>\$ 790,922</u>	<u>\$ 503,888</u>	<u>\$ 1,295,222</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	<u>\$ (1,477,742)</u>	<u>\$ (234,523)</u>	<u>\$ 168,572</u>	<u>\$ (1,543,693)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided(Used) by Operating Activities:				
Depreciation and Amortization	67,129	538,423	156,481	762,033
Changes in Assets and Liabilities				
Accounts Receivable	4,868	5,992	2,312	13,172
Accounts Payable	114,200	(3,323)	(46,712)	64,165
Accrued Liabilities	(703)	(17,186)	(6,831)	(24,720)
Unearned Revenue	13,128	3,428	299	16,855
Accrued Compensated Absences	782	(2,826)	1,394	(650)
Total Adjustments	<u>199,404</u>	<u>524,508</u>	<u>106,943</u>	<u>830,855</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,278,338)</u>	<u>\$ 289,985</u>	<u>\$ 275,515</u>	<u>\$ (712,838)</u>

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

CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
Year Ended December 31, 2014

	<u>AGENCY</u>
ASSETS	
Cash and Investments	\$ 66,180
Taxes Receivable	3,468
Accounts Receivable	<u>16,571</u>
TOTAL ASSETS	<u><u>\$ 86,219</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
LIABILITIES	
Accounts Payable	\$ 9,501
Due to Metropolitan District	<u>73,281</u>
TOTAL LIABILITIES	82,782
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenues	<u>3,437</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 86,219</u></u>

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

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The City of Manitou Springs (the "City") is a home-rule municipality governed by a council-manager form of government through a Mayor and six-member City Council elected by the residents.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the City's more significant accounting policies follows.

**Reporting Entity**

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the City includes the following entities in its reporting entity.

*Manitou Springs Park Authority*

The Manitou Springs Park Authority (the "Authority") was formed to provide financing for the redevelopment of parklands and mineral springs exclusively for the City. The City Council, City Clerk and City Treasurer serve as the governing board of the Authority. The Authority is blended into the financial statements as a proprietary fund. Separate financial statements are not issued by the Authority.

*Manitou Springs Urban Renewal Authority*

The Manitou Springs Urban Renewal Authority (the "URA") was created to redevelop or rehabilitate certain blighted areas within City limits. The URA has a separate governing board with members appointed by the City Council. Although the URA is legally separate from the City, the URA's primary revenue source, tax increment financing, can only be established by the City. The URA does not issue separate financial statements and is discretely presented in the City's financial statements.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is reported separately from the legally separate component unit for which the City is financially accountable.

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the City's government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

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

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

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

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

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

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

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

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

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



CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

*Capital Improvements Funds* – The Capital Improvements Fund accounts for the .556 property tax mill levy used to fund capital projects and repayment of capital related debt of the City.

The City reports the following major proprietary funds:

*Storm Drainage Fund* – The Storm Drainage Fund accounts for storm drainage fees used for the construction and maintenance of storm drainage facilities and the provision of ongoing storm water monitoring.

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

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

Additionally, the City reports the following fund type:

*Manitou Springs Metropolitan District – Agency Fund* – The Manitou Springs Metropolitan District accounts for the collection of taxes and parking fees related to the District's parking facilities. The City is the collection agent and holds all resources in a purely custodial capacity.

**Assets, Liabilities, Fund Balance/Net Assets**

*Cash and Investments* – Cash equivalents include investments with original maturities of three months or less. Pooled cash and investments are considered cash equivalents. Investments are reported at fair value.

*Internal Balances and Due to/from Other Funds* – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as due to/from other funds. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as internal balances.

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

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

**Assets, Liabilities, Fund Balance/Net Assets** (Continued)

*Capital Assets* – Capital assets, which include property, plant, buildings and related improvements, equipment, vehicles, and all infrastructure owned by the City, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Land Improvements	15 – 25 years
Buildings and Improvements	20 – 40 years
Infrastructure	25 – 55 years
Collection and Distribution Systems	5 – 40 years
Equipment and Vehicles	3 – 10 years

*Unearned Revenue* – Unearned revenue includes receipts from customers for water services that will be provided in the following year. In addition, grants that have been collected but the corresponding expenditures have not been incurred are also reported as unearned revenue.

*Deferred Inflows of Resources* – In addition to assets, the balance sheet – governmental funds and statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The City has an item related to property taxes levied in the current year to be collected in the following year at December 31, 2014.

*Compensated Absences* - Employees of the City are allowed to accumulate unused vacation and sick time. Employees will be paid for all accrued vacation time, but not accumulated sick time, upon separation of employment. Therefore, no liability for accumulated sick time is reported in the financial statements. Accrued vacation time is recognized as current salary costs when earned in the proprietary funds and when due in the governmental funds. A long-term liability is reported in the government-wide financial statements for the accrued vacation time.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

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

In the governmental fund financial statements the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

- Net Investment in Capital Assets - this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position - this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position - this classification includes assets that do not have any third party limitation on their use.

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

- Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The City did not have any nonspendable resources at December 31, 2014.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City had classified emergency reserves as being restricted because State statute requires this restriction. In addition, the City had restricted amounts for open space, law enforcement and capital improvements because of voter approved taxes for these purposes.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the City Council. The constraint may be removed or changed only through formal action of the City Council. The City had committed resources at December 31, 2014 for future document imaging.
- Assigned – This classification includes amounts that are constrained by the City's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The City had assigned resources at December 31, 2014 for future Barr Trail maintenance, capital improvements, police, fire and trails.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

**Use of Estimates**

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

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

**Property Taxes**

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

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments at December 31, 2014, follows:

Petty Cash	\$ 4,369
Cash Deposits	1,452,975
Cash Held by Third Party	9,567
Investments	<u>1,311,991</u>
Total	<b><u>\$ 2,778,902</u></b>

Cash is reported in the financial statements as follows:

Cash and Investments – Primary Government	\$ 2,201,278
Restricted Cash and Investments – Primary Government	86,486
Cash and Investments – Urban Renewal Authority	424,958
Cash and Investments – Agency Fund	<u>66,180</u>
Total	<b><u>\$ 2,778,902</u></b>

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2014, the City and component unit had bank deposits totaling \$1,760,814 of which \$1,260,814 were collateralized with securities held by the financial institutions' agents but not in the City's name.

**Investments**

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. The City's investment policy follows State statutes.

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

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

*Credit Risk* - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization ("NRSROs"). At December 31, 2014, the City had \$76,919 invested in the First American Government Obligation Fund, which was rated AAAM by Standard & Poor's.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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

**Investments (Continued)**

*Local Government Investment Pools* - At December 31, 2014, the City had \$1,235,072 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**Restricted Cash and Investments**

Restricted cash and investments consist of unspent lease proceeds of \$9,155 and \$412 in the Capital Improvements and Storm Drainage Funds, respectively. In addition, \$76,919 is restricted in the Downtown Public Facilities Fund for payment of debt principal and interest.

**NOTE 3: INTERFUND BALANCES AND TRANSFERS**

Interfund balances at December 31, 2014, were comprised of the following:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General	Downtown Public Facilities	\$ 18,414
General	Rural Transportation Authority	103,655
General	Storm Drainage	<u>1,247,881</u>
Total		<b><u>\$ 1,369,950</u></b>

At December 31, 2014, the General Fund temporarily subsidized the negative cash balances of the Downtown Public Facilities, Rural Transportation Authority and Storm Drainage Funds.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 3: INTERFUND BALANCES AND TRANSFERS (Continued)**

Interfund transfers for the year ended December 31, 2014, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Downtown Public Facilities	\$ 1,133
General	Open Space	5,665
General	Law Enforcement	1,133
General	El Paso/Beckers Park	37,036
General	Storm Drainage	9,064
General	Water	100,264
General	Sewer	44,761
Capital Improvements	General	278,215
Downtown Public Facilities	General	65,792
Storm Drainage	General	<u>140,000</u>
Total		<u>\$ 683,063</u>

During the year ended December 31, 2014, transfers to the General Fund were reimbursements for administrative costs. The General Fund transferred funds to the Capital Improvements Fund for capital projects and debt service payments. The General Fund transferred funds to the Downtown Public Facilities Fund for the allocated share of use taxes collected in prior years that belonged to the fund. The General Fund transferred funds to the Storm Drainage as an emergency for the repairs to storm drainage infrastructure that was damaged by recent flooding.

In addition, the Manitou Springs Park Authority transferred capital assets in the amount of \$593,250 to the Governmental Activities as a result of the dissolution of the Park Authority in 2014.



CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014, is summarized below:

	Balances 12/31/2013	Additions/ Transfers	Deletions	Balances 12/31/2014
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 5,148,420	\$ 490,000	\$ -	\$ 5,638,420
Construction in Progress	361,718	112,864	186,719	287,863
Total Capital Assets, not being depreciated	<u>5,510,138</u>	<u>602,864</u>	<u>186,719</u>	<u>5,926,283</u>
Capital Assets, being depreciated				
Land Improvements	3,968,967	60,260	-	4,029,227
Buildings	1,569,088	41,094	-	1,610,182
Infrastructure	8,775,806	266,827	-	9,042,633
Equipment and Vehicles	3,239,979	381,448	57,694	3,563,733
Total Capital Assets, being depreciated	<u>17,553,840</u>	<u>749,629</u>	<u>57,694</u>	<u>18,245,775</u>
Less accumulated depreciation				
Land Improvements	(882,621)	(189,290)	-	(1,071,911)
Buildings	(1,107,917)	(26,677)	-	(1,134,594)
Infrastructure	(5,827,283)	(311,903)	-	(6,139,186)
Equipment and Vehicles	(2,518,867)	(203,303)	(57,694)	(2,664,476)
Total accumulated depreciation	<u>(10,336,688)</u>	<u>(731,173)</u>	<u>(57,694)</u>	<u>(11,010,167)</u>
Total Capital Assets, being depreciated, net	<u>7,217,152</u>	<u>18,456</u>	<u>-</u>	<u>7,235,608</u>
Governmental Activities Capital Assets, net	<u><b>\$ 12,727,290</b></u>	<u><b>\$ 621,320</b></u>	<u><b>\$ 186,719</b></u>	<u><b>\$ 13,161,891</b></u>

Depreciation expense was charged to the functions/programs as follows:

General Government	\$ 331,934
Public Safety	123,780
Public Works	97,709
Culture and Recreation	<u>177,750</u>
Total	<u><b>\$ 731,173</b></u>

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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

	Balances 12/31/2013	Additions	Deletions/ Transfers	Balances 12/31/2014
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated				
Land	\$ 490,000	\$ -	\$ 490,000	\$ -
Construction in Progress	16,000	4,029,040	16,000	4,029,040
Total Capital Assets, not being depreciated	<u>506,000</u>	<u>4,029,040</u>	<u>506,000</u>	<u>4,029,040</u>
Capital Assets, being depreciated				
Land Improvements	\$ 497,386	\$ -	\$ 458,790	\$ 38,596
Collection and Distribution Systems	16,051,342	768,311	-	16,819,653
Buildings	69,066	-	69,066	-
Machinery and Equipment	2,290,275	380,339	-	2,670,614
Total Capital Assets, being depreciated	<u>18,908,069</u>	<u>1,148,650</u>	<u>527,856</u>	<u>19,528,863</u>
Less accumulated depreciation				
Land Improvements	(402,379)	(1,742)	(396,634)	(7,487)
Collection and Distribution Systems	(7,087,065)	(447,211)	-	(7,534,276)
Buildings	(198,348)	(170,375)	(27,972)	(340,751)
Machinery and Equipment	(1,510,943)	(142,705)	-	(1,653,648)
Total accumulated depreciation	<u>(9,198,735)</u>	<u>(762,033)</u>	<u>(424,606)</u>	<u>(9,536,162)</u>
Total Capital Assets, being depreciated, net	<u>9,709,334</u>	<u>386,617</u>	<u>103,250</u>	<u>9,992,701</u>
Business-type Activities Capital Assets, net	<u><b>\$ 10,215,334</b></u>	<u><b>\$ 4,415,657</b></u>	<u><b>\$ 609,250</b></u>	<u><b>\$ 14,021,741</b></u>

**NOTE 5: LONG-TERM DEBT**

**Governmental Activities**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2014.

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014	Due Within One Year
<b>Governmental Activities</b>					
2004 Sales and Use Tax Bonds	\$ 1,065,000	\$ -	\$ 130,000	\$ 935,000	\$ 140,000
Capital Leases	867,523	416,403	261,839	1,022,087	204,035
Accrued Compensated Absences	79,022	128,324	113,254	94,092	94,092
	<u><b>\$ 2,011,545</b></u>	<u><b>\$ 544,727</b></u>	<u><b>\$ 505,093</b></u>	<u><b>\$ 2,051,179</b></u>	<u><b>\$ 438,127</b></u>

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 5: LONG-TERM DEBT (Continued)**

**Governmental Activities (Continued)**

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

**Sales and Use Tax Revenue Bonds**

\$1,850,000 Sales and Use Tax Revenue Bonds, Series 2004, were issued to finance capital improvements related to the City's Downtown Master Plan. Principal and interest payments are due semi-annually on February 1 and August 1 through February 1, 2020. Interest accrues at rates ranging from 2% to 5% per annum. During the year ended December 31, 2014, pledged revenues derived from the dedicated 0.3% sales and use tax totaling \$189,660 were available to pay annual debt service of \$179,489.

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 140,000	\$ 43,025	\$ 183,025
2016	150,000	36,575	186,575
2017	165,000	29,500	194,500
2018	175,000	21,544	196,544
2019	190,000	12,875	202,875
2020	115,000	2,875	117,875
	<u>\$ 935,000</u>	<u>\$ 146,394</u>	<u>\$ 1,081,394</u>

**Capital Leases**

The City has entered into several capital lease agreements to purchase land, equipment and vehicles. These leases bear interest at rates ranging from 1.725% to 4.120% per annum, and mature between March, 2016 and April, 2023. Capital assets totaling \$1,458,805 less accumulated depreciation of \$303,717 are reported in the financial statements under these lease agreements.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 5: LONG-TERM DEBT (Continued)**

**Governmental Activities (Continued)**

Following is a schedule of future minimum lease payments required under the outstanding capital leases at December 31, 2014.

Year Ended December 31

2015	\$	238,755
2016		238,746
2017		132,551
2018		121,014
2019		100,269
2020 - 2023		<u>335,971</u>
Total Minimum Lease Payments		1,167,306
Less: Interest		<u>(145,219)</u>
Present Value of Future Minimum Lease Payments	<b>\$</b>	<b><u>1,022,087</u></b>

**Business-type Activities**

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2014.

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014	Due Within One Year
<b>Business-type Activities</b>					
1985 Water Loan	\$ 534,008	\$ -	\$ 39,150	\$ 494,858	\$ 40,721
2009 Water Loan	1,024,123	-	62,068	962,055	62,068
2009 Water Loan	1,024,123	-	62,068	962,055	62,068
2009 Water Loan	443,254	-	26,864	416,390	26,864
2009 Sewer Loan	68,806	-	4,170	64,636	4,170
Capital Leases	404,619	367,133	154,402	617,350	148,695
Accrued Compensated Absences	24,529	31,785	32,435	23,879	23,879
	<b><u>\$ 3,523,462</u></b>	<b><u>\$ 398,918</u></b>	<b><u>\$ 381,157</u></b>	<b><u>\$ 3,541,223</u></b>	<b><u>\$ 368,465</u></b>

**Water Loans**

During 1985, the City entered into a \$1,200,000 loan agreement with the Colorado Water Conservation Board for construction certain water supply improvements. Principal and interest payments are due annually on May1, through 2025. Interest accrues at 4.02% per annum.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE 5: LONG-TERM DEBT (Continued)**

**Business-type Activities (Continued)**

**Water Loans (Continued)**

During 2009, the City entered into two loan agreements with the Colorado Water Resources and Power Development Authority (CWRPDA), each in the principal amount of \$1,241,361, for construction and improvements to the water delivery systems. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2030. The loans are non-interest bearing.

During 2009, the City entered into a third loan agreement with the CWRPDA in the principal amount of \$537,278 for construction and improvements to the water delivery systems. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2030. The loan is non-interest bearing.

The three CWRPDA water loans are payable solely from revenues of the City's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2014, net revenues of \$427,385 were available to pay annual debt service of \$151,000. Remaining debt service at December 31, 2014 was \$2,340,500.

**Sewer Loans**

During 2009, the City entered into a loan agreement with the CWRPDA in the principal amount of \$83,401 to finance repairs to the City's sewer treatment systems. Principal payments are due semi-annually on May 1 and November 1, through May 1, 2030. The loan is non-interest bearing.

This loan is payable solely from revenues of the City's sewer utility system, after deducting operation and maintenance costs. During the year ended December 31, 2014, net revenues of \$293,389 were available to pay annual debt service of \$4,170. Remaining debt service at December 31, 2014 was \$64,636.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 5: LONG-TERM DEBT (Continued)**

**Business-type Activities (Continued)**

Future Debt Service Requirements

<u>Year Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 195,891	\$ 19,870	\$ 215,761
2016	197,527	18,235	215,762
2017	199,227	16,534	215,761
2018	200,996	14,765	215,761
2019	202,837	12,925	215,762
2020 - 2024	1,044,476	34,333	1,078,809
2025 - 2029	781,454	224	781,678
2030	77,586	-	77,586
	<u>\$ 2,899,994</u>	<u>\$ 116,886</u>	<u>\$ 3,016,880</u>

**Capital Leases**

The City has entered into several capital lease agreements to purchase equipment and vehicles. These leases bear interest at rates ranging from 1.725% to 2.120% per annum, and mature between March, 2016 and June, 2022. Capital assets totaling \$1,016,364 less accumulated depreciation of \$329,058 are reported in the financial statements under these lease agreements. Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2014.

<u>Year Ended December 31</u>	
2015	\$ 162,169
2016	162,166
2017	80,151
2018	61,324
2019	42,928
2020 - 2023	159,969
Total Minimum Lease Payments	668,707
Less: Interest	(51,357)
Present Value of Future Minimum Lease Payments	<u>\$ 617,350</u>

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE 6: PUBLIC ENTITY RISK POOL**

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

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of entity.

**NOTE 7: PENSION PLANS**

**Defined Benefit Multiple-Employer Pension Plan**

*Plan Description* – The City contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the City are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the LGDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE 7: PENSION PLANS (Continued)**

**Defined Benefit Multiple-Employer Pension Plan (Continued)**

*Funding Policy* – The City is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the City are established under Title 24, Article 51 of the CRS, as amended. The contribution rate for members is 8.0% and for the City is 10% of covered salary plus an amortization equalization disbursement and supplemental amortization equalization disbursement equal to 3.7% for the years 2013, 2012 and 2011. A portion of the City’s contribution (1.02% of covered salary) is allocated to the Health Care Trust Fund (See Note 9). For the years ending December 31, 2014, 2013 and 2012, the City’s employer contributions for the LGDTF were \$200,571 \$194,219 and \$215,294, respectively, equal to their required contributions for each year.

**Volunteer Firefighter’s Pension Plan**

*Plan Description* - The City has established a single-employer defined benefit pension plan for volunteer firefighters as authorized by State statute. The Plan is administered by a Board of Trustees composed of City Council members and firefighters. City Council establishes the Plan benefits. Any firefighter who has attained both the age of fifty and completed twenty years of active service shall be eligible for a monthly pension, currently \$225. A firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by City Council. The Plan is affiliated with and administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA issues publicly available financial statements and required supplementary information. That report may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 190, Englewood, CO 80111 or by calling 1-800-332-3772.

*Funding Policy* - The Plan receives contributions from the City in an amount not to exceed one-half mill of property tax revenue. As established by the State Legislature, the State of Colorado contributes ninety percent of the City’s contribution. The contribution requirements of the City and Plan members are established and may be amended by City Council. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2013, indicated that the current level of contributions to the Plan are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, for the present Plan.



CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 7: PENSION PLANS (Continued)**

**Volunteer Firefighter’s Pension Plan**

Actuarial assumptions included the following:

- Actuarial Cost Method – Entry age
- Interest Rate – 7.5% per annum, with expected net real rate of return of 4.5%
- Retirement – Age 50 and 20 years of service
- Disability – Age Range 20 to 55, Rate per 1,000, Range .10 to 8.1
- Mortality – Post-retirement, RP-2000 generational mortality, with a blue collar adjustment for healthy retirees
- Mortality – Pre-retirement, RP-2000 combined mortality table with Blue Collar Adjustment, 40% adjustment for off-duty mortality
- Marital Status – 90% male and female
- Age Difference – Males assumed to be 3 years older
- Asset Valuation – 5 year smoothing of fair value

Based on an amortization period of twenty years using the level dollar method on an open basis, the Plan’s expected contributions exceed the amount recommended to eliminate the unfunded actuarial accrued liability. During the year ended December 31, 2014, the City and the State contributed \$16,000 and \$14,400, respectively, to the Plan, equal to their required contributions.

Trend information of the Plan follows:

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/2014	\$ 30,400	100%	\$ -
12/31/2013	30,400	100%	-
12/31/2012	30,400	100%	-

*Funded Status and Funding Progress* - As of January 1, 2013, the most recent actuarial valuation date, the Plan was 62.5% funded. The actuarial accrued liability for benefits was \$360,312, and the actuarial value of assets was \$576,898, resulting in an unfunded actuarial accrued liability of \$17,063.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of Plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE 7: PENSION PLANS (Continued)**

**Police and Fire Pension Plan**

*Plan Description* - The City contributes to the Statewide Defined Benefit Plan, a cost sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA), for its police and fire employees. Death and disability coverage is provided for members through the Statewide Death and Disability Plan, which is also administered by FPPA. All full-time paid police and firefighters of the City are members of the Statewide Defined Benefit Plan and The Statewide Death and Disability Plan. Colorado statutes assign the authority to establish benefit provisions to the State legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 190, Englewood, CO 80111 or by calling 1-800-332-3772.

*Funding Policy* - The Plan receives contributions from the City based on an actuarially determined amount, as required by State statute. The contribution rate is 8% of covered salaries for all Plan members and the City for the past three years. The City's contributions to the Plan for the years ended December 31, 2014, 2013 and 2012 were \$75,713, \$68,050 and \$62,946, respectively, equal to their required contributions.

**Old Hire Fire Pension Plan**

*Plan Description* - The City's firefighters hired prior to April 8, 1978, are covered by a single-employer defined benefit pension plan. The Plan has two retired beneficiaries and is closed to future participation. A Board of Trustees made up of City Council members and firefighters oversee the Plan. The Plan is affiliated with and administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA issues publicly available financial statements and required supplementary information. That report may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 190, Englewood, CO 80111 or by calling 1-800-332-3772.

*Funding Policy* - The Plan's contribution requirements for the City and Plan members are established and may be amended by City Council. Contributions are not actuarially determined. The actuarial study as of January 1, 2012, indicated that the current level of contributions to the Plan are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, of the present Plan. During the year ended December 31, 2014, the City contributed \$19,672 to the Plan, equal to their required contributions.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 7: PENSION PLANS (Continued)**

**Old Hire Fire Pension Plan (Continued)**

*Annual Pension Cost and Net Pension Obligation* – Based on an amortization period of twenty (20) years using the level dollar method on an open basis, the Plan’s expected contributions exceed the amount recommended to eliminate the unfunded actuarial accrued liability.

Actuarial assumptions included the following:

- Actuarial Cost Method – Entry age, normal
- Interest Rate – 7.5% per annum, compounded annually
- Retirement - Age 50 and 20 years of service
- Disability – Age range 20 to 80, Rate per 1,000, range 5.944 to 95.016
- Mortality – RP-2000 combined healthy generational mortality, with a blue collar adjustment for healthy retirees
- Marital Status - 90% male and female
- Age Difference – Retirees assumed to be 3 years older than beneficiaries
- Asset Valuation - 5 year smoothed fair market value

The annual pension cost and net pension obligation for the Plan for the year ended December 31, 2014, were as follows:

Annual required contribution (ARC)	\$ 19,672
Interest on net pension obligation	773
Adjustment to ARC	<u>(1,025)</u>
Annual pension cost	19,420
Contributions made	<u>19,672</u>
Increase (decrease) in net pension obligation	(252)
Net Pension Obligation, Beginning	<u>(10,304)</u>
 Net Pension Obligation, Ending	 <b><u>\$ (10,052)</u></b>

Trend information of the Plan follows:

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/2014	\$ 19,420	101%	\$ (10,052)
12/31/2013	19,441	101%	(10,304)
12/31/2012	9,775	104%	(10,535)

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE 7: PENSION PLANS (Continued)**

**Old Hire Fire Pension Plan (Continued)**

*Funded Status and Funding Progress* - As of January 1, 2014, the most recent actuarial valuation date, the Plan was 60.9% funded. The actuarial value of assets was \$346,781, and the actuarial accrued liability for benefits was \$569,700, resulting in an unfunded actuarial accrued liability (UAAL) of \$222,919. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about the funded status of the Plan.

**NOTE 8: POSTEMPLOYMENT HEALTHCARE BENEFITS**

*Plan Description* - The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA.

*Funding Policy* - The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the years ending December 31, 2013, 2012 and 2011 the City's contributions to the HCTF were \$14,911, \$14,460 and \$16,029, respectively, equal to their required contributions for each year.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the City.

Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The City's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

In November 1997, voters within the City authorized the City to collect, retain and expend all revenues and other funds in excess of the revenue limitations of the Amendment.

The City determined a state of emergency, approved by Resolution No. 2713, as a result of flooding in 2013. The resolution authorized the use of the TABOR emergency reserve for expenses directly related to the recovery efforts and to mitigate the risk of future flooding. The City will determine when the state of emergency is lifted and will re-establish, within one year, an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment.

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

**Property Tax Refund**

During 2011, the City determined that property tax revenues collected under the public works mill levy were in excess of permitted limits. The City estimated that approximately \$210,000 will be refunded through a temporary reduction in the General Fund property taxes over the next four years.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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

**Claims and Judgments**

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2014, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the City.

**NOTE 10: CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended December 31, 2014, the City obtained additional guidance on reporting grant revenues. It was determined that the availability period of 60 days for reporting governmental fund revenues does not apply to grant revenues on expenditure-driven grants when all eligibility requirements are met. As a result of this change in accounting principle, the January 1, 2014 Capital Improvements Fund, Downtown Public Facilities Fund and Rural Transportation Authority Fund deferred inflows of resources and fund balances were restated in order to recognize certain grant revenues for the year ended December 31, 2013 as follows:

	<u>Increase (Decrease)</u>		
	<u>Capital Improvements</u>	<u>Downtown Public Facilities</u>	<u>Rural Transportation Authority</u>
Deferred Inflows of Resources	\$ (55,260)	\$ (40,230)	\$ (214,604)
Fund Balance	55,260	40,230	214,604

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANITOU SPRINGS, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
VOLUNTEER FIREFIGHTERS PENSION PLAN  
 Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2013	360,312	576,898	216,586	62.5%	NA	NA
1/1/2011	361,599	575,929	214,330	62.8%	NA	NA
1/1/2009	374,358	612,539	238,181	61.1%	NA	NA
1/1/2007	438,406	422,118	(16,288)	103.9%	NA	NA
1/1/2005	398,850	448,448	49,598	88.9%	NA	NA
1/1/2003	418,572	456,070	37,498	91.8%	NA	NA

See the accompanying Independent Auditors' Report.



CITY OF MANITOU SPRINGS, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
OLD HIRE FIRE PENSION PLAN  
 Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	346,781	569,700	222,919	60.9%	NA	NA
1/1/2012	362,683	561,305	198,622	64.6%	NA	NA
1/1/2010	406,711	498,856	92,145	81.5%	NA	NA
1/1/2008	487,716	519,727	32,011	93.8%	NA	NA
1/1/2006	442,414	510,837	68,423	86.6%	NA	NA
1/1/2004	401,327	502,783	101,456	79.8%	NA	NA

See the accompanying Independent Auditors' Report.

# CITY OF MANITOU SPRINGS, COLORADO

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Taxes				
Sales and Use	\$ 1,974,696	\$ 2,399,875	\$ 2,453,431	\$ 53,556
Property	646,533	648,419	643,134	(5,285)
Amusement and Lodging	563,650	664,821	698,934	34,113
Franchise	138,675	138,675	137,934	(741)
Auto Use	244,022	263,118	261,782	(1,336)
Licenses and Permits	64,928	71,272	74,813	3,541
Charges for Services	1,178,616	1,151,599	1,175,863	24,264
Intergovernmental	208,371	275,983	234,458	(41,525)
Fines and Forfeitures	216,220	287,634	294,114	6,480
Interest	264	1,740	1,351	(389)
Miscellaneous	12,020	44,641	50,961	6,320
<b>TOTAL REVENUES</b>	<b>5,247,995</b>	<b>5,947,777</b>	<b>6,026,775</b>	<b>78,998</b>
<b>EXPENDITURES</b>				
General Government				
Legislative	102,109	127,174	122,514	4,660
Judicial	59,756	65,481	60,652	4,829
Executive	360,882	421,660	371,833	49,827
Administrative	333,910	354,462	342,647	11,815
Community Services	253,460	263,161	233,466	29,695
Economic Development	280,390	429,773	493,824	(64,051)
Intergovernmental	6,835	6,835	9,635	(2,800)
Council Programs and Projects	-	5,636	2,614	3,022
<b>Total General Governments</b>	<b>1,397,342</b>	<b>1,674,182</b>	<b>1,637,185</b>	<b>36,997</b>
Public Safety				
Police	1,257,519	1,126,089	1,129,151	(3,062)
Fire	705,299	739,540	742,186	(2,646)
Code Enforcement	61,995	61,870	58,243	3,627
Parking Enforcement	468,461	466,736	480,709	(13,973)
<b>Total Public Safety</b>	<b>2,493,274</b>	<b>2,394,235</b>	<b>2,410,289</b>	<b>(16,054)</b>
Public Works				
Streets	849,664	895,446	859,232	36,214
<b>Total Public Works</b>	<b>849,664</b>	<b>895,446</b>	<b>859,232</b>	<b>36,214</b>

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
Culture and Recreation				
Parks and Recreation	\$ 365,857	\$ 370,939	\$ 367,552	\$ 3,387
Trails	191,352	200,324	176,182	24,142
Total Culture and Recreation	<u>557,209</u>	<u>571,263</u>	<u>543,734</u>	<u>27,529</u>
 TOTAL EXPENDITURES	 <u>5,297,489</u>	 <u>5,535,126</u>	 <u>5,450,440</u>	 <u>84,686</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(49,494)</u>	 <u>412,651</u>	 <u>576,335</u>	 <u>163,684</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In	199,056	199,056	199,056	-
Transfers Out	<u>(278,215)</u>	<u>(278,215)</u>	<u>(484,007)</u>	<u>(205,792)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(79,159)</u>	<u>(79,159)</u>	<u>(284,951)</u>	<u>(205,792)</u>
 NET CHANGE IN FUND BALANCE	 (128,653)	 333,492	 291,384	 (42,108)
 FUND BALANCE, Beginning	 <u>764,486</u>	 <u>1,073,196</u>	 <u>1,338,246</u>	 <u>265,050</u>
 FUND BALANCE, Ending	 <u>\$ 635,833</u>	 <u>\$ 1,406,688</u>	 <u>\$ 1,629,630</u>	 <u>\$ 222,942</u>

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2014

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

Budgets are legally adopted for all funds of the City. A budget is not presented for the Manitou Springs Park Authority, a component unit. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- In September, Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Budgets amended by the City Council during the year have been presented in the budgetary comparison schedules for the each fund amended.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the City Council.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

**Legal Compliance**

For the year ended December 31, 2014, the General, Law Enforcement, Capital Improvements, Downtown Public Facilities and Sewer Funds actual expenditures and transfers out exceeded budgeted expenditures and transfers out by \$121,106, \$2,604, 566, \$125 and \$239,917, respectively. These may be violations of State statutes.

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

CITY OF MANITOU SPRINGS, COLORADO

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2014

	SPECIAL REVENUE FUNDS			
	OPEN SPACE FUND	CONSERVATION TRUST FUND	LAW ENFORCEMENT FUND	EL PASO/ BECKERS PARK FUND
<b>ASSETS</b>				
Cash and Investments	\$ 8,041	\$ 192,660	\$ 15,070	\$ 415,739
Restricted Cash and Investments				
Property Taxes Receivable	46,725	-	-	58,407
Due From Other Governments	8,523	-	-	3
Accounts Receivable	-	-	1,611	-
<b>TOTAL ASSETS</b>	<b>\$ 63,289</b>	<b>\$ 192,660</b>	<b>\$ 16,681</b>	<b>\$ 474,149</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 8	\$ 863
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>863</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred Property Tax Revenue	46,725	-	-	58,407
<b>FUND EQUITY</b>				
Restricted for Parks and Open Space	16,564	192,660	-	414,879
Restricted for Law Enforcement	-	-	16,673	-
Restricted for Capital Projects	-	-	-	-
Assigned to Capital Projects	-	-	-	-
<b>TOTAL FUND EQUITY</b>	<b>16,564</b>	<b>192,660</b>	<b>16,673</b>	<b>414,879</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>	<b>\$ 63,289</b>	<b>\$ 192,660</b>	<b>\$ 16,681</b>	<b>\$ 474,149</b>

See the accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUNDS

<u>DOWNTOWN</u>	<u>RURAL</u>	
<u>PUBLIC</u>	<u>TRANSPORTATION</u>	
<u>FACILITIES</u>	<u>AUTHORITY</u>	
<u>FUND</u>	<u>FUND</u>	<u>TOTALS</u>
\$ -	\$ -	\$ 631,510
76,919	-	76,919
-	-	105,132
25,563	103,900	137,989
-	-	1,611
<u>\$ 102,482</u>	<u>\$ 103,900</u>	<u>\$ 953,161</u>
\$ -	\$ 245	\$ 1,116
18,414	103,655	122,069
<u>18,414</u>	<u>103,900</u>	<u>123,185</u>
-	-	105,132
-	-	624,103
-	-	16,673
76,919	-	76,919
7,149	-	7,149
<u>84,068</u>	<u>-</u>	<u>724,844</u>
<u>\$ 102,482</u>	<u>\$ 103,900</u>	<u>\$ 953,161</u>

CITY OF MANITOU SPRINGS, COLORADO

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended December 31, 2014

	SPECIAL REVENUE FUNDS			
	OPEN SPACE FUND	CONSERVATION TRUST FUND	LAW ENFORCEMENT FUND	EL PASO/ BECKERS PARK FUND
REVENUES				
Taxes	\$ 107,245	\$ -	\$ -	\$ 58,240
Intergovernmental	-	49,447	2,674	-
Fines and Forfeitures	-	-	33,230	-
Investment Income	-	-	-	22
Miscellaneous	3,092	119	-	-
<b>TOTAL REVENUES</b>	<b>110,337</b>	<b>49,566</b>	<b>35,904</b>	<b>58,262</b>
EXPENDITURES				
Public Works	17,760	-	-	-
Culture and Recreation	-	31,678	-	21,742
Capital Outlay	-	-	33,080	-
Debt Service				
Principal	35,265	-	-	-
Interest and Fiscal Charges	24,141	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>77,166</b>	<b>31,678</b>	<b>33,080</b>	<b>21,742</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,171	17,888	2,824	36,520
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	(5,665)	-	(1,133)	(37,036)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,665)</b>	<b>-</b>	<b>(1,133)</b>	<b>(37,036)</b>
CHANGE IN FUND BALANCES	27,506	17,888	1,691	(516)
FUND BALANCES, Beginning, As Restated	(10,942)	174,772	14,982	415,395
FUND BALANCES, Ending	\$ 16,564	\$ 192,660	\$ 16,673	\$ 414,879

See the accompanying Independent Auditors' Report.



CAPITAL PROJECTS FUNDS		
DOWNTOWN PUBLIC FACILITIES FUND	RURAL TRANSPORTATION AUTHORITY FUND	TOTALS
\$ 189,660	\$ -	\$ 355,145
-	180,351	232,472
-	-	33,230
3	-	25
84	-	3,295
<u>189,747</u>	<u>180,351</u>	<u>624,167</u>
-	-	17,760
-	-	53,420
-	192,435	225,515
130,000	-	165,265
49,489	-	73,630
<u>179,489</u>	<u>192,435</u>	<u>535,590</u>
<u>10,258</u>	<u>(12,084)</u>	<u>88,577</u>
65,792	-	65,792
(1,133)	-	(44,967)
<u>64,659</u>	<u>-</u>	<u>20,825</u>
74,917	(12,084)	109,402
9,151	12,084	615,442
<u>\$ 84,068</u>	<u>\$ -</u>	<u>\$ 724,844</u>

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 OPEN SPACE FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales Tax	\$ 54,632	\$ 68,324	\$ 60,619	\$ (7,705)
Property Taxes	47,059	47,059	46,626	(433)
Miscellaneous	-	1,770	3,092	1,322
TOTAL REVENUES	101,691	117,153	110,337	(6,816)
EXPENDITURES				
Public Works	18,000	18,616	17,760	856
Debt Service				
Principal	33,321	35,265	35,265	-
Interest	26,084	24,141	24,141	-
TOTAL EXPENDITURES	77,405	78,022	77,166	856
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,286	39,131	33,171	(5,960)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(5,665)	(5,665)	(5,665)	-
NET CHANGE IN FUND BALANCE	18,621	33,466	27,506	(5,960)
FUND BALANCE, Beginning	(10,750)	(12,942)	(10,942)	2,000
FUND BALANCE, Ending	\$ 7,871	\$ 20,524	\$ 16,564	\$ (3,960)

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 CONSERVATION TRUST FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Lottery Revenues	\$ 52,000	\$ 52,000	\$ 49,447	\$ (2,553)
Interest	100	100	119	19
TOTAL REVENUES	52,100	52,100	49,566	(2,534)
EXPENDITURES				
Parks and Recreation	88,000	63,000	31,678	31,322
TOTAL EXPENDITURES	88,000	63,000	31,678	31,322
NET CHANGE IN FUND BALANCE	(35,900)	(10,900)	17,888	28,788
FUND BALANCE, Beginning	141,393	174,773	174,772	(1)
FUND BALANCE, Ending	\$ 105,493	\$ 163,873	\$ 192,660	\$ 28,787

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 LAW ENFORCEMENT FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Fines and Forfeitures	\$ 22,000	\$ 33,043	\$ 33,230	\$ 187
Intergovernmental	-	-	2,674	2,674
Interest	20	-	-	-
TOTAL REVENUES	22,020	33,043	35,904	2,861
EXPENDITURES				
Capital Outlay	30,550	30,550	33,080	(2,530)
TOTAL EXPENDITURES	30,550	30,550	33,080	(2,530)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,530)	2,493	2,824	331
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,133)	(1,059)	(1,133)	(74)
NET CHANGE IN FUND BALANCE	(9,663)	1,434	1,691	257
FUND BALANCE, Beginning	10,047	14,983	14,982	(1)
FUND BALANCE, Ending	\$ 384	\$ 16,417	\$ 16,673	\$ 256

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 EL PASO/BECKERS PARK FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 58,824	\$ 58,824	\$ 58,240	\$ (584)
Interest	150	150	22	(128)
TOTAL REVENUES	58,974	58,974	58,262	(712)
EXPENDITURES				
Culture and Recreation	22,847	22,847	21,742	1,105
TOTAL EXPENDITURES	22,847	22,847	21,742	1,105
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,127	36,127	36,520	393
OTHER FINANCING SOURCES (USES)				
Transfers Out	(37,036)	(37,036)	(37,036)	-
NET CHANGE IN FUND BALANCE	(909)	(909)	(516)	393
FUND BALANCE, Beginning	394,985	415,395	415,395	-
FUND BALANCE, Ending	\$ 394,076	\$ 414,486	\$ 414,879	\$ 393

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENTS FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Property Taxes	\$ 32,706	\$ 32,706	\$ 32,405	\$ (301)
Interest	50	218	676	458
Miscellaneous	-	3,000	3,000	-
TOTAL REVENUES	<u>32,756</u>	<u>35,924</u>	<u>36,081</u>	<u>157</u>
EXPENDITURES				
Capital Outlay	525,817	482,977	563,606	(80,629)
Debt Service				
Principal	235,979	225,975	226,574	(599)
Interest and Fiscal Charges	11,883	9,779	8,117	1,662
TOTAL EXPENDITURES	<u>773,679</u>	<u>718,731</u>	<u>798,297</u>	<u>(79,566)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(740,923)	(682,807)	(762,216)	(79,409)
OTHER FINANCING SOURCES				
Lease Proceeds	452,835	416,403	416,403	-
Transfers In	278,215	278,215	278,215	-
TOTAL OTHER FINANCING SOURCES	<u>731,050</u>	<u>694,618</u>	<u>694,618</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(9,873)	11,811	(67,598)	(79,409)
FUND BALANCE, Beginning, As Restated	<u>13,621</u>	<u>280,286</u>	<u>356,922</u>	<u>76,636</u>
FUND BALANCE, Ending	<u>\$ 3,748</u>	<u>\$ 292,097</u>	<u>\$ 289,324</u>	<u>\$ (2,773)</u>

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
DOWNTOWN PUBLIC FACILITIES FUND  
Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Sales Taxes	\$ 163,888	\$ 198,762	\$ 182,273	\$ (16,489)
Use Taxes			7,387	7,387
Interest	-	-	3	3
Miscellaneous			84	84
TOTAL REVENUES	163,888	198,762	189,747	(9,015)
EXPENDITURES				
Debt Service				
Principal	120,000	130,000	130,000	-
Interest and Fiscal Charges	54,505	49,438	49,489	(51)
TOTAL EXPENDITURES	174,505	179,438	179,489	(51)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,617)	19,324	10,258	(9,066)
OTHER FINANCING SOURCES (USES)				
Transfers In	77,046	-	65,792	65,792
Transfers Out	(1,133)	(1,059)	(1,133)	(74)
TOTAL OTHER FINANCING SOURCES (USES)	75,913	(1,059)	64,659	65,718
NET CHANGE IN FUND BALANCE	65,296	18,265	74,917	56,652
FUND BALANCE, Beginning, As Restated	(65,296)	(31,080)	9,151	40,231
FUND BALANCE, Ending	\$ -	\$ (12,815)	\$ 84,068	\$ 96,883

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
RURAL TRANSPORTATION AUTHORITY FUND  
Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Intergovernmental	\$ 218,124	\$ 479,020	\$ 180,351	\$ (298,669)
EXPENDITURES				
Capital Outlay	218,124	256,050	192,435	63,615
NET CHANGE IN FUND BALANCE	-	222,970	(12,084)	(235,054)
FUND BALANCE, Beginning, As Restated	-	(222,970)	12,084	235,054
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

See the accompanying Independent Auditors' Report.



CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 STORM DRAINAGE FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 280,275	\$ 280,275	\$ 275,619	\$ (4,656)
Interest	25	39	66	27
Miscellaneous	165,000	51,187	51,187	-
Capital Grants	-	650,000	5,217,256	4,567,256
Lease Proceeds	-	5,500	23,380	17,880
Transfers In	15,779	140,000	140,000	-
<b>TOTAL REVENUES</b>	<b>461,079</b>	<b>1,127,001</b>	<b>5,707,508</b>	<b>4,580,507</b>
<b>EXPENDITURES</b>				
Operations and Maintenance	220,140	1,478,813	1,737,419	(258,606)
Capital Outlay	2,380,500	5,035,169	4,065,626	969,543
Debt Service				
Principal	40,394	38,201	38,092	109
Interest and Fiscal Charges	973	3,167	3,033	134
Transfers Out	-	9,064	9,064	-
<b>TOTAL EXPENDITURES</b>	<b>2,642,007</b>	<b>6,564,414</b>	<b>5,853,234</b>	<b>711,180</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ (2,180,928)</b>	<b>\$ (5,437,413)</b>	<b>(145,726)</b>	<b>\$ 5,291,687</b>
<b>GAAP BASIS ADJUSTMENTS</b>				
Capital Outlay			4,065,626	
Depreciation			(67,129)	
Proceeds from Issuance of Debt			(23,380)	
Principal Paid on Long-Term Debt			38,092	
<b>NET INCOME, GAAP Basis</b>			<b>3,867,483</b>	
<b>NET POSITION, Beginning</b>			<b>1,271,992</b>	
<b>NET POSITION, Ending</b>			<b>\$ 5,139,475</b>	

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
 WATER FUND  
 Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 1,195,280	\$ 1,113,891	\$ 1,117,881	\$ 3,990
Tap Fees	21,500	22,540	55,540	33,000
Lease Proceeds	207,000	207,000	48,960	(158,040)
Investment Income	1,200	-	207	207
Capital Grants	-	15,000	52,858	37,858
<b>TOTAL REVENUES</b>	<b>1,424,980</b>	<b>1,358,431</b>	<b>1,275,446</b>	<b>(82,985)</b>
<b>EXPENDITURES</b>				
Operations and Maintenance	833,481	876,124	813,981	62,143
Capital Outlay	461,800	748,500	513,347	235,153
Debt Service				
Principal	104,060	102,439	250,791	(148,352)
Interest	26,236	24,249	25,272	(1,023)
Transfers Out	100,264	95,722	100,264	(4,542)
<b>TOTAL EXPENDITURES</b>	<b>1,525,841</b>	<b>1,847,034</b>	<b>1,703,655</b>	<b>143,379</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ (100,861)</b>	<b>\$ (488,603)</b>	<b>(428,209)</b>	<b>\$ 60,394</b>
<b>GAAP BASIS ADJUSTMENTS</b>				
Capital Outlay			513,347	
Depreciation			(538,423)	
Proceeds from Issuance of Debt			(48,960)	
Principal Paid on Long-Term Debt			250,791	
<b>NET INCOME, GAAP Basis</b>			<b>(251,454)</b>	
<b>NET ASSETS, Beginning</b>			<b>4,053,943</b>	
<b>NET ASSETS, Ending</b>			<b>\$ 3,802,489</b>	

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BUDGETARY COMPARISON SCHEDULE  
SEWER FUND  
Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Charges for Services	\$ 952,434	\$ 952,434	\$ 978,793	\$ 26,359
Tap Fees	6,615	2,690	10,775	8,085
Lease Proceeds	-	-	294,793	294,793
Investment Income	320	-	219	219
Miscellaneous	193	33	132	99
<b>TOTAL REVENUES</b>	<b>959,562</b>	<b>955,157</b>	<b>1,284,712</b>	<b>329,555</b>
<b>EXPENDITURES</b>				
Operations and Maintenance	705,133	689,394	653,872	35,522
Capital Outlay	138,000	317,670	582,717	(265,047)
Debt Service				
Principal	48,320	52,873	59,839	(6,966)
Interest	1,849	1,616	2,112	(496)
Transfers Out	44,761	41,831	44,761	(2,930)
<b>TOTAL EXPENDITURES</b>	<b>938,063</b>	<b>1,103,384</b>	<b>1,343,301</b>	<b>(239,917)</b>
<b>NET INCOME, Budget Basis</b>	<b>\$ 21,499</b>	<b>\$ (148,227)</b>	<b>(58,589)</b>	<b>\$ 89,638</b>
<b>GAAP BASIS ADJUSTMENTS</b>				
Capital Outlay			582,717	
Depreciation			(156,481)	
Proceeds from Issuance of Debt			(294,793)	
Principal Paid on Long-Term Debt			59,839	
<b>NET INCOME, GAAP Basis</b>			<b>132,693</b>	
<b>NET ASSETS, Beginning</b>			<b>2,695,014</b>	
<b>NET ASSETS, Ending</b>			<b>\$ 2,827,707</b>	

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF CHANGES IN ASSETS, LIABILITIES AND  
DEFERRED INFLOWS OF RESOURCES  
AGENCY FUND  
Year Ended December 31, 2014

	BALANCE 12/31/13	ADDITIONS	DELETIONS	BALANCE 12/31/14
<b>ASSETS</b>				
Cash and Investments	\$ 93,671	\$ 173,401	\$ 200,892	\$ 66,180
Taxes Receivable	3,450	3,468	3,450	3,468
Accounts Receivable	-	16,571		16,571
Prepaid Expenses	3,353	-	3,353	-
<b>TOTAL ASSETS</b>	<b>\$ 100,474</b>	<b>\$ 193,440</b>	<b>\$ 207,695</b>	<b>\$ 86,219</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Accounts Payable	\$ -	\$ 9,501	\$ -	\$ 9,501
Due to Metropolitan District	97,058	173,401	197,178	73,281
<b>TOTAL LIABILITIES</b>	<b>97,058</b>	<b>182,902</b>	<b>197,178</b>	<b>82,782</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenues	3,416	3,437	3,416	3,437
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 100,474</b>	<b>\$ 186,339</b>	<b>\$ 200,594</b>	<b>\$ 86,219</b>

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

BALANCE SHEET  
 COMPONENT UNIT  
 Year Ended December 31, 2014

	<u>MS URBAN RENEWAL AUTHORITY</u>
ASSETS	
Cash and Investments	\$ 424,958
Taxes Receivable	46,115
Due from Other Governments	<u>82,038</u>
TOTAL ASSETS	<u>\$ 553,111</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	<u>\$ 5,000</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenues	<u>46,115</u>
FUND BALANCE	
Unassigned	<u>501,996</u>
TOTAL FUND BALANCE	<u>501,996</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 553,111</u>

See the accompanying Independent Auditors' Report.

CITY OF MANITOU SPRINGS, COLORADO

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
COMPONENT UNIT  
Year Ended December 31, 2014

	<u>MS URBAN RENEWAL AUTHORITY</u>
REVENUES	
Sales Tax Increment	\$ 233,823
Property Taxes	47,609
Investment Income	42
	<u>281,474</u>
TOTAL REVENUES	<u>281,474</u>
EXPENDITURES	
Administrative	21,924
Redevelopment	47,692
	<u>69,616</u>
TOTAL EXPENDITURES	<u>69,616</u>
NET CHANGE IN FUND BALANCE	211,858
FUND BALANCE, Beginning	<u>290,138</u>
FUND BALANCE, Ending	<u><u>\$ 501,996</u></u>

See the accompanying Independent Auditors' Report.

## COMPLIANCE SECTION

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**SINGLE AUDIT**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members of City Council  
City of Manitou Springs  
Manitou Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manitou Springs (the "City") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of the City's internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2014-1 and 2014-2 to be material weaknesses.

## 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*.

## Response to Findings

The City's response to the finding identified in our audit is described in the accompanying corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

*Logan and Associates, LLC*

Aurora, Colorado  
December 11, 2015



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and Members of City Council  
City of Manitou Springs  
Manitou Springs, Colorado

### Report on Compliance for Each Major Federal Program

We have audited the City of Manitou Springs' (the "City's") compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditor's Responsibility*

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

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

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

## *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-3. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit are described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-3, that we consider to be a significant deficiency.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manitou Springs as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Manitou Springs. We issued our report thereon dated December 11, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manitou Springs' basic financial statements. The accompanying schedule of expenditures of federal awards is present for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Logan and Associates, LLC*

Aurora, Colorado  
December 11, 2015

# CITY OF MANITOU SPRINGS, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

### Summary of Auditors' Results

#### *Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

#### *Federal Awards*

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

yes  no

Identification of major programs:

10.923 Emergency Watershed Protection Program

97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee.

yes  no

(Continued)



# CITY OF MANITOU SPRINGS, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2014

### Financial Statement Findings

#### 2014-1 Financial Reporting

Criteria	The City is responsible for designing and implementing internal controls in order to provide timely, accurate and complete financial information.
Condition	Significant adjustments to the City's accounting records were necessary to accurately report the financial statements with generally accepted accounting principles.
Context	During the performance of our audit procedures, we identified material misstatements and proposed significant adjustments to the City's accounting records. These adjustments were necessary in order to correct undetected errors, and to accurately report capital assets, grant revenues and receivables.
Effect	The issuance of the City's financial statements has been delayed beyond the deadlines established by State statutes. In addition, the risk of misstatements to the City's financial statements due to error or fraud is significantly increased when internal controls are inadequate and personnel lack the time, skills and knowledge to adequately report the transactions in the City's accounting records.
Cause	The City has limited staff with limited governmental accounting knowledge and skills in performing the accounting functions. In addition, the finance director continues to perform daily detail accounting functions, which limits her time to function in an oversight manager capacity.
Recommendation	We recommend that the City seek training in governmental accounting procedures to provide skills and knowledge for the existing staff. Supervisory reviews over the accounting functions and financial reporting should be performed on a consistent basis to detect and correct errors in a timely manner.

#### View of Responsible Officials and Planned Corrective Actions

See the accompanying Corrective Action Plan.

(Continued)

# CITY OF MANITOU SPRINGS, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2014

### Financial Statement Findings

#### 2014-2 Schedule of Expenditures of Federal Awards Reporting

Criteria	The City is responsible for designing and implementing internal controls in order to provide timely prepared, accurate and complete schedule of expenditures of federal awards.
Condition	Significant adjustments to the City's schedule of expenditures of federal awards were necessary to accurately report the federal awards expended by the City for the year ended December 31, 2014.
Context	During the performance of our audit procedures, the schedule of expenditures of federal awards was not available to us until seven months after the year end. We identified material misstatements to the schedule of expenditures of federal awards. These adjustments were necessary in order to correct undetected errors, and to accurately report federal awards expenditures.
Effect	The issuance of the City's single audit and schedule of expenditures of federal awards has been delayed beyond the deadlines established by Office of Management and Budget Circular A-133. In addition, the risk of misstatements to the City's schedule of expenditures of federal awards due to error or fraud is significantly increased when internal controls are inadequate and personnel lack skills, knowledge and time to adequately report the City's federal award expenditures transactions.
Cause	The City has limited staff with limited governmental accounting knowledge and skills in performing the preparation and review of the schedule of expenditures of federal awards.
Recommendation	We recommend that the City seek training in governmental accounting procedures to provide skills and knowledge for preparing the schedule of expenditures of federal awards.

#### View of Responsible Officials and Planned Corrective Actions

See the accompanying Corrective Action Plan.

(Continued)

# CITY OF MANITOU SPRINGS, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2014

### Federal Awards Findings

#### 2014-3 Procurement, Suspension and Debarment

Criteria	Entities that receive federal awards shall follow federal laws and regulations applicable to procurement, as established by the A-102 Common Rule and OMB Circular A-110. These entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.
Condition	The City does not have procedures in place to verify that contractors or vendors retained for work performed on certain federal awards are not suspended or debarred from performing such work.
Questioned Costs:	None. The contractors hired by the City were not included on the Excluded Parties List System (ELPS) of suspended or debarred entities.
Context	During the performance of our audit procedures, we determined that the City did not perform procedures to verify that contractors or vendors were not suspended or debarred from performing work on the federally-funded Emergency Watershed Protection Program.
Effect	The City could have awarded a contract to an ineligible contractor for performing work on a federally-funded project. This increases the risk that substandard services could be provided on federally-funded projects.
Cause	The City didn't have procedures in-place to verify that contractors were not suspended or debarred from providing services on federally-funded projects.
Recommendation	We recommend that the City implement procedures that require all contractors for services exceeding \$25,000 be verified to the ELPS or a clause be included in the contracts that the contractors comply with the federal procurement, suspension and debarment requirements.

#### View of Responsible Officials and Planned Corrective Actions

See the accompanying Corrective Action Plan.

(Continued)



## Financial Statement Findings 2014-1 Financial Reporting

### Correction Action Plan:

In 2014, a long vacant staff position was filled and the new employee has governmental accounting knowledge. As of January 1<sup>st</sup>, 2015, she was promoted to Deputy Finance Director and funding will be budgeted for her to continue her governmental accounting training. She has been and continues to take over daily detail accounting functions which will allow the Finance Director to allocate more time to oversight.



## Financial Statement Findings 2014-2 Financial Reporting

### Correction Action Plan:

In 2014, a long vacant staff position was filled and the new employee has governmental accounting knowledge. As of January 1<sup>st</sup>, 2015, she was promoted to Deputy Finance Director and funding will be budgeted for her to continue her governmental accounting training. She completed the 2014 Schedule of Expenditures of federal awards and after this initial exposure has a much greater understanding of this Schedule and the requirements thereof.



## Financial Statement Findings 2014-3 Financial Reporting

### Correction Action Plan:

The City now has a cover sheet to accompany all grants with a protocol list of procedures to follow. "Verify contractor or vendor has not been debarred from performing work for federal grant awards" is part of the list of procedures.

# CITY OF MANITOU SPRINGS, COLORADO

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended December 31, 2014

Finding No. 2013-1 Financial Reporting

We proposed similar adjustments to the City's financial statements as a result of our audit procedures. See Finding No. 2014-1.

# CITY OF MAINTOU SPRINGS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2014

	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>U. S. Department of Homeland Security</b>		
Passed through Colorado Department of Public Safety:		
Disaster Grants - Public Assistance(Presidentially Declared Disasters)	97.036	<u>\$ 708,030</u>
<b>U. S. Department of Agriculture - National Resources Conservation Service</b>		
Passed through Colorado Department of Public Safety and El Paso County, Colorado:		
Emergency Watershed Protection Program	10.923	<u>2,631,109</u>
<b>U.S. Department of Justice</b>		
Direct Program		
Bulletproof Vest Partnership Program	16.607	<u>2,674</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u><u>\$ 3,341,813</u></u>

See the accompanying Independent Auditors' Report.



CITY OF MANITOU SPRINGS, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2014

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

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## STATE COMPLIANCE

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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 OF MANITOU SPRINGS
		YEAR ENDING : December 2014
This Information From The Records Of (example - City of _ or County of ) CITY OF MANITOU SPRINGS	Prepared By: Phone:	Rebecca Davis 719/685-2548

**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)	549,276
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	200,225
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,218
2. General fund appropriations	567,763	b. Snow and ice removal	
3. Other local imposts (from page 2)	253,675	c. Other	93,109
4. Miscellaneous local receipts (from page 2)	578,722	d. Total (a. through c.)	104,327
5. Transfers from toll facilities		4. General administration & miscellaneous	23,621
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	785,958
a. Bonds - Original Issues		6. Total (1 through 5)	1,663,407
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	46,743
7. Total (1 through 6)	1,400,160	b. Redemption	133,333
<b>B. Private Contributions</b>		c. Total (a. + b.)	180,076
<b>C. Receipts from State government (from page 2)</b>	181,210	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	262,113	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,843,483	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	180,076
		<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>	
			1,843,483

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	1,063,269		133,333	929,936
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
		1,843,483	1,843,483		0

Notes and Comments:

See the accompanying Independent Auditors' Report.

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2014	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	2
b. Other local imposts:		b. Traffic Fines & Penalties	46,435
1. Sales Taxes	177,990	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	61,334
5. Specific Ownership &/or Other	75,685	g. Other Misc. Receipts	
6. Total (1. through 5.)	253,675	h. Other - PPRTA	470,951
c. Total (a. + b.)	253,675	i. Total (a. through h.)	578,722
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	153,362	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	221,884
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	18,851	d. Federal Transit Admin	
d. Other (Specify) - Road&Bridge	8,997	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Feder CFDA#20.205	40,229
f. Total (a. through e.)	27,848	g. Total (a. through f.)	262,113
4. Total (1. + 2. + 3.f)	181,210	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		536,188	536,188
(4). System Enhancement & Operation		13,088	13,088
(5). Total Construction (1) + (2) + (3) + (4)		536,188	549,276
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		13,088	536,188
			549,276
			(Carry forward to page 1)
<b>Notes and Comments:</b>			