

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

**Financial Statements
December 31, 2011**



**City of Glenwood Springs, Colorado
Financial Report
December 31, 2011**

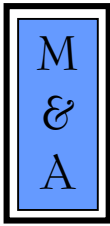
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenwood Springs, (the "City"), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above presently fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenwood Springs, as of December 31, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2012 on our consideration of the City's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Member: American Institute of Certified Public Accountants

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Accompanying supplementary information in Section F, including individual non-major fund budgetary statements, combining internal service fund financial statements, and the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the Schedule of Expenditures of Federal Awards included in the single audit section is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The individual non-major fund budgetary statements, combining internal service fund financial statements, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**McMahan & Associates, LLC
June 6, 2012**

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Glenwood Springs, Colorado

Management's Discussion and Analysis
December 31, 2011

As management of the City of Glenwood Springs (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011.

Overview of the Financial Statements

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

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

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

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

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

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

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The City's major governmental funds include the General Fund, Street Tax Fund, Capital Projects Fund, and the Acquisition and Improvement Fund. The City also reports a number of non-major governmental funds.

Overview of the Financial Statements (continued)

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis:

City of Glenwood Spring's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	23,665,097	22,178,854	21,615,539	38,455,684	45,280,636	60,634,538
Capital assets, net	104,358,844	88,433,406	47,584,249	48,796,393	151,943,093	137,229,799
Total Assets	128,023,941	110,612,260	69,199,788	87,252,077	197,223,729	197,864,337
Liabilities:						
Other liabilities	7,505,124	7,459,143	2,627,920	3,088,411	10,133,044	10,547,554
Long-term liabilities	13,025,626	15,352,309	30,501,315	31,487,265	43,526,941	46,839,574
Total Liabilities	20,530,750	22,811,452	33,129,235	34,575,676	53,659,985	57,387,128
Net Assets:						
Invested in capital assets, net of related debt	90,120,246	71,875,207	22,627,362	35,396,033	112,747,608	107,271,240
Restricted	1,200,520	2,289,650	-	310,000	1,200,520	2,599,650
Unrestricted	16,172,425	13,635,951	13,443,191	16,970,368	29,615,616	30,606,319
Total Net Assets	107,493,191	87,800,808	36,070,553	52,676,401	143,563,744	140,477,209

Government-wide Net Assets and Activities:

Traditionally, the largest portion of any municipality's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the City's residents and visitors. The City's capital assets account for 77% of its total assets; these assets are not an available source for payment of future spending. Of the remaining \$45,280,636 in assets, \$633,731 is restricted for TABOR reserve, \$54,922 is restricted for police asset forfeitures, \$291,817 is restricted for general obligation bond payments, and \$220,050 is restricted by enabling legislation.

At the end of the 2011 fiscal year, the City is able to report positive balances in all three categories of net assets, first for the government as a whole, and then as separate governmental and business-type activities.

The City's net assets increased \$3,086,536 during the current fiscal year. The increase in governmental activities can primarily be attributed to the City's investment in capital assets and debt reduction. The decrease in business-type activities is primarily due to construction costs incurred for the new wastewater facilities for the City's water and sewer utility.

Government-wide Financial Analysis (continued):

City of Glenwood Spring's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	4,790,315	4,922,387	17,563,691	16,727,813	22,354,006	21,650,200
Grants and contributions	2,114,880	3,433,864	764,889	607,844	2,879,769	4,041,708
General revenue:						
Sales and use taxes	13,793,060	13,716,954	-	-	13,793,060	13,716,954
Property taxes	1,344,378	1,349,371	-	-	1,344,378	1,349,371
Other taxes	896,805	840,338	-	-	896,805	840,338
Interest and other revenues	319,700	444,639	134,039	184,738	453,739	629,377
Total Revenues	23,259,138	24,707,553	18,462,619	17,520,395	41,721,757	42,227,948
Expenses:						
General government	3,731,639	3,682,187	-	-	3,731,639	3,682,187
Transportation	1,097,498	1,344,841	-	-	1,097,498	1,344,841
Public Safety	6,492,262	6,578,169	-	-	6,492,262	6,578,169
Community development	1,236,633	1,318,121	-	-	1,236,633	1,318,121
Public works	4,309,107	4,658,997	-	-	4,309,107	4,658,997
Culture and recreation	3,851,086	3,763,721	-	-	3,851,086	3,763,721
Interest on long-term debt	569,937	455,387	-	-	569,937	455,387
Water and sewer	-	-	4,431,679	4,416,136	4,431,679	4,416,136
Electric system	-	-	9,530,276	9,112,989	9,530,276	9,112,989
Airport operations	-	-	161,143	160,103	161,143	160,103
Landfill	-	-	3,223,961	3,792,961	3,223,961	3,792,961
Total Expenses	21,288,162	21,801,423	17,347,059	17,482,189	38,635,221	39,283,612
Change in Net Assets						
Before Transfers	1,970,976	2,906,130	1,115,560	38,206	3,086,536	2,944,336
Transfers	17,721,408	14,282,279	(17,721,408)	(14,282,279)	-	-
Change in Net Assets	19,692,384	17,188,409	(16,605,848)	(14,244,073)	3,086,536	2,944,336
Net Assets - Beginning	87,800,807	70,612,399	52,676,401	66,920,474	140,477,208	137,532,873
Net Assets - Ending	107,493,191	87,800,808	36,070,553	52,676,401	143,563,744	140,477,209

Governmental Activities: Governmental activities increased the City's net assets by \$19,692,384. Significant events impacting 2011 are:

- Governmental Activities received transfers from business-type activities in the amount of \$17,721,408. The majority of this funding is to be used for the construction of the City's new wastewater facilities.
- Revenues decreased \$1,448,415 over the prior year, as fewer patrons undertook charges for services, and the City's return on investment declined. Expenditures decreased slightly over 2%.
- The City has historically contributed capital assets from the Capital Projects Fund to the business-type activities funds. The business-type activities funds also share the cost of general government overhead functions. The reimbursement of overhead from business-type activities to governmental activities has assisted the governmental activities in maintaining an overall positive net asset position.

Government-wide Financial Analysis (continued):

Business-type Activities: Business-type activities decreased the City's net assets by \$16,605,848. Key elements of this increase are as follows:

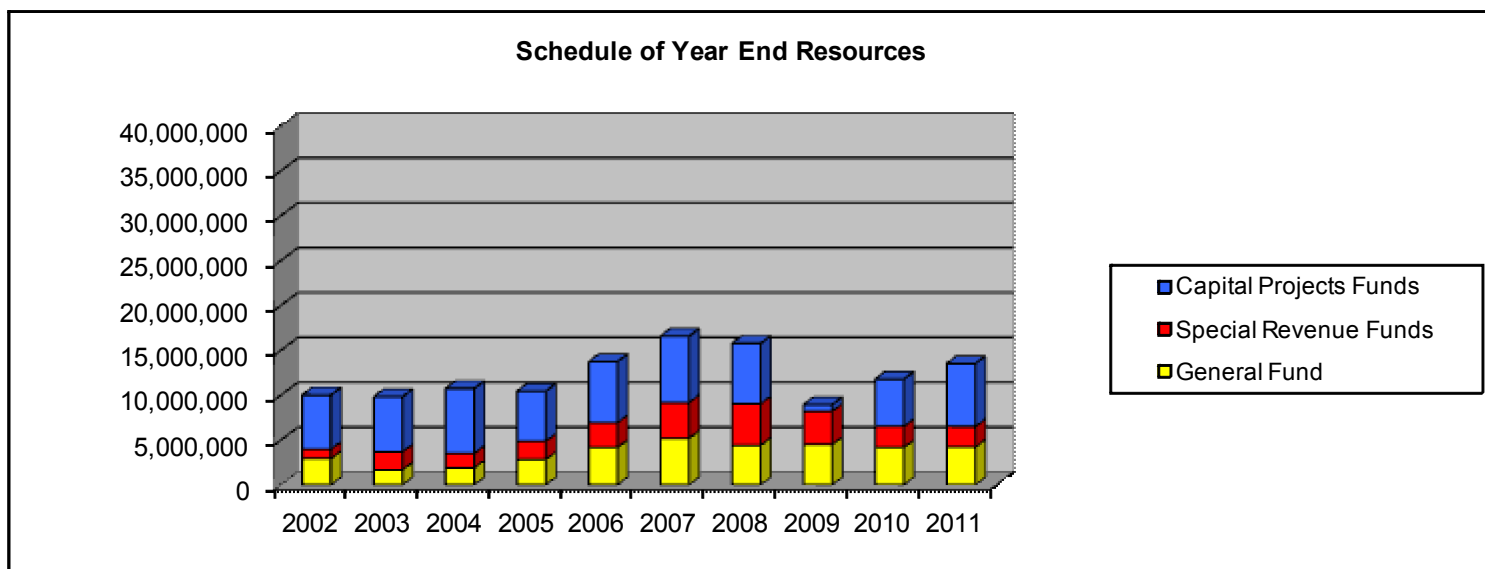
- The Water and Sewer Fund's net assets decreased \$14,953,562, as the fund made transfers to the City's Capital Projects Fund for the construction of the new wastewater facility. The fund entered into loan agreement in the amount of \$31,460,100 to fund this construction.
- The Electric Fund's net assets decreased \$127,267. This decrease is due primarily to less commercial revenue. The fund received \$186,138 in developer contributions. The Fund's available cash increased by \$27,133.
- The Landfill Fund's net assets decreased \$1,511,538. This decrease is largely due to transfers out to other funds totaling \$1,800,000. In 2007, the Landfill Fund advanced \$435,767 to the Downtown Development Authority for the purchase of property, which is being repaid in installments. Cash in this fund decreased \$1,760,101.

Financial Analysis of the City's Funds

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

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

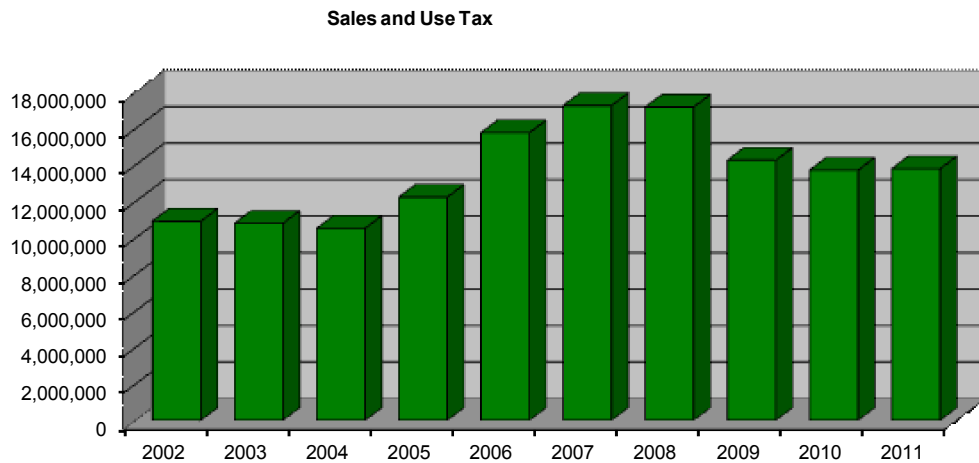
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,526,360, an increase of \$1,743,206 from the prior year ending fund balances. This increase can be attributable to transfers in from the City's business-type funds to offset the costs of undertaking new projects in the Capital Projects and Acquisition and Improvement Funds. The following graph provides a view of the City's ending fund balances:



Financial Analysis of the City's Funds (continued)

Governmental Funds (continued):

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



Sales tax in 2011 increased slightly over 2010 results. Additionally, governmental funds received a total of \$17,721,408 in operational transfers in from proprietary funds, before accounting for any capital contributions between fund types. These transfers were approved to primarily cover capital asset activity and to subsidize operational costs.

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

The City's proprietary funds had ending net assets of \$36,070,552 broken down by fund as follows: Water and Sewer - \$2,444,765, Electric - \$27,351,522, Airport - \$85,147 and Landfill - \$6,189,118. The net assets listed previously include fixed assets. Unrestricted net assets available at year-end broken down by fund is: Water and Sewer - \$2,739,328, Electric System - \$4,636,389, Airport - \$41,351, and Landfill Operations - \$6,026,122.

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

Financial Analysis of the City's Funds (continued)

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

<u>Account</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
Revenues:		
General sales tax	\$ (387,434)	While sales tax increased year over year, it failed to meet budget expectations.
Building permits	(115,647)	Throughout the City there are less construction projects
County road and bridge	(149,376)	Budget anticipated in relation to the prior year actual
Expenses:		
Recreation	264,473	Staffing cutbacks
Police department	213,076	Overall staffing shortages within department, as well as receiving grant reimbursements for programs undertaken.

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

Long-term Debts: As of the end of the current fiscal year, the City's long-term liabilities totaled \$45,489,487. Additional information as well as a detailed classification of the City's total long-term liabilities can be found in the Notes to the Financial Statements in section D of this report.

Next Year's Budget and Rates: The City's General Fund balance at the end of fiscal year 2011 totaled \$4,230,961. The original 2012 budget anticipates decreasing this balance by \$105,361.

Request for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Glenwood Springs, Colorado
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business Type Activities	Total
Assets:			
Cash and cash equivalents - unrestricted	15,629,359	15,064,015	30,693,374
Cash and cash equivalents - restricted	2,320,371	5,455,087	7,775,458
Accounts, taxes, and interest receivable	3,647,758	2,506,945	6,154,703
Due from other governments	31,278	-	31,278
Prepaid items	1,977	-	1,977
Internal Balances	1,892,585	(1,892,585)	-
Inventory	38,327	482,077	520,404
Total current assets	23,561,655	21,615,539	45,177,194
Other assets:			
Deferred charges	103,442	-	103,442
Capital assets:			
Land and water rights	12,110,991	1,334,857	13,445,848
Construction in Progress	33,512,432	3,932,344	37,444,776
Buildings and improvements	88,932,711	70,303,295	159,236,006
Equipment	5,192,491	1,177,664	6,370,155
Vehicles	4,043,481	13,693	4,057,174
Less accumulated depreciation	(39,433,262)	(29,177,604)	(68,610,866)
Total capital assets (net of accumulated depr.)	104,358,844	47,584,249	151,943,093
Total assets	128,023,941	69,199,788	197,223,729
Liabilities:			
Current Liabilities:			
Accounts, retainage, arbitrage & deposits payable	3,091,969	873,603	3,965,572
Accrued compensation	425,315	96,651	521,966
Interest payable	130,102	355,091	485,193
Deferred revenue	1,281,609	-	1,281,609
Compensated absences - Due within one year	545,262	221,200	766,462
Long-term debt - Due within one year	2,030,867	1,081,375	3,112,242
Total current liabilities:	7,505,124	2,627,920	10,133,044
Noncurrent liabilities:			
Compensated absences	817,895	331,801	1,149,696
Long-term debt	12,207,731	30,169,514	42,377,245
Total noncurrent liabilities	13,025,626	30,501,315	43,526,941
Total Liabilities	20,530,750	33,129,235	53,659,985
Net Assets:			
Invested in capital assets, net of related debt	90,120,246	22,627,362	112,747,608
Restricted for:			
Emergencies	633,731	-	633,731
Other purposes	566,789	-	566,789
Unrestricted	16,172,425	13,443,191	29,615,616
Net Assets	107,493,191	36,070,553	143,563,744

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

City of Glenwood Springs, Colorado
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-type	Total
					Activities	Activities	
Functions/Programs:							
Governmental Activities:							
General government	3,731,639	2,281,659	777,923	-	(672,057)	-	(672,057)
Public transportation	1,097,498	10,229	224,167	-	(863,102)	-	(863,102)
Public safety	6,492,262	1,285,927	181,134	-	(5,025,201)	-	(5,025,201)
Community and economic development	1,236,633	103,359	-	-	(1,133,274)	-	(1,133,274)
Public works	4,309,107	5,130	830,482	-	(3,473,495)	-	(3,473,495)
Culture and recreation	3,851,086	1,104,011	17,909	83,265	(2,645,901)	-	(2,645,901)
Interest on long-term debt	569,937	-	-	-	(569,937)	-	(569,937)
Total Governmental Activities	<u>21,288,162</u>	<u>4,790,315</u>	<u>2,031,615</u>	<u>83,265</u>	<u>(14,382,967)</u>	<u>-</u>	<u>(14,382,967)</u>
Business-type activities:							
Water and sewer	4,431,679	4,697,538	4,524	300	-	270,683	270,683
Electric system	9,530,276	9,315,755	573,008	186,138	-	544,625	544,625
Airport operations	161,143	149,349	919	-	-	(10,875)	(10,875)
Landfill operations	3,223,961	3,401,049	-	-	-	177,088	177,088
Total Business-type Activities	<u>17,347,059</u>	<u>17,563,691</u>	<u>578,451</u>	<u>186,438</u>	<u>-</u>	<u>981,521</u>	<u>981,521</u>
Total	<u>38,635,221</u>	<u>22,354,006</u>	<u>2,610,066</u>	<u>269,703</u>	<u>(14,382,967)</u>	<u>981,521</u>	<u>(13,401,446)</u>
General Revenues:							
Taxes:							
Property tax, levied for general purposes					1,344,378	-	1,344,378
Specific ownership tax					58,603	-	58,603
Sales and use tax					13,793,060	-	13,793,060
Franchise tax					157,319	-	157,319
Accommodations tax					646,255	-	646,255
Other miscellaneous taxes					34,628	-	34,628
Unrestricted investment earnings					108,947	127,493	236,440
Grants, contributions and miscellaneous income not restricted for specific purposes					120,844	-	120,844
Gain (loss) on asset disposal					89,909	6,546	96,455
Transfers					17,721,408	(17,721,408)	-
Total General Revenues and Transfers					<u>34,075,351</u>	<u>(17,587,369)</u>	<u>16,487,982</u>
Change in Net Assets					19,692,384	(16,605,848)	3,086,536
Net Assets - Beginning					<u>87,800,807</u>	<u>52,676,401</u>	<u>140,477,208</u>
Net Assets - Ending					<u>107,493,191</u>	<u>36,070,553</u>	<u>143,563,744</u>

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

FUND FINANCIAL STATEMENTS



City of Glenwood Springs, Colorado
Balance Sheet
Governmental Funds
December 31, 2011

	<u>General</u>	<u>Street Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Acquisition and Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets:						
Cash and investments	3,471,840	164,968	1,762,609	971,229	3,995,427	10,366,073
Cash and investments - restricted	-	-	-	2,320,371	-	2,320,371
Taxes receivable	1,856,863	209,866	209,866	419,732	346,650	3,042,977
Accounts receivable	424,240	-	-	-	151,338	575,578
Interest receivable	432	-	2,260	8,239	-	10,931
Due from other governments	-	31,278	-	-	-	31,278
Due (to) from other funds	211,270	-	2,276,096	-	(594,781)	1,892,585
Prepaid items	-	-	-	-	1,977	1,977
Total Assets	<u>5,964,645</u>	<u>406,112</u>	<u>4,250,831</u>	<u>3,719,571</u>	<u>3,900,611</u>	<u>18,241,770</u>
Liabilities and Fund Equity:						
Liabilities:						
Accounts/vouchers payable	159,240	331,344	1,952,084	148,867	237,631	2,829,166
Other liabilities	232,184	-	-	-	-	232,184
Accrued payroll and related liabilities	288,767	-	7,263	-	77,921	373,951
Deferred revenue	-	-	-	-	10,289	10,289
Deferred property taxes not collectible until subsequent year	1,053,493	-	-	-	216,327	1,269,820
Total Liabilities	<u>1,733,684</u>	<u>331,344</u>	<u>1,959,347</u>	<u>148,867</u>	<u>542,168</u>	<u>4,715,410</u>
Fund Balance:						
Nonspendable	607,270	-	-	-	1,977	609,247
Restricted	726,585	55,587	48,940	57,453	311,955	1,200,520
Committed	212,993	-	366,027	-	174,466	753,486
Assigned	-	141,033	1,876,517	3,513,251	2,870,045	8,400,846
Unassigned	2,684,113	(121,852)	-	-	-	2,562,261
Total Fund Balance	<u>4,230,961</u>	<u>74,768</u>	<u>2,291,484</u>	<u>3,570,704</u>	<u>3,358,443</u>	<u>13,526,360</u>
Total Liabilities and Fund Balance	<u>5,964,645</u>	<u>406,112</u>	<u>4,250,831</u>	<u>3,719,571</u>	<u>3,900,611</u>	<u>18,241,770</u>

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

City of Glenwood Springs, Colorado
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2011

Governmental Funds Total Fund Balance	13,526,360
Add:	
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	101,618,902
Internal Service Funds are used by the City to account for the repair and replacement costs of the City's heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Activities.	7,976,344
Less:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of City long-term liabilities, including accrued interest and deferred costs.	(15,628,415)
Governmental Activities Net Assets	<u><u>107,493,191</u></u>

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

City of Glenwood Springs, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2011

	<u>General</u>	<u>Street Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Acquisition and Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	6,799,846	1,836,675	1,836,675	3,673,349	1,812,474	15,959,019
Permits and licenses	156,624	-	-	-	-	156,624
Intergovernmental revenue	1,127,973	368,972	-	7,758	378,240	1,882,943
Charges for services	1,421,661	-	5,130	-	972,030	2,398,821
Investment income	16,334	350	8,364	36,068	6,492	67,608
Miscellaneous	2,688,725	38,007	2,861	14,233	116,812	2,860,638
Total Revenues	<u>12,211,163</u>	<u>2,244,004</u>	<u>1,853,030</u>	<u>3,731,408</u>	<u>3,286,048</u>	<u>23,325,653</u>
Expenditures:						
General government	2,654,787	-	-	2,118,998	644,310	5,418,095
Transportation	-	2,267,598	-	-	1,016,896	3,284,494
Public safety	2,954,521	-	-	-	35,437	2,989,958
Community and economic development	695,703	-	-	-	492,410	1,188,113
Public works	1,376,308	-	14,313,757	1,776,030	3,020,876	20,486,971
Culture and recreation	2,838,073	-	-	142,475	26,156	3,006,704
Debt service:						
Principal	180,000	245,405	202,905	1,342,625	-	1,970,935
Interest	109,668	21,215	18,787	424,538	23,505	597,713
Total Expenditures	<u>10,809,060</u>	<u>2,534,218</u>	<u>14,535,449</u>	<u>5,804,666</u>	<u>5,259,590</u>	<u>38,942,983</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,402,103</u>	<u>(290,214)</u>	<u>(12,682,419)</u>	<u>(2,073,258)</u>	<u>(1,973,542)</u>	<u>(15,617,330)</u>
Other Financing Sources (Uses):						
Sale of assets	-	-	-	-	8,118	8,118
Transfers in	872,348	250,000	15,429,865	1,800,000	2,342,167	20,694,380
Transfers (out)	(2,224,254)	(76,757)	(1,024,735)	(13,514)	(2,702)	(3,341,962)
Total Other Financing Sources (Uses)	<u>(1,351,906)</u>	<u>173,243</u>	<u>14,405,130</u>	<u>1,786,486</u>	<u>2,347,583</u>	<u>17,360,536</u>
Net Change in Fund Balance	50,197	(116,971)	1,722,711	(286,772)	374,041	1,743,206
Fund Balance - Beginning of Year	<u>4,180,764</u>	<u>191,739</u>	<u>568,773</u>	<u>3,857,476</u>	<u>2,984,402</u>	<u>11,783,154</u>
Fund Balance - End of Year	<u>4,230,961</u>	<u>74,768</u>	<u>2,291,484</u>	<u>3,570,704</u>	<u>3,358,443</u>	<u>13,526,360</u>

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

City of Glenwood Springs, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
December 31, 2011

Net Change in Fund Balances of Governmental Funds	1,743,206
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation for the year.	15,935,405
Repayment of bond principal and leases are expenditures in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets. This represents the total principal repayments, the change in accrued interest at year end and amortization of debt-related deferrals.	1,998,709
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased.	(88,079)
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities.	112,143
In the Statement of Activities only the gain or loss on the sale and disposal of assets is reported, whereas in governmental funds, only the proceeds which increase current available resources is reported.	(9,000)
Governmental Activities Change in Net Assets	19,692,384

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

City of Glenwood Springs, Colorado
Statement of Net Assets
Enterprise Funds
December 31, 2011

	Water and Sewer	Electric System	Airport Operations	Landfill Operations	Totals	Governmental Activities Internal Service Funds Totals
Assets:						
Current:						
Cash in bank - Unrestricted	5,073,194	4,123,929	15,888	5,850,939	15,063,950	5,263,287
Cash in bank - Restricted	5,455,152	-	-	-	5,455,152	-
Accounts receivable - Trade (net of allowance for doubtful accounts)	485,637	1,227,106	27	751,502	2,464,272	-
Interest receivable	9,589	8,645	-	16,399	34,633	18,271
Other receivables	8,040	-	-	-	8,040	-
Inventory	214,237	239,293	28,547	-	482,077	38,327
Due from (to) other funds	(2,276,096)	-	-	383,511	(1,892,585)	-
Total Current Assets	8,969,753	5,598,973	44,462	7,002,351	21,615,539	5,319,885
Property and Equipment:						
Land	-	1,305,057	-	-	1,305,057	-
Construction in progress	2,857,809	1,074,535	-	-	3,932,344	-
Building, plant and system	37,160,489	32,893,660	53,205	195,940	70,303,294	-
Water rights	29,800	-	-	-	29,800	-
Equipment	779,685	218,205	90,388	89,387	1,177,665	1,420,109
Vehicles	-	13,693	-	-	13,693	2,491,003
Total	40,827,783	35,505,150	143,593	285,327	76,761,853	3,911,112
Less accumulated depreciation	(16,165,458)	(12,790,017)	(99,797)	(122,331)	(29,177,603)	(1,171,164)
Net Property and Equipment	24,662,325	22,715,133	43,796	162,996	47,584,250	2,739,948
 Total Assets	 33,632,078	 28,314,106	 88,258	 7,165,347	 69,199,789	 8,059,833
Liabilities and Fund Equity:						
Current Liabilities:						
Accounts payable	94,913	630,899	1,153	73,673	800,638	24,862
Deposits	-	72,958	-	-	72,958	-
Accrued interest	353,023	2,068	-	-	355,091	-
Accrued payroll and taxes	44,849	42,762	1,958	7,911	97,480	10,006
Accrued vacation and sick pay	299,978	213,897	-	38,297	552,172	48,621
Other liabilities	-	-	-	856,348	856,348	-
Current portion of long-term debt	1,081,375	-	-	-	1,081,375	-
Total Current Liabilities	1,874,138	962,584	3,111	976,229	3,816,062	83,489
Long-term Liabilities:						
Long-term debt - Bonds payable, net of current portion	29,313,175	-	-	-	29,313,175	-
Total Liabilities	31,187,313	962,584	3,111	976,229	33,129,237	83,489
Net Assets:						
Invested in capital assets, net of related debt	(294,563)	22,715,133	43,796	162,996	22,627,362	2,739,948
Unrestricted	2,739,328	4,636,389	41,351	6,026,122	13,443,190	5,236,396
Total Net Assets	2,444,765	27,351,522	85,147	6,189,118	36,070,552	7,976,344
 Total Liabilities and Fund Equity	 33,632,078	 28,314,106	 88,258	 7,165,347	 69,199,789	 8,059,833

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

City of Glenwood Springs, Colorado
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2011

	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Operations</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds Totals</u>
Operating Revenues:						
Rentals	-	-	25,000	-	25,000	-
Charges and fees	4,689,902	9,341,699	122,018	3,247,349	17,400,968	821,290
Other	12,460	556,308	3,249	153,701	725,718	16,165
Total Operating Revenues	<u>4,702,362</u>	<u>9,898,007</u>	<u>150,267</u>	<u>3,401,050</u>	<u>18,151,686</u>	<u>837,455</u>
Operating Expenses:						
Purchased power	-	6,070,604	-	-	6,070,604	-
Operations and maintenance	1,918,538	1,443,847	110,597	2,932,613	6,405,595	777,310
General and administrative	708,478	1,111,354	41,663	279,032	2,140,527	-
Depreciation	943,012	889,890	8,883	12,315	1,854,100	413,907
Total Operating Expenses	<u>3,570,028</u>	<u>9,515,695</u>	<u>161,143</u>	<u>3,223,960</u>	<u>16,470,826</u>	<u>1,191,217</u>
Operating Income (Loss)	<u>1,132,334</u>	<u>382,312</u>	<u>(10,876)</u>	<u>177,090</u>	<u>1,680,860</u>	<u>(353,762)</u>
Non-Operating Revenues (Expenses):						
Disposition of assets	-	(10,285)	-	-	(10,285)	55,325
Investment income	21,249	30,315	94	75,835	127,493	41,590
Intergovernmental awards	-	7,008	-	-	7,008	-
Interest expense	(844,927)	(12,930)	-	-	(857,857)	-
Amortization - bond issuance cost	(16,725)	(1,073)	-	-	(17,798)	-
Total Non-Operating Revenues (Expenses)	<u>(840,403)</u>	<u>13,035</u>	<u>94</u>	<u>75,835</u>	<u>(751,439)</u>	<u>96,915</u>
Income (Loss) Before Transfers and Capital Contributions	291,931	395,347	(10,782)	252,925	929,421	(256,847)
Transfer (out)	(15,845,493)	(708,752)	(2,700)	(1,800,000)	(18,356,945)	(53,720)
Transfer in	600,000	-	-	35,537	635,537	422,710
Capital contributions	-	186,138	-	-	186,138	-
Change in Net Assets	(14,953,562)	(127,267)	(13,482)	(1,511,538)	(16,605,849)	112,143
Net Assets - Beginning of Year	<u>17,398,327</u>	<u>27,478,789</u>	<u>98,629</u>	<u>7,700,656</u>	<u>52,676,401</u>	<u>7,864,201</u>
Net Assets - End of Year	<u><u>2,444,765</u></u>	<u><u>27,351,522</u></u>	<u><u>85,147</u></u>	<u><u>6,189,118</u></u>	<u><u>36,070,552</u></u>	<u><u>7,976,344</u></u>

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

City of Glenwood Springs, Colorado
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2011

	Water and Sewer	Electric System	Airport Operations	Landfill Operations	Totals	Governmental Activities Internal Service Funds Totals
Cash Flows From Operating Activities:						
Cash received from customers	4,632,094	9,458,810	151,559	2,906,431	17,148,894	864,745
Cash paid to suppliers and employees	(2,753,627)	(8,589,229)	(161,557)	(3,169,898)	(14,674,311)	(763,055)
Other operating revenues	-	556,308	-	153,701	710,009	16,165
Interfund transfers	(12,969,397)	(708,752)	(2,700)	(1,764,463)	(15,445,312)	368,990
Net Cash Provided (Used) by Operating Activities	(11,090,930)	717,137	(12,698)	(1,874,229)	(12,260,720)	486,845
Cash Flows From Non-Capital Financing Activities:						
Net refunds of customer deposits	-	(38,910)	-	-	(38,910)	-
Intergovernmental awards	-	7,008	-	-	7,008	-
Net Cash (Used) by Non-Capital Financing Activities	-	(31,902)	-	-	(31,902)	-
Cash Flows From Capital and Related Financing Activities:						
Sale of assets	-	6,547	-	-	6,547	55,326
Repayments from other funds	-	-	-	14,210	14,210	-
Interest paid on bonds and equipment contracts	(846,695)	(14,760)	-	-	(861,455)	-
Principal paid on bonds and equipment contracts	(1,065,550)	(310,000)	-	-	(1,375,550)	-
Acquisition and construction of capital assets	(110,060)	(377,701)	-	(1,613)	(489,374)	(431,982)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,022,305)	(695,914)	-	12,597	(2,705,622)	(376,656)
Cash Flows From Investing Activities:						
Interest on investments	30,027	37,812	94	101,531	169,464	40,256
Net Cash Provided by Investing Activities	30,027	37,812	94	101,531	169,464	40,256
Net Change in Cash and Cash Equivalents	(13,083,208)	27,133	(12,604)	(1,760,101)	(14,828,780)	150,445
Cash and Cash Equivalents - Beginning of Year	23,611,554	4,096,796	28,492	7,611,040	35,347,882	5,112,842
Cash and Cash Equivalents - End of Year	10,528,346	4,123,929	15,888	5,850,939	20,519,102	5,263,287
Cash and Cash Equivalents Consists of the Following:						
Cash in bank - Unrestricted	5,073,194	4,123,929	15,888	5,850,939	15,063,950	5,263,287
Cash in bank - Restricted	5,455,152	-	-	-	5,455,152	-
Total	10,528,346	4,123,929	15,888	5,850,939	20,519,102	5,263,287
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	1,132,334	382,312	(10,876)	177,090	1,680,860	(353,762)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	943,012	889,890	8,883	12,315	1,854,100	413,907
Loss on asset disposition	-	-	-	-	-	19,041
(Increase) decrease in accounts receivable	(70,266)	117,110	1,793	(340,918)	(292,281)	43,455
(Increase) decrease in inventories	(21,289)	1,386	(9,798)	-	(29,701)	-
(Increase) decrease in prepaid items/other assets	-	-	-	-	-	(8,034)
Increase (decrease) in accounts payable	(105,324)	35,191	500	41,747	(27,886)	3,248
Increase (decrease) in other liabilities	-	-	(500)	-	(500)	-
Net change in interfund transfers	(12,969,397)	(708,752)	(2,700)	(1,764,463)	(15,445,312)	368,990
Total Adjustments	(12,223,264)	334,825	(1,822)	(2,051,319)	(13,941,580)	840,607
Net Cash Provided (Used) by Operating Activities	(11,090,930)	717,137	(12,698)	(1,874,229)	(12,260,720)	486,845
Schedule of Non-Cash Investing, Capital and Financing Activities:						
Assets donated	-	186,138	-	-	186,138	-

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

City of Glenwood Springs, Colorado
Statement of Fiduciary Net Assets
December 31, 2011

	Cemetery Reserve Fund	Firemen's Pension Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	<u>31,542</u>	<u>706,910</u>	<u>738,452</u>
Total Assets	<u>31,542</u>	<u>706,910</u>	<u>738,452</u>
Net Assets:			
Held in Trust	<u><u>31,542</u></u>	<u><u>706,910</u></u>	<u><u>738,452</u></u>

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

City of Glenwood Springs, Colorado
Combining Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2011

	Cemetery Reserve Fund	Fireman's Pension Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Charges and fees	2,500	-	2,500
Pension contributions	-	39,900	39,900
Investment income, net	50	6,564	6,614
	<u> </u>	<u> </u>	<u> </u>
Total Additions	<u>2,550</u>	<u>46,464</u>	<u>49,014</u>
Deductions:			
Pension payments	-	108,045	108,045
Total Reductions	<u>-</u>	<u>108,045</u>	<u>108,045</u>
Change in Net Assets	2,550	(61,581)	(59,031)
Net Assets - Beginning of Year	<u>28,992</u>	<u>768,491</u>	<u>797,483</u>
Net Assets - End of Year	<u><u>31,542</u></u>	<u><u>706,910</u></u>	<u><u>738,452</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011

I. Summary of Significant Accounting Policies

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

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established by GAAP used by the City are discussed below.

A. Reporting Entity

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

B. Blended Component Units

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

2. Fund Financial Statements

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

The City reports the following major governmental funds:

- (a) *General Fund* - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.
- (b) *Street Tax Fund* - accounts for revenues received from one-half (1/2)% sales tax levied for transportation related projects.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

- (c) *Capital Projects Fund* – accounts for major City Projects which are financed by one-half (1/2) cent sales tax.
- (d) *Acquisitions and Improvements Fund* - accounts for revenues and expenditures received from a 1.00% sales tax and special assessments levied for capital improvements purposes.

The City reports the following major propriety funds:

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

The City reports the following non-major governmental funds:

- (a) *Tourism Fund* - accounts for funds received from a two and one-half percent rent tax on accommodations. Expenditures are restricted for tourism promotion purposes.
- (b) *Victims Assistance and Law Enforcement Fund (V.A.L.E.)* - accounts for funds received from a surcharge for violation of all municipal ordinances and violations of the Model Traffic Code. Expenditures are restricted to victims' and witnesses' services and reimbursements and to Police Department equipment purchases, training, and additional personnel costs.
- (c) *Conservation Trust Fund* - accounts for funds received and restricted as to use in the acquisition, development and maintenance of new conservation sites pursuant to Colorado Revised Statutes.
- (d) *Bus Tax Fund* - accounts for the .2% sales tax designated towards "Ride Glenwood Springs" bus service.
- (e) *Fire and Ambulance Fund* – accounts for fire and ambulance services performed by the City and Rural Fire District.
- (f) *Downtown Development Authority* – A blended component unit, was established by a vote of the citizens in 2001 for the purpose of revitalizing the downtown corridor and building a parking structure.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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

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

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

Additionally, the City reports the following Internal Service Fund:

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

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Investments

Investments are stated at fair value.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

3. Receivables

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

4. Property Taxes

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

5. Inventories

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

6. Prepaid Items

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

7. Debt Issuance Costs

Issuance costs for long-term bonds and debt payable are recorded and amortized over the term to maturity of the debt, using the straight-line method.

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are shown as long-term debt on the Government-wide Statement of Net Assets. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated to be taken as "terminal leave" at retirement.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

9. Capital Assets

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

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

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

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

10. Fund Equity

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

11. Interfund Transactions

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies

1. Use of Estimates

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

2. Proprietary Funds

As required by GASB Statement No. 20, the City has elected to follow for its proprietary funds, all (1) GASB pronouncements and (2) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

3. Credit Risk

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

4. Restricted and Unrestricted Resources

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

5. Subsequent Events

Management has evaluated subsequent events through June 6, 2012; the date these financial statements were available to be released.

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The \$101,618,902 reconciling item represents the book value of capital assets at December 31, 2011.

Another element of that reconciliation states that "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$15,628,415 difference represent long-term bonds and loans of \$14,056,107, property leases of \$91,973, accrued interest of \$130,102, compensated absences of \$1,363,157, less deferred debt costs of \$12,924.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

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

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

Another element of that reconciliation states that "Internal Service Funds are used by the City to account for the repair and replacement costs of the City's heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets". The result is an increase in net assets of \$7,976,344 within governmental activities.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense". The details of the net difference of \$15,935,405 are net capital outlay of \$19,158,914 less depreciation expense of \$3,223,509.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

As required by Colorado statutes and the Home Rule Charter, the City followed required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar for the 2011 budget year:

- (1) For the 2011 budget year, prior to December 10, 2010, the County Assessor sent to the City the final recertified assessed valuation of all taxable property within the City's boundaries.
- (2) The City Manager, or other qualified persons appointed by the Council, submitted to the Council, on or before October 15, 2010, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Council prior to October 15, 2010.
- (4) For the 2011 budget, prior to December 15, 2010, the City Council computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) After the required public hearing, the City Council adopted the proposed budget by resolution prior to October 15, 2010. The ordinance which legally appropriates expenditures for the upcoming year was passed on or before the first Council meeting in November.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (6) After adoption of the budget ordinance, the City may make by ordinance the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) a reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the City Council may, by affirmative vote of five or more members, transfer part or all of any unexpended funds from one department, fund, or office to another.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2010 were collected in 2011 and taxes certified in 2011 will be collected in 2012. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

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

During the year, \$3,819,496 of supplemental appropriation ordinances were approved. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

The following funds had supplementary budget appropriations:

Fund	Original Appropriation	Supplemental Appropriation
Fleet Service Fund	2,544,545	2,559,213
Capital Projects	16,580,812	17,180,812
Bus Tax	815,148	1,031,598
Acquisition and Improvements	5,005,353	6,642,867
Tourism	503,171	515,671
GID Improvement District No.1980	63,655	73,655
Downtown Development Authority	456,809	785,173
Landfill Operations	4,713,155	5,713,155

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$633,731 which is the approximate required reserve at December 31, 2011.

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

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

C. Budgetary Information

	Water and Sewer Fund	Electric System Fund	Airport Operations Fund	Landfill Operations Fund	Fleet Service Fund
Excess (deficiency) of revenues over expenditures - budget basis	\$ (16,112,448)	(1,001,105)	\$ (13,482)	(1,513,150)	(319,839)
Debt service - Principal	1,065,550	310,000	-	-	-
Capital outlay	93,336	563,838	-	1,612	431,982
Total Adjustments	1,158,886	873,838	-	1,612	431,982
Net Income (Loss) - GAAP Basis	\$ (14,953,562)	(127,267)	\$ (13,482)	(1,511,538)	112,143

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

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

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

	Standard & Poors Rating	Carrying amounts	Maturities	
			Less than one year	Less than five years
Deposits:				
Petty cash	Not Rated	\$ 2,710	2,710	-
Checking	Not Rated	8,323,739	8,323,739	-
Savings and money market	Not Rated	258,885	258,885	-
Investments:				
Certificates of Deposit	Not Rated	4,297,107	2,995,504	1,301,603
United States Treasuries	AA+	3,209,741	-	3,209,741
Investment pools	AAAm	15,550,804	15,550,804	-
Corporate	AA+	219,800		
Cash held by Trustee	Not Rated	7,344,498	6,161,998	1,182,500
		<u>\$ 39,207,284</u>		

The City also has \$706,910 invested with its pension fund trustee – FPPA. The City’s holdings in investment pools are comprised of balances with COLOTRUST and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The City has no regulatory oversight for the pools.

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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

B. Receivables

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

	<u>General</u>	<u>Street Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Acquisition and Improvement</u>
Receivables:				
Taxes	\$ 1,856,863	209,866	209,866	419,732
Accounts	424,240	-	-	-
Interest	432	-	2,260	8,239
Other	-	-	-	-
Intergovernmental	-	31,278	-	-
Gross receivables	<u>2,281,535</u>	<u>241,144</u>	<u>212,126</u>	<u>427,971</u>
Less: allowance for uncollectible	-	-	-	-
Net receivables	<u><u>2,281,535</u></u>	<u><u>241,144</u></u>	<u><u>212,126</u></u>	<u><u>427,971</u></u>
	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Non-major and other Funds</u>	<u>Total</u>
Receivables:				
Taxes	-	-	346,650	3,042,977
Accounts	487,137	1,333,835	987,366	3,232,578
Interest	9,589	8,645	34,670	63,835
Other	8,040	-	-	8,040
Intergovernmental	-	-	-	31,278
Gross receivables	<u>504,766</u>	<u>1,342,480</u>	<u>1,368,686</u>	<u>6,378,708</u>
Less: allowance for uncollectible	<u>(1,500)</u>	<u>(106,729)</u>	<u>(84,500)</u>	<u>(192,729)</u>
Net receivables	<u><u>503,266</u></u>	<u><u>1,235,751</u></u>	<u><u>1,284,186</u></u>	<u><u>6,185,979</u></u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$1,269,820 of deferred revenue for property taxes levied in 2011 but not available until 2012.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,509,063	1,601,928	-	12,110,991
Construction in progress	19,888,765	17,556,986	(3,933,319)	33,512,432
Total capital assets, not being depreciated	<u>30,397,828</u>	<u>19,158,914</u>	<u>(3,933,319)</u>	<u>45,623,423</u>
Capital assets, being depreciated:				
Buildings	27,884,892	-	-	27,884,892
Other improvements	3,099,165	137,131	-	3,236,296
Machinery and equipment	2,457,189	277,986	(33,685)	2,701,490
Streets and trails	54,145,574	3,665,949	-	57,811,523
Vehicles	6,396,481	284,235	(146,233)	6,534,483
Total capital assets, being depreciated	<u>93,983,301</u>	<u>4,365,301</u>	<u>(179,918)</u>	<u>98,168,684</u>
Less accumulated depreciation for:				
Buildings	(8,376,648)	(927,678)	-	(9,304,326)
Other improvements	(576,375)	(101,521)	-	(677,896)
Machinery and equipment	(958,585)	(107,689)	21,085	(1,045,189)
Streets and trails	(22,111,226)	(1,774,835)	-	(23,886,061)
Vehicles	(3,924,889)	(725,693)	130,792	(4,519,790)
Total accumulated depreciation	<u>(35,947,723)</u>	<u>(3,637,416)</u>	<u>151,877</u>	<u>(39,433,262)</u>
Total capital assets, being depreciated, net	<u>58,035,578</u>	<u>727,885</u>	<u>(28,041)</u>	<u>58,735,422</u>
Governmental Activities - Capital Assets, Net	<u>\$ 88,433,406</u>	<u>19,886,799</u>	<u>(3,961,360)</u>	<u>104,358,845</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,305,057	-	-	1,305,057
Water rights	29,800	-	-	29,800
Construction in progress	4,629,427	467,405	(1,164,488)	3,932,344
Total capital assets, not being depreciated	<u>5,964,284</u>	<u>467,405</u>	<u>(1,164,488)</u>	<u>5,267,201</u>
Capital assets, being depreciated:				
Buildings and plant	13,811,104	-	-	13,811,104
Distribution and collection system	53,802,405	1,185,632	(48,261)	54,939,776
Machinery and equipment	2,559,841	170,237	-	2,730,078
Vehicles	13,693	-	-	13,693
Total capital assets, being depreciated	<u>70,187,043</u>	<u>1,355,869</u>	<u>(48,261)</u>	<u>71,494,651</u>
Less accumulated depreciation for:				
Buildings and plant	(7,319,242)	(295,445)	-	(7,614,687)
Distribution and collection system	(18,585,111)	(1,402,531)	31,431	(19,956,211)
Machinery and equipment	(1,436,889)	(156,125)	-	(1,593,014)
Vehicles	(13,692)	-	-	(13,692)
Total accumulated depreciation	<u>(27,354,934)</u>	<u>(1,854,101)</u>	<u>31,431</u>	<u>(29,177,604)</u>
Total capital assets, being depreciated, net	<u>42,832,109</u>	<u>(498,232)</u>	<u>(16,830)</u>	<u>42,317,047</u>
Business-type Activities - Capital Assets, Net	<u>\$ 48,796,393</u>	<u>(30,827)</u>	<u>(1,181,318)</u>	<u>47,584,248</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
Governmental Activities:		
General government	\$ 1,621,353	266,962
Transportation	-	493,224
Public safety	12,300	364,388
Community development	50,467	1,682
Public works	16,531,165	1,731,084
Culture and recreation	3,244,733	780,076
Total Governmental Activities	<u>\$ 21,460,018</u>	<u>3,637,416</u>
Business-type Activities:		
Water and sewer	\$ 93,336	943,012
Electric	563,838	889,890
Airport	-	8,883
Landfill	1,612	12,315
Total Business-type Activities	<u>\$ 658,786</u>	<u>1,854,100</u>

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

D. Interfund Receivables, Payables, and Transfers

In 2007, Landfill Operations loaned to the Downtown Development Authority \$435,767 to acquire real property. Terms of the Interfund loan are annual principal and interest payments beginning August 2008 through August 2027. Annual interest rate is fixed at 5.91%. At December 31, 2011, principal amount outstanding on this loan was \$383,511. Interest payments made by the Downtown Development Authority to Landfill Operations during 2011 totaled \$23,505.

The City had the following interfund receivables or payables as of December 31, 2011:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	211,269
Landfill Operations	-	383,511
Capital Projects Fund	-	2,276,096
Water Fund	2,276,096	-
Downtown Development	594,780	-
	<u>\$ 2,870,876</u>	<u>2,870,876</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Transfers were as follows:

<u>Fund</u>	<u>Funds Transferred In</u>	<u>Funds Transferred (Out)</u>	<u>Reason</u>
General Fund	\$ 254,520		Allocated organizational costs and franchise fees
Water and Sewer		254,520	
Acquisition and Improvement Fund	1,800,000		Operational subsidy
Landfill Fund		1,800,000	
Downtown Development Authority	50,000		Transfer of sales tax per Glenwood Meadows development agreement
General Fund		20,270	
Street Tax Fund		6,757	
Bus Tax Fund		2,702	
Capital Projects Fund		6,757	
Acquisition and Improvement Fund		13,514	
General Fund	617,828		Allocated organizational costs and franchise fees
Electric Fund		617,828	
Fleet Service Fund	422,710		Funding required in Fleet Service Fund from other funds in accordance with the City's capital replacement plan
Water and Sewer		161,108	
Electric Fund		90,924	
Airport		2,700	
Capital Projects Fund		167,978	
Emergency Services Equipment and Replacement Fund	187,380		City share of capital improvement mill levy
General Fund		187,380	
Bus Tax Fund	70,000		Infrastructure needs
Traffic Congestion Fund		70,000	
Traffic Congestion Fund	850,000		Infrastructure needs
Capital Projects		850,000	
Capital Projects	15,429,865		Infrastructure needs
Water Fund		15,429,865	
Landfill Fund	35,537		Reimbursements for sale of capital items
Downtown Development Authority	18,183		
Fleet Service Fund		53,720	
Fire and Ambulance Fund	2,016,604		Operational subsidy
General Fund		2,016,604	
	<u>\$ 21,752,627</u>	<u>21,752,627</u>	

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Governmental Funds Long-term Debt

1. Revenue and General Obligation Bonds

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

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

Bonds of this issue maturing on October 1, 2018, are subject to mandatory sinking fund requirements. The revenues derived from the 1.0% portion of the City's effective 3.7% sales and use tax are pledged for payment of bonds of this issue. This bond issue is MBIA insured.

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Governmental Funds Long-term Debt (continued)

1. Revenue and General Obligation Bonds (continued)

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

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

2. 2002 SIB Loan

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

3. Land Lease Payable

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

4. Compensated Absences

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Governmental Fund Long-term Debt (continued)

5. Annual Debt Service Requirements

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

Year Ended December 31,	1998 Government Agency Bonds	1999 Government Agency Bonds	2001 Limited Tax General Obligation	2010 Sales and Use Tax Revenue Refunding Bonds
2012	224,213	383,484	291,748	\$ 1,421,338
2013	-	384,983	293,197	1,423,638
2014	-	386,125	294,098	1,419,888
2015	-	384,922	294,332	1,425,238
2016	-	384,502	293,883	1,419,388
2017-2021	-	580,724	1,169,077	4,035,825
Total	224,213	2,504,740	2,636,335	11,145,315
Less: Interest	(9,758)	(466,805)	(551,335)	(1,590,315)
Total	<u>214,455</u>	<u>2,037,935</u>	<u>2,085,000</u>	<u>\$ 9,555,000</u>

Year Ended December 31,	SIB Loan	Land Installment Agreement	Grand Total
2012	\$ 166,990	99,631	2,587,404
2013	-	-	2,101,818
2014	-	-	2,100,111
2015	-	-	2,104,492
2016	-	-	2,097,773
2017-2021	-	-	5,785,626
Total	166,990	99,631	16,777,224
Less: Interest	(3,274)	(7,658)	(2,629,145)
Total	<u>\$ 163,716</u>	<u>91,973</u>	<u>\$ 14,148,079</u>

F. Business-Type Long-term Debt

1. Revenue and General Obligation Refunding Bonds

- (a) \$1,770,000 Water and Sewer Revenue Refunding Bonds - 2003 issue, bearing interest rates ranging from 2.00% to 3.25%, payable on June 1 and December 1 of each year through 2013. Principal matures year to year from 2003 to 2013. The bonds are revenue obligations of the City and are not general obligation bonds of the City. The bonds were issued to refinance the outstanding water and sewer bonds of the City. These bonds were advanced refunded as part of the City's Water and Sewer Revenue Bonds, Series 2010.
- (b) \$2,845,000 of Electric System Revenue Bonds bearing interest between 4.0% and 4.5% depending on maturity. The bonds matured in 2011. The proceeds were used for construction of a maintenance facility and municipal operation center.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. Revenue and General Obligation Refunding Bonds (continued)

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

2. Annual Debt Service Requirements

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

<u>Year Ended December 31,</u>	<u>Water and Sewer Revenue Loan</u>
2012	1,941,510
2013	1,953,155
2014	1,958,708
2015	1,954,330
2016	1,956,032
2017-2021	9,798,522
2022 - 2026	9,786,908
2027 - 2031	9,781,544
2032	1,956,173
Total	<u>41,086,882</u>
Less: Interest	<u>(10,692,332)</u>
Total	<u><u>\$ 30,394,550</u></u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Changes in Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2011 are as follows:

	<u>Balance</u> <u>January 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
1998 Governmental Agency Bonds	417,361	-	(202,905)	214,456	214,456
1999 Governmental Agency Bonds	2,310,559	-	(272,624)	2,037,935	280,722
2001 Limited Tax General Obligation	2,265,000	-	(180,000)	2,085,000	190,000
2010 Sales and Use Tax Revenue Refunding Bonds	10,625,000	-	(1,070,000)	9,555,000	1,090,000
Deferred amounts:					
2010 Issuance premium	439,185	(87,619)	-	351,566	-
2010 Cost of refunding	(326,108)	-	65,060	(261,048)	-
Colorado SIB Loan	324,221	-	(160,505)	163,716	163,716
Land Lease Payable	176,873	-	(84,900)	91,973	91,973
Compensated Absences	1,275,073	88,084	-	1,363,157	545,262
Business-type Activities:					
Water and Sewer Revenue Loan	31,460,100	-	(1,065,550)	30,394,550	1,081,375
Electric Revenue Bonds	310,000	-	(310,000)	-	-
Landfill closure and post closure	775,113	81,226	-	856,339	-
Compensated Absences	529,337	23,664	-	553,001	221,200
Total	<u>\$ 50,581,714</u>	<u>105,355</u>	<u>(3,281,424)</u>	<u>47,405,645</u>	<u>3,878,704</u>

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the City to perform certain closure and post-closure maintenance of the landfill site for thirty years after closure. In addition to operating expenses relating to current activities of the landfill, an expense provision and related liability are being recognized based on the amount of landfill used during the year. The estimated liability for landfill closure and postclosure care are based upon an estimate of the landfill used during the year. The estimated liability for landfill closure and postclosure costs is \$1,079,582 and \$633,096, respectively. As of December 31, 2011, the liability for closure and postclosure is \$539,791 and \$316,548. The December 31, 2011 liability is based upon the usage (filled) of the landfill and is shown in these financial statements as an accrued liability in the Landfill Fund. It is estimated that an additional \$856,339 will be recognized as closure and postclosure care expenses between the date of the balance sheet and 2027, the date the landfill is expected to be filled to capacity.

The estimated total current cost of the landfill closure and postclosure cost, \$856,339 is based upon the estimated amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2011.

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

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

I. Advance Refunding

The City has advance refunded several general obligation and revenue bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has not been recorded on the financial statements. The amount of defeased bonds outstanding at December 31, 2011 cannot be readily determined.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

IV. Detailed Notes on All Funds (continued)

J. Fund Balance Disclosures

The City classifies governmental fund balances as follows:

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

Spendable Fund Balance:

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The City has restricted \$633,731 for TABOR reserves, \$64,922 for police forfeitures, \$291,817 for debt service and \$220,050 by enabling legislation.

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

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or its management designees.

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

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

V. Other Information

A. Pension Plans

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

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

All full-time employees of the City are eligible to participate in the plan. Eligibility is after six months of employment with enrollment dates of the first day of each month. An employee must have six months of employment at the enrollment date. The City contributes 4% of the base pay of all eligible City employees. In addition, all eligible employees may contribute, for which the City will match up to an additional 3%. Employee contributions are fully vested and City contributions become fully vested after five years. The non-vested contributions that are forfeited are allocated to the remaining plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Daily Access Concepts. Total payroll for the year was \$10,467,202 and current year payroll for employees covered under the plan was \$9,492,400. The City's contributions were \$593,862.

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

All City police and fire employees are eligible to participate in this plan, in lieu of Social Security benefits. Eligibility is at the date of employment. The employee and the City contribute 7 1/2% of compensation to this plan. Employee contributions are fully vested, and the City's contributions become fully vested after five years. If the employee does not become eligible for the benefits, the forfeitures are divided among the plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Daily Access Concepts. Total payroll for the year was \$10,467,202 and current year payroll for employees covered under the plan was \$3,496,476. The City's contributions were \$260,165.

3. Volunteer Firemen's Pension Fund

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

Funding Policy: The City contributed to the plan in 2011. There were no contributions from participants.

Annual Pension Costs: For the fiscal year ended December 31, 2011, the annual pension costs were \$108,045. Eligible firemen presently receive \$500 per month in pension benefits.

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

V. Other Information (continued)

A. Pension Plans (continued)

3. Volunteer Firemen's Pension Fund (continued)

Actuarial Information: The Annual Required Contribution ("ARC") for the January 1, 2011 (the last available year) was determined by the FPPA actuary, or an actuarial firm designated by FPPA using the "entry age normal" cost method and is as of January 1, 2009. The significant actuarial assumptions used in the valuation as of January 1, 2009, were: (a) life expectancy of participants obtained from the 1983 Group Annuity Mortality Table loaded for fire and police experience; (b) retirement age assumption of age 50 with 20 years of service; (c) pension benefits at \$525 per month with 20 years, or \$26.25 per year of service between 10 and 20 years; and (d) investment return of 8% per annum net of operating expenses.

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

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

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

B. Post-Employment Health Care Benefits

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

V. Other Information (continued)

C. Cafeteria Plan

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

D. Grants

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

E. Claims

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

F. Risk Management

1. Colorado Intergovernmental Risk Sharing Agency

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

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2011.

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

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

City of Glenwood Springs, Colorado
Notes to the Financial Statements
December 31, 2011
(Continued)

V. Other Information (continued)

G. Commitments and Contingencies

1. Lease for Operations Management at South Canyon Landfill

On June 1, 2009, the City entered into an operations management agreement (the "Agreement") with South Canyon Waste Systems LLC., to provide operations management for the City's South Canyon Landfill (the "Landfill"). The Agreement was effective as of May 1, 2009 through March 31, 2014, with provisions for four (4) additional five (5) years terms. The Agreement was amended on August 17, 2009 to provide for certain expansion work to be undertaken at the Landfill. Future minimum lease payments for years subsequent to December 31, 2011 are as follows:

Year ending March 31	
2012	\$ 1,985,000
2013	1,985,000
2014	1,985,000
Total	<u>\$ 5,955,000</u>

At December 31, 2011, the City had incurred \$1,985,000 under the terms of the lease agreement.

REQUIRED SUPPLEMENTARY INFORMATION



City of Glenwood Springs, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Property taxes	1,045,321	1,045,321	1,041,897	(3,424)	1,020,480
Specific ownership	40,000	40,000	55,911	15,911	36,407
Special assessment	32,000	32,000	34,628	2,628	33,399
General sales tax	5,793,172	5,793,172	5,405,738	(387,434)	5,292,614
Use tax	42,365	42,365	104,353	61,988	192,475
Franchise tax	179,800	179,800	157,319	(22,481)	173,288
Total Taxes	7,132,658	7,132,658	6,799,846	(332,812)	6,748,663
Permits and Licenses:					
Contractors licenses	23,000	23,000	23,493	493	24,519
Liquor licenses	17,000	17,000	17,741	741	21,911
Dog licenses	400	400	340	(60)	315
Building permits	159,500	159,500	43,853	(115,647)	134,455
Sales tax license	22,000	22,000	71,197	49,197	13,563
Total Permits and Licenses	221,900	221,900	156,624	(65,276)	194,763
Intergovernmental:					
Cigarette tax	94,000	94,000	81,126	(12,874)	91,603
County road and bridge	350,000	350,000	200,624	(149,376)	390,770
County sales tax	200,000	200,000	201,655	1,655	194,744
Highway use tax	303,559	303,559	286,270	(17,289)	295,421
Severance tax	130,000	130,000	253,833	123,833	130,671
Grants	271,400	285,250	104,465	(180,785)	156,138
Total Intergovernmental	1,348,959	1,362,809	1,127,973	(234,836)	1,259,347
Charges and Fees:					
Plan check and record fee	112,000	112,000	57,525	(54,475)	87,425
Cemetery fees	8,000	8,000	9,906	1,906	11,000
Police fines and court fees	255,980	255,980	226,487	(29,493)	258,381
Parking fees and fines	46,000	46,000	34,037	(11,963)	38,917
Impoundment fees	3,300	3,300	5,104	1,804	3,800
Recreation fees	1,060,000	1,060,000	1,057,573	(2,427)	1,012,836
Park and rafting fees	22,000	22,000	30,829	8,829	31,897
Affordable housing fees	-	-	200	200	8,361
Total Charges and Fees	1,507,280	1,507,280	1,421,661	(85,619)	1,452,617
Other Revenues:					
Contributions	200	200	1,000	800	836
Interest	2,000	2,000	16,334	14,334	25,474
Police confiscated assets	-	-	3,557	3,557	16,069
Miscellaneous	45,000	45,000	68,943	23,943	113,142
Other lease revenue	332,110	332,110	466,036	133,926	336,862
Overhead reimbursement	2,063,957	2,063,957	2,096,773	32,816	1,942,360
Other reimbursements	44,216	44,216	52,416	8,200	52,763
Total Other Revenues	2,487,483	2,487,483	2,705,059	217,576	2,487,506
Total Revenues	12,698,280	12,712,130	12,211,163	(500,967)	12,142,896

(continued)

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

City of Glenwood Springs, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)
(Continued)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Expenditures:					
General Government:					
Administration	531,327	531,327	488,435	42,892	518,201
Personnel/purchasing	280,319	280,319	257,174	23,145	266,983
City Clerk and elections	345,152	345,152	325,526	19,626	305,930
Finance	858,620	872,470	829,828	42,642	829,436
Data processing	248,807	248,807	215,902	32,905	276,962
Judicial	216,821	226,821	222,647	4,174	202,206
Legal	274,601	274,601	256,719	17,882	253,589
Annexation costs and rebates	407,776	108,926	58,556	50,370	68,371
Total General Government	<u>3,163,423</u>	<u>2,888,423</u>	<u>2,654,787</u>	<u>233,636</u>	<u>2,721,678</u>
Public Safety:					
Police Department	3,167,597	3,167,597	2,954,521	213,076	3,120,821
Total Public Safety	<u>3,167,597</u>	<u>3,167,597</u>	<u>2,954,521</u>	<u>213,076</u>	<u>3,120,821</u>
Community Development:					
Administration/planning	608,322	608,322	418,998	189,324	523,899
Building inspector	320,637	320,637	276,705	43,932	290,432
Total Community Development	<u>928,959</u>	<u>928,959</u>	<u>695,703</u>	<u>233,256</u>	<u>814,331</u>
Public Works:					
Administration/engineering	506,817	506,817	448,293	58,524	462,080
Streets, alleys, snow removal	1,031,037	1,031,037	928,015	103,022	919,205
Total Public Works	<u>1,537,854</u>	<u>1,537,854</u>	<u>1,376,308</u>	<u>161,546</u>	<u>1,381,285</u>
Culture and Recreation:					
Recreation	2,236,912	2,236,912	1,972,439	264,473	2,151,956
Parks and cemetery	900,391	900,391	865,634	34,757	867,122
Total Culture and Recreation	<u>3,137,303</u>	<u>3,137,303</u>	<u>2,838,073</u>	<u>299,230</u>	<u>3,019,078</u>
Debt Service:					
Principal on bonded debt	180,000	180,000	180,000	-	175,000
Interest on bonded debt	109,668	109,668	109,668	-	117,193
Total Debt Service	<u>289,668</u>	<u>289,668</u>	<u>289,668</u>	<u>-</u>	<u>292,193</u>
Total Expenditures	<u>12,224,804</u>	<u>11,949,804</u>	<u>10,809,060</u>	<u>1,140,744</u>	<u>11,349,386</u>
Excess (Deficiency) of Revenues					
Over Expenditures	473,476	762,326	1,402,103	(1,641,711)	793,510
Other Financing Sources (Uses):					
Transfers in	872,348	872,348	872,348	-	976,376
Transfers (out)	(1,949,254)	(2,224,254)	(2,224,254)	-	(2,094,880)
Total Other Financing Sources (Uses)	<u>(1,076,906)</u>	<u>(1,351,906)</u>	<u>(1,351,906)</u>	<u>-</u>	<u>(1,118,504)</u>
Net Change in Fund Balance	(603,430)	(589,580)	50,197	(1,641,711)	(324,994)
Fund Balance - Beginning of Year	<u>3,930,435</u>	<u>4,180,764</u>	<u>4,180,764</u>	<u>-</u>	<u>4,505,758</u>
Fund Balance - End of Year	<u>3,327,005</u>	<u>3,591,184</u>	<u>4,230,961</u>	<u>639,777</u>	<u>4,180,764</u>

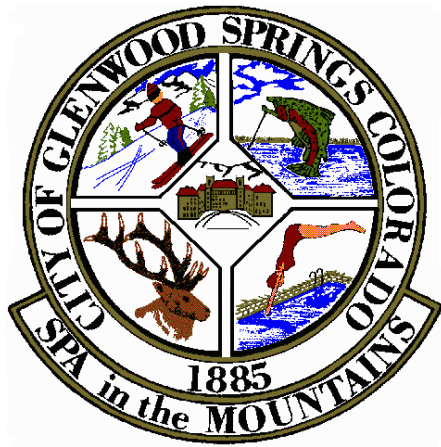
The accompanying notes are an integral part of these financial statements.

City of Glenwood Springs, Colorado
Street Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Taxes:				
General sales tax	1,931,034	1,801,891	(129,143)	1,764,183
Use tax	14,122	34,784	20,662	64,158
Other:				
Miscellaneous income	87,000	38,007	(48,993)	20,025
Interest income	2,000	350	(1,650)	6,266
Total Revenues	<u>2,034,156</u>	<u>1,875,032</u>	<u>(159,124)</u>	<u>1,854,632</u>
Expenditures:				
Transportation:				
TDM contract	30,000	13,596	16,404	17,893
Transit program	2,485,000	1,964,945	520,055	4,562,496
Other expenses	306,767	289,057	17,710	205,123
Total Transportation	<u>2,821,767</u>	<u>2,267,598</u>	<u>554,169</u>	<u>4,785,512</u>
Debt Service:				
Principal payment	84,900	84,900	-	78,372
Interest payment	14,731	14,731	-	21,259
Principal payment - SIB loan	160,505	160,505	-	157,358
Interest payment - SIB loan	6,485	6,484	1	9,632
Total Expenditures	<u>3,088,388</u>	<u>2,534,218</u>	<u>554,170</u>	<u>5,052,133</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,054,232)	(659,186)	395,046	(3,197,501)
Other Financing Sources (Uses):				
Intergovernmental awards	825,763	368,972	(456,791)	1,249,242
Transfers in	500,000	250,000	(250,000)	650,000
Transfers (out)	(76,757)	(76,757)	-	(211,057)
Total Other Financing Sources (Uses)	<u>1,249,006</u>	<u>542,215</u>	<u>(706,791)</u>	<u>1,688,185</u>
Net Change in Fund Balance	194,774	(116,971)	(311,745)	(1,509,316)
Fund Balance - Beginning of Year	<u>2,603</u>	<u>191,739</u>	<u>189,136</u>	<u>1,701,055</u>
Fund Balance - End of Year	<u>197,377</u>	<u>74,768</u>	<u>(122,609)</u>	<u>191,739</u>

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

SUPPLEMENTARY INFORMATION



City of Glenwood Springs, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
Sales tax	1,931,034	1,931,034	1,801,891	(129,143)	1,764,183
Use tax	14,122	14,122	34,784	20,662	64,158
Total Taxes	<u>1,945,156</u>	<u>1,945,156</u>	<u>1,836,675</u>	<u>(108,481)</u>	<u>1,828,341</u>
Intergovernmental:					
Grants	-	-	-	-	30,000
Fees and Charges:					
Park land fees	-	-	5,130	5,130	9,001
Other:					
Interest income	3,000	3,000	8,364	5,364	3,520
Other income	-	-	2,861	2,861	20,532
Total Other	<u>3,000</u>	<u>3,000</u>	<u>11,225</u>	<u>8,225</u>	<u>24,052</u>
Total Revenues	<u>1,948,156</u>	<u>1,948,156</u>	<u>1,853,030</u>	<u>(95,126)</u>	<u>1,891,394</u>
Expenditures:					
Public Works:					
Work activities team	350,248	350,248	293,412	56,836	282,619
Sewer improvements	15,255,334	15,255,334	13,941,341	1,313,993	8,687,352
Other expenditures	78,803	78,803	79,004	(201)	59,056
Total Public Works	<u>15,684,385</u>	<u>15,684,385</u>	<u>14,313,757</u>	<u>1,370,628</u>	<u>9,029,027</u>
Debt Service:					
Principal - 1998 Government Agency Bond	202,905	202,905	202,905	-	196,229
Interest - 1998 Government Agency Bond	18,787	18,787	18,787	-	27,372
Total Debt Service	<u>221,692</u>	<u>221,692</u>	<u>221,692</u>	<u>-</u>	<u>223,601</u>
Total Expenditures	<u>15,906,077</u>	<u>15,906,077</u>	<u>14,535,449</u>	<u>1,370,628</u>	<u>9,252,628</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,957,921)	(13,957,921)	(12,682,419)	1,275,502	(7,361,234)
Other Financing Sources (Uses):					
Transfers in	14,621,692	14,621,692	15,429,865	808,173	12,379,098
Transfers (out)	(674,735)	(1,274,735)	(1,024,735)	250,000	(1,264,062)
Total Other Financing Sources (Uses)	<u>13,946,957</u>	<u>13,346,957</u>	<u>14,405,130</u>	<u>1,058,173</u>	<u>11,115,036</u>
Net Change in Fund Balance	(10,964)	(610,964)	1,722,711	2,333,675	3,753,802
Fund Balance (Deficit) - Beginning of Year	<u>3,874,176</u>	<u>568,773</u>	<u>568,773</u>	<u>-</u>	<u>(3,185,029)</u>
Fund Balance (Deficit) - End of Year	<u>3,863,212</u>	<u>(42,191)</u>	<u>2,291,484</u>	<u>2,333,675</u>	<u>568,773</u>

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

City of Glenwood Springs, Colorado
Acquisition and Improvement fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	2011			Final Budget Variance	2010
	Original Budget	Final Budget	Actual	Positive (Negative)	Actual
Revenues:					
Taxes:					
General sales tax	3,862,068	3,862,068	3,603,781	(258,287)	3,528,366
Use tax	28,243	28,243	69,568	41,325	128,315
Total Taxes	<u>3,890,311</u>	<u>3,890,311</u>	<u>3,673,349</u>	<u>(216,962)</u>	<u>3,656,681</u>
Intergovernmental:					
Grants	100,000	100,000	7,758	(92,242)	4,645
Other:					
Interest income	20,000	20,000	36,068	16,068	41,088
Donations	-	9,000	9,150	150	-
Cost reimbursement	-	-	-	-	176,219
Other income	-	-	5,083	5,083	39,378
Total Other	<u>20,000</u>	<u>29,000</u>	<u>50,301</u>	<u>21,301</u>	<u>256,685</u>
Total Revenues	<u>4,010,311</u>	<u>4,019,311</u>	<u>3,731,408</u>	<u>(287,903)</u>	<u>3,918,011</u>
Expenditures:					
General Government:					
General and administrative	1,581,980	2,381,980	2,078,656	303,324	1,083,390
Bond fees	39,992	39,992	40,342	(350)	39,992
Total General Government	<u>1,621,972</u>	<u>2,421,972</u>	<u>2,118,998</u>	<u>302,974</u>	<u>1,123,382</u>
Culture and Recreation:					
Frontier Historical Museum	6,673	6,673	6,383	290	5,956
River trail system	125,000	125,000	47,738	77,262	255,614
Arts Center	40,000	40,000	68,521	(28,521)	311
Other projects	252,831	252,831	19,833	232,998	370,296
Total Culture and Recreation	<u>424,504</u>	<u>424,504</u>	<u>142,475</u>	<u>282,029</u>	<u>632,177</u>
Public Works:					
Glenwood Meadows project	-	-	-	-	3,383
Other projects	1,178,200	2,015,714	1,776,030	239,684	1,565,900
Total Public Works	<u>1,178,200</u>	<u>2,015,714</u>	<u>1,776,030</u>	<u>239,684</u>	<u>1,569,283</u>
Debt Service:					
Principal - 1999 Sales and Use Tax bonds	1,070,000	1,070,000	1,070,000	-	1,200,000
Interest - 1999 Sales and Use Tax bonds	352,738	352,738	352,738	-	211,392
Principal - 1999 Government Agency bonds	272,625	272,625	272,625	-	264,527
Interest - 1999 Government Agency bonds	71,800	71,800	71,800	-	80,561
Total Debt Service	<u>1,767,163</u>	<u>1,767,163</u>	<u>1,767,163</u>	<u>-</u>	<u>1,756,480</u>
Total Expenditures	<u>4,991,839</u>	<u>6,629,353</u>	<u>5,804,666</u>	<u>824,687</u>	<u>5,081,322</u>
Excess (Deficiency) of Revenues Over Expenditures	(981,528)	(2,610,042)	(2,073,258)	536,784	(1,163,311)
Other Financing Sources (Uses):					
Refunding debt proceeds	-	-	-	-	11,825,000
Premium on refunding	-	-	-	-	439,185
Payment to refund bond escrow agent	-	-	-	-	(10,950,148)
Bond issuance costs	-	-	-	-	(127,499)
Transfers in	1,000,000	2,000,000	1,800,000	(200,000)	572,500
Transfers (out)	(13,514)	(13,514)	(13,514)	-	(13,514)
Total Other Financing Sources (Uses)	<u>986,486</u>	<u>1,986,486</u>	<u>1,786,486</u>	<u>(200,000)</u>	<u>1,745,524</u>
Net Change in Fund Balance	4,958	(623,556)	(286,772)	336,784	582,213
Fund Balance - Beginning of Year	<u>4,028,322</u>	<u>3,857,476</u>	<u>3,857,476</u>	<u>-</u>	<u>3,275,263</u>
Fund Balance - End of Year	<u>4,033,280</u>	<u>3,233,920</u>	<u>3,570,704</u>	<u>336,784</u>	<u>3,857,476</u>

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

City of Glenwood Springs, Colorado
Combining Balance Sheets
Non-major Governmental Funds
For the Year Ended December 31, 2011

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		<u>Totals</u>	
	<u>Tourism Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>Fire and Ambulance Fund</u>	<u>Downtown Development Authority</u>	<u>General Improvement District No. 1980</u>		<u>Emergency Services Equipment Replacement</u>
Assets:									
Cash and investments - Unrestricted	365,298	83,207	220,219	68,530	69,386	2,037,326	23,669	1,127,792	3,995,427
Taxes receivable	46,180	-	-	83,940	-	171,551	44,979	-	346,650
Accounts receivable, net of allowance	-	-	-	25,314	126,024	-	-	-	151,338
Prepaid items	-	-	-	1,977	-	-	-	-	1,977
Total Assets	<u>411,478</u>	<u>83,207</u>	<u>220,219</u>	<u>179,761</u>	<u>195,410</u>	<u>2,208,877</u>	<u>68,648</u>	<u>1,127,792</u>	<u>4,495,392</u>
Liabilities and Fund Balance:									
Liabilities:									
Accounts payable	64,772	70	6,700	90,667	14,028	61,394	-	-	237,631
Accrued payroll and related	-	-	-	-	77,921	-	-	-	77,921
Due to other funds	-	-	-	-	-	594,781	-	-	594,781
Deferred revenue	-	-	-	-	10,289	-	-	-	10,289
Deferred property taxes	-	-	-	-	-	171,551	44,776	-	216,327
Total Liabilities	<u>64,772</u>	<u>70</u>	<u>6,700</u>	<u>90,667</u>	<u>102,238</u>	<u>827,726</u>	<u>44,776</u>	<u>-</u>	<u>1,136,949</u>
Fund Balance:									
Nonspendable	-	-	-	1,977	-	-	-	-	1,977
Restricted	19,411	1,401	213,519	22,626	36,554	11,831	1,506	5,107	311,955
Committed	174,466	-	-	-	-	-	-	-	174,466
Assigned	152,829	81,736	-	64,491	56,618	1,369,320	22,366	1,122,685	2,870,045
Total Fund Balance	<u>346,706</u>	<u>83,137</u>	<u>213,519</u>	<u>89,094</u>	<u>93,172</u>	<u>1,381,151</u>	<u>23,872</u>	<u>1,127,792</u>	<u>3,358,443</u>
Total Liabilities and Fund Balance	<u>411,478</u>	<u>83,207</u>	<u>220,219</u>	<u>179,761</u>	<u>195,410</u>	<u>2,208,877</u>	<u>68,648</u>	<u>1,127,792</u>	<u>4,495,392</u>

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

City of Glenwood Springs, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2011

	Special Revenue Funds					Capital Projects Funds		Totals	
	Tourism Fund	V.A.L.E. Fund	Conservation Trust Fund	Bus Tax Fund	Fire and Ambulance Fund	Downtown Development Authority	General Improvement District No. 1980		Emergency Services Equipment Replacement
Revenues:									
Taxes	646,255	-	-	734,616	-	381,862	49,741	-	1,812,474
Intergovernmental	-	-	83,265	223,037	9,318	-	-	62,620	378,240
Charges for services	-	46,351	-	10,229	915,450	-	-	-	972,030
Interest income	782	333	354	119	44	2,499	446	1,915	6,492
Other	-	-	-	1,130	-	10,000	-	105,682	116,812
Total Revenues	647,037	46,684	83,619	969,131	924,812	394,361	50,187	170,217	3,286,048
Expenditures:									
General governmental	-	48,078	-	-	-	525,060	71,172	-	644,310
Transportation	-	-	-	1,016,896	-	-	-	-	1,016,896
Public safety	-	11,340	-	-	-	-	-	24,097	35,437
Public works	-	-	-	-	3,020,876	-	-	-	3,020,876
Community and economic development	492,410	-	-	-	-	-	-	-	492,410
Culture and recreation	-	-	26,156	-	-	-	-	-	26,156
Debt Service:									
Interest	-	-	-	-	-	23,505	-	-	23,505
Total Expenditures	492,410	59,418	26,156	1,016,896	3,020,876	548,565	71,172	24,097	5,259,590
Excess (Deficiency) of Revenues Over Expenditures	154,627	(12,734)	57,463	(47,765)	(2,096,064)	(154,204)	(20,985)	146,120	(1,973,542)
Other Financing Sources (Uses):									
Transfers in	-	-	-	70,000	2,016,604	68,183	-	187,380	2,342,167
Sale of assets	-	-	-	8,118	-	-	-	-	8,118
Transfers (out)	-	-	-	(2,702)	-	-	-	-	(2,702)
Total Other Financing Sources (Uses)	-	-	-	75,416	2,016,604	68,183	-	187,380	2,347,583
Net Change in Fund Balance	154,627	(12,734)	57,463	27,651	(79,460)	(86,021)	(20,985)	333,500	374,041
Fund Balance - Beginning of Year	192,079	95,871	156,056	61,443	172,632	1,467,172	44,857	794,292	2,984,402
Fund Balance - End of Year	346,706	83,137	213,519	89,094	93,172	1,381,151	23,872	1,127,792	3,358,443

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

City of Glenwood Springs, Colorado
Tourism Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			<u>2010</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Taxes:					
Accommodations tax	508,250	508,250	646,255	138,005	595,705
Other:					
Interest income	50	50	782	732	240
Total Revenues	<u>508,300</u>	<u>508,300</u>	<u>647,037</u>	<u>138,737</u>	<u>595,945</u>
Expenditures:					
Economic Development:					
Salary and benefits	71,361	71,361	108,261	(36,900)	135,147
Administrative	37,480	37,480	37,480	-	38,557
Consulting services	50,500	50,500	32,037	18,463	-
Visitor services	36,900	36,900	-	36,900	-
Central reservations/watts line	8,800	8,800	1,075	7,725	1,171
Public relations	31,400	31,400	28,759	2,641	31,958
Printing and distribution (brochures, postcards, etc.)	125,818	125,818	141,723	(15,905)	80,966
Database and internet marketing	104,292	104,292	80,590	23,702	92,425
Advertising and promotion	25,620	25,620	47,116	(21,496)	98,834
Travel and booth expenses	8,000	8,000	3,864	4,136	23,769
Special event	3,000	15,500	11,505	3,995	500
Total Expenditures	<u>503,171</u>	<u>515,671</u>	<u>492,410</u>	<u>23,261</u>	<u>503,327</u>
Net Change in Fund Balance	5,129	(7,371)	154,627	161,998	92,618
Fund Balance - Beginning of Year	<u>2,603</u>	<u>192,079</u>	<u>192,079</u>	<u>-</u>	<u>99,461</u>
Fund Balance - End of Year	<u><u>7,732</u></u>	<u><u>184,708</u></u>	<u><u>346,706</u></u>	<u><u>161,998</u></u>	<u><u>192,079</u></u>

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

City of Glenwood Springs, Colorado
V.A.L.E. Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	2011			2010
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for Services:				
Assessments	62,000	46,351	(15,649)	55,157
Other:				
Interest income	600	333	(267)	555
Total Revenues	62,600	46,684	(15,916)	55,712
Expenditures:				
General Government:				
Victim/witness assistance	50,000	46,973	3,027	62,711
Professional fees	-	995	(995)	974
Office supplies	1,000	110	890	78
Capital Outlay:				
Police equipment	15,000	11,340	3,660	9,652
Total Expenditures	66,000	59,418	6,582	73,415
Net Change in Fund Balance	(3,400)	(12,734)	(9,334)	(17,703)
Fund Balance - Beginning of Year	113,074	95,871	(17,203)	113,574
Fund Balance - End of Year	109,674	83,137	(26,537)	95,871

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

City of Glenwood Springs, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental:				
Colorado Lottery	70,000	83,265	13,265	78,977
Other:				
Interest income	250	354	104	349
Total Other	<u>250</u>	<u>354</u>	<u>104</u>	<u>349</u>
Total Revenues	<u>70,250</u>	<u>83,619</u>	<u>13,369</u>	<u>79,326</u>
Expenditures:				
Culture and Recreation:				
Park improvement and equipment	25,000	26,156	(1,156)	31,458
Oasis creek playground	-	-	-	6,524
Two rivers playground	-	-	-	11,742
Other projects	35,000	-	35,000	-
Total Expenditures	<u>60,000</u>	<u>26,156</u>	<u>33,844</u>	<u>49,724</u>
Net Change in Fund Balance	10,250	57,463	47,213	29,602
Fund Balance - Beginning of Year	<u>136,553</u>	<u>156,056</u>	<u>19,503</u>	<u>126,454</u>
Fund Balance - End of Year	<u><u>146,803</u></u>	<u><u>213,519</u></u>	<u><u>66,716</u></u>	<u><u>156,056</u></u>

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

City of Glenwood Springs, Colorado
Bus Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Taxes:					
General sales tax	772,357	772,357	720,703	(51,654)	705,621
Use tax	5,648	5,648	13,913	8,265	25,661
Intergovernmental:					
Grants and awards	209,500	209,500	223,037	13,537	541,479
Charges for Services:					
Bus fares	-	-	2,464	2,464	2,189
Advertising fees	7,000	7,000	7,765	765	6,812
Other:					
Interest income	500	500	119	(381)	475
Miscellaneous	200	200	1,130	930	17,345
Total Revenues	<u>995,205</u>	<u>995,205</u>	<u>969,131</u>	<u>(26,074)</u>	<u>1,299,582</u>
Expenditures:					
Transportation:					
Fixed labor	207,870	280,520	279,676	844	262,585
Direct labor	258,648	334,980	324,832	10,148	331,712
Employee bus pass	1,900	1,900	2,561	(661)	2,392
Direct mileage cost	162,669	209,953	206,074	3,879	208,543
Training	31,863	37,392	45,865	(8,473)	45,032
Capital costs	-	-	-	-	383,590
Other	149,496	164,151	157,888	6,263	360,011
Total Expenditures	<u>812,446</u>	<u>1,028,896</u>	<u>1,016,896</u>	<u>12,000</u>	<u>1,593,865</u>
Excess (Deficiency) of Revenues Over Expenditures	182,759	(33,691)	(47,765)	(14,074)	(294,283)
Other Financing Sources (Uses):					
Transfer in	-	70,000	70,000	-	204,300
Sale of assets	-	-	8,118	8,118	-
Transfer (out)	(2,702)	(2,702)	(2,702)	-	(2,702)
Total Other Financing Sources (Uses)	<u>(2,702)</u>	<u>67,298</u>	<u>75,416</u>	<u>8,118</u>	<u>201,598</u>
Net Change in Fund Balance	180,057	33,607	27,651	(5,956)	(92,685)
Fund Balance - Beginning of Year	<u>9,970</u>	<u>61,443</u>	<u>61,443</u>	<u>-</u>	<u>154,128</u>
Fund Balance - End of Year	<u>190,027</u>	<u>95,050</u>	<u>89,094</u>	<u>(5,956)</u>	<u>61,443</u>

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

City of Glenwood Springs, Colorado
Fire and Ambulance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			<u>2010</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative) Actual</u>	
Revenues:					
Intergovernmental:					
Grants and awards	-	35,607	9,318	(26,289)	2,400
Charges for Services:					
Permits	9,000	9,000	11,000	2,000	7,700
Ambulance fees	1,149,016	1,149,016	904,450	(244,566)	1,028,346
Other:					
Interest income	800	800	44	(756)	1,162
Total Revenues	<u>1,158,816</u>	<u>1,194,423</u>	<u>924,812</u>	<u>(269,611)</u>	<u>1,039,608</u>
Expenditures:					
Public Safety:					
Emergency services	3,132,179	3,232,679	3,020,876	211,803	2,987,068
Total Expenditures	<u>3,132,179</u>	<u>3,232,679</u>	<u>3,020,876</u>	<u>211,803</u>	<u>2,987,068</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,973,363)	(2,038,256)	(2,096,064)	(57,808)	(1,947,460)
Other Financing Sources (Uses):					
Transfer in	1,741,604	2,016,604	2,016,604	-	1,888,333
Total Other Financing Sources (Uses)	<u>1,741,604</u>	<u>2,016,604</u>	<u>2,016,604</u>	<u>-</u>	<u>1,888,333</u>
Net Change in Fund Balance	(231,759)	(21,652)	(79,460)	(57,808)	(59,127)
Fund Balance - Beginning of Year	<u>231,759</u>	<u>172,632</u>	<u>172,632</u>	<u>-</u>	<u>231,759</u>
Fund Balance - End of Year	<u>-</u>	<u>150,980</u>	<u>93,172</u>	<u>(57,808)</u>	<u>172,632</u>

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

City of Glenwood Springs, Colorado
General Improvement District No. 1980
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative) Actual</u>
Revenues:				
Taxes:				
Property taxes	47,130	47,130	47,049	(81) 45,519
Specific ownership taxes	3,100	3,100	2,692	(408) 1,539
Total Taxes	<u>50,230</u>	<u>50,230</u>	<u>49,741</u>	<u>(489)</u> 47,058
Other:				
Interest income	400	400	446	46 592
Total Revenues	<u>50,630</u>	<u>50,630</u>	<u>50,187</u>	<u>(443)</u> 47,650
Expenditures:				
General Government:				
Miscellaneous and Treasurer's fees	1,000	1,000	947	53 968
Other	62,655	72,655	70,225	2,430 56,067
Total Expenditures	<u>63,655</u>	<u>73,655</u>	<u>71,172</u>	<u>2,483</u> 57,035
Net Change in Fund Balance	(13,025)	(23,025)	(20,985)	2,040 (9,385)
Fund Balance - Beginning of Year	<u>54,243</u>	<u>44,857</u>	<u>44,857</u>	- 54,242
Fund Balance - End of Year	<u>41,218</u>	<u>21,832</u>	<u>23,872</u>	<u>2,040</u> 44,857

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

City of Glenwood Springs, Colorado
Emergency Services Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>		<u>Variance Positive (Negative)</u>	<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Rural Fire District contribution	62,620	62,620	-	61,095
Interest income	2,000	1,915	(85)	2,512
Impact fees	3,000	105,682	102,682	8,952
Total Revenues	<u>67,620</u>	<u>170,217</u>	<u>102,597</u>	<u>72,559</u>
Expenditures:				
Public Safety:				
Equipment purchases	380,000	24,097	355,903	48,475
Total Expenditures	<u>380,000</u>	<u>24,097</u>	<u>355,903</u>	<u>48,475</u>
Excess (Deficiency) of Revenues Over Expenditures	(312,380)	146,120	458,500	24,084
Other Financing Sources (Uses):				
Transfer in	187,380	187,380	-	186,277
Total Other Financing Sources	<u>187,380</u>	<u>187,380</u>	<u>-</u>	<u>186,277</u>
Net Change in Fund Balance	(125,000)	333,500	458,500	210,361
Fund Balance - Beginning of Year	<u>776,845</u>	<u>794,292</u>	<u>17,447</u>	<u>583,931</u>
Fund Balance - End of Year	<u><u>651,845</u></u>	<u><u>1,127,792</u></u>	<u><u>475,947</u></u>	<u><u>794,292</u></u>

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

City of Glenwood Springs, Colorado
Downtown Development Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Property taxes	264,087	264,087	255,431	(8,656)	283,372
Sales taxes	141,400	141,400	126,431	(14,969)	141,327
Interest income	2,500	2,500	2,499	(1)	3,553
Other	-	-	10,000	10,000	-
Total Revenues	<u>407,987</u>	<u>407,987</u>	<u>394,361</u>	<u>(13,626)</u>	<u>428,252</u>
Expenditures:					
General Government:					
Capital outlay	103,000	123,791	88,117	35,674	-
Other	296,636	607,876	436,943	170,933	266,757
Debt service:					
Interest	23,506	23,506	23,505	1	24,298
Total Expenditures	<u>423,142</u>	<u>755,173</u>	<u>548,565</u>	<u>206,608</u>	<u>291,055</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,155)	(347,186)	(154,204)	192,982	137,197
Other Financing Sources (Uses):					
Transfer in	50,000	64,668	68,183	3,515	50,000
Transfer (out)	(33,667)	(30,000)	-	30,000	(3,667)
Total Other Financing Sources (Uses)	<u>16,333</u>	<u>34,668</u>	<u>68,183</u>	<u>33,515</u>	<u>46,333</u>
Net Change in Fund Balance	1,178	(312,518)	(86,021)	226,497	183,530
Fund Balance - Beginning of Year	<u>638,557</u>	<u>1,467,172</u>	<u>1,467,172</u>	<u>-</u>	<u>1,283,642</u>
Fund Balance - End of Year	<u>639,735</u>	<u>1,154,654</u>	<u>1,381,151</u>	<u>226,497</u>	<u>1,467,172</u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Water and Sewer Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges and Fees:					
Water user fees	2,000,000	2,000,000	2,076,794	76,794	2,114,296
Sewer user fees	2,242,000	2,242,000	2,557,162	315,162	2,053,927
Water connection fees	3,000	3,000	150	(2,850)	2,714
Sewer connection fees	500	500	150	(350)	3,274
Meter sales	3,000	3,000	11,730	8,730	6,886
Other	5,500	5,500	12,460	6,960	9,897
Water improvement fees	50,000	50,000	33,615	(16,385)	29,715
Sewer improvement fees	30,000	30,000	10,301	(19,699)	17,656
Total Operating Revenues	<u>4,334,000</u>	<u>4,334,000</u>	<u>4,702,362</u>	<u>368,362</u>	<u>4,238,365</u>
Operating Expenses:					
Administration	671,907	671,907	506,877	165,030	552,502
Water plant operation	544,188	544,188	543,480	708	630,277
Water transmission and distribution	580,888	580,888	555,820	25,068	512,092
Wastewater plant operation	528,749	528,749	529,621	(872)	511,077
Wastewater collection and transmission	296,328	296,328	289,616	6,712	294,657
Customer service	203,888	203,888	201,602	2,286	274,239
Depreciation	1,024,728	1,024,728	943,012	81,716	973,391
Capital outlay	330,000	330,000	93,336	236,664	1,834,106
Debt service - Principal	1,065,550	1,065,550	1,065,550	-	165,000
Total Operating Expenses	<u>5,246,226</u>	<u>5,246,226</u>	<u>4,728,914</u>	<u>517,312</u>	<u>5,747,341</u>
Operating Income (Loss) - Budget Basis	<u>(912,226)</u>	<u>(912,226)</u>	<u>(26,552)</u>	<u>885,674</u>	<u>(1,508,976)</u>
Non-Operating Revenues (Expenses):					
Gain (loss) on disposition of assets	-	-	-	-	8,613
Investment income	40,000	40,000	21,249	(18,751)	36,000
Amortization of bond costs	(24,275)	(24,275)	(16,725)	(7,550)	(46,876)
Interest expense	(846,695)	(846,695)	(844,927)	1,768	(621,026)
Total Non-Operating Revenues (Expenses):	<u>(830,970)</u>	<u>(830,970)</u>	<u>(840,403)</u>	<u>(24,533)</u>	<u>(623,289)</u>
Transfers in	-	600,000	600,000	-	-
Transfers (out)	(15,037,320)	(15,037,320)	(15,845,493)	(808,173)	(12,825,897)
Change in Net Assets - Budget Basis	<u>(16,780,516)</u>	<u>(16,180,516)</u>	<u>(16,112,448)</u>	<u>52,968</u>	<u>(14,958,162)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Debt service - Principal			1,065,550		165,000
Capital outlay			93,336		1,834,106
Total Adjustments			<u>1,158,886</u>		<u>1,999,106</u>
Net Income - GAAP Basis			<u>(14,953,562)</u>		<u>(12,959,056)</u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Electric System Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>		<u>Variance Positive (Negative)</u>	<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Operating Revenues:				
Charges and fees:				
Commercial	6,759,435	6,373,575	(385,860)	6,597,871
Residential	3,014,953	2,858,924	(156,029)	2,846,104
Municipal	84,809	82,180	(2,629)	78,352
Security lights	12,927	11,345	(1,582)	11,173
Service connect fees	14,000	15,675	1,675	14,895
Other	442,400	556,308	113,908	468,516
Total Operating Revenues	<u>10,328,524</u>	<u>9,898,007</u>	<u>(430,517)</u>	<u>10,016,911</u>
Expenses:				
Purchased power	6,079,500	6,070,604	8,896	5,849,190
Maintenance - Distribution	1,614,852	1,443,847	171,005	1,361,387
Customer accounts	398,297	472,886	(74,589)	374,108
General and administrative	1,057,736	638,468	419,268	701,046
Capital improvements	980,000	563,838	416,162	1,936,225
Depreciation	885,021	889,890	(4,869)	798,392
Debt service - Principal	310,000	310,000	-	295,000
Total Operating Expenses	<u>11,325,406</u>	<u>10,389,533</u>	<u>935,873</u>	<u>11,315,348</u>
Operating Income (Loss) Budget Basis	(996,882)	(491,526)	505,356	(1,298,437)
Non-Operating Revenues (Expenses):				
Gain (loss) on disposition of assets	(5,000)	(10,285)	(5,285)	(6,629)
Investment income	40,000	30,315	(9,685)	48,107
Intergovernmental awards	-	7,008	7,008	-
Amortization of bond costs	(1,074)	(1,073)	(1)	(2,067)
Interest expense	(15,450)	(12,930)	2,520	(26,132)
Total Non-Operating Revenues (Expenses):	<u>18,476</u>	<u>13,035</u>	<u>(5,443)</u>	<u>13,279</u>
Capital contributions	400,000	186,138	(213,862)	109,683
Transfers (out)	(708,752)	(708,752)	-	(798,932)
Change in Net Assets - Budget Basis	<u>(1,287,158)</u>	<u>(1,001,105)</u>	<u>286,051</u>	<u>(1,974,407)</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Debt service - Principal		310,000		295,000
Capital outlay		563,838		1,936,225
Total Adjustments		<u>873,838</u>		<u>2,231,225</u>
Net Income - GAAP Basis		<u>(127,267)</u>		<u>256,818</u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Airport Operations Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			<u>2010</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Operating Revenues:				
Rentals:				
Airport/land lease	23,950	25,000	1,050	23,030
Hanger lease	1,020	-	(1,020)	980
Charges and fees:				
Annual user fees	2,710	3,550	840	4,170
Long-term tie downs	8,280	6,575	(1,705)	7,965
Transient tie downs	2,840	3,624	784	8,608
Fuel sales	92,500	107,372	14,872	108,017
State fuel tax refund	600	897	297	1,163
Other income	50	3,249	3,199	3,888
Total Operating Revenues	<u>131,950</u>	<u>150,267</u>	<u>18,317</u>	<u>157,821</u>
Operating Expenses:				
Administration	54,188	41,663	12,525	31,557
Operations	123,816	110,597	13,219	115,562
Capital Outlay	85,570	-	85,570	-
Depreciation	12,996	8,883	4,113	12,984
Total Expenses	<u>276,570</u>	<u>161,143</u>	<u>115,427</u>	<u>160,103</u>
Operating Income (Loss) - Budget Basis	(144,620)	(10,876)	133,744	(2,282)
Non-Operating Revenues (Expenses):				
Investment income	100	94	(6)	171
Gain (loss) on disposition of asset	-	-	-	1,000
Intergovernmental awards	79,656	-	(79,656)	-
Total Non-Operating Revenues	<u>79,756</u>	<u>94</u>	<u>(79,662)</u>	<u>1,171</u>
Transfer (out)	(2,700)	(2,700)	-	(2,700)
Change in Net Assets - Budget Basis	<u>(67,564)</u>	<u>(13,482)</u>	<u>54,082</u>	<u>(3,811)</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Capital outlay	-	-	-	-
Total Adjustments	-	-	-	-
Net Income - GAAP Basis		<u>(13,482)</u>		<u>(3,811)</u>

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

City of Glenwood Springs, Colorado
Enterprise Funds
Landfill Operations Fund
Schedule of Revenues and Expenses
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	<u>2011</u>			Final Budget Variance Positive (Negative)	<u>2010</u>
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Disposal fees	2,049,000	2,049,000	2,688,800	639,800	2,002,141
Composting fees	732,000	732,000	558,549	(173,451)	773,470
Other Income	30,000	30,000	153,701	123,701	42,474
Total Operating Revenues	<u>2,811,000</u>	<u>2,811,000</u>	<u>3,401,050</u>	<u>590,050</u>	<u>2,818,085</u>
Operating Expenses:					
Personnel costs	313,861	313,861	221,966	91,895	244,686
Operating costs	3,032,150	3,032,150	2,688,225	343,925	3,276,674
Composting fees	50,000	50,000	-	50,000	-
Utilities	7,000	7,000	5,827	1,173	8,229
Insurance	55,955	55,955	51,239	4,716	57,629
Allocated costs	163,162	163,162	163,162	-	133,608
Landfill compliance costs	76,712	76,712	81,226	(4,514)	59,820
Depreciation	12,315	12,315	12,315	-	12,315
Capital outlay	-	-	1,612	(1,612)	11,466
Total Operating Expenses	<u>3,711,155</u>	<u>3,711,155</u>	<u>3,225,572</u>	<u>485,583</u>	<u>3,804,427</u>
Operating Income (Loss) Budget Basis	(900,155)	(900,155)	175,478	1,075,633	(986,342)
Non-Operating Revenues (Expenses):					
Interest income	35,000	35,000	75,835	40,835	91,601
Gain (loss) on disposition of asset	(2,000)	(2,000)	-	2,000	-
Transfers in	35,537	35,537	35,537	-	-
Transfers (out)	(1,000,000)	(2,000,000)	(1,800,000)	200,000	(654,750)
Total Non-Operating Revenues (Expenses)	<u>(931,463)</u>	<u>(1,931,463)</u>	<u>(1,688,628)</u>	<u>242,835</u>	<u>(563,149)</u>
Change in Net Assets - Budget Basis	<u>(1,831,618)</u>	<u>(2,831,618)</u>	<u>(1,513,150)</u>	<u>1,318,468</u>	<u>(1,549,491)</u>
Reconciliation to GAAP Basis:					
Adjustments:					
Capital outlay			1,612		11,466
Total Adjustments			<u>1,612</u>		<u>11,466</u>
Net Income - GAAP Basis			<u>(1,511,538)</u>		<u>(1,538,025)</u>

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

City of Glenwood Springs, Colorado
Internal Service Funds
Fleet Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Net Assets
Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	2011			Final Budget Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Operating Revenues:					
Charges and fees	914,900	914,900	821,290	(93,610)	754,826
Other operating revenue	1,000	1,000	16,165	15,165	20,775
Transfers in	426,377	426,377	422,710	(3,667)	965,277
Total Operating Revenues	<u>1,342,277</u>	<u>1,342,277</u>	<u>1,260,165</u>	<u>(82,112)</u>	<u>1,740,878</u>
Expenses:					
General government:					
Operations	892,831	892,831	777,310	115,521	696,123
Depreciation	502,077	502,077	413,907	88,170	354,892
Capital outlay	1,114,100	1,114,100	431,982	682,118	1,213,701
Total Operating Expenses	<u>2,509,008</u>	<u>2,509,008</u>	<u>1,623,199</u>	<u>885,809</u>	<u>2,264,716</u>
Operating Income (Loss) - Budget Basis	(1,166,731)	(1,166,731)	(363,034)	803,697	(523,838)
Non-Operating Revenues (Expenses):					
Investment income	30,000	30,000	41,590	11,590	54,272
Sale of asset	100,000	100,000	55,325	(44,675)	193,057
Transfers (out)	(35,537)	(50,205)	(53,720)	(3,515)	-
Total Non-Operating Revenues (Expenses)	<u>94,463</u>	<u>79,795</u>	<u>43,195</u>	<u>(36,600)</u>	<u>247,329</u>
Change in Net Assets - Budget Basis	<u>(1,072,268)</u>	<u>(1,086,936)</u>	<u>(319,839)</u>	<u>767,097</u>	<u>(276,509)</u>
Reconciliation to GAAP Basis:					
Capital outlay			431,982		1,213,701
Operating Income (Loss) - GAAP Basis			<u>112,143</u>		<u>937,192</u>
Net Assets - Beginning of Year			<u>7,864,201</u>		<u>6,927,009</u>
Net Assets - End of Year			<u>7,976,344</u>		<u>7,864,201</u>

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

City of Glenwood Springs, Colorado
Fiduciary Funds
Cemetery Reserve Fund
Schedule of Changes in Fiduciary Net Assets
Budget (GAAP) Basis and Actual
For the Year Ended December 31, 2011
(With Comparative Actual Amounts for December 31, 2010)

	2011		Variance Positive (Negative)	2010
	Original and Final Budget	Actual		Actual
Additions:				
Perpetual care fees	1,000	2,500	1,500	750
Interest income	50	50	-	69
Total Additions	1,050	2,550	1,500	819
Change in Net Assets	1,050	2,550	1,500	819
Net Assets - Beginning of Year	30,772	28,992	(1,780)	28,173
Net Assets - End of Year	31,822	31,542	(280)	28,992

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

City of Glenwood Springs, Colorado
Fiduciary Funds
Firemen's Pension Fund
Schedule of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Additions:		
Pension contributions:		
State of Colorado	18,900	18,900
City of Glenwood Springs	21,000	21,000
Investment gain (loss)	<u>6,564</u>	<u>91,584</u>
Total Additions	<u>46,464</u>	<u>131,484</u>
Deductions:		
Pension payments	<u>108,045</u>	<u>107,249</u>
Total Deductions	<u>108,045</u>	<u>107,249</u>
Change in Net Assets	(61,581)	24,235
Net Assets - Beginning of Year	<u>768,491</u>	<u>744,256</u>
Net Assets - End of Year	<u><u>706,910</u></u>	<u><u>768,491</u></u>

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

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



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

LOCAL HIGHWAY FINANCE REPORT	City or County: City
	YEAR ENDING : December 2011

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

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,617,768
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	781,423
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	129,364
2. General fund appropriations	1,000,614	b. Snow and ice removal	51,417
3. Other local imposts (from page 2)	1,920,706	c. Other	
4. Miscellaneous local receipts (from page 2)	214,146	d. Total (a. through c.)	180,781
5. Transfers from toll facilities		4. General administration & miscellaneous	112,073
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	956,648
a. Bonds - Original Issues		6. Total (1 through 5)	3,648,693
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	43,795
7. Total (1 through 6)	3,135,466	b. Redemption	132,848
B. Private Contributions		c. Total (a. + b.)	176,643
C. Receipts from State government (from page 2)	565,381	2. Notes:	
D. Receipts from Federal Government (from page 2)	124,489	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,825,336	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	176,643
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,825,336

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,339,097		134,652	1,204,445
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

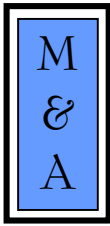
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		3,825,336	3,825,336		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2011	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	350
b. Other local imposts:		b. Traffic Fines & Penalties	179,759
1. Sales Taxes	1,864,795	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	34,037
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	55,911	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,920,706	h. Other	0
c. Total (a. + b.)	1,920,706	i. Total (a. through h.)	214,146
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	286,270	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	34,628	d. Federal Transit Admin	
d. Other (Specify) EIAF Grants	244,483	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Feder Grant	124,489
f. Total (a. through e.)	279,111	g. Total (a. through f.)	124,489
4. Total (1. + 2. + 3.f)	565,381	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	54,887	54,887
b. Engineering Costs	0	102,763	102,763
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	1,439,446	1,439,446
(4). System Enhancement & Operation	0	20,672	20,672
(5). Total Construction (1) + (2) + (3) + (4)	0	1,460,118	1,460,118
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,617,768	1,617,768
			(Carry forward to page 1)
Notes and Comments:			

SINGLE AUDIT REPORTS AND SCHEDULES





MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Glenwood Springs as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

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

Internal Control Over Financial Reporting

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

A 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.

Member: American Institute of Certified Public Accountants

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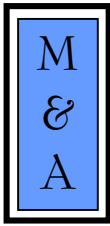
FRISCO
(970) 668-3481

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

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

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

**McMahan and Associates, L.L.C.
June 6, 2012**



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

Compliance

We have audited the compliance of the City of Glenwood Springs (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Glenwood Springs complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Member: American Institute of Certified Public Accountants

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

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

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

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

**McMahan and Associates, L.L.C.
June 6, 2012**

City of Glenwood Springs, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Part II: Findings Related to Financial Statements

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

Part III: Findings Related to Federal Awards

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

City of Glenwood Springs, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011
(Continued)

Note: There were no findings for the fiscal year ended December 31, 2010.

**City of Glenwood Springs
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
Office of National Drug Control Policy: High Intensity Drug Trafficking Area	95.001	No	<u>89,815</u>
Passed through State of Colorado: Department of Agriculture Forestry Assistance to States	10.664	No	<u>19,607</u>
Passed through Colorado Department of Transportation: Federal Transportation Agency Highway Planning and Construction	20.205	No	124,489
Administrative and Operating Costs Section 5311	20.509	No	<u>223,037</u>
Total - Federal Transportation Agency			<u><u>347,526</u></u>
Passed through Colorado Water Resources & Power Development Authority: Environmental Protection Agency: Capitalization Grants for Drinking Water State Revolving Funds	66.468	Yes	<u>3,213,621</u>
Total			<u><u>\$ 3,670,569</u></u>

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2011

Note 1. Basis of Presentation:

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

Note 2. Sub-recipients:

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