

CITY OF VICTOR
Teller County, Colorado
FINANCIAL STATEMENTS
December 31, 2014

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**Haynie &
Company**

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Victor
Victor, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Victor, Colorado, as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the City of Victor's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Victor's financial statements as a whole. The state compliance section is presented for purposes of additional analysis and is not a required part of the financial statements.

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



Littleton, Colorado
July 24, 2015

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

This section of the annual financial report offers readers of the City of Victor's (City) financial statements management's discussion and analysis of the City's financial performance during the year ended December 31, 2014. We encourage readers to consider the information here in conjunction with additional information furnished in the City's financial statements which immediately follow this section.

Financial Highlights

- Assets exceeded liabilities by \$9.9 million at the close of 2014. Of the City's total assets, 82% consisted of capital assets and 16% consisted of cash and investments. Of the City's total liabilities, 89% consisted of loans obtained for the construction and improvement of the City's water and wastewater systems.
- Total net position increased by \$267 thousand, or 3%, from 2013. The increase in net position was primarily due to the additions to capital assets and the reduction in loans payable during 2014. Additions to capital assets in 2014 mainly include improvements made on the drainage system, construction of a park/hockey rink, City Hall Bell Tower renovation and sidewalk repairs (governmental activities) and improvements made to the water tank and generator (business-type activities). Of the City's total net position at the close of 2014, (i) \$8 million, or 81%, represents the City's investment in capital assets net of debts that are attributable to the acquisition, construction or improvements of those assets, (ii) \$255 thousand, or 3%, represents restricted funds related to loans, conservation trust and emergencies, and (iii) \$1.6 million, or 16%, represents unrestricted net position.
- At the close of 2014, the City's governmental funds reported combined ending fund balances of \$1.045 million. Of this amount: (i) \$3 thousand was prepaid expenses, hence nonspendable, (ii) \$42 thousand was restricted for emergencies and parks and recreation expenditures (conservation trust), (iii) \$829 thousand was committed for the City's economic development programs and capital projects, (iv) \$25 thousand was assigned for DREAM projects and the Fire Department's discretionary expenditures, and (v) \$146 thousand was unassigned and available for general government expenditures.
- At the close of 2014, the Utility Enterprise Fund had net investment of capital assets totaling \$4.5 million, restricted net position (reserves required by various loan agreements) totaling \$213 thousand, and unrestricted net position totaling \$574 thousand.

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 comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and schedules in addition to the basic financial statements.

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

Government-wide Financial Statements

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

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

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

The statement of net position and the statement of activities report City activities in two categories – governmental activities and business-type activities.

Both of the government-wide financial statements identify functions of the City that are principally to be supported by intergovernmental revenues (governmental activities). The governmental activities of the City include most of the basic services such as general government, public safety, public works, community development and parks and recreation. The basic government-wide financial statements can be found on pages 1 – 2 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. The *funds* of the City include both governmental funds and a proprietary fund.

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.

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund. These two funds are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund and Capital Projects Fund. A budgetary comparison schedule has been provided for each of these funds to demonstrate compliance with the State's Budget Law. The basic governmental fund financial statements can be found on pages 3 – 10 of this report.

Proprietary fund. The City maintains one proprietary fund. A proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund, called the Utility Enterprise Fund, to account for its water and waste water operations. The basic proprietary fund financial statements can be found on pages 11 – 13 of this report.

Fiduciary fund. The City maintains one fiduciary fund. A fiduciary fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the City's own programs. The City uses a fiduciary fund, called the Cemetery Perpetual Care Fund, to track donations and the sale of cemetery plots, as well as the interest earnings on the funds which are to be used for perpetual maintenance of the cemetery. The basic fiduciary fund financial statements can be found on pages 14 – 15 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, as well as the proprietary fund financial statements. The notes to the financial statements can be found on pages 16 – 31 of this report.

Required Supplementary Information

Budgetary comparison schedules have been provided in this section for the Capital Projects Fund and the Proprietary Fund to demonstrate compliance with the State's Budget Law. The budget schedules are found after the notes to the financial statements on pages 33 – 35 of this report.

Other Supplementary Information

This section includes a State compliance report on pages 37 and 38.

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was more in December 31, 2014, than it was the year before by \$267, a 3% increase.

Net Position - Governmental Activities

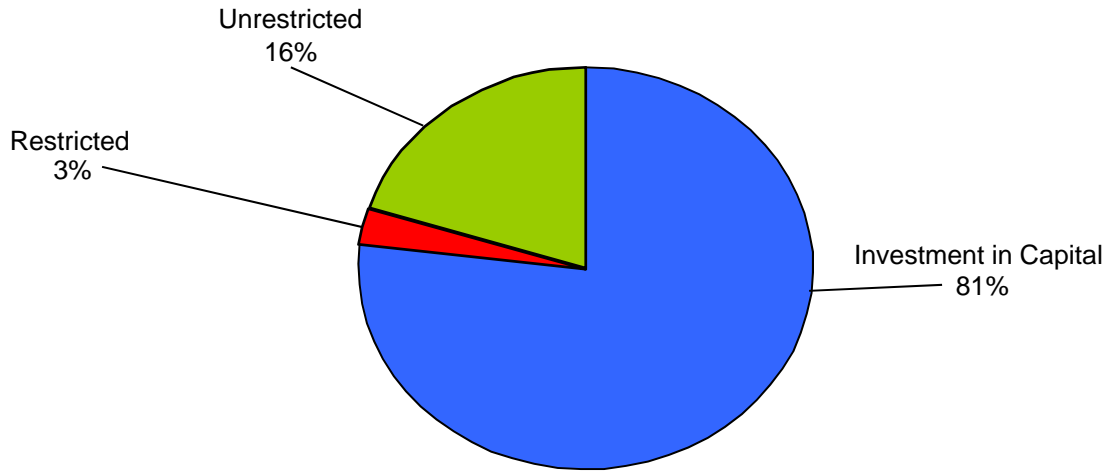
	<u>2014</u>	<u>2013</u>
Current assets	\$ 1,150,714	\$ 1,349,408
Capital assets	<u>3,503,792</u>	<u>3,392,942</u>
Total assets	<u>4,654,506</u>	<u>4,742,350</u>
Current liabilities	62,617	242,547
Noncurrent liabilities	<u>-</u>	<u>69,000</u>
Total liabilities	<u>62,617</u>	<u>311,547</u>
Property tax revenues	<u>50,016</u>	<u>50,289</u>
Total deferred inflows of resources	<u>50,016</u>	<u>50,289</u>
Net investment in capital assets	3,503,792	3,323,943
Restricted net position	41,714	35,836
Unrestricted net position	<u>996,367</u>	<u>1,020,735</u>
Total net position	<u>\$ 4,541,873</u>	<u>\$ 4,380,514</u>

Net Position - Business-Type Activities

	<u>2014</u>	<u>2013</u>
Current assets	\$ 853,303	\$ 999,064
Capital assets	<u>5,610,514</u>	<u>5,462,325</u>
Total assets	<u>6,463,817</u>	<u>6,461,389</u>
Current liabilities	66,731	90,387
Noncurrent liabilities	<u>1,061,926</u>	<u>1,141,605</u>
Total liabilities	<u>1,128,657</u>	<u>1,231,992</u>
Net investment in capital assets	4,548,588	4,320,720
Restricted net position	212,803	212,803
Unrestricted net position	<u>573,769</u>	<u>695,874</u>
Total net position	<u>\$ 5,335,160</u>	<u>\$ 5,229,397</u>

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

NET POSITION - BY CATEGORY



The largest portion of the City's net position (81%) reflects its net investment in capital assets. The City utilizes these capital assets to provide services to citizens. These assets are not available for future spending.

Approximately 3% of the City's net position represents resources that are subject to restrictions on how they can be used (e.g., emergency reserve, required debt service reserves) and are not currently available for the City's ongoing obligations.

Approximately 16% of the City's net position is unrestricted and may be used to meet the City's future expenditures.

At the end of 2014, the City is able to report positive balances in all three categories of net position.

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

Change in Net Position - Governmental Activities

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	\$ 19,967	\$ 10,148
Operating grants and contributions	361,443	308,324
Capital grants and contributions	446,929	829,924
General revenues:		
Taxes	98,144	112,946
Franchise fees	20,528	18,339
Net investment income	2,460	1,977
Other revenues and transfers in	<u>747,243</u>	<u>1,523,712</u>
Total revenues	<u>1,696,714</u>	<u>2,805,370</u>
<u>Expenses</u>		
General Government	245,018	374,621
Public safety	334,799	412,360
Public works	270,518	339,578
Community development	125,549	61,797
Parks and recreation	44,892	39,390
Long-term debt interest and related costs	3,105	4,680
Transfer of capital assets	<u>511,474</u>	<u>242,751</u>
Total expenses	<u>1,535,355</u>	<u>1,475,177</u>
Change in net position	<u>\$ 161,359</u>	<u>\$ 1,330,193</u>

Change in Net Position - Business-Type Activities

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	\$ 1,401,415	\$ 1,306,550
Capital grants and contributions	45,572	48,515
General revenues:		
Net investment income	5,874	6,078
Other revenues	3,447	-
Transfer of capital assets	<u>511,474</u>	<u>242,751</u>
Total revenues	<u>1,967,782</u>	<u>1,603,894</u>
<u>Expenses</u>		
Water and wastewater operations	1,088,113	936,444
Long-term debt interest and related cost	46,906	46,963
Transfers out and other expenses	<u>727,000</u>	<u>1,512,622</u>
Total expenses	<u>1,862,019</u>	<u>2,496,029</u>
Change in net position	<u>\$ 105,763</u>	<u>\$ (892,135)</u>

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

All capital grants and contributions received by the City were recorded in the Capital Projects Fund. Since the Capital Projects Fund, a governmental fund, is being used to account for resources received and costs incurred for the City's water and wastewater capital projects, the proprietary fund transferred funds to the Capital Projects Fund which were included as part of the *Transfers out and other expenses* above. The capital assets acquired within the governmental fund were then transferred to the proprietary fund which was reflected above as *Transfer of capital assets*.

Financial Analysis of City's Funds

General Fund

The General Fund was established and is continually funded to provide for the daily activities of the City. The primary funding sources for the General Fund are property and sales taxes, intergovernmental revenues and grants. The primary projects or program efforts for 2014 were public safety, public works and general government.

General Fund Budgetary Highlights

The City's budget is prepared in accordance with the Colorado Budget Law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The actual total expenditure for the year was \$5 thousand less than the amended budget.

Section 20 of the Colorado Constitution (TABOR) requires the City to maintain an emergency reserve equivalent to at least 3% of fiscal year spending. At December 31, 2014, the City's emergency reserve amounted to \$28 thousand.

Capital Assets

The City added \$739 thousand to its capital assets for governmental activities and business-type activities during calendar year 2014. This investment in capital assets during 2014 primarily consisted of drainage improvements, park/hockey rink, water tank and generator improvements, and other projects.

Additional information on the City's capital assets can be found in Note 5 on pages 24 and 25 of this report.

Long-Term Debt

At the end of 2014, the City had total outstanding debt of \$1.06 million. This amount is comprised of notes payable/loans obtained for the construction and improvements made on the water and wastewater systems. During 2014, the City repaid \$148,679 of its debts.

Additional information on the City's long-term debts can be found in Note 6 on pages 26 – 28 of this report.

CITY OF VICTOR
Management's Discussion and Analysis
For The Year Ended December 31, 2014

Next Year's Budgets

The 2015 budget reflects the Council's endeavor for a fiscally responsible budget built on conservative revenue projections, necessary and discretionary expenditure levels, and required and reasonable reserves.

The City has appropriated \$3.7 million for spending in 2015. Of this amount, \$955 thousand was budgeted for spending in the General Fund, \$873 thousand was budgeted in the Utility Enterprise Fund for the operations of water and wastewater systems, and \$1.87 million was budgeted in the Capital Projects Fund. Capital projects planned in 2015 for governmental activities include rehabilitation of Washington Park Playground, Victor Avenue Street and Drainage Project, upgrades to the 3rd Street Plaza, street improvements and a commercial infrastructure survey and analysis. Capital projects planned in 2015 for business-type activities relate to the completion of the Hydraulic Water Study, the repair and replacement of fire hydrants, and other priority water and sewer line repairs.

Requests for Information

This financial report is designed to provide a general overview of the City of Victor's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk and Treasurer at: City of Victor, PO Box 86, 500 Victor Avenue, Victor, CO 80860.

BASIC FINANCIAL STATEMENTS

CITY OF VICTOR
STATEMENT OF NET POSITION
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 1,009,666	\$ 505,028	\$ 1,514,694
Cash and investments - Restricted	41,714	212,803	254,517
Receivables:			
From other governments	46,399	-	46,399
Property taxes	50,016	-	50,016
Utility fees	-	123,919	123,919
Other	-	4,820	4,820
Prepaid expenses	2,919	6,733	9,652
Capital assets, not being depreciated	154,410	85,927	240,337
Capital assets, net of accumulated depreciation	3,349,382	5,524,587	8,873,969
Total assets	<u>4,654,506</u>	<u>6,463,817</u>	<u>11,118,322</u>
LIABILITIES			
Accounts payable	31,379	33,618	64,997
Deposits	24,709	-	24,709
Accrued interest payable	-	13,800	13,800
Compensated absences	6,529	19,313	25,842
Noncurrent liabilities:			
Due within one year	-	81,800	81,800
Due in more than one year	-	980,126	980,126
Total liabilities	<u>62,617</u>	<u>1,128,657</u>	<u>1,191,274</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes revenue	50,016	-	50,016
Total deferred inflows of resources	<u>50,016</u>	<u>-</u>	<u>50,016</u>
NET POSITION			
Net investment in capital assets	3,503,792	4,548,588	8,052,380
Restricted for:			
Emergencies	28,000	-	28,000
Conservation Trust	13,714	-	13,714
Debt service	-	212,803	212,803
Unrestricted	996,367	573,769	1,570,136
Total net position	<u>\$ 4,541,873</u>	<u>\$ 5,335,160</u>	<u>\$ 9,877,033</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF VICTOR
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 245,019	\$ 19,565	\$ 111,897	\$ -	\$ (113,557)		\$ (113,557)
Public safety	334,799	402	224,288	-	(110,109)		(110,109)
Public works	270,518	-	21,380	271,929	22,791		22,791
Community development	125,549	-	-	-	(125,549)		(125,549)
Parks and recreation	44,892	-	3,878	175,000	133,986		133,986
Long-term debt interest and related cost	3,105	-	-	-	(3,105)		(3,105)
Total governmental activities	<u>\$ 1,023,882</u>	<u>\$ 19,967</u>	<u>\$ 361,443</u>	<u>\$ 446,929</u>	<u>(195,543)</u>		<u>(195,543)</u>
Business-Type activities							
Water and wastewater operations	\$ 1,088,113	\$ 1,401,415	\$ -	\$ 45,572		358,874	358,874
Long-term debt interest and related cost	46,906	-	-	-		(46,906)	(46,906)
Total business type activities	<u>\$ 1,135,019</u>	<u>\$ 1,401,415</u>	<u>\$ -</u>	<u>\$ 45,572</u>		<u>311,968</u>	<u>311,968</u>
General revenues:							
Taxes					98,144	-	98,144
Franchise fees					20,528	-	20,528
Net investment income					2,460	5,874	8,334
Other revenues (expenses)					21,244	3,447	24,691
Transfers in/(out), net					726,000	(727,000)	(1,000)
Transfer of capital assets					(511,474)	511,474	-
Total general revenues					<u>356,902</u>	<u>(206,205)</u>	<u>150,697</u>
Change in net position					161,359	105,763	267,122
Net position - Beginning					4,380,514	5,229,397	9,609,911
Net position - Ending					<u>\$ 4,541,873</u>	<u>\$ 5,335,160</u>	<u>\$ 9,877,033</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CITY OF VICTOR
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 204,089	\$ 805,577	\$ 1,009,666
Cash and investments - Restricted	41,714	-	41,714
Receivables:			
From other governments	37,745	8,654	46,399
Property taxes	50,016	-	50,016
Prepaid expenses	2,919	-	2,919
TOTAL ASSETS	<u><u>\$ 336,483</u></u>	<u><u>\$ 814,231</u></u>	<u><u>\$ 1,150,714</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 22,533	\$ 8,846	\$ 31,379
Deposits	24,709	-	24,709
Total liabilities	<u>47,242</u>	<u>8,846</u>	<u>56,088</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes revenue	50,016	-	50,016
Total deferred inflows of resources	<u>50,016</u>	<u>-</u>	<u>50,016</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	2,919	-	2,919
Restricted for:			
Emergencies	28,000	-	28,000
Parks and recreation/Conservation Trust	13,714	-	13,714
Committed for:			
Economic development	23,845	-	23,845
Capital projects	-	805,385	805,385
Assigned			
Public safety - Fire Department Discretionary Fund	17,220	-	17,220
DREAM Discretionary Fund	7,490	-	7,490
Unassigned			
General government	146,037	-	146,037
Total fund balances	<u>239,225</u>	<u>805,385</u>	<u>1,044,610</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 336,483</u></u>	<u><u>\$ 814,231</u></u>	<u><u>\$ 1,150,714</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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

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

Total fund balances - Governmental funds	\$ 1,044,610
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital assets, not being depreciated	154,410
Capital assets, net of accumulated depreciation	3,349,382
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	<u>(6,529)</u>
Net position of governmental activities	<u><u>\$ 4,541,873</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 98,144	\$ -	\$ 98,144
Franchise fees	20,528	-	20,528
Intergovernmental	43,412	-	43,412
Licenses fees and charges	19,565	-	19,565
Fines and forfeitures	402	-	402
Administrative grants	318,031	-	318,031
Other revenue	21,244	-	21,244
Net investment income	794	1,666	2,460
Capital grants	-	446,929	446,929
Total revenues	<u>522,120</u>	<u>448,595</u>	<u>970,715</u>
EXPENDITURES			
Current			
Legislative	63,213	-	63,213
Administrative	99,686	-	99,686
Facility maintenance	35,916	-	35,916
Revitalization and marketing	84,503	-	84,503
Police department	271,692	-	271,692
Fire department	34,618	-	34,618
Community development and planning	41,046	-	41,046
Public works	186,938	-	186,938
Parks and cemetery	33,149	-	33,149
Debt service	73,140	-	73,140
Capital outlay	-	792,481	792,481
Total expenditures	<u>923,901</u>	<u>792,481</u>	<u>1,716,382</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(401,781)</u>	<u>(343,886)</u>	<u>(745,667)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	400,000	327,000	727,000
Transfers to other funds	(1,000)	-	(1,000)
Total other financing sources (uses)	<u>399,000</u>	<u>327,000</u>	<u>726,000</u>
NET CHANGE IN FUND BALANCES	(2,781)	(16,886)	(19,667)
FUND BALANCES - BEGINNING OF YEAR	242,006	822,271	1,064,277
FUND BALANCES - END OF YEAR	<u>\$ 239,225</u>	<u>\$ 805,385</u>	<u>\$ 1,044,610</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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

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

Net change in fund balances - Total governmental funds	\$ (19,667)
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Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	738,624
Depreciation expense	(116,300)

The issuance of long-term debt (e.g. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal paid on City Hall capital lease	69,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Capital assets transferred to Utility Enterprise Fund	(511,474)
Compensated absences - Change in liability	141
Accrued interest payable - Change in liability	1,035

Change in net position of governmental activities	\$ 161,359
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF VICTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
TAXES				
Property tax	\$ 50,289	\$ 50,289	\$ 50,609	\$ 320
Sales tax	40,000	40,000	42,891	2,891
Specific ownership tax	4,500	4,500	4,644	144
	<u>94,789</u>	<u>94,789</u>	<u>98,144</u>	<u>3,355</u>
FRANCHISE FEES				
Franchise - Electric	12,000	12,000	16,549	4,549
Franchise - TV/telephone	225	225	180	(45)
Franchise - Natural gas	3,500	3,500	3,799	299
	<u>15,725</u>	<u>15,725</u>	<u>20,528</u>	<u>4,803</u>
INTERGOVERNMENTAL				
Cigarette tax	1,000	1,000	229	(771)
Mineral severance tax	12,000	12,000	17,925	5,925
Highway Users Tax (HUTF)	18,306	18,306	18,526	220
Conservation Trust entitlement	4,100	4,100	3,878	(222)
Motor vehicle	2,100	2,100	2,116	16
Road and bridge shareback	900	900	738	(162)
	<u>38,406</u>	<u>38,406</u>	<u>43,412</u>	<u>5,006</u>
LICENSES, FEES AND CHARGES				
Business, liquor and other licenses	6,450	6,450	8,915	2,465
Building permit and service fees	3,000	3,000	10,650	7,650
	<u>9,450</u>	<u>9,450</u>	<u>19,565</u>	<u>10,115</u>
FINES AND FORFEITURES				
Police Department/Court fees and fines	100	100	402	302
	<u>100</u>	<u>100</u>	<u>402</u>	<u>302</u>
ADMINISTRATIVE GRANTS				
State grants	224,288	224,288	224,288	-
Other grants/contributions	77,417	77,417	93,743	16,326
	<u>301,705</u>	<u>301,705</u>	<u>318,031</u>	<u>16,326</u>
OTHER REVENUE				
Donations and contributions	5,000	5,000	5,400	400
Fees for use of public facilities	400	400	100	(300)
Leases	3,052	3,052	5,257	2,205
Sale of surplus property	-	-	10,000	10,000
Other income	5,000	5,000	487	(4,513)
	<u>13,452</u>	<u>13,452</u>	<u>21,244</u>	<u>7,792</u>
NET INVESTMENT INCOME				
Net investment income	100	100	794	694
Total revenues	<u>473,727</u>	<u>473,727</u>	<u>522,120</u>	<u>48,393</u>

(Continued)

CITY OF VICTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2014
(Continued)

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
LEGISLATIVE				
City Council stipend	27,224	27,224	27,224	-
Donations to other organizations/projects	33,150	33,150	34,116	(966)
Dues and memberships	418	418	523	(105)
Travel and training	2,000	2,000	1,120	880
Miscellaneous	500	500	230	270
	<u>63,292</u>	<u>63,292</u>	<u>63,213</u>	<u>79</u>
ADMINISTRATIVE				
Salaries and benefits	58,545	58,545	59,588	(1,043)
Dues and memberships	750	750	608	142
Travel and training	3,200	3,200	935	2,265
Audit and accounting	5,000	5,000	4,339	661
County Treasurer's fees	1,509	1,509	1,278	231
Insurance	5,128	5,128	5,055	73
Legal	25,000	25,000	10,002	14,998
Magistrate	1,500	1,500	600	900
Office supplies	3,500	3,500	4,601	(1,101)
Other professional services	2,500	2,500	849	1,651
Photocopy	4,000	4,000	4,347	(347)
Publication and publishing	3,200	3,200	1,970	1,230
Technical support	3,000	3,000	2,505	495
Miscellaneous	1,000	1,000	3,009	(2,009)
	<u>117,832</u>	<u>117,832</u>	<u>99,686</u>	<u>18,146</u>
FACILITY MAINTENANCE				
Maintenance - City Hall	8,200	8,200	9,512	(1,312)
Utilities - City Hall	18,660	18,660	20,961	(2,301)
Maintenance - Community Center (VICCI)	1,500	1,500	1,190	310
Utilities - Community Center (VICCI)	4,000	4,000	4,079	(79)
Maintenance - Agricultural and Mining Museum	582	582	174	408
	<u>32,942</u>	<u>32,942</u>	<u>35,916</u>	<u>(2,974)</u>
REVITALIZATION AND MARKETING				
Salaries and benefits	37,841	37,841	45,801	(7,960)
Advertising	6,000	6,000	4,575	1,425
City sponsored events	12,000	12,000	12,667	(667)
Dues and memberships	1,200	1,200	1,350	(150)
Revitalization projects and programs	16,000	16,000	12,794	3,206
Signs, plaques and banners	1,000	1,000	-	1,000
Travel and training	3,000	3,000	4,724	(1,724)
Miscellaneous	500	5,500	2,592	2,908
	<u>77,541</u>	<u>82,541</u>	<u>84,503</u>	<u>(1,962)</u>

(Continued)

CITY OF VICTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2014
(Continued)

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
POLICE DEPARTMENT				
Animal control	1,600	1,600	1,622	(22)
Contract services	260,000	260,000	256,587	3,413
Utilities	3,600	3,600	4,313	(713)
Vehicle fuel	15,000	15,000	8,990	6,010
Miscellaneous	1,000	1,000	180	820
	<u>281,200</u>	<u>281,200</u>	<u>271,692</u>	<u>9,508</u>
FIRE DEPARTMENT				
Fire Chief stipend	7,406	7,406	10,206	(2,800)
Dues and memberships	760	760	790	(30)
Insurance	1,620	1,620	1,596	24
Travel and training	2,000	2,000	4,023	(2,023)
Equipment maintenance, repair, oil and fuel	4,000	4,000	1,916	2,084
Building facility maintenance	4,000	4,000	7,306	(3,306)
Minor equipment	3,000	3,000	-	3,000
Radios and maintenance	1,000	1,000	-	1,000
Technical support	250	250	-	250
Utilities	4,100	4,100	4,786	(686)
Volunteer bonus program	3,000	3,000	2,810	190
Miscellaneous	600	5,600	1,185	4,415
	<u>31,736</u>	<u>36,736</u>	<u>34,618</u>	<u>2,118</u>
COMMUNITY DEVELOPMENT AND PLANNING				
Building code administration and enforcement	10,000	10,000	11,853	(1,853)
Dangerous building abatement	5,500	5,500	14,134	(8,634)
Legal services	3,000	3,000	13,714	(10,714)
Miscellaneous	700	10,700	1,345	9,355
	<u>19,200</u>	<u>29,200</u>	<u>41,046</u>	<u>(11,846)</u>
PUBLIC WORKS				
Salaries and benefits	63,159	63,159	70,152	(6,993)
Travel and training	250	250	526	(276)
Insurance	6,748	6,748	6,473	275
Equipment maintenance, repair, oil and fuel	19,500	19,500	23,623	(4,123)
Building facility maintenance	2,000	2,000	2,501	(501)
Fixture maintenance	4,500	4,500	5,155	(655)
Road and sidewalk maintenance	25,000	25,000	36,394	(11,394)
Supplies	2,800	2,800	4,244	(1,444)
Professional services	3,000	3,000	-	3,000
Technical support	500	500	110	390
Tools and equipment	2,000	2,000	2,153	(153)
Utilities	33,200	33,200	32,603	597
Miscellaneous	500	12,826	3,004	9,822
	<u>163,157</u>	<u>175,483</u>	<u>186,938</u>	<u>(11,455)</u>

(Continued)

CITY OF VICTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2014
(Continued)

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
PARKS AND CEMETERY				
Salaries and benefits	14,734	14,734	16,014	(1,280)
Cemetery maintenance	1,500	1,500	431	1,069
Equipment maintenance, repair, oil and fuel	400	400	90	310
Minor equipment	500	500	1,935	(1,435)
Parks maintenance	6,500	6,500	7,762	(1,262)
Sanitation services	1,400	1,400	1,185	215
Supplies	300	300	843	(543)
Utilities	5,800	5,800	4,809	991
Miscellaneous	500	5,500	80	5,420
	<u>31,634</u>	<u>36,634</u>	<u>33,149</u>	<u>3,485</u>
DEBT SERVICE				
Principal and interest	<u>73,140</u>	<u>73,140</u>	<u>73,140</u>	<u>-</u>
	<u>73,140</u>	<u>73,140</u>	<u>73,140</u>	<u>-</u>
 Total expenditures	<u>891,674</u>	<u>929,000</u>	<u>923,901</u>	<u>5,099</u>
 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(417,947)</u>	<u>(455,273)</u>	<u>(401,781)</u>	<u>53,492</u>
 OTHER FINANCING SOURCES (USES)				
Transfers from other funds	400,000	400,000	400,000	-
Transfers to other funds	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>399,000</u>	<u>399,000</u>	<u>399,000</u>	<u>-</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(18,947)</u>	<u>(56,273)</u>	<u>(2,781)</u>	<u>53,492</u>
 FUND BALANCES - BEGINNING OF YEAR	<u>225,200</u>	<u>225,200</u>	<u>242,006</u>	<u>16,806</u>
 FUND BALANCES - END OF YEAR	<u>\$ 206,253</u>	<u>\$ 168,927</u>	<u>\$ 239,225</u>	<u>\$ 70,298</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CITY OF VICTOR
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2014**

	Utility Enterprise Fund
<hr/>	
ASSETS	
Cash and investments	\$ 505,028
Cash and investments - Restricted	212,803
Utility fees receivable	123,919
Other receivable	4,820
Prepaid expenses	6,733
Capital assets, not being depreciated	85,927
Capital assets, net of accumulated depreciation	<u>5,524,587</u>
Total assets	<u>6,463,817</u>
LIABILITIES	
Accounts payable	33,618
Accrued interest payable	13,800
Compensated absences	19,313
Noncurrent liabilities:	
Due within one year	81,800
Due in more than one year	<u>980,126</u>
Total liabilities	<u>1,128,657</u>
NET POSITION	
Net investment in capital assets	4,548,588
Restricted	212,803
Unrestricted	<u>573,769</u>
Total net position	<u><u>\$ 5,335,160</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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

	Utility Enterprise Fund
OPERATING REVENUES	
Raw water sales	\$ 977,204
Raw water miscellaneous sales	142,998
Raw water wheeling and storage fees	31,659
Treated water sales - Residential	60,662
Treated water sales - Commercial	12,003
Wastewater sales - Residential	118,070
Wastewater sales - Commercial	24,519
Liquid waste disposal fees	34,300
Total operating revenues	<u>1,401,415</u>
OPERATING EXPENSES	
General and administration	369,196
Operations	
Raw water	228,400
Treated water	57,904
Wastewater	69,328
Depreciation	363,285
Total operating expenses	<u>1,088,113</u>
OPERATING INCOME (LOSS)	<u>313,302</u>
OTHER INCOME (EXPENSES)	
Treated water - Capital replacement fees	30,292
Treated water - Physical connection fees	2,281
Wastewater - Capital replacement fees	12,999
Net investment income	5,874
Debt service - Interest paid and accrued	(46,906)
Other	3,447
Capital assets transferred from Governmental Fund	511,474
Net other income (expenses)	<u>519,461</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>832,763</u>
TRANSFERS	
Transfers to other funds	(727,000)
Net transfers	<u>(727,000)</u>
CHANGE IN NET POSITION	105,763
NET POSITION - BEGINNING OF YEAR	<u>5,229,397</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,335,160</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF VICTOR
STATEMENT OF CASH FLOW
PROPRIETARY FUND
Year Ended December 31, 2014

	Utility Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and other sources	\$ 1,393,465
Cash paid to suppliers	(403,161)
Cash paid to employees	(343,547)
Net cash flows from operating activities	<u>646,757</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Debt payments - Principal	(79,679)
Debt payments - Interest	(46,907)
Fees - capital replacement, physical connection, plant investment	45,572
Net cash flows from capital financing activities	<u>(81,014)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in (out)	(727,000)
Net cash flows from noncapital financing activities	<u>(727,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	5,874
Net cash flows from investing activities	<u>5,874</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(155,383)
CASH AND EQUIVALENTS - BEGINNING	<u>873,214</u>
CASH AND EQUIVALENTS - ENDING	<u><u>\$ 717,831</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ 313,302
Adjustments to reconcile operating income (loss) to net cash flows from operating activities	
Depreciation	363,285
(Increase) decrease in:	
Receivables	(8,795)
Prepaid expenses	(827)
Increase (decrease) in:	
Accounts payable	(21,053)
Accrued interest payable	(1)
Compensated absences	(2,602)
Other	3,448
Net cash flows from operating activities	<u><u>\$ 646,757</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**CITY OF VICTOR
STATEMENT OF FIDUCIARY NET POSITION
CEMETERY PERPETUAL CARE FUND
December 31, 2014**

	Fiduciary Fund
ASSETS	
Cash and investments	\$ 6,916
LIABILITIES	
Deposits	<u>250</u>
NET POSITION	<u><u>\$ 6,666</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF VICTOR
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CEMETERY PERPETUAL CARE FUND
Year Ended December 31, 2014

	Fiduciary Fund
ADDITIONS	
Sale of cemetery plots	\$ 950
Transfers from other funds	1,000
Total additions	<u>1,950</u>
DELETIONS	
Total deletions	<u>-</u>
CHANGE IN FIDUCIARY NET POSITION	1,950
NET POSITION - BEGINNING	<u>4,716</u>
NET POSITION - ENDING	<u><u>\$ 6,666</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - DEFINITION OF REPORTING ENTITY

The City was founded in 1893. It operates under a Mayor/Council statutory form of government and provides the following services: public safety (police and fire), public works (highway and streets), water, sewer, parks and recreation, community development (including planning and zoning) and general government.

The City follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the City are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the primary government and its component units. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the City is reported as net position.

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

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

**CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, while the redemption of bonds and/or payment of debts (principal portion) are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are taxes and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

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 the fund's principal ongoing operations. Operating expenses 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.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital improvements and equipment.

The City reports the following major proprietary fund:

The Utility Enterprise Fund accounts for activities related to the offering of water and wastewater services to the City's residents and certain outside users.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following fiduciary fund, which is a fund used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. An agency fund is custodial in nature and does not present results of operation.

The Cemetery Perpetual Care Fund accounts for unexpendable corpus amounts, of which the investment earnings are transferred to the General Fund to assist in covering operating costs.

Budgets

In accordance with the State Budget Law, the City Council holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The City Council can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated.

The City has amended its annual budget for the year ended December 31, 2014.

Pooled Cash and Investments

The City follows the practice of pooling cash and investments of all funds to maximize interest earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

Cash Equivalents

For purposes of the statement of cash flows, the City considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Tap fees, water and sewer fees and other similar fees constitute a perpetual lien on or against the property served until paid. Such fees, when uncollectible, can be certified to the County Treasurer and attach to the tax rolls. Therefore, no provision for doubtful accounts has been provided in the financial statements.

**CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the City Council. The levy is based on assessed valuations determined by Teller County Assessor generally as of January of each year. The levy is set no later than December 15 by certifications to the Teller County Commissioners to put the tax lien on the property as of January 1 of the following year. Teller County bills and collects taxes for the City. At the option of the taxpayer, property taxes may be paid in either in full on April 30, or two installments on February 28 and June 15. The County remits the taxes collected to the City on a monthly basis. Delinquent taxpayers are notified in August and sale of the tax liens on delinquent properties are generally held in November or December.

Property taxes, net of estimated uncollectible taxes, are recorded as deferred inflows of resources in the year they are levied and measurable. The unearned property tax revenue is recorded as revenue in the year it is available and collected.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	30 - 50 years
Machinery, equipment and computers	5 - 15 years
Infrastructure	30 - 40 years

The City has elected to not retroactively report infrastructure.

Compensated Absences

Employees of the City are allowed to accumulate unused vacation time up to one year's accrual plus 40 hours. Upon termination of employment, an employee will be compensated for all eligible accrued vacation time at their current rate of pay. Vacation accrual is recorded in the government-wide financial statements.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity/Fund Balance

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted - This component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- Unrestricted - The component of net position that does not meet the definition above.

In the governmental funds, fund balances should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, City Council. The constraint may be removed or changed only through formal action of City Council.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

**CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the City's practice to use the least restrictive classification first.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2014, are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Statement of net position:		
Cash and investments	\$ 1,009,666	\$ 505,028
Cash and investments - Restricted	<u>41,714</u>	<u>212,803</u>
Total cash and investments	<u><u>\$ 1,051,380</u></u>	<u><u>\$ 717,831</u></u>

Cash and investments as of December 31, 2014, consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Cash on hand	\$ 300	\$ -
Deposits with financial institutions	476,146	-
Investments	<u>574,934</u>	<u>717,831</u>
Total cash and investments	<u><u>\$ 1,051,380</u></u>	<u><u>\$ 717,831</u></u>

Deposits with Financial Institutions

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 on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

None of the City's deposits are subject to custodial risk since they are deposited in certified eligible public depositories under the PDPA.

As of December 31, 2014, the City's cash deposits for governmental and business-type activities had a bank balance totaling \$498,207 and a carrying balance totaling \$476,146.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

The City has not adopted a formal investment policy; however, the City follows state statutes regarding investments.

The City generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the City is not subject to concentration risk disclosure requirements or to investment custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the City Council. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

As of December 31, 2014, the City had investments totaling \$1,292,765, as follows:

Investment	Maturity	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Colorado Local Government Liquid Asset Trust (Colotrust)	Weighted average under 60 days	\$ <u>574,934</u>	\$ <u>717,831</u>

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The City invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard & Poor's.

NOTE 4 - INTERFUND TRANSFERS

The following schedule summarizes the City's interfund transfers for the year ended December 31, 2014:

	Transfers In		
	General Fund	Capital Projects Fund	Fiduciary Fund
Transfers Out			
Utility Enterprise Fund	\$ 400,000	\$ 327,000	\$ -
General Fund	\$ -	\$ -	\$ 1,000

The transfers from the Utility Enterprise Fund to the General Fund (\$400,000) and Capital Projects Fund (\$327,000) were made during 2014 pursuant to the policies adopted by the City Council which commits/allocates the net available revenue (after operating expenses) of the raw water operations within the Utility Enterprise Fund to certain operational expenditures (General Fund) and capital outlay (Capital Projects Fund).

The transfer from the General Fund to the Fiduciary Fund (\$1,000) represents a contribution for long-term cemetery reserve.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - CAPITAL ASSETS

Changes in governmental capital assets for the year ended December 31, 2014, follow:

	Balance at December 31, 2013	Additions and Transfers	Retirements and Transfers	Balance at December 31, 2014
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 101,841	\$ 52,569	\$ -	\$ 154,410
Capital assets, not being depreciated	<u>101,841</u>	<u>52,569</u>	<u>-</u>	<u>154,410</u>
Capital assets, being depreciated:				
Buildings and improvements	1,316,193	62,255	-	1,378,448
Machinery, equipment and computers	1,239,323	19,025	-	1,258,348
Infrastructure	<u>2,653,000</u>	<u>573,711</u>	<u>(480,410)</u>	<u>2,746,301</u>
Capital assets, being depreciated	<u>5,208,516</u>	<u>654,991</u>	<u>(480,410)</u>	<u>5,383,097</u>
Less accumulated depreciation for:				
Buildings and improvements	(377,142)	(33,164)	-	(410,306)
Machinery, equipment and computers	(1,145,383)	(39,653)	-	(1,185,036)
Infrastructure	<u>(394,890)</u>	<u>(43,483)</u>	<u>-</u>	<u>(438,373)</u>
Accumulated depreciation	<u>(1,917,415)</u>	<u>(116,300)</u>	<u>-</u>	<u>(2,033,715)</u>
Capital assets, net of accumulated depreciation	<u>3,291,101</u>	<u>538,691</u>	<u>(480,410)</u>	<u>3,349,382</u>
Governmental activities capital assets, net	<u><u>\$ 3,392,942</u></u>	<u><u>\$ 591,260</u></u>	<u><u>\$ (480,410)</u></u>	<u><u>\$ 3,503,792</u></u>
				<u>Governmental Activities</u>
General government				\$ 30,812
Public safety				21,889
Public works				<u>63,599</u>
Total depreciation expense				<u><u>\$ 116,300</u></u>

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Changes in business-type capital assets for the year ended December 31, 2014, follow:

	<u>Balance at December 31, 2013</u>	<u>Additions and Transfers</u>	<u>Retirements and Transfers</u>	<u>Balance at December 31, 2014</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land and water rights	\$ 85,927	\$ -	\$ -	\$ 85,927
Capital assets, not being depreciated	<u>85,927</u>	<u>-</u>	<u>-</u>	<u>85,927</u>
Capital assets, being depreciated:				
Machinery, equipment and computers	305,084	8,647	-	313,731
Infrastructure	953,948	51,574	-	1,005,522
Water plant and systems	2,870,436	626,929	(242,751)	3,254,614
Wastewater plant and systems	5,800,196	67,075	-	5,867,271
Capital assets, being depreciated	<u>9,929,664</u>	<u>754,225</u>	<u>(242,751)</u>	<u>10,441,138</u>
Less accumulated depreciation for:				
Machinery, equipment and computers	(214,216)	(45,889)	-	(260,105)
Infrastructure	(281,729)	(24,275)	-	(306,004)
Water plant and systems	(1,909,385)	(97,186)	-	(2,006,571)
Wastewater plant and systems	(2,147,936)	(195,935)	-	(2,343,871)
Accumulated depreciation	<u>(4,553,266)</u>	<u>(363,285)</u>	<u>-</u>	<u>(4,916,551)</u>
Capital assets, net of accumulated depreciation	<u>5,376,398</u>	<u>390,940</u>	<u>(242,751)</u>	<u>5,524,587</u>
Business-type activities capital assets, net	<u>\$ 5,462,325</u>	<u>\$ 390,940</u>	<u>\$ (242,751)</u>	<u>\$ 5,610,514</u>

	<u>Business-Type Activities</u>
Water	\$ 164,522
Wastewater	<u>198,763</u>
Total depreciation expense	<u>\$ 363,285</u>

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 6 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the City's long-term obligations for the year ended December 31, 2014:

	<u>Balance at December 31, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2014</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
1 Capital lease - City Hall	\$ 69,000	\$ -	\$ 69,000	\$ -	\$ -
Total governmental activities	<u>69,000</u>	<u>-</u>	<u>69,000</u>	<u>-</u>	<u>-</u>
<u>Business type activities:</u>					
2 Colorado Water Conservation Board Loan - Dam #2	354,605	-	29,879	324,726	31,000
3 U.S. Department of Agriculture Rural Development Loan - Sewer Treatment Plant construction	730,400	-	21,500	708,900	22,500
4 Colorado Water Resource and Power Authority Loan - Water Treatment Plant improvements	<u>56,600</u>	<u>-</u>	<u>28,300</u>	<u>28,300</u>	<u>28,300</u>
Total business type activities	<u>1,141,605</u>	<u>-</u>	<u>79,679</u>	<u>1,061,926</u>	<u>81,800</u>
Total long-term obligations	<u>\$ 1,210,605</u>	<u>\$ -</u>	<u>\$ 148,679</u>	<u>\$ 1,061,926</u>	<u>\$ 81,800</u>

The details of the City's governmental long-term obligation as of December 31, 2014, are as follows:

Capital Lease Agreement – City Hall

The City entered into a lease agreement for the remodeling of City Hall. This lease agreement is treated as a capital lease as the title transfers at the end of the lease. The improvements have been recorded at the total value of the minimum lease payments, totalling \$160,000, at the inception of the lease. The lease requires annual minimum payments, payable in October of each year through October 2018. The lease was paid in full as of December 31, 2014.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

The details of the City's business-type long-term obligations as of December 31, 2014, are as follows:

Colorado Water Conservation Board (CWCB) Loan

In 2001, the City obtained a loan from CWCB in the amount of \$600,000 for the rehabilitation of Dam #2. The loan bears interest at 3.75% and requires annual payment of \$43,177 for a period of 20 years. Additionally, the loan requires funding of a debt service reserve of \$43,177. The City has funded the required debt service reserve as of December 31, 2014, which is included in the *Restricted* net position component of the business-type activities in the Statement of Net Position.

Annual debt service requirements on the CWCB loan are as follows:

Year	Colorado Water Conservation Board Loan		
	Principal	Interest	Total
2015	\$ 31,000	\$ 12,177	\$ 43,177
2016	32,162	11,015	43,177
2017	33,369	9,808	43,177
2018	34,620	8,557	43,177
2019	35,918	7,259	43,177
2020-2023	157,657	15,054	172,711
	<u>\$ 324,726</u>	<u>\$ 63,870</u>	<u>\$ 388,596</u>

U.S. Department of Agriculture – Rural Development Loan

In 1994, the City obtained a loan from the U.S. Department of Agriculture – Rural Development in the amount of \$1,000,000 for the construction of the sewer treatment plant. The loan bears interest at 4.50% and requires the restriction of cash equal to the following year's debt service payment. The City has restricted \$55,838 as of December 31, 2014. The restricted cash or required reserve was included in the *Restricted* net position component of the business-type activities in the Statement of Net Position. Payments are due semi-annually in May and November.

**CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 6 - LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements on the Rural Development loan are as follows:

Year	U.S. Department of Agriculture - Rural Development Loan		
	Principal	Interest	Total
2015	\$ 22,500	\$ 31,651	\$ 54,151
2016	23,500	30,627	54,127
2017	24,500	29,558	54,058
2018	25,700	28,442	54,142
2019	26,900	27,272	54,172
2020-2024	153,800	116,872	270,672
2025-2029	192,100	78,543	270,643
2030-2034	239,900	30,672	270,572
	<u>\$ 708,900</u>	<u>\$ 373,637</u>	<u>\$ 1,082,537</u>

Colorado Water Resource and Power Development Authority (CWRPDA) Loan

On June 17, 2005, the City entered into a loan agreement with CWRPDA for the completion of improvements to the water treatment plant. The loan was for \$283,000 and bears no interest. Semi-annual payments of \$14,150 commenced on June 1, 2006. The loan agreement requires rate covenant equal to the operations and maintenance expenses plus 110% of annual debt service payment on this loan plus any parity debt. The loan agreement also requires a reserve requirement equal to three months of budgeted operations and maintenance. The City has funded the reserve requirement in the amount of \$113,788 as of December 31, 2014, which is included in the *Restricted* net position component of the business-type activities in the Statement of Net Position.

Annual debt service requirements on the CWRPDA loan are as follows:

Year	Colorado Water Resource and Power Development Authority Loan		
	Principal	Interest	Total
2015	\$ 28,300	\$ -	\$ 28,300
	<u>\$ 28,300</u>	<u>\$ -</u>	<u>\$ 28,300</u>

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 - NET POSITION

The City has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, capital leases and other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2014, the City had net investment in capital assets calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets, net	\$ 3,503,792	\$ 5,610,514
Current portion of long-term obligations	-	(81,800)
Noncurrent portion of long-term obligations	-	(980,126)
Net investment in capital assets	<u>\$ 3,503,792</u>	<u>\$ 4,548,588</u>

The restricted component of net position consist of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. As of December 31, 2014, the City had restricted net position as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>
Restricted net position:			
Emergency reserve		\$ 28,000	
Conservation Trust		<u>13,714</u>	
		<u>\$ 41,714</u>	
Restricted net position:			
CWCB Loan - Required reserve		\$ 43,177	
U.S. Department of Agriculture Loan - Required reserve		55,838	
CWRPDA Loan - Required reserve		<u>113,788</u>	
		<u>\$ 212,803</u>	

As of December 31, 2014, the City's unrestricted net position totaled \$1,570,136.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 - COMMITMENTS, CONTINGENCIES AND ECONOMIC DEPENDENCY

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or Capital Projects Fund. However, in the opinion of the City, any such disallowed claims will not have a material effect on the financial statements of the individual fund type or on the overall financial position of the City at December 31, 2014.

The City has only one major employer within its City limits, the Cripple Creek & Victor Gold Mining Company, which accounts for a significant portion of the City's utility fees revenue.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self insurance pool created by intergovernmental agreement to provide property, liability and workers' compensation coverage to its members. CIRSA is governed by a seven member Board elected by and from its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Settled claims have not exceeded insurance coverage in the last three years.

NOTE 10 - TAX, SPENDING, REVENUE AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

CITY OF VICTOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 10 - TAX, SPENDING, REVENUE AND DEBT LIMITATIONS (CONTINUED)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2014, the City has reserved \$28,000 for emergencies.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VICTOR
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2014

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Federal grants	\$ 12,000	\$ -	\$ (12,000)
State grants	722,371	393,756	(328,615)
Other grants and contributions	133,000	53,173	(79,827)
Net investment income	1,000	1,666	666
Total revenues	<u>868,371</u>	<u>448,595</u>	<u>(419,776)</u>
EXPENDITURES			
Land purchase	50,000	52,569	(2,569)
Capital improvements - General	443,450	239,903	203,547
Capital equipment - General	24,000	47,781	(23,781)
Capital improvements - Raw water	100,000	27,568	72,432
Capital improvements - Treated water	365,200	404,667	(39,467)
Capital equipment - Treated water	8,000	146	7,854
Capital improvements - Wastewater	13,000	11,200	1,800
Capital equipment - Wastewater	37,500	8,647	28,853
Total expenditures	<u>1,041,150</u>	<u>792,481</u>	<u>248,669</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(172,779)</u>	<u>(343,886)</u>	<u>(171,107)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	327,000	327,000	-
Total other financing sources (uses)	<u>327,000</u>	<u>327,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	154,221	(16,886)	(171,107)
FUND BALANCES - BEGINNING OF YEAR	<u>775,624</u>	<u>822,271</u>	<u>46,647</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 929,845</u></u>	<u><u>\$ 805,385</u></u>	<u><u>\$ (124,460)</u></u>

CITY OF VICTOR
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
PROPRIETARY FUND - UTILITY ENTERPRISE FUND
Year Ended December 31, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
OPERATING REVENUES				
Raw water sales	\$ 830,000	\$ 830,000	\$ 977,204	\$ 147,204
Raw water miscellaneous sales	138,000	138,000	142,998	4,998
Raw water wheeling and storage fees	20,300	20,300	31,659	11,359
Treated water sales - Residential	60,000	60,000	60,662	662
Treated water sales - Commercial	12,000	12,000	12,003	3
Wastewater sales - Residential	117,600	117,600	118,070	470
Wastewater sales - Commercial	25,975	25,975	24,519	(1,456)
Liquid waste disposal fees	27,500	27,500	34,300	6,800
Total operating revenues	1,231,375	1,231,375	1,401,415	170,040
OPERATING EXPENSES				
General and administration				
Treated water - Salaries and benefits	174,881	174,881	171,774	3,107
Treated water - Dues and memberships	270	270	263	7
Treated water - Travel and training	500	500	52	448
Wastewater - Salaries and benefits	174,881	174,881	171,773	3,108
Wastewater - Dues and memberships	-	-	38	(38)
Wastewater - Travel and training	500	500	1,200	(700)
Audit and accounting	10,000	10,000	8,677	1,323
General engineering	4,000	4,000	-	4,000
Legal	2,000	2,000	420	1,580
Insurance	13,496	13,496	13,302	194
Other professional services	5,000	5,000	1,697	3,303
Raw water				
Legal and engineering services	10,000	10,000	66,000	(56,000)
Purchased water	138,000	138,000	131,081	6,919
Dam maintenance	3,500	3,500	-	3,500
Storage fees	22,000	22,000	31,319	(9,319)
Treated water				
Collection and distribution lines repair	5,500	5,500	8,226	(2,726)
Equipment maintenance, repair, oil and fuel	8,500	8,500	9,991	(1,491)
Building facility maintenance	2,000	2,000	174	1,826
Fixture maintenance	2,500	2,500	1,114	1,386
Lab analysis and chemicals	4,500	4,500	8,116	(3,616)
Utilities	13,400	13,400	15,967	(2,567)
Equipment rentals and sanitation	1,500	1,500	617	883
Technical support	3,000	3,000	4,416	(1,416)
Tools and equipment	2,750	2,750	6,284	(3,534)
Permit fees	100	100	200	(100)
Miscellaneous/contingency	6,900	6,900	2,799	4,101

(Continued)

CITY OF VICTOR
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET AND ACTUAL
PROPRIETARY FUND - UTILITY ENTERPRISE FUND
Year Ended December 31, 2014

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Wastewater				
Collection and distribution lines repair	2,500	2,500	3,730	(1,230)
Equipment maintenance, repair, oil and fuel	8,500	8,500	9,966	(1,466)
Building facility maintenance	2,000	2,000	527	1,473
Fixture maintenance	5,000	5,000	3,250	1,750
Lab analysis and chemicals	14,000	14,000	14,937	(937)
Sludge hauling	11,000	11,000	11,796	(796)
Utilities	16,900	16,900	14,118	2,782
Technical support	3,000	3,000	4,236	(1,236)
Tools and equipment	3,600	3,600	3,297	303
Permit fees	1,515	1,515	1,515	-
Miscellaneous/contingency	2,925	21,370	1,956	19,414
Total operating expenses	680,618	699,063	724,828	(25,765)
OPERATING INCOME (LOSS)	550,757	532,312	676,587	144,275
OTHER INCOME (EXPENSES)				
Treated water - Capital replacement fees	30,000	30,000	30,292	292
Treated water - Physical connection fees	-	-	2,281	2,281
Wastewater - Capital replacement fees	12,900	12,900	12,999	99
Net investment income	2,350	2,350	5,874	3,524
Debt service:				
Treated water - Principal and interest payment	(99,778)	(99,778)	(71,477)	28,301
Wastewater - Principal and interest payments	(54,159)	(54,159)	(54,130)	29
Net other income (expenses)	(108,687)	(108,687)	(74,161)	34,526
NET INCOME (LOSS) BEFORE TRANSFERS	442,070	423,625	602,426	178,801
TRANSFERS				
Transfers to other funds	(727,000)	(727,000)	(727,000)	-
Net transfers	(727,000)	(727,000)	(727,000)	-
CHANGE IN NET POSITION -				
BUDGET BASIS	\$ (284,930)	\$ (303,375)	(124,574)	\$ 178,801
BUDGET TO GAAP BASIS ADJUSTMENTS:				
Debt payments - Principal			79,679	
Interest expense accrued			(978)	
Depreciation			(363,285)	
Other			3,447	
Capital assets transferred from Governmental Fund			511,474	
CHANGE IN NET POSITION - GAAP BASIS			105,763	
NET POSITION - BEGINNING OF YEAR			5,229,397	
NET POSITION - ENDING OF YEAR			\$ 5,335,160	

STATE COMPLIANCE SECTION

LOCAL HIGHWAY FINANCE REPORT

City or County:

YEAR ENDING :
December 2014

This Information From The Records Of (example - City of _ or County of _
City of Victor

Prepared By:
Phone:

Debra Downs

719-689-5641

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	222,728
3. Other local imposts (from page 2)	4,645
4. Miscellaneous local receipts (from page 2)	10,000
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	237,373
B. Private Contributions	
C. Receipts from State government (from page 2)	169,747
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	407,120

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	70,750
2. Maintenance:	149,551
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	37,388
c. Other	
d. Total (a. through c.)	37,388
4. General administration & miscellaneous	
5. Highway law enforcement and safety	149,431
6. Total (1 through 5)	407,120
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	407,120

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
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
	0	407,120	407,120		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

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	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	10,000
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	4,645	g. Other Misc. Receipts	
6. Total (1. through 5.)	4,645	h. Other	
c. Total (a. + b.)	4,645	i. Total (a. through h.)	10,000
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	18,536	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	2,115	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	148,358	e. U.S. Corps of Engineers	
e. Other (Specify) Teller Shareback	738	f. Other Federal	
f. Total (a. through e.)	151,211	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	169,747	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
b. Engineering Costs		70,750	70,750
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	70,750	70,750
		(Carry forward to page 1)	

Notes and Comments: