

City of Fort Lupton Colorado



Financial Statements Year Ended December 31, 2012

CITY OF FORT LUPTON

FIANCIAL STATEMENTS & NOTES
For the Year Ended December 31, 2012

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CITY OF FORT LUPTON

FIANCIAL STATEMENTS & NOTES
For the Year Ended December 31, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of Fort Lupton for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City of Fort Lupton's assets exceeded liabilities by \$56.93 million at the end of 2012. Of this amount, \$1.98 million may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$54.95 million is invested in capital assets or restricted by law.
- The City's General Fund balance was \$3.5 million as of December 31, 2012; which is an decrease of \$.04 million from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements for non-major funds, and individual fund statements.

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

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

The *statement of activities* presents information showing how the government's assets changed during the 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 the statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). Fort Lupton's governmental activities include general government, public safety, public works, parks and recreation, and other auxiliary services. The business type activities include water treatment, sewage treatment, recreation center, and a golf course.

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. Fort Lupton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Fort Lupton can be divided into two categories: governmental funds, and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same function 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 on the balance 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*.

Fort Lupton maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance for General Fund and Water Sales Tax, which are considered to be major funds. Data from the other six funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in the report.

The basic governmental fund financial statements can be found from pages 6 through 9 of this report.

Proprietary Funds. Fort Lupton maintains three operations that are considered enterprise in nature. The three *Enterprise funds* are the Recreation Center, Utility Fund and the Golf Fund that are presented in the *business-type activities* in the government-wide financial statements.

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 the Recreation Center, Utility Fund and the Golf Fund, which are all considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 10 through 13 of this report.

Budget Comparisons. Fort Lupton adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all major governmental and enterprise funds on pages 37 through 41, and pages 46 through 49 respectively of this report. Budget to actual comparisons for each of the non-major funds are provided on pages 42 through 45 of this report.

Notes to 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 statement can be found on pages 14 through 36 of this report.

Other Information. The state required reports include the Local Highway Financial Report follows the required supplementary section on page 50 through 51.

CITY-WIDE FINANCIAL ANALYSIS

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December, 31, 2012, assets exceeded liabilities by \$56.93 million.

The following table provides a summary of the City's governmental and business-type net position for 2012.

Table 1
Net Position
(in millions)

	Governmental Activities	Business-type Activities	2012 Total	2011 Total
Assets				
Current and other assets	\$ 5.83	\$ 3.77	\$ 9.60	\$ 8.86
Capital Assets	25.42	56.95	82.37	81.76

	Governmental Activities	Business-type Activities	2012 Total	2011 Total
Total Assets	\$31.25	\$60.72	\$91.97	\$90.62
Liabilities				
Current and other liabilities	\$ 1.75	\$12.89	\$14.64	\$14.28
Long term liabilities	.10	20.29	20.39	21.77
Total liabilities	\$ 1.85	\$33.18	\$35.03	\$36.05
Net position				
Invested in capital assets, net of related debt	\$25.42	\$25.52	\$50.94	\$48.72
Restricted	2.23	1.62	3.85	4.74
Unrestricted	1.75	.39	2.14	1.11
Total net position	\$29.40	\$27.53	\$56.93	\$54.57

A portion of the City's net position (3.47%) represents unrestricted net position of \$1.98 million, which may be used to meet ongoing obligations to citizens and creditors.

A portion (.24%) of the City's assets have been committed by resolution passed by council for a specific purpose.

A very small portion of the City's assets (0.02%) have been assigned by council for a specific purpose but are neither restricted nor committed.

A significant portion of the City of Fort Lupton's net position (89.5%) reflects its investment in capital assets. These assets include land, buildings, machinery, equipment, and infrastructure. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Another small portion of the City's net position (6.76%) represents resources that are subject to external restrictions and City ordinance on how they may be used. 2.84% of the funds are restricted for the payment of debt. 2.84% of the funds have been legally restricted by ordinance for the purchase and maintenance of infrastructure. 0.52% of funds have been restricted by ordinance for use in parks and recreation. 0.2% of funds are restricted for perpetual care of the cemetery. 0.36% of the funds have been restricted by the State of Colorado Conservation Trust Fund for use in parks and recreation.

Changes in Net Position. Governmental and Business-type activities decreased the City's net position by \$2.359 million in 2012. The following table indicates the changes in net position for governmental and business-type activities in 2012.

Table 2
Changes in Net Position
(in millions)

	Governmental Activities	Business- Type Activities	2012 Total	2011 Total
Revenues				
Program revenues:				
Charges for Service, Sales, & Fines	(0.02)	0.50	0.48	0.85
Operating grants, & contributions	0.00		0.00	0.03
Capital Grants and Contributions	0.05	(0.10)	0.06	(0.84)
General revenue:				
Sales tax	0.51		0.51	0.17
Property taxes	0.01	(0.01)	0.00	0.11
Other taxes	(0.17)		(0.17)	0.11
Other revenue	0.25	0.54	0.79	(0.37)
Total revenue	<u>0.63</u>	<u>0.92</u>	<u>1.55</u>	<u>0.06</u>
Expenses				
General government	0.20		0.20	0.41
Public safety	(0.05)		(0.10)	(0.46)
Public works	0.09		0.10	(0.12)
Culture, parks, recreation	0.09	(0.27)	(0.20)	0.08
Other	1.17	0.03	1.20	0.17
Utilities		0.41	0.40	0.37
Storm Water Drainage		0.00	0.00	0.00
Golf		(0.13)	(0.01)	0.06
Total expenses	<u>1.50</u>	<u>0.01</u>	<u>1.50</u>	<u>0.52</u>
Increase (decrease) in net position	<u>2.12</u>	<u>0.93</u>	<u>3.05</u>	<u>(0.45)</u>

Governmental Activities. Governmental activities increased the City of Fort Lupton's net position by \$2.12 million in 2012. Key elements of this increase are as follows:

- Total revenues were \$7.12 million, up 1.5% from 2011 primarily in tax revenue.
- Expenses totaled \$7.44 million. This represents a 25.2% increase primarily in investment in infrastructure.

Business-type Activities. The City of Fort Lupton increased in net position of \$0.93 million in business-type activities in 2012. The key elements are as follows:

- Revenues had a 17.3% increase from 2011 primarily in capital grants.
- Expenses were up \$0.007 million from 2011, which equates to 0.10%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds Overview. The focus of the City 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 balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2012, the combined ending fund balance of the City government funds was \$3.06 million, with only \$2.23 million reserved, which is available as working capital and for current spending in accordance with the purposes of specific funds.

The City has two major governmental funds. These are 1) General Fund, 2) Culture Parks and Recreation Fund...

1. **General Fund.** This is the primary operating fund of the City of Fort Lupton Government. It accounts for many of the City's core services, such as law enforcement, legal and court, public works, planning, finance and administration. The general fund balance was \$3.50 million as of December 31, 2012, of which \$1.62 million was unreserved. The 2012 fund balance decreased by \$.05 million. This fund generates a 1% sales tax reserved for the operation and maintenance of the water treatment facility, as well as purchase of water for future needs. The fund also collects a ½ % sales tax reserved for street improvements and maintenance. The water and street sales tax accounts for 89 % of the \$1.62 million reserved in the general fund.
2. **Culture Parks & Recreation Fund.** This fund also generates 1/2% sales tax as well as generating revenue through charges for service. Overall, revenue exceeded expenditures by \$81,526, which helped this fund slightly. Ending Fund balance of \$295,911 is insufficient to carry the fund forward without infusion from other sources.

PROPRIETARY FUNDS OVERVIEW

The City's proprietary fund statements provide the same information found in the government-wide statements, but in more detail. The City has four enterprise-type funds. These are 1) Utility Enterprise Fund, 2) Storm Water Drainage Fund, 3) Golf Course Fund, and 4) Recreation Center Fund.

1. **Utility Enterprise Fund.** This fund generates revenue through billings for water and sewer usage in the incorporated area of Fort Lupton. Funds are utilized for the maintenance of the sewer treatment plant, water treatment plant, and the various water and sewer infrastructure for the City. The net position for this fund were at \$32.9 million, up \$1.12 million from 2011, with 55.9% of the assets obligated to debt service.
2. **Storm Water Drainage Fund –** This fund was created to address storm water issues in the City and has accumulated \$600,557 for this purpose by year end.
3. **Golf Course Fund.** This fund accounts for the operation of the Coyote Creek Golf Course, which is a City owned. The operation of the course is outsourced to a private concern. The City defaulted on the Revenue Bonds for the golf course in 2001, as the operational profits in the original plan were never realized. The net position were at (\$5.86) million as of December 31, 2012 which continues to be a concern for the City administration
4. **Recreation Center Fund.** The recreation center opened in 2004 and provides various activities for the citizenry of all ages. At year end the net position totaled (\$.103) million, up \$44,369 from 2011. Efforts are under way to resurrect this fund in 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

In December of 2012, the Council appropriated \$5.83 million for general fund expenditures and other financing uses, no reserves. The budget was amended to include an additional \$0.57 million in expenditures.

Table 3
2012 General Fund Budget
(in millions)

	Original Budget	Amendments	Final Budget	Actual
Revenue and other Financing Sources	\$6.74	(\$.13)	\$6.61	\$6.51
Expenditures and other financing uses	\$5.83	\$0.57	\$6.40	\$5.74

Actual expenditures were within the budgetary limits. The ending fund balance decreased \$45,933 from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

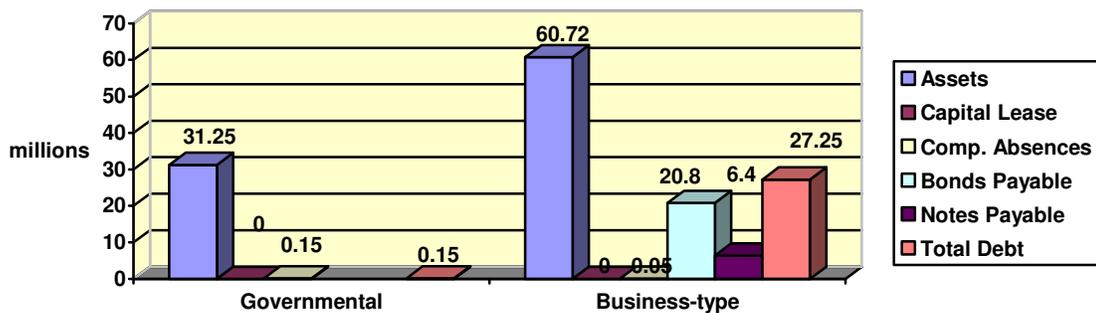
Capital Assets. The City of Fort Lupton’s investment in capital assets for its governmental and business-type activities as of December 31, 2012 totals \$82.38 million (net of accumulated depreciation). This investment includes land, buildings, machinery, equipment, and infrastructure. The increase in investment in capital assets for the current fiscal year was \$0.61 million.

Additional information on the City’s capital assets can be found in Note 6 of this report.

Long-Term debt. At December 31, 2012, the City of Fort Lupton had outstanding long-term debt totaling \$20.39 million. This debt consists of: 1) bonds payable; 2) notes payable; 3) capital leases; and 4) compensated absences payable.

A debt limit is not imposed by the State of Colorado, but it is measured by the worth of the entity. Below is a graphic presentation of each of the debt segments compared to the assets of the City segregated into governmental and business-type activities:

Table 4
Debt compared to Asset
(in millions)



Additional information on the City’s debt can be found in Notes 6 through 8.

Other matters: The following factors are expected to have a significant effect on the City’s financial position or results of operations and were taken into account in developing the 2012 budget.

- Fort Lupton experienced a slight increase in growth in 2012 and has experienced signs of significant economic improvement due in large to the oil and gas industry. As future growth

- occurs it will cause increased demands in all service areas of the City, especially in the infrastructure to service new areas with roads, water supply and sewer capacity.
- The Planning director continues to work with landowners as the annexation demand is increasing monthly. He continues to assist developers in their site plan review process to assure proper infrastructure is in place on each annexation.
 - The City Council is supportive of the development plan for the City, which will position us well for the upcoming growth and development that Fort Lupton should experience.
 - All full-time positions are under vacancy review and a merit pay increase plan has been put in place for 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Fort Lupton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or for additional financial information should be addressed to the City Administrator, 130 South McKinley Avenue, Fort Lupton, CO 80621.

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Fort Lupton, 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 Fort Lupton, Colorado as of and for the years ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit 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 Fort Lupton, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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, the budgetary comparison information of the general fund and major special revenue funds listed as Required Supplementary Information 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 the City Fort Lupton, Colorado's basic financial statements. The non-major fund schedules, enterprise funds budgetary comparison schedules, and Local High Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund schedules, enterprise funds budgetary comparison schedules, and Local High Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor fund financial schedules, enterprise funds budgetary comparison schedules and Local Highway Finance Report are fairly stated in all material respects in relation to the financial statements as a whole.

Johnson and Associates

Centennial, Colorado

April 23, 2013

— CITY OF —

Fort Lupton
EST 1836

COME PAINT YOUR FUTURE WITH US

CITY OF FORT LUPTON, COLORADO

STATEMENT OF NET POSITION

December 31, 2012

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,654,562	\$ (498,970)	\$ 3,155,592
Restricted cash	-	1,607,583	1,607,583
Investments	-	214,296	214,296
Receivables:			
Accounts	290,703	490,511	781,214
Sales taxes	406,394	-	406,394
Property taxes	1,469,965	1,251,008	2,720,973
Prepaid expenses	5,719	95,628	101,347
Other assets	-	605,529	605,529
Total Current Assets	<u>5,827,343</u>	<u>3,765,585</u>	<u>9,592,928</u>
LONG-TERM ASSETS			
Capital assets			
Nondepreciable capital assets	9,486,403	16,288,049	25,774,452
Depreciable capital assets, net	15,936,913	40,665,663	56,602,576
Total Long-term Assets	<u>25,423,316</u>	<u>56,953,712</u>	<u>82,377,028</u>
Total Assets	<u>31,250,659</u>	<u>60,719,297</u>	<u>91,969,956</u>
 <u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts Payable	106,285	170,105	276,390
Contingent Liabilities	5,208	9,266	14,474
Accrued expenses	76,672	4,431,059	4,507,731
Unearned revenue	1,523,215	1,257,009	2,780,224
Bonds payable - Current	-	7,011,613	7,011,613
Compensated absences - Current	40,665	14,178	54,843
Total Current Liabilities	<u>1,752,045</u>	<u>12,893,230</u>	<u>14,645,275</u>
LONG-TERM LIABILITIES			
Bonds payable - Long Term	-	13,664,804	13,664,804
Bonds premiums - Long Term	-	125,195	125,195
Notes payable - Long Term	-	6,463,857	6,463,857
Compensated absences payable	104,567	36,457	141,024
Total Long-term Liabilities	<u>104,567</u>	<u>20,290,313</u>	<u>20,394,880</u>
Total Liabilities	<u>1,856,612</u>	<u>33,183,543</u>	<u>35,040,155</u>
NET POSITION			
Invested in capital assets, net of related debt	25,423,316	25,524,613	50,947,929
Restricted	2,233,960	1,616,906	3,850,866
Unrestricted	1,736,771	394,235	2,131,006
Total Net Position	<u>\$ 29,394,047</u>	<u>\$ 27,535,754</u>	<u>\$ 56,929,801</u>

CITY OF FORT LUPTON, COLORADO

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

Functions	Expenses	Program Revenues		
		Charges for Services, Sales and Fines	Operating Grants, and Contributions	Capital Grants, and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,649,002	\$ 124,611	\$ 100,195	\$ 164,740
Public Safety	1,132,846	290,970	182	-
Public Works	1,232,748	343,635	-	-
Culture, Parks and Recreation	902,575	80,132	78,646	-
Other	527,565	-	-	-
Total Governmental Activities	5,444,736	839,348	179,023	164,740
BUSINESS-TYPE ACTIVITIES				
Utilities	3,534,405	4,498,327	-	-
Storm Water Drainage	14,884	107,887	-	-
Golf	983,607	916,153	-	1,000
Recreation	1,051,829	348,839	-	-
Interest	1,057,081	-	-	-
Other	50,196	-	-	-
Total Business Activities	6,692,002	5,871,206	-	1,000
Total	\$ 12,136,738	\$ 6,710,554	\$ 179,023	\$ 165,740

GENERAL REVENUES

Sales and use tax
 Property taxes
 Specific ownership tax
 Franchise tax
 Transportation taxes
 Severance taxes
 Motor Vehicle
 Investment earnings
 Transfer
 Miscellaneous

Total General Revenues

CHANGE IN NET POSITION

NET POSITION, Beginning of Year

NET POSITION, End of Year

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,259,456)	\$ -	\$ (1,259,456)
(841,694)	-	(841,694)
(889,113)	-	(889,113)
(743,797)	-	(743,797)
<u>(527,565)</u>	<u>-</u>	<u>(527,565)</u>
<u>(4,261,625)</u>	<u>-</u>	<u>(4,261,625)</u>
-	963,922	963,922
-	93,003	93,003
-	(66,454)	(66,454)
-	(702,990)	(702,990)
-	(1,057,081)	(1,057,081)
-	(50,196)	(50,196)
<u>-</u>	<u>(819,796)</u>	<u>(819,796)</u>
<u>(4,261,625)</u>	<u>(819,796)</u>	<u>(5,081,421)</u>
2,970,656	-	2,970,656
1,410,597	871,184	2,281,781
179,581	-	179,581
334,548	-	334,548
325,170	-	325,170
200,127	-	200,127
28,324	-	28,324
6,806	18,225	25,031
(404,342)	404,342	-
<u>478,296</u>	<u>616,485</u>	<u>1,094,781</u>
<u>5,529,763</u>	<u>1,910,236</u>	<u>7,439,999</u>
1,268,138	1,090,440	2,358,578
<u>28,125,909</u>	<u>26,445,314</u>	<u>54,571,223</u>
<u>\$ 29,394,047</u>	<u>\$ 27,535,754</u>	<u>\$ 56,929,801</u>

CITY OF FORT LUPTON, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2012

	<u>General</u>	<u>Sales Tax Culture, Parks, and Recreation Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 3,099,435	\$ 234,227	\$ 320,900	\$ 3,654,562
Receivables				
Accounts	226,841	63,862	-	290,703
Property Taxes	1,469,965	-	-	1,469,965
Sales Tax	361,338	45,056	-	406,394
Prepaid Expenses	5,670	-	49	5,719
Total Assets	<u>5,163,249</u>	<u>343,145</u>	<u>320,949</u>	<u>5,827,343</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	103,881	2,342	62	106,285
Accrued Expenses	73,598	2,892	182	76,672
Contingent Liabilities	5,208	-	-	5,208
Unearned Revenue	1,481,215	42,000	-	1,523,215
Total Liabilities	<u>1,663,902</u>	<u>47,234</u>	<u>244</u>	<u>1,711,380</u>
 FUND BALANCES				
Restricted	1,617,344	295,911	320,705	2,233,960
Unassigned	1,882,003	-	-	1,882,003
Total Fund Balances	<u>3,499,347</u>	<u>295,911</u>	<u>320,705</u>	<u>4,115,963</u>
Total Liabilities and Fund Balance	<u>\$ 5,163,249</u>	<u>\$ 343,145</u>	<u>\$ 320,949</u>	<u>\$ 5,827,343</u>

CITY OF FORT LUPTON, COLORADO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

December 31, 2012

TOTAL GOVERNMENTAL FUND BALANCE \$ 4,115,963

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

Cost	39,472,363	
Less accumulated depreciation	<u>(14,049,047)</u>	25,423,316

Liabilities, including compensated absences
not due and payable in the current
period and therefore are not reported in the funds:

Compensated absences	<u>(145,232)</u>	<u>(145,232)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 29,394,047

CITY OF FORT LUPTON, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 2012

	2012			2011	
	General	Sales Tax Culture, Parks, and Recreation Fund	Non Major Governmental	Total Governmental Fund	Total Governmental Fund
REVENUES					
Taxes & Assessments	\$ 4,212,929	\$ 376,229	\$ -	\$ 4,589,158	\$ 4,239,950
Licenses & Permits	131,636	-	-	131,636	151,975
Intergovernmental	803,828	-	74,150	877,978	747,953
Charges for Services	395,347	67,432	47,850	510,629	543,975
Fines & Forfeits	285,163	-	-	285,163	171,826
Other	683,869	23,751	15,034	722,654	765,327
Total Revenues	6,512,772	467,412	137,034	7,117,218	6,621,006
EXPENDITURES					
Current:					
General Government	1,616,154	-	62,177	1,678,331	1,480,055
Public Safety	1,103,279	-	-	1,103,279	1,157,474
Public Works	482,720	-	-	482,720	396,787
Culture, Parks & Recreation	-	723,720	-	723,720	626,472
Other	525,532	-	-	525,532	678,315
Capital Outlay	2,009,774	79,070	17,095	2,105,939	850,766
Total Expenditures	5,737,459	802,790	79,272	6,619,521	5,189,869
Excess (Deficiency) of Revenues Over Expenditures	775,313	(335,378)	57,762	497,697	1,431,137
Other Financing Sources (Uses)					
Transfers In	-	416,904	-	416,904	285,100
Transfers Out	(821,246)	-	-	(821,246)	(752,811)
Total Other Financing Sources (Uses)	(821,246)	416,904	-	(404,342)	(467,711)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(45,933)	81,526	57,762	93,355	963,426
FUND BALANCE, Beginning of Year	3,545,280	214,385	262,943	4,022,608	3,059,182
FUND BALANCE, End of Year	\$ 3,499,347	\$ 295,911	\$ 320,705	\$ 4,115,963	\$ 4,022,608

CITY OF FORT LUPTON, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE, OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

NET CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS \$ 93,355

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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Depreciation expense	(986,031)	
Disposal of Assets		
Capital	<u>2,155,571</u>	1,169,540

Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Balance @ 12/31/2010	150,475	
Balance @ 12/31/2011	<u>(145,232)</u>	5,243

Elimination of transfers between governmental funds

Transfers in	416,904	
Transfers out	<u>(416,904)</u>	<u>-</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,268,138

CITY OF FORT LUPTON, COLORADO

ENTERPRISE FUNDS
STATEMENT OF NET POSITION

December 31, 2012

<u>ASSETS</u>	<u>Utility Enterprise Fund</u>	<u>Storm Water Drainage Fund</u>	<u>Golf Course Fund</u>	<u>Recreation Center Fund</u>	<u>Total</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 9,904	\$ 252,280	\$ (15,464)	\$ (745,690)	\$ (498,970)
Investments	-	-	-	9,323	9,323
Accounts Receivable	474,122	11,244	-	1,256,153	1,741,519
Inventory	-	-	20,758	-	20,758
Prepaid Expenses	81,072	-	14,556	-	95,628
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	565,098	263,524	19,850	519,786	1,368,258
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted Cash	1,492,148	-	115,435	-	1,607,583
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL ASSETS					
Non Depreciable					
Land and Improvements	479,434	-	4,208,882	-	4,688,316
Water Rights	11,314,199	-	-	-	11,314,199
Construction in Progress	235,810	-	49,724	-	285,534
Depreciable					
Wells	775,746	-	-	-	775,746
Buildings	13,121,654	-	612,873	6,747,869	20,482,396
Utility System	31,586,069	338,080	-	-	31,924,149
Equipment	3,483,452	-	398,879	256,630	4,138,961
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	60,996,364	338,080	5,270,358	7,004,499	73,609,301
Less: Accumulated Depreciation	(13,219,514)	-	(1,348,990)	(2,087,085)	(16,655,589)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets	47,776,850	338,080	3,921,368	4,917,414	56,953,712
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Assets					
Bond Costs and Discount (Net)	154,489	-	70,189	84,691	309,369
Golf Bonds	204,973	-	-	-	204,973
Inclusion Fee	275,402	-	-	-	275,402
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Assets	634,864	-	70,189	84,691	789,744
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 50,468,960</u>	<u>\$ 601,604</u>	<u>\$ 4,126,842</u>	<u>\$ 5,521,891</u>	<u>\$ 60,719,297</u>

CITY OF FORT LUPTON, COLORADO

ENTERPRISE FUNDS

STATEMENT OF NET POSITION (Continued)

December 31, 2012

<u>LIABILITIES AND FUND EQUITY</u>	Utility Enterprise Fund	Storm Water Drainage Fund	Golf Course Fund	Recreation Center Fund	Total
Current Liabilities					
Bonds and Loans Payable	\$ 836,613	\$ -	\$ 5,800,000	\$ 375,000	\$ 7,011,613
Accounts Payable	138,099	77	11,205	20,724	170,105
Contingent Liabilities	-	-	9,266	-	9,266
Unearned Revenue	-	-	6,001	1,251,008	1,257,009
Compensated absences	31,657	970	-	18,008	50,635
Accrued Expenses	203,525	-	4,163,629	9,905	4,377,059
Total Current Liabilities	1,209,894	1,047	9,990,101	1,674,645	12,875,687
Long-Term Liabilities					
Loans Payable	6,463,857	-	-	-	6,463,857
Bonds Payable	9,839,804	-	-	3,825,000	13,664,804
Bond Premium	-	-	-	125,195	125,195
Payment in Lieu of Water	54,000	-	-	-	54,000
Total Long-Term Liabilities	16,357,661	-	-	3,950,195	20,307,856
Total Liabilities	17,567,555	1,047	9,990,101	5,624,840	33,183,543
Net Position					
Investment in Capital Assets, net of Related Debt	30,636,576	338,080	(6,042,261)	592,218	25,524,613
Unrestricted	772,681	262,477	63,567	(704,490)	394,235
Restricted	1,492,148	-	115,435	9,323	1,616,906
Total Net Position	32,901,405	600,557	(5,863,259)	(102,949)	27,535,754
Total Liabilities and Net Position	\$ 50,468,960	\$ 601,604	\$ 4,126,842	\$ 5,521,891	\$ 60,719,297

CITY OF FORT LUPTON, COLORADO

ENTERPRISE FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION

Year Ended December 31, 2012

	Utility Enterprise Fund	StormWater Drainage Fund	Golf Course Fund	Recreation Center Fund	Total
OPERATING REVENUES					
Charges for Services (Pledged for Debt)	\$ 3,967,996	\$ 107,887	\$ 724,185	\$ 338,302	\$ 5,138,370
Sales of Merchandise	-	-	190,565	-	190,565
Other Income	530,331	-	1,403	10,537	542,271
Total Operating Revenues	4,498,327	107,887	916,153	348,839	5,871,206
OPERATING EXPENSES					
Salaries and Benefits	360,219	13,730	292,268	447,316	1,113,533
Professional Fees	17,857	-	58,511	-	76,368
Contract Management	777,218	-	60,000	-	837,218
Insurance	59,366	-	21,488	21,309	102,163
Maintenance	166,514	430	84,863	36,001	287,808
Merchandise for Resale	-	-	96,011	1,330	97,341
Supplies	54,619	724	70,704	48,517	174,564
Utilities	264,529	-	87,162	128,675	480,366
Water Assessments	657,842	-	-	-	657,842
Depreciation and Amortization	1,083,910	-	85,190	239,917	1,409,017
Other	92,331	-	127,410	128,764	348,505
Total Operating Expenses	3,534,405	14,884	983,607	1,051,829	5,584,725
Net Operating Income (Loss)	963,922	93,003	(67,454)	(702,990)	286,481
NONOPERATING REVENUES (EXPENSES)					
Property Taxes (Pledged for Debt)	-	-	-	871,184	871,184
Investment Income (Loss)	3,111	147	29	14,938	18,225
Interest Expense	(836,857)	-	(81,461)	(138,763)	(1,057,081)
Administrative Fee - Trustee	(26,829)	-	(23,397)	-	(50,226)
Capital Expenditures	30	-	-	-	30
Enhancement Fees	-	-	1,000	-	1,000
Other	616,485	-	-	-	616,485
Total Nonoperating Revenues (Expenses)	(244,060)	147	(103,829)	747,359	399,617
Net Income (Loss) Before Transfers	719,862	93,150	(171,283)	44,369	686,098
Transfers In	404,342	-	-	-	404,342
Net Income (Loss)	1,124,204	93,150	(171,283)	44,369	1,090,440
NET POSITION, Beginning of Year	31,777,201	507,407	(5,691,976)	(147,318)	26,445,314
NET POSITION, End of Year	\$ 32,901,405	\$ 600,557	\$ (5,863,259)	\$ (102,949)	\$ 27,535,754

CITY OF FORT LUPTON, COLORADO

Statement of Cash Flows - All Proprietary Fund Types
For The Years Ended December 31, 2012

	Utilities Fund	StormWater Fund	Golf Fund	Recreation Center	Totals 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 4,471,837	\$ 108,387	\$ 928,995	\$ 727,652	\$ 6,236,871
Cash Paid to Suppliers	(1,945,887)	(1,134)	(613,480)	(373,586)	(2,934,087)
Cash Paid to Employees	(358,863)	(13,318)	(292,268)	(451,992)	(1,116,441)
Net Cash Provided by (Used In) Operating Activities	<u>2,167,087</u>	<u>93,935</u>	<u>23,247</u>	<u>(97,926)</u>	<u>2,186,343</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(778,801)	(22,113)	(49,724)	-	(850,638)
Proceeds from Transfers In	404,342	-	-	-	404,342
Principal Paid on Notes and Bonds	(1,184,187)	-	-	(373,911)	(1,558,098)
Interest Paid on Notes and Bonds	(836,857)	-	(115,082)	(138,763)	(1,090,702)
Administration Fees	(26,829)	-	-	10,965	(15,864)
Property Taxes	-	-	-	492,394	492,394
Other	616,485	-	-	-	616,485
Contributions	30	-	1,000	-	1,030
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(1,805,817)</u>	<u>(22,113)</u>	<u>(163,806)</u>	<u>(9,315)</u>	<u>(2,001,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	3,111	147	29	14,938	18,225
Net Cash Provided by (Used In) Investing Activities	<u>3,111</u>	<u>147</u>	<u>29</u>	<u>14,938</u>	<u>18,225</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	364,381	71,969	(140,530)	(92,303)	203,517
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,137,671</u>	<u>180,312</u>	<u>240,502</u>	<u>(644,064)</u>	<u>914,421</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>1,502,052</u></u>	<u><u>252,281</u></u>	<u><u>99,972</u></u>	<u><u>(736,367)</u></u>	<u><u>1,117,938</u></u>
Cash and Cash Equivalents	9,904	252,281	(15,463)	(745,690)	(498,968)
Restricted Cash	1,492,148	-	115,435	-	1,607,583
Investments	-	-	-	9,323	9,323
CASH AND CASH EQUIVALENTS, End of Year	<u>1,502,052</u>	<u>252,281</u>	<u>99,972</u>	<u>(736,367)</u>	<u>1,117,938</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating Income (Loss)	<u>963,922</u>	<u>93,003</u>	<u>(67,454)</u>	<u>(702,990)</u>	<u>286,481</u>
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Depreciation and Amortization	1,083,910	-	85,190	239,917	1,409,017
Changes in Assets and Liabilities:					
Accounts Receivable	(26,490)	500	214	23	(25,753)
Prepaid Expenses	(2,445)	-	(7,854)	-	(10,299)
Inventory	-	-	8,334	-	8,334
Accounts Payable	116,325	20	523	(8,050)	108,818
Accrued Expenses	31,865	412	-	(5,616)	26,661
Deferred Revenue	-	-	4,294	378,790	383,084
Total Adjustments	<u>1,203,165</u>	<u>932</u>	<u>90,701</u>	<u>605,064</u>	<u>1,899,862</u>
Net Cash Provided by (Used In) Operating Activities	<u><u>\$ 2,167,087</u></u>	<u><u>\$ 93,935</u></u>	<u><u>\$ 23,247</u></u>	<u><u>\$ (97,926)</u></u>	<u><u>\$ 2,186,343</u></u>

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fort Lupton was incorporated February 4, 1890. In compliance with the Colorado Revised Statutes, the City Council is the policy making legislative body of the City. Council is made up of six members from three wards. The Mayor is elected at large and can vote on all matters. Two-thirds vote of the Council is required to pass, change or veto any ordinance.

The accounting policies of Fort Lupton conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The determination to include separate governmental entities is based on the criteria of Governmental Accounting Standards Board (GASB) Statement 14. GASB Statement 14 defines the reporting entity as the primary government and those component units for which primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either A) the primary government must be able to impose its will, or B) the primary government may potentially benefit financially or be financially responsible for the component unit.

The financial statements of the City of Fort Lupton do not include any separately administered organizations, as there were none as defined in the aforementioned paragraph.

The City Council ratifies the appointments to the board for the Fort Lupton Housing Authority. Beyond that, the City has no other authority or association with the aforementioned entity.

Basis of Presentation

The objectives of the statements are to establish a basic financial reporting model that will result in greater accountability by governments, while providing more useful information to a wider range of users.

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with usage fees charged.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements (Continued)

activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets.

These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and the enterprise fund are reported in separate columns. The General Fund, Water and Street Sales Tax Funds, and Culture, Parks & Recreation Fund are major governmental funds. The Utilities Fund, Storm Drainage Fund, Golf Fund and Recreation Fund are major business-type activities funds.

Governmental Funds - Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are separate for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law to another fund are used to finance general operating expenditures.

Special Revenue Funds - Special Revenue Funds (Conservation Trust, Perpetual Care Cemetery, Memorial Trust Fund, and Sales Tax Culture, Parks, and Recreation) are established to account for revenues derived

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

from specific taxes or other restricted revenue sources which finance specific activities as required by law or administrative action.

Proprietary Funds: - All proprietary funds are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of the proprietary funds is on the measurement of net income (e.g., revenues, expenses). This measurement focus allows the proprietary fund to report all assets and liabilities associated with an activity.

Enterprise Funds - Enterprise Funds are established to account for the financing where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, the proprietary fund type is accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of this fund are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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

Statement of Cash Flows

For purposes of the comparative statement of cash flows, the City considers highly liquid investments with maturity of three months or less at date of purchase to be cash equivalents.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pooled Cash

The City has a single checking account for all cash transactions, with separate accounting into each fund. An overdraft in one fund will not result in returned checks with the single checking accounts. At December 31, 2012, the checking account of the City shows a positive bank balance. Any fund that issued checks in excess of its available funds from the checking account is treated as having borrowed cash from other funds.

The accounting and reporting applied to the fixed assets associated with a fund are determined by its measurement focus as discussed above.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets, including water rights, fire hydrants, water and sewer lines from sub-dividers and property owners, are recorded at estimated fair market value at the time received.

Acquisitions of capital assets are recorded as capital outlay expenditures within the governmental funds.

Capital assets used by proprietary funds are capitalized in the appropriate proprietary fund. Depreciation is charged as an expense against their operations and accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation has been provided using the straight-line method over the estimated useful lives as follows:

Plant and Improvements	50-100 years
Machinery and Equipment	5-10 years
Streets	20 years
Bridges	15 years

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include property taxes, specific ownership taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Basis of Accounting

Since property taxes are levied in December (i.e., there is a legal claim) for the next calendar year's operations, the total levy is reported as taxes receivable and deferred revenue.

Those revenues susceptible to accrual are property taxes, use tax, tobacco tax, highway user tax, and franchise fees. Sales taxes collected and held by the state for the current year on behalf of Fort Lupton are also recognized as revenue. Fines, permits and license revenues are not susceptible to accrual generally they are not measurable until received in cash.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Budget and Budgetary Accounting

Fort Lupton follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to October 15th the City Administrator submits the City Council a proposed operating budget for the next fiscal year commencing the following January 1st. The operating budget included proposed expenditures and the means of financing them.
- (2) Public hearings are conducted at a special meeting and at regular City Council meetings to obtain taxpayer comments.

Budget and Budgetary Accounting (Continued)

- (3) Prior to December 14th, the budget is legally enacted through passage of a resolution by the City Council.
- (4) The last date to certify tax levies to the County Commissioners is December 15th.
- (5) A certified copy of the budget must be filed with the State of Colorado Division of Local Government by January 30th. Additionally, through staff action budget amounts up to \$3,000 can be transferred among programs and departments within a fund; however, any revisions that alter the total expenditures of any fund or exceeds \$3,000 must be approved by the City Council through supplemental appropriations.
- (6) Formal budgetary integrations are employed as a management control device during the year for all funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(7) Budgets for the governmental funds and the proprietary funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(8) Unused appropriations lapse at the end of each fiscal year.

Property Taxes

Under Colorado law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are recognized as revenue when received by the County Treasurer. The 2010 fiscal year property tax calendar for Weld County was as follows:

Lien Date	January 1
Levy Date	December 29
Tax bills mailed	January 1
First installment due	February 28
Second installment due	June 15
If paid in full, due	April 30
Tax sale - 2010 delinquent property taxes	November 6

Accumulated Unpaid Vacation and Sick Leave

Under terms of City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee who was hired prior to February 14, 2001 is paid for accumulated vacation days up to a maximum of 30 days. They are also paid 50% of their accumulated sick leave up to a maximum of 90 days. An employee hired after February 14, 2001 is paid for accumulated vacation days up to a maximum of 30 days. They are paid 25% of accumulated sick leave up to a maximum of 90 days.

Inventory

Inventory is valued at cost (first-in, first-out) in the proprietary funds. Inventory in all other funds is not recorded, as it is not significant. The cost is recorded as expenditure when the individual inventory items are purchased.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statement, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Fund Balances are classified as follows:

- **Non-spendable** – Fund balances are reported as non-spendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Restricted** – Fund balances are reported as restricted when there are limitation imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has the authorized the City’s finance director to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balances only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position - Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted as described in the fund balance section above. All other net position are reported as unrestricted.

Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the City, these revenues are charges for services. Operating expenses are necessary costs incurred to provide the good or services.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated.

NOTE 2: CASH AND INVESTMENT

The City's cash, deposits and investments at December 31, 2012 are:

Type	Rating	Carrying Value
Deposit:		
Cash on hand		\$ 4,150
Demand deposits		1,312,090
Investments		
Wells Fargo Trust	AAAm by S & P	176,181
ColoTrust	AAAm by S & P	2,920,167
CSAFE	AAAm by S & P	464,613
Compass Bank	AAAm by S & P	100,270
Total deposits and investments		\$ 4,977,471
 Reconciliation to Statement of net position		
Current:		
Cash and cash equivalents		\$ 3,155,592
Restricted cash		1,607,583
Investments		214,296
Total deposits and investments		\$ 4,977,471

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include local government investment pools and obligations of the United States Government.

The City maintains a cash pool that is available for use by all funds except the deferred compensation plan. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash".

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash only in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by the financial institution. The eligible collateral is determined by the PDPA.

PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution and held in trust for all the uninsured public deposits as a group. Colorado State Statutes require the market value of the collateral to be at least 102 percent of the aggregate uninsured deposits.

NOTE 2: CASH AND INVESTMENT (Continued)

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The District places no limit on the amount the City may invest in any one issuer.

The City invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

The City invests in two investment pools, the Colorado Liquid Assets Trust (COLOTRUST) and Colorado Surplus Asset Fund Trust (CSAFE). COLOTRUST and CSAFE operate under the Colorado Revised Statutes (24-75-701) and are overseen by Colorado Securities Commissioner. The pool invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools are rated AAAM by the Standard & Poor's Corporation.

At December 31, 2012, the City had an investment of \$2,920,167 and \$464,613 market and carrying value in COLOTRUST and CSAFE, respectively.

NOTE 3: RESTRICTED CASH AND INVESTMENTS

The restricted cash in the Enterprise Funds represents special development loan accounts, perpetual care account balances, and specific use funds.

Enterprise Fund		
1992 Sewer		\$ 300,476
Loan provision US Dept of Agriculture		698,980
2000 Water & Wastewater Bonds		125,654
2005 Series B Bond		367,038
1996A Golf Revenue Warrant		16,500
US Bank – Golf Course		98,935
Total Restricted		<u>\$ 1,607,583</u>

NOTE 4: RECEIVABLES AND INTERFUND RECEIVABLES AND PAYABLE

Receivables at December 31, 2012, consist of the following:

Receivables	Governmental	Business- Type Activities	Total
Accounts	\$ 290,703	\$ 490,511	\$ 781,214
Intergovernmental	930,145	548,428	1,478,573
Allowance of due from	(930,145)	(548,428)	(1,478,573)
Sales Tax	406,394	-	406,394
Property Taxes	1,469,965	1,251,008	2,720,973
Total	<u>\$ 2,167,062</u>	<u>\$ 1,741,519</u>	<u>\$ 3,908,581</u>

NOTE 4: RECEIVABLES AND INTERFUND RECEIVABLES AND PAYABLE

Inter-fund activity has been recorded for loans from other funds to support general operations of the Golf Course Fund.

NOTE 5: OTHER ASSETS

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Golf Due to Due From Golf – Allowance for Doubtful Receivables	\$ 582,297	\$ 347,845	\$ 548,428	\$ 1,478,572
Discount(Net)	(582,297)	(347,845)	(548,428)	(1,478,572)
Conservation Dist.	-	-	309,369	309,369
Inventory	-	-	275,402	275,402
	-	-	20,758	20,758
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,529</u>	<u>\$ 605,529</u>

NOTE 5: OTHER ASSETS (Continued)

In the Utility Enterprise Fund, the A1 Golf Bonds purchased in 2000 have been adjusted to an estimated fair market value as required by GAAP. The estimate is based on current trading prices of the securities and anticipated settlement values. Therefore, the fund has recognized an unrealized loss for Utility Fund financial statements in accordance with GAAP.

NOTE 6: CAPITAL ASSETS

Capital Asset balances for the year ended December 31, 2012 are as follows:

	<u>Balance 1/1/2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance 12/31/2012</u>
Government Activities					
Capital Assets not Being Depreciated					
Land	\$ 8,919,636	\$ -	\$ -	\$ -	\$ 8,919,363
Water Rights	323,700	-	-	-	323,700
Construction in Progress	52,611	240,985	-	(50,530)	243,066
Total Capital Assets not Being Depreciated	<u>9,295,947</u>	<u>240,985</u>	<u>-</u>	<u>(50,530)</u>	<u>9,486,402</u>
Capital Assets Being Depreciated					
Building and Improvments	4,496,099	37,658	-	-	4,533,757
Equipment and Machinery	2,073,726	147,318	-	-	2,221,044
Furniture and Fixtures	18,059	-	-	-	18,059
Infrastructure	21,432,960	1,729,611	-	50,530	23,213,101
Total Capital Being Depreciated	<u>28,020,844</u>	<u>1,914,587</u>	<u>-</u>	<u>50,530</u>	<u>29,985,961</u>
Total Capital Assets	<u>37,316,791</u>	<u>2,155,572</u>	<u>-</u>	<u>-</u>	<u>39,472,363</u>

NOTE 6: CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>1/1/2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2012</u>
Accumulated Depreciation					
Buildings and Improvments	(2,084,329)	(146,0893)	-	-	(2,231,222)
Equipment and Machinery	(1,588,055)	(119,608)	-	-	(1,707,663)
Furniture and Fixtures	(18,059)	-	-	-	(18,059)
Infrastructure	(3,372,572)	(719,531)	-	-	(10,092,103)
Total Accumulated Depreciation	<u>(13,063,015)</u>	<u>(986,032)</u>	<u>-</u>	<u>-</u>	<u>(14,049,047)</u>
Depreciated Capital Assets, Net	<u>14,957,829</u>	<u>928,555</u>	<u>-</u>	<u>-</u>	<u>15,936,914</u>
Government Activities Capital Assets, Net	<u>24,253,776</u>	<u>1,169,540</u>	<u>-</u>	<u>-</u>	<u>25,423,316</u>
	<u>Balance</u> <u>1/1/2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2012</u>
Business-Type Activities					
Capital Assets not Being Depreciated					
Land		\$			
	\$ 4,688,316	-	\$ -	\$ -	\$ 4,688,316
Water Rights	11,314,199	-	-	-	11,314,199
Construction in Progress	48,176	237,358	-	-	285,534
Total Capital Assets not Being Depreciated	<u>16,050,691</u>	<u>237,358</u>	<u>-</u>	<u>-</u>	<u>16,288,049</u>
Capital Assets Being Depreciated					
Wells	735,909	39,837	-	-	775,746
Buildings	20,482,396	-	-	-	20,482,396
Utility Systems	31,350,705	573,444	-	-	31,924,149
Equipment	4,138,961	-	-	-	4,138,96
Total Capital Being Depreciated	<u>56,707,971</u>	<u>613,281</u>	<u>-</u>	<u>-</u>	<u>57,321,252</u>
Total Capital Assets	<u>72,758,662</u>	<u>850,6396</u>	<u>-</u>	<u>-</u>	<u>73,609,301</u>
Accumulated Depreciation					
Wells	(310,976)	(20,669)	-	-	(331,645)
Buildings	(5,996,900)	(715,563)	-	-	(6,712,463)
Utility Systems	(5,868,207)	(446,138)	-	-	(6,314,345)
Equipment	(3,070,489)	(226,647)	-	-	(3,297,136)
Total Accumulated Depreciation	<u>(15,246,572)</u>	<u>(1,409,017)</u>	<u>-</u>	<u>-</u>	<u>(16,655,589)</u>
Depreciated Capital Assets, Net	<u>(41,461,399)</u>	<u>(795,736)</u>	<u>-</u>	<u>-</u>	<u>(40,665,663)</u>
Government Activities Capital Assets, Net	<u>57,512,090</u>	<u>(558,378)</u>	<u>-</u>	<u>-</u>	<u>56,953,712</u>

NOTE 6: CAPITAL ASSETS (Continued)

	<u>Amount</u>
Depreciation By Function	
Governmental Activities:	
General Government	25,548
Public Safety	29,567
Public Works	750,029
Cemetery	2,033
Culture, Parks & Recreation	<u>178,855</u>
Total depreciation for governmental activities	<u>986,032</u>
Business Type Activities:	
Utility	1,083,910
Golf Course	85,190
Recreation	<u>239,917</u>
Total depreciation for business-type activities	<u>1,409,017</u>
Total Depreciation	<u><u>2,395,049</u></u>

NOTE 7: CAPITAL LEASES

The City entered into an agreement to sublease/purchase a parcel of real property known as “The Fort” at a total contract amount of \$125,000 to the South Platte Valley Historical Society (a nonprofit organization) to be used for historical preservation purposes. The South Platte Valley Historical Society agreement provides for annual rental payments of \$1,000 payable December 31, 1992, through December 31, 1996, followed by \$3,000 annual payments through December 31, 2001, and finally, annual payments of \$5,250 through December 31, 2021. There is no interest provided in the agreement. The agreement provides that the Historical Society has the option on any payment date to pay the entire principal balance plus one dollar and own the property.

NOTE 8: NOTES AND BONDS PAYABLE AND CHANGES IN LONG-TERM DEBT

	<u>Balance</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2012</u>	<u>Due in</u> <u>1 Year</u>
<u>Enterprise Funds-Utility:</u>					
\$4,396,456 Construction Loan from the State of Colorado through the Colorado Water Conservation Board. The forty-year loan requires annual payments of \$160,716 beginning January 1, 1997, and provides for interest at 2%.	\$2,819,134	-	\$202,572	\$2,819,134	\$104,333

	<u>Balance</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2012</u>	<u>Due in</u> <u>1 Year</u>
\$6,000,000 Revenue Bond, Series 1995, owned by the United States of America. Principal payments due in yearly installments of \$53,000 in 1998 with additional increases through 2035. Principal and interest is payable each December 1, and June 1, with interest at 5.125%. The loan is a revenue obligation of the City payable from Water Fund Revenue.	4,910,000	-	110,000	4,800,000	115,000
\$5,500,000 Revenue Bond, Series 1996, owned by the United States of America. Interest only to September 1, 1997, with principal payments starting March 1, 1998 through 2036. Principal and interest are payable each September 1, and March 1, thereafter, with additional interest at 5.125%. The loan is a revenue obligation of the City payable from Water Fund Revenue.	4,585,400	-	\$93,600	4,491,800	98,400
\$2,300,000 Revenue Bond, Series 2005, owned by the Colorado Water Resources and Power Development Authority. Principal payment due on November 1, 2006 through 2025. Principal and interest are payable each May 1, and November 1, thereafter, with interest rates varying between 3% to 4.625%.	1,780,000	-	95,000	1,685,000	100,000
\$3,000,000 April 1992, Colorado Water Resources and Power Development Authority Loan due in yearly; interest at 3.8% to 6.7%. The loan is a special revenue obligation of the City payable from water rates, fees, standby charges and other charges from the use and operation of the system and from other funds of the system legally available after payment of operations and maintenance expenses of the system.	255,000	-	255,000	-	-
\$1,850,000 Water Fund Revenue Anticipation Warrants, Series 2000, construction expansion of the water plant. Principal payments due in increasing amounts from \$60,000 in 2001 to \$140,000 in 2020 and interest rates varying from 4.35% in 2001 to 5.3% in 2020. The warrants are a special revenue obligation of the Utility Enterprise Fund payable from net operating income of the water system.	1,050,000	-	95,000	955,000	100,000

	<u>Balance</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2012</u>	<u>Due in</u> <u>1 Year</u>
\$4,200,000 June 15, 1992 Colorado Water Resources and Power Development Authority Loan, due in yearly installments from 1998 through 2013 interest at 4.15% to 6.25%. The loan is a special revenue obligation of the City payable from sewer rates, fees, standby charges, and other charges from the use and operation of the system and from other funds of the system legally available after the payment of operations and maintenance.	599,232	-	291,860	307,372	307,372
\$200,000 December 1, 1994, Colorado Water Resources and Power Development Authority Loan, due in quarterly installments from December 1, 1994 through September 1, 2013; interest at 5.17%.	26,796	-	15,288	11,508	11,508
\$2,400,000 Halliburton Energy Services loan for water and sewer line extension. Due when other properties on the lines are developed. Interest rate is prime rate at year end plus 1%.	2,112,640	-	42,183	2,070,457	-
<u>Recreation Center Fund:</u>					
\$4,930,000 Principal with a \$139,108 Premium General Obligation Bond Series 2012 for the construction of the Recreation Center refinanced October 28, 2012. Principal and interest payments due December 1 starting in 2012 ending December 1, 2022. Interest only payments due Jun 1 starting 2012. Interest rates start at 3.0% in 2012 and increase to 3.5%.	4,699,108	-	373,910	4,325,198	388,911
<u>Golf Enterprise Fund:</u>					
\$5,900,000, Bond for improvement of Golf Course, became default in 2002	5,800,000	-	-	5,800,000	5,800,000
Total Business Type Activities	28,839,882	-	1,574,413	27,265,469	7,025,524

Long term liabilities balances for the year ended December 31, 2012 are as follows:

The Loans for the above fund and the allowance for doubtful receivables are shown in the Other Assets in the respective funds.

Golf Enterprise Fund bonds are classified as current bond payable. (Please see Note 16.)

NOTE 8: NOTES AND BONDS PAYABLE AND CHANGES IN LONG-TERM DEBT(Continued)

	Balance 12/31/11	Additions	Retirements	Balance 12/31/12	Due in 1 Year
<u>Governmental Activities</u>					
Accrued Compensated Absences	150,475	-	(5,243)	150,475	42,133
Total Governmental Activities	<u>\$ 150,475</u>	<u>\$ -</u>	<u>\$ (5,243)</u>	<u>\$ 150,475</u>	<u>\$ 42,133</u>

The annual requirements to amortize all debt outstanding, excluding accrued compensated absences, as of December 31, 2012 are as follows:

	Business Type A activities	
	Bonds and Notes Payable	
	Principal	Interest
2013	8,991,647	796,903
2014	933,744	744,818
2015	977,230	713,979
2016	1,002,059	680,634
2017	1,037,130	644,711
2018-2022	5,479,352	2,602,935
2023-2027	3,108,279	1,664,329
2028-2032	3,281,515	979,879
2033-2036	2,454,513	359,398
Total	<u>27,265,469</u>	<u>9,187,586</u>

The principal of outstanding debt due in 2012 also includes default bond of Golf Course, amounting \$5,800,000. Also, included the Halliburton loan of \$2,070,457 due when other properties on the water & sewer line extension are developed.

NOTE 9: RESERVED FUND BALANCES/RETAINED EARNINGS

Nonspendable - The following funds are Nonspendable

General Fund:

Prepaid items

5,670

NOTE 9: RESERVED FUND BALANCES/RETAINED EARNINGS

Restricted - The following fund balances are Restricted:

General Fund:

Emergency Reserves	172,124
Drug Forfeitures	5,208
Christmas for Kids Program	5,038

Special Revenue Funds:

Street Sales Tax Fund – used to maintain, build and replace streets, sidewalks, curbs and gutters 559,717

Water Sales Tax Fund – to support maintenance of water systems, assure quality and quantity and acquire water 875,257

Sales Tax Culture Parks & Recreation Fund – to provide culture and recreation programs and maintain parks 295,911

Cemetery Fund – maintain cemetery grounds, provide services and acquire new property 112,987

Memorial Trust Fund – administer funds donated to the cemetery 2,218

Conservation Trust Fund – for the administration of lottery funds. 205,500

Committed - The following funds are Committed:

General Fund

Police Equipment	41,462
Victims Compensation	95,498

Assigned - The following Funds are assigned

General Fund

Fireworks	7,500
IT Reserve	5,000

Net position:

Invested in capital assets net of related debt reported on the government-wide statement of net position as of December 31, 2012 are as follows:

	Governmental Activities	Business Type Activities
Invested in capital assets, net of related debt:		
Cost of capital assets	39,472,363	73,609,301
Less accumulated depreciation	(14,049,047)	(16,655,589)

	Governmental Activities	Business Type Activities
Invested in capital assets, net of related debt:		
Book value	25,423,316	56,953,712
Less capital related debt		(27,140,272)
Add back unspent bond proceeds		
Less accrued interest on defaulted bonds		(4,163,629)
Less deferred refunding amounts and bond premiums and discounts (net)		(125,198)
Invested in capital assets	<u>25,423,316</u>	<u>25,524,613</u>

The deficit of \$5,863,259 in the Golf Course Fund is the result of excess expenses which is principally the debt service expense.

NOTE 10: RETIREMENT PLAN

The City of Fort Lupton and its employees participate in a defined contribution pension plan with AIG Retirement.

A defined contribution plan states that contributions of the employee and contributions of the City are, although invested jointly, maintained in separate accounts for each employee. The amount of benefit to be received at retirement is determined by the amount of monies accumulated in the employee's account at the time of retirement. All sworn police department employees contribute 9.7% of their salaries to the plan with all other employees contributing 4.0% of their salaries to the plan. The total amount of the City's current year covered payroll was \$2,300,118 and the total current year payroll was \$2,609,616. The City matches the respective contributions, with the total contribution made by the City during 2012 amounting to \$130,438.

The FPPA of the State of Colorado continues to provide death and disability to all police officers in accordance with state statutes, Section 31-30-1008, C.R.S. Survivors' benefits are available for spouses, dependent parents and children under the age of 18.

NOTE 11: CONTINGENCY

The City of Fort Lupton is self-insured for property and liability insurance. The City of Fort Lupton is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and 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.

The ultimate liability to the City of Fort Lupton resulting from claims not covered by CIRSA is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the City of Fort Lupton's financial statements.

There is only one case wherein CIRSA would not be involved and it involves the warrant holders of the Golf Course bonds. The City Attorney in his letter to the auditors states "The City has kept no funds from the Enterprise revenues, so there is no possibility that there would be a ruling that the City

NOTE 11: CONTINGENCY (Continued)

improperly kept funds, and there are no funds to “pay back”. The City itself is in no way obligated to pay Enterprise debt or liability, and is not a guarantor of the Enterprise. As such, no provision is necessary to further protect the general fund of the City”.

NOTE 12: RISK MANAGEMENT

Fort Lupton is exposed to various risks of loss related to torts: theft of, damage to, destruction of assets: errors and omissions: injuries to employees: and natural disasters. On January 1, 1984, the City Council authorized Fort Lupton to participate in the Colorado Intergovernmental Risk Sharing Agency (CIRSA). A separate and independent governmental and legal entity, which was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, C.R.S. as amended, 29-1-101 et. seq., C.R.S., as amended, 29-13-102, C.R.S., as amended, and Colorado Constitution, Article XIV, Section 18(2).

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member in CIRSA against stated liability or loss to the limit of the financial resources of CIRSA. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

The scope, terms, conditions and limitations of the coverage’s are governed by the applicable coverage policies and/or excess coverage policies, the CIRSA bylaws, and other applicable documents. There has been no change in the deductibles or coverage over the last three years. The types and monetary limits of the coverage’s are generally described below.

I. TYPES OF COVERAGES (subject to the limit of CIRSA’s liability as described in Section II below):

1. Property Coverage
2. Liability coverage:
 - a. General liability.
 - b. Auto liability.
 - c. Law enforcement liability.
 - d. Public official errors and omissions liability.
 - e. Excess liability (for federal and out-of-state public official’s claims and federal and out-of-state law enforcement).
3. Crime coverage (including employee dishonesty and money and securities).
4. Supplemental defense cost coverage for Colorado liability claims.

II. EXCESS INSURERS, AGGREGATE LIMITS AND MEMBER DEDUCTIBLE:

For the coverage’s described in Section I, CIRSA is liable only for payment of the applicable self-insured retentions and only to a total annual aggregate amount for CIRSA members as a whole of the amount of

the applicable CIRSA loss fund for the coverage period. There is no aggregate excess coverage over any loss fund. Only the applicable excess insurers in applicable excess and reinsurance policies shall be payable, and only by those excess insurers in excess of these CIRSA self-insured retentions. Fort Lupton has no settlements that exceeded insurance coverage.

NOTE 12: RISK MANAGEMENT (Continued)

A member-selected deductible applies to each municipality's claims/occurrences. Payment of the deductible shall reduce the amount otherwise payable under the applicable CIRSA retention.

2012 CIRSA SELF-INSURED RETENTIONS:

1. \$500,000 per claim/occurrence property
2. \$1,000,000 per claim/occurrence liability
3. \$100,000 per claim/occurrence Public Officials Liability.

2012 CIRSA LOSS FUND AMOUNTS:

Loss fund amounts are as adopted or amended from time to time by the Board of Directors based on the members in the property/casualty pool for the year and interest earnings on those amounts. Information on current loss fund amounts is available from the CIRSA Deputy Executive Director/Chief Financial Officer, at (303) 757-5475.

There is a deductible paid by the City of \$1,000 (liability) and \$1,000 (property), which applies to each of its claims/occurrences.

Fort Lupton continues to carry CIRSA insurance for Workers' Compensation, and Voluntary Accident Medical Insurance for volunteer and service workers.

NOTE 13: JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an on-going financial interest or an on-going financial responsibility. The City participates in the following joint venture:

Northern Colorado Water Conservancy District - NISP.

Northern Colorado Water Conservancy District, a quasi-municipal entity and political subdivision of the State of Colorado was established July 6, 1970, pursuant to the Water Conservancy District Act. Acting by and through its Northern Integrated Supply Project Water Activity Enterprise (NISP) (a government owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S. 37-45,1-101 et seq.), whose address is 220 Water Avenue, Berthoud, Colorado 80513. In January 2003, Fort Lupton entered into an agreement with NISP in developing a water project for the purpose of developing a new reliable water supply.

Overall Project costs will be divided among the entities that participate in the Project.

The First Phase of the Project consisted of preliminary studies to evaluate both the potential of Poudre reservoir sites and the South Platte Water Conservation Project. The First Phase has been accomplished and there appears to be potential project configurations that may serve the needs of the Project.

The Second Phase of the Project, which consists of additional reservoir site evaluations, alternatives analysis, environmental studies, financial analyses, and related work, will require funding to complete the

NOTE 13: JOINT VENTURES (Continued)

phase. The City of Fort Lupton has agreed to provide to the NISP Enterprise funds for its pro rata share of the costs necessary to complete the Second Phase of the Project.

Our pro rata share is

<u>Year Paid</u>	<u>Amount</u>
2006	\$ 95,000
2007	22,476
2008	59,976
2010	112,500
2011	112,500
2012	<u>75,000</u>
Total	\$477,452

Investments in the joint ventures by governmental funds are recorded as expenditures at the time the investment is made.

Complete financial statements of the Subdistrict can be obtained from The Northern Colorado Water Conservancy District.

The Town of Hudson and the City of Fort Lupton are Colorado municipal corporations empowered to enter into intergovernmental agreements pursuant to the provisions of Article XIV, Section 18 of the Constitution of the State of Colorado, and the provisions of C.R.S. 29-1-201 et seq. in those circumstances where governmental entities may make the most efficient and effective use of their powers and responsibilities by cooperating and contracting with each other to accomplish mutually beneficial ends. They entered into an Intergovernmental Agreement on July 26, 1995, to jointly provide for the construction, operation and maintenance of the water treatment plant to treat raw water, owned, controlled by the respective parties hereto, which water when treated will be available for use and consumption by the residents and customers of Hudson and Fort Lupton respectively.

Upon completion of the original water treatment plant, each party owned the following rights and interests: Fort Lupton owned an undivided five-sixths (5/6ths) of the treatment capacity of said plant, as well as an undivided five-sixths (5/6ths) of the personal property which constitutes the physical plant. Hudson owned the remaining undivided one-sixth (1/6th) of the treatment capacity and personal property constituting the physical plant. Each party shall own as its sole and separate property the right to deliver to the plant for treatment the raw untreated water that it owns or controls and is entitled to receive by means of the Northern Colorado Water Conservancy District's Southern Water Supply Project.

A separate flow meter is installed at the discharge point of the plant and at which treated water is delivered to the separate delivery systems of Fort Lupton and Hudson, which separate flow meters shall measure the number of gallons of treated water delivered to each party. On a monthly basis, the total of the treated water delivered from the plant to each party shall be added together to determine the total number of gallons in and delivered from the plant. The number of gallons of treated water separately delivered to Hudson shall then become the numerator in a fraction in which the entire total of treated gallons delivered to both parties is the denominator. The fraction which results shall be multiplied by the total operations and maintenance costs incurred by the operator in operating the plant during the month, and shall constitute the cost to each party of operations and maintenance for the

NOTE 13: JOINT VENTURES (Continued)

month including fixed monthly operating costs, Hudson's amount shall be billed to Hudson on or before the 12th day of the following calendar month, and must be received by the next to the last business day of the calendar month.

NOTE 14: TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue rising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment with restricted net position of \$1,696,861. However, the City has made certain interpretations of the amendment's language in order to determine its compliance.

As a result of this constitutional requirement, the residents of Fort Lupton, in 1993, passed Referendum A. This referendum requires that if, in any given year, the City has revenues in excess of current spending limits due to property (ad valorem), sales, or use taxes, then that excess must be used for water and wastewater projects, purchase of water rights, and construction of the water system.

In 2000, the residents of Fort Lupton renewed the ½ cent Sales and Use Tax for Street Improvements for 10 years; in 2001, the ½ cent Sales and Use Tax for Culture, Parks and Recreation was renewed for 20 years; in 2002, the residents approved a \$6.7 million general obligation tax to construct a Recreation Center, and in 2005 the citizens authorized extension of the ½ cent water sales tax slated to expire in 2006 for an additional 20 years. All four of these issues have been exempted from the revenue restrictions of Article X, Section 20, and from the requirements of Referendum A.

NOTE 15: DEFAULT ON GOLF COURSE REVENUE ANTICIPATION WARRANTS

The Golf Enterprise has been in technical default since June 2000, due to the level of its bond reserves. The course has not collected sufficient green fees and other revenues to pay the bond interest or principal on its 1996 Revenue Anticipation Warrants.

The total payment due for 2012 was \$747,275, \$500,000 in principal and \$237,275 in interest. This payment was not made and the principal and interest are recorded in current liabilities in the Golf Enterprise Fund as Bond Payable-Matured and Accrued Interest Payable-Matured. It is anticipated that the payments for 2012 will also not be paid and that the warrants will remain in default.

As a result of the default, the bond covenant states that the bonds become due and payable and thus the balance has been re-classified to Current Bonds Payable resulting in a Current Bond Payable Balance of \$5,800,000.

The Golf Enterprise Board recognizes the community sentiment against the City spending any more non-golf funds to support golf bond interest. In April, 2003, the Board issued a press release indicating "a refinancing or restructuring of the existing warrants is not financially and legally feasible at this time."

NOTE 16: COMMITMENTS AND CONTRACTS & BUDGET OVERAGES

On July 30, 2008 the City entered into an agreement with Weld County Dispatch Center (WELDCOM), until December 31, 2009 with automatic one year renewals through December 19,2019. The City's share of expenses for 2012 total \$17,550.

On July 14, 1999, Fort Lupton and Operations Management International, Inc. (OMI) entered into an agreement for compensation for services to manage, operate, and maintain the effluent discharged from the Wastewater Treatment Plant and the finished water discharged for the Water Treatment Facility. Compensation for services is negotiated every three years. Compensation for years two & three will be adjusted based on the base fee adjustment formula shown in Appendix F of the negotiated agreement. Subsequent years' base fees shall be determined as hereinafter specified.

On September 27, 2010 the City of Fort Lupton Golf Enterprise Board renewed a three-year agreement ending December 31, 2013 with Escalante Golf, LLC for Golf Management services for the Coyote Creek Golf Course at 222 Clubhouse Drive, Fort Lupton, Colorado 80621.

On August 22, 2007 the City entered into a contract with Verizon Wireless to lease 275 square feet of the City's Parks Shop until 2012. Rent in the amount of \$146,000 was paid to the City the first 3 months of the 5 year lease term, 1 years of the lease period remain.

On October 22, 2012 the City and Anadarko Petroleum Corporation entered into a three year lease agreement with two consecutive one year extensions. On a take or pay agreement the City will provide 300 acre feet per year of non-potable water to Anadarko at a rate of \$3,260 per acre foot. Anadarko has an option to purchase an additional 200 acre feet of water per year at the City's current bulk water rate, the 2012-2013 bulk rate is \$10 per 1,000 gallons of water used.

On April 1, 2012 the City entered into a ten year agreement with Consolidated Mutual Water Company to lease 150 acre feet of water storage in the Perry Pit East Reservoir. The 2012 lease base rate is \$200 per acre foot of water capacity. The rate will increase starting in 2013 and for each subsequent year of the lease term based on a formula in paragraphs 6 (b) (c) and (d) of the lease agreement. Subsequently, the City has agreed to lease the remaining 300 acre feet of capacity in the Perry Pit East Reservoir for the same terms as the initial lease.

NOTE 17: COMPLIANCE

The City may be in violation of state statutes as the expenditures in the Utility Enterprise exceed the appropriated budgets.

**Enterprise Funds
Operating Expenditures**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Utility Fund	3,380,276	3,338,459	3,534,405	(195,946)

CITY OF FORT LUPTON, COLORADO

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

(With Comparative Actual Amounts For Year Ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	
REVENUES					
Taxes	\$ 3,922,866	\$ 3,771,027	\$ 4,212,929	\$ 441,902	\$ 3,891,475
Licenses and Permits	169,511	169,511	131,636	(37,875)	151,975
Intergovernmental	2,003,677	2,029,861	803,828	(1,226,033)	676,578
Charges for Services	343,566	343,566	395,347	51,781	432,886
Fines and Forfeits	179,245	179,245	285,163	105,918	171,826
Other	123,162	123,162	683,869	560,707	728,728
Total Revenues	<u>6,742,027</u>	<u>6,616,372</u>	<u>6,512,772</u>	<u>(103,600)</u>	<u>6,053,468</u>
EXPENDITURES					
General Government	2,607,258	2,670,907	1,616,154	1,054,753	1,407,112
Public Safety	1,136,668	1,113,519	1,103,279	10,240	1,157,474
Public Works	489,701	474,030	482,720	(8,690)	396,787
Capital Outlay	1,160,450	1,697,450	2,009,774	(312,324)	810,889
Other	438,744	445,744	525,532	(79,788)	678,315
Total Expenditures	<u>5,832,821</u>	<u>6,401,650</u>	<u>5,737,459</u>	<u>664,191</u>	<u>4,450,577</u>
Excess of Revenues Over Expenditures	<u>909,206</u>	<u>214,722</u>	<u>775,313</u>	<u>560,591</u>	<u>1,602,891</u>
Other Financing Sources (Uses)					
Transfers Out	<u>(812,314)</u>	<u>(821,246)</u>	<u>(821,246)</u>	<u>-</u>	<u>(690,711)</u>
Total Other Financing Sources (Uses)	<u>(812,314)</u>	<u>(821,246)</u>	<u>(821,246)</u>	<u>-</u>	<u>(690,711)</u>
EXCESS AND DEFICIENCY OF REVENUES OVER EXPENDITURE AND ONLY EXCESS IN THE OTHER SOURCES	<u>\$ 96,892</u>	<u>\$ (606,524)</u>	<u>(45,933)</u>	<u>\$ 560,591</u>	<u>912,180</u>
FUND BALANCES, Beginning of Year			<u>3,545,280</u>		<u>2,633,100</u>
FUND BALANCES, End of Year			<u>\$ 3,499,347</u>		<u>\$ 3,545,280</u>

CITY OF FORT LUPTON, COLORADO

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2012

	2012				2011 Actual
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	
REVENUES					
Taxes					
General Property Taxes	\$ 1,411,688	\$ 1,412,305	\$ 1,410,597	\$ (1,708)	\$ 1,401,364
Specific Ownership Taxes	175,100	175,100	179,581	4,481	164,243
General Sales Taxes	2,260,048	2,107,592	2,540,101	432,509	2,204,073
Building Materials	35,000	35,000	54,326	19,326	91,692
Other	41,030	41,030	28,324	(12,706)	30,102
Total Taxes	<u>3,922,866</u>	<u>3,771,027</u>	<u>4,212,929</u>	<u>663,979</u>	<u>3,891,474</u>
Licenses and Permits					
Professional and Occupational	11,000	11,000	10,252	(748)	9,710
Building Permits	140,011	140,011	71,804	(68,207)	129,100
Other	18,500	18,500	49,580	31,080	13,165
Total Licenses and Permits	<u>169,511</u>	<u>169,511</u>	<u>131,636</u>	<u>(37,875)</u>	<u>151,975</u>
Intergovernmental					
Tobacco Products Tax	15,254	15,254	13,715	(1,539)	13,235
Federal and State Grants	1,543,326	1,539,510	169,979	(1,373,347)	125,876
Mineral Lease Income	45,000	45,000	94,837	49,837	64,891
State Highway Users Tax	283,599	283,599	262,575	(21,024)	278,913
State Highway Maintenance	6,498	6,498	9,747	3,249	-
County Road and Bridge	40,000	40,000	52,848	12,848	60,984
Severance Tax	70,000	100,000	200,127	100,127	132,679
Total Intergovernmental	<u>2,003,677</u>	<u>2,029,861</u>	<u>803,828</u>	<u>(1,229,849)</u>	<u>676,578</u>
Charges for Services					
Franchise Fees	302,816	302,816	334,548	31,732	331,016
Street & Road Fees	750	750	1,380	630	19,443
Zoning and Planning Fees	40,000	40,000	59,419	19,419	82,427
Total Charges for Services	<u>343,566</u>	<u>343,566</u>	<u>395,347</u>	<u>51,781</u>	<u>432,886</u>

CITY OF FORT LUPTON, COLORADO

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2012

(With Comparative Actual Amounts For Year Ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	
REVENUES					
Fines and Forfeits					
Traffic	\$ 100,000	\$ 100,000	\$ 183,361	\$ 83,361	\$ 93,361
Other	79,245	79,245	101,802	22,557	78,465
Total Fines and Forfeits	179,245	179,245	285,163	128,475	171,826
Other					
Contributions					
Interest Income	2,500	2,500	6,222	3,722	6,087
Oil Royalties	20,000	20,000	48,983	28,983	26,250
Pension Forfeitures	30,000	30,000	12,628	(17,372)	23,875
CBT Lease	-	-	41,392	41,392	5,190
Infrastructure Assessment	-	-	173,817	173,817	601,610
Other Revenue	70,662	70,662	400,827	330,165	65,716
Total Other	123,162	123,162	683,869	564,429	728,728
Total Revenues	<u>\$ 6,742,027</u>	<u>\$ 6,616,372</u>	<u>\$ 6,512,772</u>	<u>\$ (103,600)</u>	<u>\$ 6,053,467</u>

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2012
(With Comparative Actual Amounts For Year Ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	
EXPENDITURES					
General Government					
Legislative	\$ 116,474	\$ 106,566	\$ 112,615	\$ (6,049)	\$ 101,195
City Council	96,085	94,581	90,774	3,807	94,653
Judicial					
Municipal Court	99,825	100,467	95,899	4,568	100,551
City Attorney	48,200	54,200	44,079	10,121	33,325
Administrative and Operations	534,719	605,775	530,184	75,591	500,558
Finance	314,877	307,792	292,519	15,273	286,080
Internal Technology	188,998	188,998	184,868	4,130	62,559
Community Development	1,208,080	1,212,528	265,216	947,312	228,191
Total General Government	<u>2,607,258</u>	<u>2,670,907</u>	<u>1,616,154</u>	<u>1,054,753</u>	<u>1,407,112</u>
Public Safety	<u>1,136,668</u>	<u>1,113,519</u>	<u>1,103,279</u>	<u>10,240</u>	<u>1,157,474</u>
Public Works					
Engineering	10,000	10,000	9,351	649	8,518
Shop	37,475	37,475	33,675	3,800	31,730
Streets and Storm Drainage	442,226	426,555	439,694	(13,139)	356,539
Total Public Works	<u>489,701</u>	<u>474,030</u>	<u>482,720</u>	<u>(8,690)</u>	<u>396,787</u>
Capital Outlay	<u>1,160,450</u>	<u>1,697,450</u>	<u>2,009,774</u>	<u>(312,324)</u>	<u>810,889</u>
Other					
Water Lease	20,000	20,000	36,105	(16,105)	67,122
Water Carryover	19,000	19,000	36,191	(17,191)	18,750
Water Services Professional Fees	120,000	120,000	170,580	(50,580)	124,670
NISP	75,000	75,000	75,000	-	112,500
Street Sales Tax	-	-	-	-	31,308
Insurance & Fees	204,744	211,744	207,656	4,088	323,965
Total Expenditures	<u>\$ 5,832,821</u>	<u>\$ 6,401,650</u>	<u>\$ 5,737,459</u>	<u>\$ 664,191</u>	<u>\$ 4,450,577</u>

CITY OF FORT LUPTON, COLORADO

SALES TAX CULTURE, PARKS, AND RECREATION FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

(With Comparative Actual Amounts for Year Ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	
REVENUES					
Sales Tax	\$ 327,864	\$ 306,085	\$ 376,229	\$ 70,144	\$ 348,475
Intergovernmental	-	-	-	-	2,535
Interest Income	25	25	252	227	19
Enhancement Fees	-	-	12,700	12,700	7,988
Private Contributions	4,500	4,500	4,496	(4)	2,266
Usage Fees	83,000	83,000	67,432	(15,568)	66,189
Other	11,250	11,250	6,303	(4,947)	11,146
Total Revenues	<u>426,639</u>	<u>404,860</u>	<u>467,412</u>	<u>62,552</u>	<u>438,618</u>
EXPENDITURES					
Current:					
Community Center	261,043	301,933	257,970	43,963	242,299
Senior Programs	62,149	60,180	57,114	3,066	51,226
Athletic Programs	54,146	53,865	54,247	(382)	48,912
Parks and Recreation	261,543	270,709	293,698	(22,989)	249,882
Culture Programs	34,429	34,195	60,691	(26,496)	34,153
Capital Outlay:					
Parks and Recreation	37,000	37,000	74,070	(37,070)	2,346
Community Center	40,000	40,000	5,000	-	-
Total Expenditures	<u>750,310</u>	<u>797,882</u>	<u>802,790</u>	<u>(39,908)</u>	<u>628,818</u>
Excess of Revenues Over Expenditures	<u>(323,671)</u>	<u>(393,022)</u>	<u>(335,378)</u>	<u>22,644</u>	<u>(190,200)</u>
Other Financing Sources (Uses)					
Transfers In	407,972	416,904	416,904	-	285,000
Transfers Out	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,000)</u>
Total Other Financing Sources (Uses)	<u>332,972</u>	<u>416,904</u>	<u>416,904</u>	<u>-</u>	<u>223,000</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>\$ 9,301</u>	<u>\$ 23,882</u>	<u>81,526</u>	<u>\$ 22,644</u>	<u>32,800</u>
FUND BALANCES, Beginning of Year			<u>214,385</u>		<u>181,585</u>
FUND BALANCES, End of Year			<u>\$ 295,911</u>		<u>\$ 214,385</u>
			-		

CITY OF FORT LUPTON, COLORADO

NON MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
 Year Ended December 31, 2012

	Conservation Trust Fund	Perpetual Care Cemetery Fund	Memorial Trust Fund	Total
REVENUES				
Federal and State Sources	74,150	-	-	74,150
Charges for Services	-	47,850	-	47,850
Interest Income	117	214	-	331
Other	-	14,700	3	14,703
Total Revenues	74,267	62,764	3	137,034
EXPENDITURES				
Current:				
Other	7,200	4,395	-	11,595
Salaries and Benefits	-	36,304	-	36,304
Supplies	-	925	-	925
Utilities	-	13,353	-	13,353
Capital Outlay:				
Land and Land Improvements	17,095	-	-	17,095
Total Expenditures	24,295	54,977	-	79,272
Excess (Deficiency) of Revenues Over Expenditures	49,972	7,787	3	57,762
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	49,972	7,787	3	57,762
FUND BALANCE, Beginning of Year	155,528	105,200	2,215	262,943
FUND BALANCE, End of Year	\$ 205,500	\$ 112,987	\$ 2,218	\$ 320,705

CITY OF FORT LUPTON, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

(With Comparative Actual Amounts For Year Ended December 31, 2011)

	2012			2011 Actual
	Original & Final Budget	Actual	Positive (Negative) Variance	
REVENUES				
Lottery Funds	\$ 65,000	\$ 74,150	\$ 9,150	\$ 68,840
Interest Income	150	117	(33)	163
Total Revenues	<u>65,150</u>	<u>74,267</u>	<u>9,117</u>	<u>69,003</u>
EXPENDITURES				
Other	-	7,200	(7,200)	23,720
Capital Outlay: Land and Improvements	<u>113,000</u>	<u>17,095</u>	<u>95,905</u>	<u>37,531</u>
Total Expenditures	<u>113,000</u>	<u>24,295</u>	<u>88,705</u>	<u>61,251</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (47,850)</u>	49,972	<u>\$ 97,822</u>	7,752
FUND BALANCES, Beginning of Year		<u>155,528</u>		<u>147,776</u>
FUND BALANCES, End of Year		<u>\$ 205,500</u>		<u>\$ 155,528</u>

CITY OF FORT LUPTON, COLORADO

PERPETUAL CARE CEMETARY FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

(With Comparative Actual Amounts for Year Ended December 31, 2011)

	2012			2011 Actual
	Original & Final Budget	Actual	Positive (Negative) Variance	
REVENUES				
Charges for Services	\$ 38,550	\$ 47,850	\$ 9,300	\$ 44,900
Perpetual Care	10,500	10,800	300	11,700
Interest Income	100	214	114	115
Other	4,000	3,900	(100)	3,200
Total Revenues	<u>53,150</u>	<u>62,764</u>	<u>9,614</u>	<u>59,915</u>
EXPENDITURES				
Current:				
Salaries and Benefits	44,324	36,304	8,020	36,858
Supplies	1,250	925	325	1,667
Utilities	21,151	13,353	7,798	5,593
Other	8,100	4,395	3,705	5,105
Total Expenditures	<u>74,825</u>	<u>54,977</u>	<u>19,848</u>	<u>49,223</u>
Excess of Revenues Over Expenditures	<u>(21,675)</u>	<u>7,787</u>	<u>29,462</u>	<u>10,692</u>
Other Financing Sources (Uses)				
Transfers In	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
Total Other Financing Sources (Uses)	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (21,575)</u>	<u>7,787</u>	<u>\$ 29,562</u>	<u>10,792</u>
FUND BALANCES, Beginning of Year		<u>105,200</u>		<u>94,408</u>
FUND BALANCES, End of Year		<u>\$ 112,987</u>		<u>\$ 105,200</u>

CITY OF FORT LUPTON, COLORADO

MEMORIAL TRUST FUND
BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2012

(With Comparative Actual Amounts For Year Ended December 31, 2011)

	2012			
	Original & Final Budget	Actual	Positive (Negative) Variance	2011 Actual
REVENUES				
Other	4	3	\$ (1)	2
Total Revenues	4	3	(1)	2
Excess of Revenues Over Expenditures	4	3	(1)	2
 Other Financing Sources (Uses)				
Transfers Out	(100)	-	(100)	(100)
Total Other Financing Sources (Uses)	(100)	-	(100)	(100)
Excess (Deficiency) of Revenues Over Expenditures	\$ (96)	3	\$ (101)	(98)
FUND BALANCES, Beginning of Year		2,215		2,313
FUND BALANCES, End of Year		\$ 2,218		\$ 2,215

CITY OF FORT LUPTON, COLORADO

UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

Year Ended December 31, 2012

(With Comparative Actual Amounts for Year Ended December 31, 2011)

	2012			Positive (Negative) Variance	2011 Actual
	Original Budget	Final Budget	Actual		
Operating Revenues					
Charges for Services	\$ 3,941,721	\$ 3,941,721	\$ 3,967,996	\$ 26,275	\$ 3,836,064
Other Income	61,000	61,000	530,331	469,331	286,931
Total Operating Revenues	<u>4,002,721</u>	<u>4,002,721</u>	<u>4,498,327</u>	<u>495,606</u>	<u>4,122,995</u>
Operating Expenses					
Salaries and Benefits	419,156	377,339	360,219	17,120	342,112
Professional Fees	2,500	2,500	17,857	(15,357)	3,050
Contract Management	777,219	777,219	777,218	1	754,342
Insurance	59,366	59,366	59,366	-	63,705
Maintenance	166,368	166,368	166,514	(146)	154,421
Supplies	17,500	17,500	54,619	(37,119)	23,402
Utilities	223,000	223,000	264,529	(41,529)	245,561
Water Assessments	397,861	397,861	657,842	(259,981)	301,543
Depreciation and Amortization	1,256,406	1,256,406	1,083,910	172,496	1,208,197
Other	60,900	60,900	92,331	(31,431)	74,414
Total Operating Expenses	<u>3,380,276</u>	<u>3,338,459</u>	<u>3,534,405</u>	<u>(195,946)</u>	<u>3,170,747</u>
Net Operating Income	<u>622,445</u>	<u>664,262</u>	<u>963,922</u>	<u>299,660</u>	<u>952,248</u>
Nonoperating Revenues (Expenses)					
Investment Income (Loss)	2,000	2,000	3,111	1,111	1,812
Capital Contributions	-	-	-	-	100,902
Interest Expense	(725,351)	(725,351)	(836,857)	(111,506)	(789,563)
Administrative Fee	(27,311)	(27,311)	(26,829)	482	(29,422)
Bond Principal	(1,056,030)	(1,056,030)	-	1,056,030	(36)
Capital Expenditures	(1,005,792)	(1,055,792)	30	-	-
Other	43,700	43,700	616,485	-	30,380
Total Nonoperating Revenues (Expenses)	<u>(2,768,784)</u>	<u>(2,818,784)</u>	<u>(244,060)</u>	<u>2,574,724</u>	<u>(685,927)</u>
Net Income (Loss)					
Before Transfers	<u>(2,146,339)</u>	<u>(2,154,522)</u>	<u>719,862</u>	<u>2,874,384</u>	<u>266,321</u>
Transfers In	<u>404,342</u>	<u>404,342</u>	<u>404,342</u>	<u>-</u>	<u>405,711</u>
Net Transfers In	<u>404,342</u>	<u>404,342</u>	<u>404,342</u>	<u>-</u>	<u>405,711</u>
Net Income (Loss)	<u>\$ (1,741,997)</u>	<u>\$ (1,750,180)</u>	<u>1,124,204</u>	<u>\$ 2,874,384</u>	<u>672,032</u>
NET POSITION, Beginning of Year			<u>31,777,201</u>		31,105,169
NET POSITION, End of Year			<u>\$ 32,901,405</u>		<u>\$ 31,777,201</u>

CITY OF FORT LUPTON, COLORADO

STORM WATER DRAINAGE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

Year Ended December 31, 2012

(With Comparative Actual Amounts for Year Ended December 31, 2011)

	2012				2011 Actual
	Original & Final Budget	Final Budget	Actual	Positive (Negative) Variance	
Operating Revenues					
Charges for Services	\$ 81,500	\$ 81,500	\$ 107,887	\$ 26,387	\$ 67,774
Total Operating Revenues	81,500	81,500	107,887	26,387	67,774
Operating Expenses					
Salaries and Benefits	16,029	15,335	13,730	2,299	11,637
Professional Fees	9,000	9,000	-	9,000	-
Maintenance	-	-	430	(430)	-
Supplies	500	500	724	(224)	555
Total Operating Expenses	25,529	24,835	14,884	10,645	12,192
Net Operating Income	55,971	56,665	93,003	37,032	55,582
No operating Revenues (Expenses)					
Investment Income (Loss)	200	200	147	(53)	166
Total Nonoperating Revenues (Expenses)	200	200	147	(53)	166
Net Income (Loss)					
Before Transfers	56,171	56,865	93,150	36,979	55,748
Net Income (Loss)	\$ 56,171	\$ 56,865	93,150	\$ 36,979	55,748
NET POSITION, Beginning of Year Restated			507,407		451,659
NET POSITION, End of Year			\$ 600,557		\$ 507,407

CITY OF FORT LUPTON, COLORADO

GOLF COURSE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

Year Ended December 31, 2012

(With Comparative Actual Amounts for Year Ended December 31, 2011)

	2012				
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	2011 Actual
OPERATING REVENUES					
Charges for Services	\$ 659,625	\$ 655,925	\$ 724,185	\$ 68,260	\$ 663,631
Sales of Merchandise	184,001	202,751	190,565	(12,186)	166,017
Other	540	540	1,403	863	1,292
Total Operating Revenues	844,166	859,216	916,153	56,937	830,940
OPERATING EXPENSES					
Salaries and Benefits	294,686	294,686	292,268	2,418	293,682
Professional Fees	37,121	37,121	58,511	(21,390)	36,694
Insurance	14,440	14,440	21,488	(7,048)	29,846
Maintenance	60,560	60,560	84,863	(24,303)	38,933
Management Fees	60,000	60,000	60,000	-	60,000
Merchandise for Resale	91,578	91,578	96,011	(4,433)	85,995
Supplies	81,850	81,850	70,704	11,146	63,329
Utilities	45,900	68,679	87,162	(18,483)	55,277
Depreciation and Amortization	85,191	85,191	85,190	1	85,190
Equipment Rental	60,552	60,552	29,508	31,044	59,998
Other	88,588	88,588	97,902	(9,314)	90,170
Total Operating Expenses	920,466	943,245	983,607	(40,362)	899,114
Net Operating Loss	(76,300)	(84,029)	(67,454)	16,575	(68,174)
NONOPERATING REVENUES (Expenses)					
Interest Income	-	-	29	29	32
Enhancement Assessment	-	-	1,000	1,000	2,000
Interest Expense	-	-	(81,461)	(81,461)	(295,762)
Administration Fee	-	-	(23,397)	(23,397)	(23,397)
Total Nonoperating Revenues (Expenses)	-	-	(103,829)	(103,829)	(317,127)
Net Loss	\$ (76,300)	\$ (84,029)	(171,283)	\$ (87,254)	(385,301)
NET POSITION, Beginning of Year Restated			(5,691,976)		(5,306,675)
NET POSITION, End of Year			\$ (5,863,259)		\$ (5,691,976)

CITY OF FORT LUPTON, COLORADO

RECREATION CENTER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL

Year Ended December 31, 2012

(With Comparative Actual Amounts for Year Ended December 31, 2011)

	2012				2011 Actual
	Original Budget	Final Budget	Actual	Positive (Negative) Variance	
OPERATING REVENUES					
Charges for Services	\$ 344,800	\$ 344,800	\$ 338,302	\$ (6,498)	\$ 343,652
Other	5,975	5,975	10,537	4,562	7,583
Total Operating Revenues	350,775	350,775	348,839	(1,936)	351,235
OPERATING EXPENSES					
Salaries	536,164	453,319	447,316	6,003	482,915
Insurance	20,858	20,858	21,309	(451)	22,414
Maintenance	20,500	20,500	36,001	(15,501)	29,717
Merchandise for Resale	1,300	1,300	1,330	(30)	911
Supplies	43,250	43,250	48,517	(5,267)	51,681
Utilities	115,000	115,000	128,675	(13,675)	127,612
Depreciation	239,917	239,917	239,917	-	252,510
Recreation Programs	54,450	54,450	84,596	(30,146)	71,017
Other	34,800	34,800	44,168	(9,368)	34,940
Total Operating Expenses	1,066,239	983,394	1,051,829	(68,435)	1,073,717
Net Operating Income	(715,464)	(632,619)	(702,990)	(70,371)	(722,482)
NONOPERATING REVENUES (Expenses)					
Property Taxes	901,744	872,218	871,184	(1,034)	880,245
Investment Income/(Loss)	500	500	14,938	14,438	2,091
Interest Expense	(188,688)	(130,138)	(138,763)	(8,625)	(391,342)
Total Nonoperating Revenues	713,556	742,580	747,359	4,779	490,994
Net Income Before Transfers	(1,908)	109,961	44,369	(65,592)	(231,488)
Transfers In	75,000	-	-	-	62,000
Net Income (Loss)	\$ 73,092	\$ 109,961	44,369	\$ (65,592)	(169,488)
NET POSITION, Beginning of Year Restated			(147,318)		22,170
NET POSITION, End of Year			\$ (102,949)		\$ (147,318)

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Fort Lupton
		YEAR ENDING : December 2012
This Information From The Records Of (example - City of _ or County of City of Fort Lupton)	Prepared By: Phone:	Kris Kindle (303) 857-6694

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)	1,958,401
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	326,755
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	80,873
2. General fund appropriations		b. Snow and ice removal	3,163
3. Other local imposts (from page 2)	1,009,100	c. Other	29,101
4. Miscellaneous local receipts (from page 2)	157,779	d. Total (a. through c.)	113,137
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	375,387
a. Bonds - Original Issues		6. Total (1 through 5)	2,773,679
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,166,879	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	308,146	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,475,025	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)	2,773,679

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
	(108,635)	1,475,025	2,773,679	(1,407,289)	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2012	
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	2,048
b. Other local imposts:		b. Traffic Fines & Penalties	132,465
1. Sales Taxes	352,854	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	173,817	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	482,429	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,009,100	h. Other	23,266
c. Total (a. + b.)	1,009,100	i. Total (a. through h.)	157,779
	(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	262,575	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	28,325	d. Federal Transit Admin	
d. Other (Street Cleaning for State)	9,747	e. U.S. Corps of Engineers	
e. Other (School Crossing Grant)	7,500	f. Other Federal	
f. Total (a. through e.)	45,572	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	308,146	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		118,125	118,125
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,640,366	1,640,366
(4). System Enhancement & Operation		199,910	199,910
(5). Total Construction (1) + (2) + (3) + (4)	0	1,840,276	1,840,276
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,958,401	1,958,401
			(Carry forward to page 1)
Notes and Comments:			