



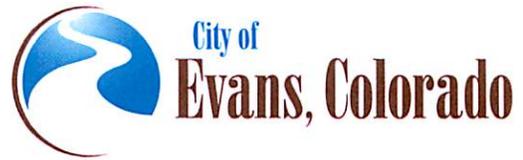
City of  
**Evans, Colorado**

**Financial Statements  
and Supplementary Information**  
For the Year Ended December 31, 2011

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May 2, 2012

To the Honorable Mayor, City Council, and Citizens of the City of Evans:

State Law requires that all general-purpose local governments publish within 240 days of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Evans for the fiscal year ended December 31, 2011.

This report consists of management's representations concerning the finances of the City of Evans. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Evans financial statements have been audited by Anton Collins Mitchell LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Evans for the fiscal year ended December 31, 2011, are free of material misstatement. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Evans' financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Evans MD&A can be found immediately following the report of the independent auditors.

Respectfully submitted,

A blue ink signature of Aden Hogan, Jr., consisting of a large, stylized 'A' followed by 'Hogan, Jr.' and a long horizontal line extending to the right.

Aden Hogan, Jr.  
City Manager

A blue ink signature of Jessica Gonifas, CPA, written in a cursive style.

Jessica Gonifas, CPA  
Finance Director

**City of Evans, 1100 37<sup>TH</sup> Street, Evans Community Complex, Evans, Colorado 80620,  
Phone – 970.475.1101, Fax – 970.330.3472, Website – [www.cityofevans.org](http://www.cityofevans.org)**



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
of the City Council  
City of Evans, 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 Evans, Colorado (the "City") as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above 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 as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the budgetary comparison information on page 46 and Volunteer Firefighters' Pension Plan-Analysis of Funding Progress on page 47 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.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 52 to 64, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Local Highway 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
May 2, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

To serve the citizens of the City of Evans (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. Please read the information presented here in conjunction with the City's financial statements beginning on page 15.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of 2011 by \$99.3 million (net assets). Of this amount, \$8.7 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. Of the remaining balance, \$87.6 million is investments in capital assets and \$3.0 million is restricted for other purposes.
- The City's total net assets increased by \$1.7 million. The governmental activities drove this change with an increase of \$2.5 million due to an increase in revenue and reduction in expenditures.
- Sales and use tax collections increased by \$847 thousand, a 17 percent increase over the prior year. Economic condition improvements coupled with the transition to self-collection contributed to this increase.
- At the end of 2011, the City's governmental funds reported combined ending fund balances of \$7.8 million, an increase of \$1.3 million in comparison to the ending balances of 2010. Of this total amount, \$3.3 million or 42 percent is available for spending at the City's discretion (unassigned fund balance).
- At the end of 2011, the unassigned fund balance for the general fund was \$3.3 million, which was 32 percent of total general fund 2011 expenditures. In addition, the City Charter requires the Emergency Contingency Fund to maintain a balance of 25 percent of the preceding fiscal year's (2010) audited General Fund expenditures. The resulting 2011 fund balance related to the Emergency Contingency Fund (shown as combined with the General Fund) amounts to \$2.2 million in reserve for emergencies. Fund balances at 2011 year end for the General Fund, including the Emergency Contingency Fund, amount to \$5.9 million.

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

## **Government-wide Financial Statements – Reporting the City of Evan's as a Whole**

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

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

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

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government administration, City Council support and elections, public safety, maintenance and new construction of highways and streets, planning and zoning, maintenance of City facilities, buildings and land improvements, debt service, community development, engineering, and culture, parks and recreation activities. The business-type activities of the City include the City's water, wastewater, and storm drainage utility enterprise functions.

The government-wide financial statements include solely the operations of the City itself. There are no additional discrete or blended component units.

The government-wide financial statements can be found on Pages 15-17 of this report.

## **Fund Financial Statements – Reporting the City of Evan's Most Significant Funds**

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, or as required by legal enabling legislation. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on upcoming inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's upcoming 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 the different statements.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is designated as a major fund. Data from the remaining eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for all of its funds. To demonstrate compliance, a budgetary comparison is provided for each of the funds.

The basic governmental fund financial statements are found on Pages 18-21 of this report.

**Proprietary funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater and storm drainage utility functions.

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 on the City's water, wastewater and storm drainage funds.

The basic proprietary fund financial statements can be found on Pages 22-24 of this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Pages 25-26 of this report.

## **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on Pages 27-45 of this report.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Evans. Required and other supplementary information can be found on Pages 46-66 of this report.

## ***GOVERNMENT-WIDE FINANCIAL ANALYSIS – City of Evans as a Whole***

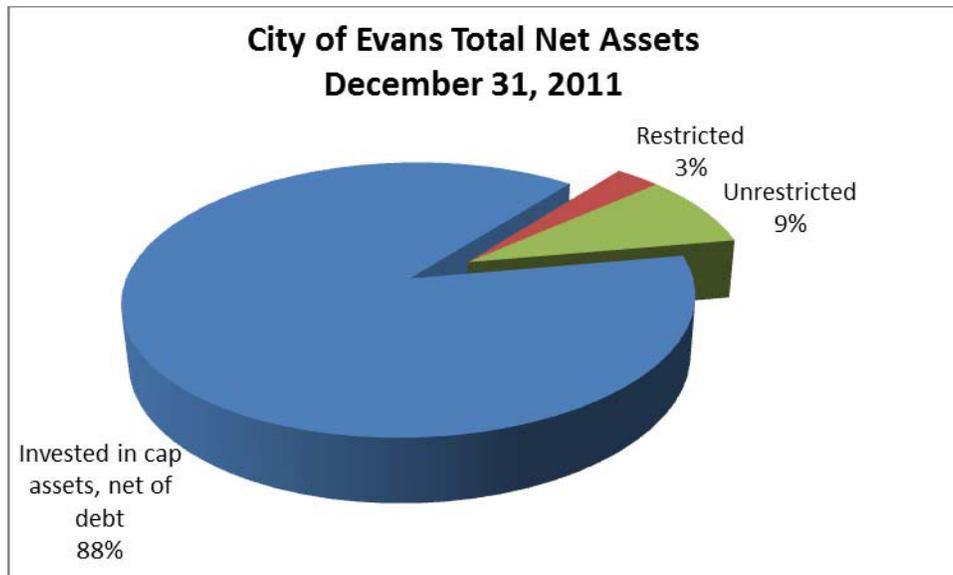
As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$99.3 million at the close of 2011.

By far the largest portion (88 percent) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net assets (3 percent) represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8.7 million) may be used to meet the City's ongoing obligations to citizens and creditors. Table 1 provides a summary of the City's net assets for 2011 as compared to 2010.

**Table 1  
City of Evans  
Net Assets (\$000's)**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and other assets	\$10,539	\$9,013	\$4,601	\$4,831	\$15,140	\$13,844
Capital Assets	25,453	25,002	65,973	66,529	91,426	91,531
Total assets	35,992	34,015	70,574	71,360	106,566	105,375
<b>Liabilities:</b>						
Current liabilities	2,715	2,465	350	255	3,065	2,720
Long-term liabilities	3,427	4,182	753	829	4,180	5,011
Total liabilities	6,142	6,647	1,103	1,084	7,245	7,731
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	22,298	21,244	65,311	65,786	87,609	87,030
Restricted	2,753	2,948	252	238	3,005	3,186
Unrestricted	4,799	3,176	3,908	4,252	8,707	7,428
Total net assets	\$29,850	\$27,368	\$69,471	\$70,276	\$99,321	\$97,644



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

Table 2 shows the changes in net assets for the fiscal 2011 compared to the fiscal year 2010.

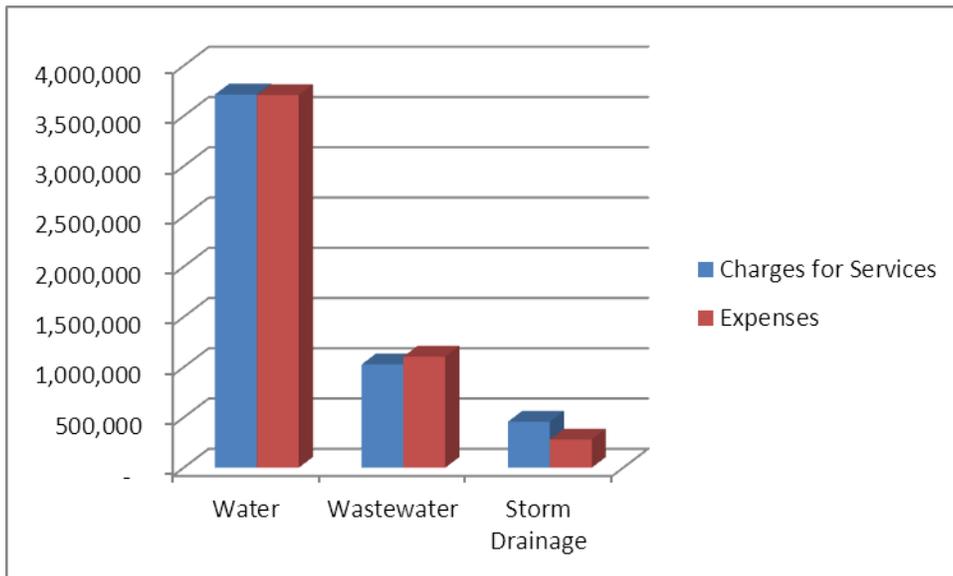
**Table 2**  
**City of Evans**  
**Changes in Net Assets (\$000's)**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<i>Program revenues:</i>						
Charges for services	\$1,080	\$1,108	\$5,201	\$4,805	\$6,281	\$5,913
Operating grants and contributions	207	627	-	-	207	627
Capital grants and contributions	48	-	233	119	281	119
<i>General revenues:</i>						
Sales and use taxes	5,876	5,029	-	-	5,876	5,029
Property taxes	1,501	1,701	-	-	1,501	1,701
Specific Ownership	110	107	-	-	110	107
Franchise taxes	470	224	-	-	470	224
Other taxes	104	87	-	-	104	87
Intergovernmental	1,906	1,919	-	-	1,906	1,919
Unrestricted investment earnings	70	82	28	35	98	117
Other general revenue	1,605	1,385	-	-	1,605	1,385
Gain (Loss) on disposition of capital assets	(32)	(172)	(7)	-	(39)	(172)
<b>Total revenues</b>	<b>12,945</b>	<b>12,097</b>	<b>5,455</b>	<b>4,959</b>	<b>18,400</b>	<b>17,056</b>
<b>Expenses:</b>						
General government	2,791	2,434	-	-	2,790	2,434
Public safety	4,629	4,450	-	-	4,628	4,450
Public works	2,605	2,610	-	-	2,605	2,610
Culture, parks and recreation	853	1,076	-	-	854	1,076
Community Development	520	590	-	-	521	590
Water enterprise	-	-	3,702	3,103	3,702	3,103
Wastewater enterprise	-	-	1,106	1,108	1,106	1,108
Storm Drainage enterprises	-	-	281	244	281	244
Interest on Long Term Debt	156	166	-	-	156	166
<b>Total expenses</b>	<b>11,554</b>	<b>11,326</b>	<b>5,089</b>	<b>4,455</b>	<b>16,643</b>	<b>15,781</b>
Excess before transfers	1,391	771	366	504	1,757	1,275
Transfers in (out)	1,091	925	(1,171)	(1,010)	(80)	(85)
Increase (decrease) in net assets	2,482	1,696	(805)	(506)	1,677	1,190
Net assets – Beginning	27,368	25,672	70,276	70,782	97,644	96,454
<b>Net assets – Ending</b>	<b>\$ 29,850</b>	<b>\$ 27,368</b>	<b>\$ 69,471</b>	<b>\$ 70,276</b>	<b>\$ 99,321</b>	<b>\$ 97,644</b>

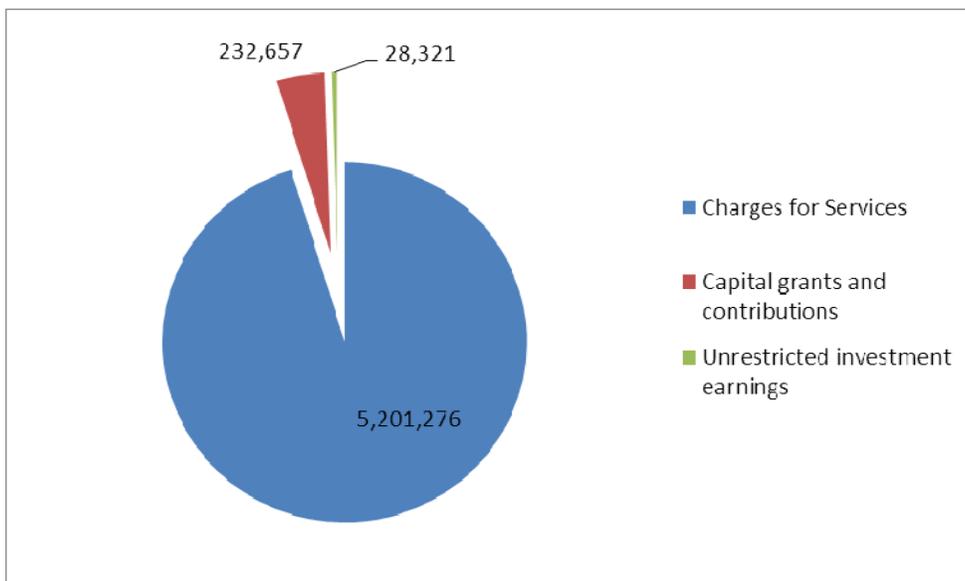
**Governmental Activities** - Governmental activities increased the City's net assets by \$2.5 million, thereby accounting for all of the total growth in the net assets of the City as the enterprise funds recognized a decrease in net assets. Contributing to this growth was both the City's increase in revenues and decrease in expenditures.

**Business-type Activities** - Business-type activities decreased the City's net assets by \$805 thousand. The key element of this decrease is capital projects in the business-type activity funds reduced the net assets of the City in the current year as they are not usually completely funded with current year revenues.

**Business-Type Activities - Charges for Services and Expenses**



**Business-type Activities Revenues by Source**



## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of December 31, 2011, the City's governmental funds reported ending fund balances of \$7.8 million, an increase of \$1.3 million from the prior year. Approximately 43 percent of this total amount (\$3.3 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$4.5 million), is reserved to indicate that it is not available for new spending because it has been committed to: 1) provide a reserve fund for the benefit of the holders of certain City debt instruments 2) provide an emergency reserve as required by the City Charter and the State Constitution (amendment to Article X, Section 20) and 3) fund balance which was accumulated due to revenues which were assigned to a specific function (for example, impact fee revenues).

The General Fund is the chief operating fund of the City. As of December 31, 2011, the unassigned fund balance of the general fund was \$3.3 million. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 57 percent of total General Fund expenditures. The increase in the fund balance of the General Fund was \$1.3 million during 2011. The contributing factor to the increase was the increase in fund revenues of \$977 thousand during the year.

In 2011, taxes were the General Fund's largest source of revenue at 76 percent, or \$8.1 million.

The Emergency Contingency Fund ended the 2011 fiscal year with a total fund balance of \$2.2 million, all of which is reserved for emergencies and not available for spending, except at the City Council's discretion in accordance with City Charter direction. The fund balance decreased by \$77 thousand due to a transfer back to the General Fund. The fund had accumulated more than the funding requirement of 25 percent of the City's prior year General Fund expenditures. For financial reporting purposes, this fund is reported within the General Fund.

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

Net assets of the Water, Wastewater and Storm Drainage funds as of December 31, 2011 amounted to \$49.5 million, \$11.1 million, and \$8.8 million, respectively. The total growth (decline) in net assets for the three funds during 2011 was \$(488) thousand, \$(394) thousand, and \$76 thousand, respectively. Other factors concerning the finances

of these funds have already been addressed in the discussion of the City's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference between the 2011 original budget and the final revised expenditure budget was \$1.3 million. The major appropriations approved during the year were:

- \$161 thousand for an employee appreciation stipend (the City's pay was frozen for both 2010 and 2011),
- \$167 thousand for the early payoff of a lease for the HVAC system in the Jack Meakin's Community Resource Center,
- \$603 thousand for one-time supplies, services, and equipment purchases from excess 2010 ending fund balance,
- \$77 thousand for the transfer to the Cemetery Perpetual Care fund,

During the year, actual revenues were \$10.6 million, which exceeded original budgetary estimates by \$1.4 million. The additional revenues are primarily due to sales tax, state severance tax, federal mineral lease tax, and building permit revenue.

Actual expenditures and other financing uses totaled \$10.6 million which was \$1.3 million under actual revenues and other financing sources. The fund balance as of December 31, 2011 is \$5.9 million. Of this amount, 1) \$217 thousand is unspendable and related to 2012 expenditures prepaid in 2011, 2) \$2.2 million is restricted for emergencies 3) \$105 thousand is committed for functions related to designate revenue, and 4) \$3.3 million is unassigned and available for appropriations as the City Council sees fit.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounted to \$86.2 million (net of accumulated depreciation). This investment includes land; buildings and system; improvements; machinery and equipment; park facilities; sidewalks; roads; highways and bridges; and water, wastewater and storm drainage installations and systems. The City's investment in capital assets was essentially unchanged (a slight increase for governmental activities and a slight decrease for business-type activities).

Major capital asset events during the year included the following:

- US 85 Bike Path (\$725,748)
- Street Resurfacing (\$406,503)

- Waste Water Facility Plan & Rate Study (\$260,663)
- Street Sweeper (\$153,584)

<b>City of Evans Capital Assets (net of depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land and water shares	\$4,484	\$4,484	\$25,829	\$25,829	\$30,313	\$30,313
Construction in progress	1,151	1,367	2,175	1,708	3,326	3,075
Intangible assets	47	54	15	17	62	71
Land improvements	2,348	2,303	-	-	2,348	2,303
Building & improvements	8,352	8,570	407	448	8,759	9,018
System improvements	-	-	31,712	32,569	31,712	32,569
Machinery & equipment	533	404	307	418	840	822
Transportation equipment	380	243	-	-	380	243
Infrastructure	8,158	7,577	271	282	8,429	7,859
<b>Total</b>	<b>\$25,453</b>	<b>\$25,002</b>	<b>\$60,716</b>	<b>\$61,271</b>	<b>\$86,169</b>	<b>\$86,273</b>

Additional information on the City's capital assets can be found in the notes to the financial statements on Page 36-37 of this report.

**Debt** - As of December 31, 2011, the City had total bonded debt outstanding of \$2.3 million. This entire amount comprises debt backed by the full faith and credit of the City of Evans. In addition, the City has \$662 thousand in Colorado Water Resources and Power Development Authority notes payable and \$862 thousand in capital leases outstanding.

<b>City of Evans Outstanding Debt</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$2,293	\$2,710	\$ -	\$ -	\$2,293	\$2,710
Wastewater loans	-	-	662	743	662	743
Capital Leases	862	1,049	-	-	862	1,049
Compensated Absences	272	424	91	86	363	509
<b>Total</b>	<b>\$3,427</b>	<b>\$4,182</b>	<b>\$753</b>	<b>\$829</b>	<b>\$4,180</b>	<b>\$5,011</b>

The City's total debt was decreased by \$684 thousand (15 percent) during 2011, due to scheduled principal payments on the remaining debt and an early payoff of a capital lease.

The City's general obligation indebtedness may not, by Charter, exceed in aggregate dollars, 15% of the City's prior year's total assessed property valuation. A requirement exists to have an affirmative vote of the citizens to authorize general obligation debt issuance. Business-type funds do not have any limitations on the amount of debt that may be issued nor do they require an elector vote provided that the debt is supported by revenues of the utility enterprise. Issuance of business-type fund debt must be

approved by an affirmative vote of the Council by ordinance. Advanced refunding of all debt must be approved by ordinance by the Council.

Additional information on the City's long-term debt can be found in the notes to the financial statements on Pages 38-40 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The 2011 revenue picture (from a sales tax perspective) was improved from the recessionary years of 2009 & 2010. This was due in part to positive economic conditions and the City's transition to self – collection of sales tax which took place in January of 2011.
- The City Council project, which asked the citizens for permission to create a Fire District within the City limits; was successfully passed in November of 2011, resulting in the creation of the Evans Fire Protection District (the "District"). The additional 5.5 property tax mills dedicated to the District was also approved by the citizens. The final phase in the transition of the City's fire services to the newly formed District involves another ballot question in May of 2012, asking the voters for permission to transfer 10 property tax mills from the City to the District.
- Population has remained relatively unchanged over the past several years with the 2010 census reporting 18,537. It is expected to remain relatively unchanged in 2011.
- The City's sales tax collections increased by 16 percent in 2011, in large part due to an increase in revenue from the industrial sector and motor vehicle use taxes of the City. The industrial category of taxes is considered volatile and the majority of revenues received are treated as "one-time" revenues and are not added to the long term revenue projections. Sales tax revenues are projected to decrease 17 percent for 2012. This projected decrease is related to the uncertainty in the industrial and motor vehicle sectors along with the slow economic recovery, including the relatively high unemployment rate in the Evans/Greeley area.
- Building use tax increased by 2 percent from 2010 to 2011 and is projected to remain flat for 2012.
- Property tax decreased by 12 percent in 2011 and is projected to increase by 2 percent for 2012. The decrease is due to the significant loss in property values in the area.
- The intergovernmental sales tax revenue sharing agreement with the City of Greeley increased by 4 percent for 2011 as compared to 2010. This revenue source is projected to remain unchanged for 2012.

All of these factors were considered in preparing the City's budget for the 2012 fiscal year.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Evans Finance Department, 1100 37<sup>th</sup> Street, Evans, Colorado 80620, (970) 475-1101.

## **BASIC FINANCIAL STATEMENTS**

**City of Evans**  
**Statement of Net Assets**  
**December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in pooled cash, cash equivalents and investments	\$ 4,953,707	\$ 3,881,014	\$ 8,834,721
Receivables	2,677,892	462,061	3,139,953
Prepaid expenses	216,671	-	216,671
Deferred charges	45,193	5,539	50,732
Restricted assets:			
Cash, cash equivalents, and investments	2,645,369	252,108	2,897,477
Investment in Greeley water	-	5,257,421	5,257,421
Capital assets - net			
Land and water shares	4,483,721	25,829,157	30,312,878
Construction in progress	1,150,961	2,174,755	3,325,716
Land improvements	2,348,106	-	2,348,106
Buildings and improvements	8,351,976	406,891	8,758,867
System improvements	-	31,711,628	31,711,628
Intangible assets	47,196	15,363	62,559
Machinery and equipment	532,972	307,150	840,122
Transportation equipment	379,975	-	379,975
Infrastructure	8,158,190	271,230	8,429,420
<b>Total assets</b>	<b>35,991,929</b>	<b>70,574,317</b>	<b>106,566,246</b>
<b>LIABILITIES</b>			
Accounts payable	486,324	247,065	733,389
Accrued payroll	203,605	11,850	215,455
Deposits and escrows	35,089	74,959	110,048
Unearned revenue	1,553,777	-	1,553,777
Claims payable	62,169	3,397	65,566
Other liabilities	374,597	12,675	387,272
Noncurrent liabilities:			
Due within one year	410,000	81,533	491,533
Due in more than one year	3,016,708	671,681	3,688,389
<b>Total liabilities</b>	<b>6,142,269</b>	<b>1,103,160</b>	<b>7,245,429</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	22,298,138	65,311,189	87,609,327
Restricted for:			
Emergencies	2,247,031	-	2,247,031
Debt service	505,610	252,108	757,718
Unrestricted	4,798,881	3,907,860	8,706,741
<b>Total net assets</b>	<b>\$ 29,849,660</b>	<b>\$ 69,471,157</b>	<b>\$ 99,320,817</b>

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

**City of Evans**  
**Statement of Activities**  
**Year Ended December 31, 2011**

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>Governmental activities:</u>				
General government	\$ 2,791,200	\$ 5,448	\$ -	\$ -
Public safety	4,628,696	12,347	106,067	-
Public works	2,605,037	616,183	-	47,737
Culture, parks and recreation	853,615	446,054	-	-
Community development	520,211	-	101,004	-
Interest on long term debt	156,085	-	-	-
<u>Total government activities</u>	<u>11,554,843</u>	<u>1,080,032</u>	<u>207,071</u>	<u>47,737</u>
<u>Business-type activities:</u>				
Water	3,701,744	3,714,444	-	113,929
Wastewater	1,105,876	1,027,800	-	88,525
Storm drainage	281,378	459,032	-	30,203
<u>Total business-type activities</u>	<u>5,088,998</u>	<u>5,201,276</u>	<u>-</u>	<u>232,657</u>
<u>Total primary government</u>	<u>\$ 16,643,841</u>	<u>\$ 6,281,308</u>	<u>\$ 207,071</u>	<u>\$ 280,394</u>

General revenues

Taxes:

- Property taxes
- Specific ownership taxes
- Sales and use taxes
- Franchise taxes
- Other taxes
- Intergovernmental
- Earnings on investments
- Other revenues
- Loss on sale of capital assets

Subtotal general revenues

Transfers in (out)

Total general revenues and transfers

Changes in net assets

Net assets at beginning of year

Net assets at ending of year

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

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,785,752)	\$ -	\$ (2,785,752)
(4,510,282)	-	(4,510,282)
(1,941,117)	-	(1,941,117)
(407,561)	-	(407,561)
(419,207)	-	(419,207)
(156,085)	-	(156,085)
<u>(10,220,003)</u>	<u>-</u>	<u>(10,220,003)</u>
-	126,629	126,629
-	10,449	10,449
-	207,857	207,857
<u>-</u>	<u>344,935</u>	<u>344,935</u>
<u>(10,220,003)</u>	<u>344,935</u>	<u>(9,875,068)</u>
1,501,411	-	1,501,411
109,888	-	109,888
5,875,706	-	5,875,706
470,398	-	470,398
104,437	-	104,437
1,906,395	-	1,906,395
69,684	28,321	98,005
1,604,855	-	1,604,855
<u>(32,057)</u>	<u>(7,053)</u>	<u>(39,110)</u>
11,610,717	21,268	11,631,985
<u>1,091,056</u>	<u>(1,171,056)</u>	<u>(80,000)</u>
<u>12,701,773</u>	<u>(1,149,788)</u>	<u>11,551,985</u>
2,481,770	(804,853)	1,676,917
<u>27,367,890</u>	<u>70,276,010</u>	<u>97,643,900</u>
<u>\$ 29,849,660</u>	<u>\$ 69,471,157</u>	<u>\$ 99,320,817</u>

**City of Evans  
Balance Sheet  
Governmental Funds  
December 31, 2011**

	General	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in pooled cash, cash equivalents and investments	\$ 3,322,046	\$ 1,631,661	\$ 4,953,707
Restricted cash, cash equivalents and investments	2,247,031	398,338	2,645,369
Receivables	2,336,499	341,393	2,677,892
Prepaid expenses	216,671	-	216,671
<u>Totals assets</u>	<u>\$ 8,122,247</u>	<u>\$ 2,371,392</u>	<u>\$ 10,493,639</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts payable	\$ 368,525	\$ 117,799	\$ 486,324
Deferred revenue	1,553,777	-	1,553,777
Accrued payroll	203,605	-	203,605
Deposits and escrows	35,089	-	35,089
Claims payable	62,169	-	62,169
Other liabilities	-	321,844	321,844
<u>Total liabilities</u>	<u>2,223,165</u>	<u>439,643</u>	<u>2,662,808</u>
<u>Fund balances</u>			
Unspendable	216,671	-	216,671
Restricted	2,247,031	505,610	2,752,641
Committed	105,224	-	105,224
Assigned	-	1,426,139	1,426,139
Unassigned	3,330,156	-	3,330,156
<u>Total fund balances</u>	<u>5,899,082</u>	<u>1,931,749</u>	<u>7,830,831</u>
<u>Total liabilities and fund balances</u>	<u>\$ 8,122,247</u>	<u>\$ 2,371,392</u>	<u>\$ 10,493,639</u>

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

**City of Evans**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**with the Government-wide Statement of Net Assets**  
**December 31, 2011**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances - governmental funds	\$	7,830,831
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the fund financial statements.

Capital assets	\$	35,450,256	
Less: accumulated depreciation		<u>(9,997,159)</u>	25,453,097

Debt issuance costs are written off on the fund financial statements and amortized over the life of the debt on the government-wide financial statements.		45,193
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Long-term liabilities are not due and payable from current financial resources and therefore are not reported as liabilities on the fund financial statements. Long-term liabilities and related accounts at December 31, 2011 consist of:

Bonds payable	\$	2,250,000	
Deferred bond premium		42,616	
Capital leases payable		862,343	
Compensated absences		271,749	
Accrued interest payable		<u>52,753</u>	<u>(3,479,461)</u>

Total net assets of governmental activities	\$	<u><u>29,849,660</u></u>
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**City of Evans**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2011**

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes and fees	\$ 8,061,840	\$ -	\$ 8,061,840
Licenses and permits	759,574	400	759,974
Intergovernmental	585,070	1,321,325	1,906,395
Grants and contributions	106,067	101,004	207,071
Charges for services	485,143	594,889	1,080,032
Fines and forfeitures	471,120	-	471,120
Earnings on investments	38,139	31,545	69,684
Assessments	-	251,480	251,480
Miscellaneous	122,281	-	122,281
<u>Total revenues</u>	<u>10,629,234</u>	<u>2,300,643</u>	<u>12,929,877</u>
<u>Expenditures</u>			
General government	2,362,773	150	2,362,923
Public safety	4,544,429	89,030	4,633,459
Public works	1,397,727	679,130	2,076,857
Culture, parks and recreation	849,257	-	849,257
Community development	492,734	-	492,734
Debt service			
Principal	186,346	400,000	586,346
Interest	61,210	104,610	165,820
Capital outlay	513,380	1,075,886	1,589,266
<u>Total expenditures</u>	<u>10,407,856</u>	<u>2,348,806</u>	<u>12,756,662</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>221,378</u>	<u>(48,163)</u>	<u>173,215</u>
<u>Other financing sources (uses)</u>			
Proceeds from the sale of capital assets	17,828	-	17,828
Transfers in	1,209,506	76,944	1,286,450
Transfers out	(164,944)	(30,450)	(195,394)
<u>Total other financing sources (uses)</u>	<u>1,062,390</u>	<u>46,494</u>	<u>1,108,884</u>
<u>Net changes in fund balances</u>	<u>1,283,768</u>	<u>(1,669)</u>	<u>1,282,099</u>
<u>Fund balance at beginning of year</u>	<u>4,615,314</u>	<u>1,933,418</u>	<u>6,548,732</u>
<u>Fund balance at end of year</u>	<u>\$ 5,899,082</u>	<u>\$ 1,931,749</u>	<u>\$ 7,830,831</u>

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

**City of Evans**  
**Reconciliation of the Governmental Funds Statement of**  
**Revenues, Expenditures and Changes in Fund Balances**  
**with the Government-wide Statement of Activities**  
**Year Ended December 31, 2011**

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

Total net change in fund balances - governmental funds. \$ 1,282,099

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities:

Capital outlay	\$ 1,589,266	
Donated assets	47,737	
Depreciation expense	<u>(1,135,884)</u>	501,119

Proceeds from sale of capital assets are shown as an other financing source but are reduced by the book value of the asset to calculate the loss on sale or disposal of capital assets on the Statement of Activities. (49,885)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 586,346

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.

Amortization of bond issuance costs	\$ 9,038	
Accretion of bond premium	(17,079)	
Change in accrued compensated absences	(152,356)	
Change in accrued interest payable	<u>(1,694)</u>	<u>162,091</u>

Change in net assets of governmental activities \$ 2,481,770

**City of Evans**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

	<u>Water</u>	<u>Wastewater</u>	<u>Storm Drainage</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
<b><u>Current assets</u></b>				
Equity in pooled cash, cash equivalents and investments	\$ 2,206,612	\$ 1,066,627	\$ 607,775	\$ 3,881,014
Receivables	313,329	105,681	43,051	462,061
<b><u>Total current assets</u></b>	<b><u>2,519,941</u></b>	<b><u>1,172,308</u></b>	<b><u>650,826</u></b>	<b><u>4,343,075</u></b>
<b><u>Noncurrent assets</u></b>				
Restricted cash, cash equivalents and investments	-	252,108	-	252,108
Investment in Greeley water	5,257,421	-	-	5,257,421
Capital assets, not being depreciated	27,014,548	81,406	907,958	28,003,912
Capital assets, being depreciated	14,969,787	10,408,384	7,334,091	32,712,262
Debt issuance costs, net	-	5,539	-	5,539
<b><u>Total noncurrent assets</u></b>	<b><u>47,241,756</u></b>	<b><u>10,747,437</u></b>	<b><u>8,242,049</u></b>	<b><u>66,231,242</u></b>
<b><u>Total assets</u></b>	<b><u>49,761,697</u></b>	<b><u>11,919,745</u></b>	<b><u>8,892,875</u></b>	<b><u>70,574,317</u></b>
<b><u>LIABILITIES</u></b>				
<b><u>Current liabilities</u></b>				
Accounts payable	168,882	25,863	52,320	247,065
Accrued expenses	3,563	20,962	-	24,525
Claims payable	677	2,720	-	3,397
Deposits and escrows	33,603	36,205	5,151	74,959
Accrued compensated absences	40,909	43,259	6,640	90,808
Current portion of note payable	-	81,533	-	81,533
<b><u>Total current liabilities</u></b>	<b><u>247,634</u></b>	<b><u>210,542</u></b>	<b><u>64,111</u></b>	<b><u>522,287</u></b>
<b><u>Noncurrent liabilities</u></b>				
Note payable	-	580,873	-	580,873
<b><u>Total noncurrent liabilities</u></b>	<b><u>-</u></b>	<b><u>580,873</u></b>	<b><u>-</u></b>	<b><u>580,873</u></b>
<b><u>Total liabilities</u></b>	<b><u>247,634</u></b>	<b><u>791,415</u></b>	<b><u>64,111</u></b>	<b><u>1,103,160</u></b>
<b><u>Net assets</u></b>				
Invested in capital assets, net of related debt	47,241,756	9,827,384	8,242,049	65,311,189
Restricted	-	252,108	-	252,108
Unrestricted	2,272,307	1,048,838	586,715	3,907,860
<b><u>Total net assets</u></b>	<b><u>\$ 49,514,063</u></b>	<b><u>\$ 11,128,330</u></b>	<b><u>\$ 8,828,764</u></b>	<b><u>\$ 69,471,157</u></b>

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

**City of Evans**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**Year Ended December 31, 2011**

	Water	Wastewater	Storm Drainage	Total
<u>Operating revenues</u>				
Water/sewer/storm drainage sales	\$ 3,538,938	\$ 1,027,800	\$ 459,032	\$ 5,025,770
Non-potable water sales	146,935	-	-	146,935
Water meters	5,272	-	-	5,272
Other sales	23,299	-	-	23,299
<u>Total operating revenues</u>	<u>3,714,444</u>	<u>1,027,800</u>	<u>459,032</u>	<u>5,201,276</u>
<u>Operating expenses</u>				
Water supply and administrative	2,975,801	-	-	2,975,801
Wastewater and administrative	-	595,096	-	595,096
Storm drainage and administrative	-	-	10,920	10,920
Depreciation expense	725,943	478,286	270,458	1,474,687
<u>Total operating expenses</u>	<u>3,701,744</u>	<u>1,073,382</u>	<u>281,378</u>	<u>5,056,504</u>
<u>Operating income (loss)</u>	<u>12,700</u>	<u>(45,582)</u>	<u>177,654</u>	<u>144,772</u>
<u>Nonoperating revenues (expenses)</u>				
Earnings on investments	14,117	8,729	5,475	28,321
Loss on disposal of capital assets	(7,053)	-	-	(7,053)
Interest expense	-	(32,494)	-	(32,494)
<u>Total nonoperating revenues (expenses)</u>	<u>7,064</u>	<u>(23,765)</u>	<u>5,475</u>	<u>(11,226)</u>
<u>Income (loss) before transfers and contributions</u>	<u>19,764</u>	<u>(69,347)</u>	<u>183,129</u>	<u>133,546</u>
Transfers out	(621,238)	(412,824)	(136,994)	(1,171,056)
Plant investment fees and cash in lieu of fees	113,929	88,525	30,203	232,657
<u>Change in net assets</u>	<u>(487,545)</u>	<u>(393,646)</u>	<u>76,338</u>	<u>(804,853)</u>
<u>Net assets at beginning of year</u>	<u>50,001,608</u>	<u>11,521,976</u>	<u>8,752,426</u>	<u>70,276,010</u>
<u>Net assets at end of year</u>	<u>\$ 49,514,063</u>	<u>\$ 11,128,330</u>	<u>\$ 8,828,764</u>	<u>\$ 69,471,157</u>

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

**City of Evans**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2011**

	Water	Wastewater	Storm Drainage	Total
<u>Cash flows from operating activities</u>				
Cash received from customers	\$ 3,717,330	\$ 1,025,241	\$ 458,225	\$ 5,200,796
Cash payments to suppliers	(2,792,181)	(313,391)	41,598	(3,063,974)
Cash payments to employees	(138,513)	(278,001)	-	(416,514)
<u>Net cash flows from operating activities</u>	<u>786,636</u>	<u>433,849</u>	<u>499,823</u>	<u>1,720,308</u>
<u>Cash flows from non-capital financing activities</u>				
Transfers to other funds	(621,238)	(412,824)	(136,994)	(1,171,056)
<u>Net cash flows from non-capital financing activities</u>	<u>(621,238)</u>	<u>(412,824)</u>	<u>(136,994)</u>	<u>(1,171,056)</u>
<u>Cash flows from capital and related financing activities</u>				
Plant investment fees and cash in lieu of fees	113,929	88,525	30,203	232,657
Principal paid on debt	-	(80,573)	-	(80,573)
Interest paid on debt	-	(32,788)	-	(32,788)
Change in restricted cash	-	(13,913)	-	(13,913)
Acquisition of capital assets	(341,665)	(57,756)	(527,490)	(926,911)
<u>Net cash flows from financing activities</u>	<u>(227,736)</u>	<u>(96,505)</u>	<u>(497,287)</u>	<u>(821,528)</u>
<u>Cash flows from investing activities</u>				
Proceeds from sale of investments	1,051,337	628,310	289,573	1,969,220
Purchases of investments	(762,989)	(439,977)	(133,039)	(1,336,005)
Earnings on investments	14,441	8,959	5,738	29,138
<u>Net cash flows from investing activities</u>	<u>302,789</u>	<u>197,292</u>	<u>162,272</u>	<u>662,353</u>
<u>Net change in cash and cash equivalents</u>	<u>240,451</u>	<u>121,812</u>	<u>27,814</u>	<u>390,077</u>
<u>Cash and equivalents at beginning of year</u>	<u>749,656</u>	<u>217,796</u>	<u>244,895</u>	<u>1,212,347</u>
<u>Cash and cash equivalents at end of year</u>	<u>\$ 990,107</u>	<u>\$ 339,608</u>	<u>\$ 272,709</u>	<u>\$ 1,602,424</u>
Cash and cash equivalents at end of year	\$ 990,107	\$ 339,608	\$ 272,709	\$ 1,602,424
Investments	1,216,505	727,019	335,066	2,278,590
Cash, cash equivalents, and investments at end of year	<u>\$ 2,206,612</u>	<u>\$ 1,066,627</u>	<u>\$ 607,775</u>	<u>\$ 3,881,014</u>
<b><u>Reconciliation of operating income (loss) to net cash flows from operating activities</u></b>				
Operating income (loss)	\$ 12,700	\$ (45,582)	\$ 177,654	\$ 144,772
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	725,943	478,286	270,458	1,474,687
(Increase) decrease in:				
Receivables	2,886	(2,559)	(807)	(480)
Increase (decrease) in:				
Accounts payable and accrued expenses	45,107	3,704	52,518	101,329
<u>Net cash flows from operating activities</u>	<u>\$ 786,636</u>	<u>\$ 433,849</u>	<u>\$ 499,823</u>	<u>\$ 1,720,308</u>

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

**City of Evans**  
**Statement of Fiduciary Net Assets**  
**December 31, 2011**

	Volunteer Firefighters' Pension Fund	Cemetery Endowment Fund	Total
<u>Assets</u>			
Equity in pooled cash, cash equivalents and investments	\$ 472,821	\$ 626	\$ 473,447
Restricted cash and investments	-	48,059	48,059
<u>Total assets</u>	<u>\$ 472,821</u>	<u>\$ 48,685</u>	<u>\$ 521,506</u>
<u>Net assets</u>			
Held in trust for pension benefits	\$ 472,821	\$ -	\$ 472,821
Restricted	-	48,059	48,059
Unrestricted	-	626	626
<u>Total net assets</u>	<u>\$ 472,821</u>	<u>\$ 48,685</u>	<u>\$ 521,506</u>

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

**City of Evans**  
**Statement of Changes in Fiduciary Net Assets**  
**Year Ended December 31, 2011**

	Volunteer Firefighters' Pension Fund	Cemetery Endowment Fund	Total
<u>Additions</u>			
Earnings on investments	\$ 5,026	\$ 8,678	\$ 13,704
Contributions	33,994	-	33,994
<u>Total additions</u>	<u>39,020</u>	<u>8,678</u>	<u>47,698</u>
<u>Deductions</u>			
Pension distributions	109,221	-	109,221
<u>Total deductions</u>	<u>109,221</u>	<u>-</u>	<u>109,221</u>
<u>Income (loss) before transfers</u>	<u>(70,201)</u>	<u>8,678</u>	<u>(61,523)</u>
<u>Transfers</u>			
Transfers in	88,000	-	88,000
Transfers out	-	8,000	8,000
<u>Total transfers</u>	<u>88,000</u>	<u>(8,000)</u>	<u>80,000</u>
<u>Change in net assets</u>	<u>17,799</u>	<u>678</u>	<u>18,477</u>
<u>Net assets at beginning of year</u>	<u>455,022</u>	<u>48,007</u>	<u>503,029</u>
<u>Net assets at end of year</u>	<u>\$ 472,821</u>	<u>\$ 48,685</u>	<u>\$ 521,506</u>

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

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Evans, Colorado (the “City”) was founded on November 22, 1869 as a statutory city. On April 30, 1973, the City adopted a home rule charter which provided for adoption of a Council-Manager Government. The City’s major operations include general government; public safety; public works; culture, parks and recreation; and community development. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”). The following is a summary of the more significant policies.

GAAP requires that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based on the application of these criteria, the City does not include any component units within its reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments and pollution remediation costs, are recorded only when payment is due.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All others, primarily licenses, fees and permits, are measurable and available only when cash is received.

The City reports the following major governmental fund:

*General Fund* - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. In addition, the Emergency Contingency Reserve Fund, used for funds accumulated for emergency contingency established by the City Charter, is also reported in this fund.

Proprietary Funds - Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

*Enterprise Funds* - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the primary intent is that 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. The City's major enterprise funds include the Water, Wastewater, and Storm Drainage Funds.

Fiduciary Funds - Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's trust funds include the Volunteer Firefighters' Pension and Cemetery Endowment Funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board ("GASB"). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 – Summary of Significant Accounting Policies (Continued)

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the City's policy to use restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

Budgets

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

- By October 15, the City Manager submits to the City Council, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the City Council through passage of an ordinance.
- The City legally adopts budgets for all of the funds. Budgets for the General, Special Revenue, Debt Service, Capital Projects and Fiduciary Funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the Enterprise Funds are presented on a non-GAAP budgetary basis.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end.

The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
<u>Governmental funds:</u>			
General	\$ 9,938,137	\$ 1,329,865	\$ 11,268,002
Special revenue funds:			
Parks Impact	100,000	-	100,000
Conservation Trust	164,500	375,000	539,500
Refuse Collection	582,332	-	582,332
Street Impact	200,000	132,000	332,000
Fire Impact	43,790	57,500	101,290
Cemetery Perpetual Care	-	-	-
Debt service fund:			
G.O. Debt Service	505,210	-	505,210
Capital projects fund:			
Street Construction	710,000	351,051	1,061,051

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 – Summary of Significant Accounting Policies (Continued)

Budgets (Continued)

	Original Budget	Total Revisions	Revised Budget
<u>Business-type funds:</u>			
Water	4,139,551	832,775	4,972,326
Wastewater	1,366,780	485,368	1,852,148
Storm Drainage	533,942	597,461	1,131,403
<u>Fiduciary funds:</u>			
Volunteer Firefighters' Pension	143,026	-	143,026
Cemetery Endowment	2,000	6,000	8,000
<u>Total funds</u>	<u>\$ 18,429,268</u>	<u>\$ 4,167,020</u>	<u>\$ 22,596,288</u>

Cash and Investments

Cash balances of the City's funds are pooled and invested in investments maturing within five years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the financial statements as "equity in pooled cash, cash equivalents and investments." Overdrawn balances in the pooled cash accounts, if any, are treated by the City as interfund liabilities, payable to the fund deemed to have made the loan.

During 2011, the City had investments in U.S. treasury obligations, U.S. instrumentality obligations, investments held by the Fire and Police Pension Association for the benefit of the City's Volunteer Firefighters' Pension Fund, and local government investment pools.

Investments are reported at fair value which is based on quoted market prices.

For purpose of presentation in the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's cash and investment accounts at December 31, 2011 is provided in Note 2.

Restricted Cash

The Emergency Contingency restricted cash, as reported within the General Fund, is due to a reserve for unanticipated expenditures. The City, by Home Rule Charter maintains a fund balance equal to twenty-five percent (25%) of the prior year's general fund expenditures. The designation is to provide a fiscal cushion to absorb fluctuations in City operations due to economic downturns or emergencies. This designation encompasses the "emergency" reserve as defined in the TABOR amendment of the Colorado State Constitution.

The City has restricted the cash held in debt service accounts in the G.O. Debt Service Fund for future principal and interest payments on the 2003 General Obligation Bonds.

The amount restricted in the Wastewater Fund is in compliance with the operation and maintenance reserve requirement of the loans from the Colorado Water Resource and Power Development Authority.

The restricted cash and investments in the Volunteer Firefighters' Pension Fund is for future pension benefits to be paid to the volunteer firefighters. The corpus balance in the Cemetery Endowment fund is restricted. Interest earned on the balance may be used for maintenance of the cemetery.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 – Summary of Significant Accounting Policies (Continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Because these assets do not represent current financial resources, these amounts are shown as nonspendable fund balance in governmental funds.

Bond Premiums, Discounts and Issuance Costs

In the governmental fund statements, bond premiums, discounts, and issuance costs are recognized as current period revenues and/or expenditures. Bond premiums, discounts, and issuance costs in the government-wide and proprietary fund statements are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

Estimated useful lives for asset types are as follows:

Intangible assets	10 years
Land improvements	5 - 50 years
Infrastructure	10- 30 years
Buildings and improvements	5 - 50 years
Machinery and equipment	5 - 20 years
Transportation equipment	6 - 15 years
System Improvements	5 - 40 years

Compensated Absences

Employees of the City are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the City, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay, there is no payment for sick leave upon termination.

Accumulated unpaid vacation and compensatory time is accrued when earned. In the government fund statements, accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. These balances are generally liquidated by the General Fund. Compensated absences relating to the Enterprise Funds are recorded as a liability of those funds.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 – Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue is recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Fund Balance and Net Assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents the net assets of the City, which are not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council (the "Council"). The Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council's adopted policy, the Council has granted the City Manager, or the City Manager's designee, the authority to assign the designated fund balance for each governmental fund based on the intended use of resources by the City Council in the most recently adopted Budget and Long Range Financial Plans.

Unassigned – all other spendable amounts.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Balance and Net Assets (Continued)

As of June 30, 2011, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid expenses	\$ 216,671	\$ -	\$ 216,671
Restricted:			
Emergency reserve	2,247,031	-	2,247,031
Debt service	-	505,610	505,610
Committed:			
Surcharge fees	105,224	-	105,224
Assigned:			
Special revenue funds	-	1,188,490	1,188,490
Street construction	-	236,449	236,449
Debt service	-	1,200	1,200
Unassigned:	3,330,156	-	3,330,156
	\$ 5,899,082	\$ 1,931,749	\$ 7,830,831

Accounting Estimates

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

New Pronouncement

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective for reporting periods after June 15, 2010. The statement established fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources. The City adopted this in the fiscal year 2011 and has disclosed this information in Note 1 (*Fund Balance and Net Assets*).

Note 2 – Cash and Investments

A summary of deposits and investments as of December 31, 2011 follows:

Petty cash	\$ 2,585
Cash with county treasurer	71,850
Cash deposits	3,769,861
Investments	8,409,408
<u>Total</u>	\$ 12,253,704

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 2 – Cash and Investments (Continued)

The above amounts are classified in the Statements of Net Assets and Fiduciary Net Assets as follows:

Restricted cash:	
Governmental activities	\$ 2,645,369
Business-type activities	252,108
Fiduciary funds	48,059
Unrestricted cash:	
Governmental activities	4,953,707
Business-type activities	3,881,014
Fiduciary funds	<u>473,447</u>
Total cash and investments	<u><u>\$ 12,253,704</u></u>

**Cash Deposits**

Custodial Credit Risk

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The City's deposit policy is in accordance with CRS 11-10.5-101, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2011, all of the City's deposits are either insured by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by the PDPA program, and are therefore not deemed to be exposed to custodial credit risk.

**Investments**

Credit Risk

The City's investment policy defines allowable investments instruments including:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit
- Corporate bonds rated at lower than AA- by at least two nationally recognized rating agencies
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities
- Local government investment pools

The City manages its credit risk by limiting its investments to the types of securities listed above, by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors, and by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 2 – Cash and Investments (Continued)

At December 31, 2011 the City had the following investments:

Investment	S&P Rating	Moody Rating	Fair Value	Weighted Average Maturity Date (in days)	Concentration of Credit Risk
US Treasury	AAA	Aaa	2,717,369	1,013	32.31%
US Instrumentality	AAA	Aaa	3,461,454	854	41.17%
General Obligation Bonds	AAA	Aaa	505,610	1,796	6.01%
Fire and Police Pension Association	N/A	N/A	472,821	N/A	5.62%
C-Safe	AAA	Aaa	2,125	N/A	0.03%
ColoTrust	AAA	Aaa	1,250,029	N/A	14.86%
Total investments			<u>\$ 8,409,408</u>		

As of December 31, 2011, the City has invested funds in Colotrust and CSAFE, investment pools that operate under the Colorado Revised Statutes (24-75-701) which are overseen by the Colorado Securities Commissioner. These investment pools invest in securities that are specified by 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 operate similar to a money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days.

Interest Rate Risk

Colorado State statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment portfolio does not contain investments that exceed that limitation of five years.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City Council approves a list of financial institutions and depositories authorized to provide investment services. Security broker/dealers must have a minimum capital requirement of \$10,000,000 and at least five years of operation.

Note 3 - Receivables

Receivables at December 31, 2011, consist of the following:

Receivables	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Taxes	\$ 1,513,211	\$ -	\$ -	\$ -	\$ -
Accounts	114,466	70,032	-	99,755	375,460
Intergovernmental	708,822	-	108,472	63,134	29,024
Other	-	-	-	-	57,577
<u>Total</u>	<u>\$ 2,336,499</u>	<u>\$ 70,032</u>	<u>\$ 108,472</u>	<u>\$ 162,889</u>	<u>\$ 462,061</u>

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 4 – Capital Assets

A summary of changes in governmental activity capital assets is as follows:

	Beginning Balance	Increases	(Decreases) Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,258,418	\$ -	\$ -	\$ 3,258,418
Landscaping	1,225,303	-	-	1,225,303
Construction in progress	1,367,009	474,906	(690,954)	1,150,961
<b>Total capital assets, not being depreciated</b>	<b>5,850,730</b>	<b>474,906</b>	<b>(690,954)</b>	<b>5,634,682</b>
Capital assets, being depreciated:				
Intangible assets	65,147	-	-	65,147
Land improvements	4,087,340	120,907	(17,159)	4,191,088
Infrastructure	9,027,333	1,224,683	-	10,252,016
Buildings and improvements	11,221,978	41,032	-	11,263,010
Machinery and equipment	1,927,698	272,554	(54,082)	2,146,170
Transportation equipment	1,910,951	193,875	(206,683)	1,898,143
<b>Total capital assets, being depreciated</b>	<b>28,240,447</b>	<b>1,853,051</b>	<b>(277,924)</b>	<b>29,815,574</b>
Less accumulated depreciation for:				
Intangible assets	(11,441)	(6,510)	-	(17,951)
Land improvements	(1,593,292)	(266,849)	17,159	(1,842,982)
Infrastructure	(1,641,625)	(452,201)	-	(2,093,826)
Buildings and improvements	(2,651,720)	(259,314)	-	(2,911,034)
Machinery and equipment	(1,523,647)	(143,633)	54,082	(1,613,198)
Transportation equipment	(1,667,589)	(7,377)	156,798	(1,518,168)
<b>Total accumulated depreciation</b>	<b>(9,089,314)</b>	<b>(1,135,884)</b>	<b>228,039</b>	<b>(9,997,159)</b>
<b>Total capital assets, being depreciated, net</b>	<b>19,151,133</b>	<b>717,167</b>	<b>(49,885)</b>	<b>19,818,415</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 25,001,863</b>	<b>\$ 1,192,073</b>	<b>\$ (740,839)</b>	<b>\$ 25,453,097</b>

Depreciation for governmental activity capital assets has been allocated to the various activities as follows:

General government	\$ 454,354
Public safety	96,550
Public works	539,545
Culture, parks and recreation	11,359
Community development	34,076
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,135,884</b>

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

**Note 4 – Capital Assets**

A summary of changes in business-type activity capital assets is as follows:

	Beginning Balance	Increases	(Decreases) Transfers	Ending Balance
Capital assets, not being depreciated:				
Water rights	\$ 25,755,155	\$ -	\$ -	\$ 25,755,155
Land	74,002	-	-	74,002
Construction in progress	1,708,217	747,258	(280,720)	2,174,755
<b>Total capital assets, not being depreciated</b>	<b>27,537,374</b>	<b>747,258</b>	<b>(280,720)</b>	<b>28,003,912</b>
Capital assets, being depreciated:				
System improvements	44,312,990	460,373	(56,478)	44,716,885
Machinery and equipment	1,369,701	-	(35,512)	1,334,189
Buildings and improvements	778,641	-	-	778,641
Intangible assets	21,207	-	-	21,207
Infrastructure	317,544	-	-	317,544
<b>Total capital assets, being depreciated</b>	<b>46,800,083</b>	<b>460,373</b>	<b>(91,990)</b>	<b>47,168,466</b>
Less accumulated depreciation for:				
System improvements	(11,744,090)	(1,317,645)	56,478	(13,005,257)
Machinery and equipment	(952,053)	(103,445)	28,459	(1,027,039)
Buildings and improvements	(330,548)	(41,202)	-	(371,750)
Intangible assets	(3,725)	(2,119)	-	(5,844)
Infrastructure	(36,038)	(10,276)	-	(46,314)
<b>Total accumulated depreciation</b>	<b>(13,066,454)</b>	<b>(1,474,687)</b>	<b>84,937</b>	<b>(14,456,204)</b>
<b>Total capital assets, being depreciated, net</b>	<b>33,733,629</b>	<b>(1,014,314)</b>	<b>(7,053)</b>	<b>32,712,262</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 61,271,003</b>	<b>\$ (267,056)</b>	<b>\$ (287,773)</b>	<b>\$ 60,716,174</b>

Depreciation for business-type activity capital assets has been allocated to the various operations as follows:

Water enterprise	\$ 725,943
Wastewater enterprise	478,286
Drainage enterprise	270,458
<b>Total depreciation expense - business - type activities</b>	<b>\$ 1,474,687</b>

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

**Note 5 – Long- Term Debt**

Following is a summary of governmental activity debt transactions for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 2,650,000	\$ -	\$ (400,000)	\$ 2,250,000	\$ 410,000
Deferred issuance premium	59,695	-	(17,079)	42,616	-
Total bonds payable, net	2,709,695	-	(417,079)	2,292,616	410,000
Compensated absences	424,105	143,233	(295,589)	271,749	-
Capital lease obligation	1,048,689	-	(186,346)	862,343	-
<b>Total long term debt</b>	<b>\$ 4,182,489</b>	<b>\$ 143,233</b>	<b>\$ (899,014)</b>	<b>\$ 3,426,708</b>	<b>\$ 410,000</b>

**Governmental Activities Debt**

During 2003, the City issued General Obligation Refunding Bonds, Series 2003, dated May 1, 2003, due December 1, 2016, with semiannual interest, and annual principal payments, through December 1, 2016. Interest rates range from 2.0% to 3.7%. Proceeds from the bonds were used to construct and furnish an addition to the city complex and to refinance the City's 1996 General Obligation Bonds. In connection with the refinance, the City recorded \$135,725 of bond issuance costs and \$168,380 of bond premiums, of which \$45,193 and \$42,616 remain to be amortized, respectively. Repayment of this debt is made by the G.O. Debt Service Fund.

During 2005, the City entered into a capital lease for the purchase of HVAC equipment. The lease requires 48 quarterly payments of \$7,703 beginning in January 2007 and bears interest at the rate of 4.15% per annum. This capital lease was repaid in full during the fiscal year. Property and equipment carried at \$305,919 with \$74,227 in accumulated depreciation, in the governmental activities were acquired under this capital lease agreement.

On February 6, 2007, the City entered into a agreement with Arsenault Holding LLC to acquire vacant land known as Tri-Pointe. The agreement requires interest only at 5.75% for 20 years at which time the Note shall be discharged and cancelled by the note holder and all outstanding principal thereunder shall be waived and forfeited by the holder thereof as a charitable donation by the note holder.

**Business-Type Activities Debt**

Following is a summary of business-type Activity debt transactions for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Wastewater Colorado Water Resources and Power	\$ 530,229	\$ -	\$ (59,515)	\$ 470,714	\$ 59,516
Wastewater CWRPDA note payable (11/98)	212,750	-	(21,058)	191,692	22,017
Compensated absences	85,776	55,390	(50,358)	90,808	-
<b>Total long term debt</b>	<b>\$ 828,755</b>	<b>\$ 55,390</b>	<b>\$ (130,931)</b>	<b>\$ 753,214</b>	<b>\$ 81,533</b>

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 5 – Long- Term Debt (Continued)

The City has pledged future wastewater revenues, net of specified operating expenses, to repay approximately \$1.5 million in wastewater system revenue bonds issued in 1998. Proceeds from the bonds provided financing for the construction and maintenance of the headworks facility at the wastewater treatment facility. The bonds bear interest between 4.00% and 4.50%. The bonds are payable solely from wastewater net revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 25 percent of specified net budgeted revenues. The total principal remaining to be paid on the bonds is \$662,406. Principal and interest paid for the current year and specified net budget revenues were \$113,361 and \$317,547, respectively.

Future Debt Service Requirements

The following tables represent the future debt service requirements on the governmental activity debt. The following table is the debt service on the outstanding General Obligation bonded debt.

Year Ending December 31	Principal	Interest	Total
2012	\$ 410,000	\$ 87,610	\$ 497,610
2013	435,000	70,186	505,186
2014	455,000	50,610	505,610
2015	465,000	34,686	499,686
2016	485,000	17,946	502,946
Total	<u>\$ 2,250,000</u>	<u>\$ 261,038</u>	<u>\$ 2,511,038</u>

Payments on the land capital leases and notes are due as follows:

Year	Tri Pointe Land
2012	\$ 49,585
2013	49,585
2014	49,585
2015	49,585
2016	49,585
2017-2021	247,925
2022-2026	247,925
2027-2031	911,928
Total future minimum lease payments	<u>1,655,703</u>
Amount representing interest	<u>(793,360)</u>
Present value of future payments	<u>\$ 862,343</u>

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

**Note 5 – Long- Term Debt (Continued)**

The following is a summary of the future debt service on the City’s business-type activity bonds and notes payable:

Year Ending December 31	Principal	Interest	Total
2012	\$ 81,533	\$ 30,175	\$ 111,708
2013	87,944	27,510	115,454
2014	88,992	19,634	108,626
2015	90,088	16,960	107,048
2016	96,642	14,119	110,761
2017-2021	217,207	15,145	232,352
<u>Total</u>	<u>\$ 662,406</u>	<u>\$ 123,543</u>	<u>\$ 785,949</u>

**Note 6 – Interfund Transfers**

The following table summarizes interfund transfers for the year ended December 31, 2011:

	Transfers Out:						Total
	General Fund	Water Fund	Wastewater Fund	Storm Drainage	Nonmajor Governmental Funds	Fiduciary Funds	
<u>Transfers In:</u>							
General Fund	\$ -	\$ 621,238	\$ 412,824	\$ 136,994	\$ 30,450	\$ 8,000	\$ 1,209,506
Nonmajor Governmental Funds	76,944	-	-	-	-	-	76,944
Fiduciary Funds	88,000	-	-	-	-	-	88,000
<u>Total</u>	<u>\$ 164,944</u>	<u>\$ 621,238</u>	<u>\$ 412,824</u>	<u>\$ 136,994</u>	<u>\$ 30,450</u>	<u>\$ 8,000</u>	<u>\$ 1,374,450</u>

Transfers are used to (1) reimburse the General Fund for indirect costs associated with administrative and operational support related to providing water, wastewater, storm drainage, and refuse services to citizens; (2) establish the Cemetery Perpetual Care Fund that was previously reported in the General Fund; and (3) record the City’s contribution to the Volunteer Firefighters’ Pension Plan.

**Note 7 – Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The City maintains commercial insurance to address these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City has a partial self-funded medical insurance arrangement. The insurance coverage is substantially the same as in prior fiscal years. The City is self-insured for its medical benefits through its General Fund for employees which ranges from \$6,687 to \$19,736 per employee per year depending on the level of coverage selected. Maximum claim liability for 2011 was \$777,239. The City has specific stop loss insurance of \$35,000 per year along with aggregate stop loss insurance for claims. Claims in excess of the limitations are covered by third-party insurance. Expenditures are charged to the fund to which the employees’ payroll expenditure is charged at the maximum amount per level of coverage.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 7 – Risk Management (Continued)

Claims processing and payments for the medical claims are made through a third-party administrator. The City uses the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. Amounts due in the future year on claims as of December 31, 2011 are recognized as a current liability in the statement of net assets. Changes in the incurred but not reported amount during the fiscal years ended December 31, 2011 and 2010 were as follows:

	Claims and Premium Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims and Premium Liability at End of Year
Fiscal Year 2010	\$ 155,972	\$ 551,677	\$ 701,271	\$ 6,378
Fiscal Year 2011	6,378	761,033	701,845	65,566

Note 8 – Retirement Commitments

General Employees Defined Contributions Plan

Effective January 1, 1985, the City and its employees elected to adopt a defined contribution pension plan called the City of Evans Saving Plan (the "Plan"). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees who have been employed at least one year are eligible to participate in the Plan.

The City's contribution to the Plan is as follows:

<u>Employee Contribution</u>	<u>Employer Contribution</u>
0%	3%
1%	4%
2%	5%
3%	6%
4% or More	7%

Employee contributions vest immediately. Employees will be vested in employer contributions according to the following schedule:

1 year on plan	30% vested
2 years on plan	60% vested
3 years on plan	100% vested

The City's total payroll for the year ended December 31, 2011 was \$5,524,814. The City's contributions to the plan for the years ending December 31, 2011, 2010, and 2009 were \$291,824, \$332,665, and \$323,614, respectively.

State of Colorado Fire and Police Pension Association - Defined Benefit Plan

The City contributes to the Statewide Defined Benefit Plan ("SWDB"), a cost sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association ("FPPA"). The SWDB plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for plan members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the Colorado Fire and Police Pension Association.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 8 – Retirement Commitments (Continued)

In May of 2005, police officers were allowed to opt into this defined benefit (see discussion contained in Statewide Hybrid Plan.)

Colorado Statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SWDB and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

The contribution requirements of plan members and the City are established by State statute. The contribution rate is 8% of covered salary for all plan members and 8% for the City, with the exception of police department plan members prior to May, 2005 when plan changes took effect. These police member contributions are at 12% with the City's contribution at 8%. The City contributions to the SWDB for the years ending December 31, 2011, 2010, and 2009 were \$71,318, \$74,201 and \$74,959, respectively, equal to the required contribution.

State of Colorado Fire and Police Pension Association - Defined Contribution Plan

The City contributes to the Statewide Defined Contribution Plan ("SWDC"), a cost sharing multiple-employer defined contribution pension plan administered by the FPPA. The SWDC plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for plan members through the SWDC plan, which is also administered by the FPPA. The paid fire chief, paid police chief, and paid police officers of the City are members of the SWDB and the Statewide Death and Disability Plan. In a defined contribution plan benefits depend solely on amounts contributed to the plan, plus investment earnings.

The contribution requirements of plan members and the City are established by State statute. The contribution rate is 8% of covered salary for all plan members and 8% for the City. The City contributions to the SWDC plan for the years ending December 31, 2011, 2010, and 2009 were \$33,447, \$34,912, and \$34,312, respectively, equal to the required contribution.

State of Colorado Fire and Police Pension Association - Statewide Hybrid Plan

Effective May 1, 2005, the City joined the Statewide Hybrid Plan ("SWH") offered by the FPPA on behalf of its full time sworn police officers and full-time paid firefighters and paramedics. The SWH plan was established under the authority granted by C.R.S. 31-31-1102. The plan is a combination of a defined benefit plan and a defined contribution plan. It is a qualified retirement plan under Section 401(a) of the Internal Revenue Code of 1986 and is a cost-sharing multiple employer plan. Under a hybrid plan, the benefit at retirement comes from both sources.

The SWH offers a combination of a defined benefit component and money purchase component with a base contribution rate of 8% from the City and 8% from the member. Members of the plan on the effective date of entry could elect to participate in both components of the plan or the money purchase component only. The City also elected to offer pre-existing police members the option to participate in the SWDB plan at a member contribution rate of 12%. The members also have the ability to make voluntary contributions towards the money purchase portion of the plan and to purchase additional years of service. The Plan has a five year pro-rated vesting schedule. For the years ended December 31, 2011, 2010, and 2009, the City made the required contributions of \$108,077, \$115,055, and \$100,680, respectively.

The Money Purchase portion of the SWH plan is defined contribution plan, whereby an account is established in the member's name that is self directed and final benefits are determined by the total amount of employee and employer contributions and related earnings and losses on those investments. The defined benefit portion of the SWH will provide a defined benefit upon retirement. Each member was provided a "Retirement Plan Comparison" of the benefits under the SWDB plan, the SWH Plan combined benefit, and the SWH plan money purchase component only benefit, in order to elect the type of coverage that was most beneficial under their circumstances.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 8 – Retirement Commitments (Continued)

The FPPA board on an annual basis determines the allocation of mandatory contributions between the money purchase component and the defined benefit component of the SWH plan. As of the effective date of the plan, the mandatory contribution of 16% was allocated, 14% to the defined benefit portion of the plan and 2% was allocated to the money purchase portion. Also in the SWDB plan, the Board has the ability to adjust the retirement age up to age 60, in order to maintain the actuarial soundness of the plan. Under the SWDB plan, normal retirement is defined as age 55 and 25 years of service, with a retirement benefit of 1.5% per year of service. The benefit is calculated on the average of the members highest three years' base salary. There are also provisions for deferred retirement, early retirement and vested retirement at any age after completion of five years of service.

Volunteer Firefighters' Pension Plan

The City has established the Volunteer Firefighters' Pension Plan (the "Plan") an agent multi-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statute. The Plan is administered by the FPPA. The plan is classified as an agent multiple employer plan. Any firefighter who has both attained the age of 50 and completed 20 years of active service shall be eligible for a monthly pension. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the pension Board. The annual financial report of FPPA may be obtained by calling FPPA at 303-770-3772 in Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

The Plan received contributions from the City in an amount not to exceed one-half mill of property tax revenue. As established by the legislature, the State of Colorado contributes 90% of the City's contribution. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2011, indicated that the current level of contributions to the fund is adequate to support on an actuarially sound basis the prospective benefits for the present Plan.

For the year ended December 31, 2011, the City and State actual contributions of \$88,000 and \$33,994, respectively, equal the required contributions to the Plan. The required contribution was determined as part of the January 1, 2011 actuarial valuation using the entry age actuarial cost method. Actuarial assumptions included the following:

1. Interest Rate - 8% per annum, compounded annually
2. Retirement - Age 50 and 20 years of service
3. Disability - Graduated rates for all disabilities
4. Mortality - 1994 Group Annuity Mortality Table
5. Separation - Graduated rates for all withdrawals
6. Marital Status - 90% married
7. Age Difference - Males assumed to be 3 years older
8. Asset Valuation - Actuarial value

Based on an amortization period of 20 years using the level dollar method on an open basis, the Plan's expected contributions exceed the amount recommended to eliminate the unfunded actuarial accrued liability. Trend information of the Plan follows:

Fiscal Year Funding	Annual Required Contributions	Percentage or ARC Contribution	Net Pension Obligation
12/31/2009	\$ 121,994	100%	-
12/31/2010	121,994	100%	-
12/31/2011	121,994	100%	-

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 8 – Retirement Commitments (Continued)

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers Association Retirement Corporation. The plan is available to the City Manager and Directors and participation is optional. The plan allows its participants to defer a portion of their current salary to all future years. Participation in the plan is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the City. The City contributes 3% of the City Manager's gross income and also matches the City Manager's contributions up to a maximum of 4% into the plan. In 2009, the City also contributed to the Director's plan. The City's contributions to the plan for the years ending December 31, 2011, 2010, and 2009 were \$3,348, \$3,323, and \$27,447 respectively.

Note 9 – Rate Maintenance

The 1998 Colorado Water Resources and Power Development Authority loan agreements require that Net Revenues, as defined, shall represent a sum equal to 110% of the amount necessary to pay, when due, the principal and interest on the loan.

2011 Gross revenues	\$ 1,125,564
2011 Operation and maintenance expense	<u>595,606</u>
Net revenues as defined in 1998	
CWRPDA loan agreement	529,958
110% of 1998 loan debt service	<u>(124,697)</u>
Amount 2011 net revenue exceeded the	
1998 loan requirements	<u>\$ 405,261</u>

Note 10 – Commitments and Contingencies

TABOR Reserves

In November 1992, Colorado voters passed the TABOR Amendment (the "Amendment") to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and local growth. Revenue received in excess of the limitations may be required to be refunded unless the City's electorates vote to retain the revenue.

On April 5, 1994, the voting citizens of the City of Evans authorized the City (retroactive to January 1, 1993) to collect, retain, and expend all revenues, notwithstanding any state restrictions of fiscal year spending. This effectively removed all revenue and spending limits imposed by the Amendment. The City did not increase or incur any new tax or bonded debt in 2011.

The City's Home Rule Charter provision requires an Emergency Contingency Reserve Fund, reported in the General Fund in 2011, that shall maintain a balance equal to 5% of the budgeted General Fund revenues, until such fund is equal in amount to 25% of the prior year's General Fund expenditures. In 2011 5% of budgeted revenues were \$1,883,302 less than 25% of the prior year's General Fund expenditures.

The City has designated the fund balances to be utilized in the subsequent year through the adoption of the 2012 budget in the Water, Wastewater, Storm Drainage, and Parks Impact Funds as shown in the financial statements.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2011**

Note 10 – Commitments and Contingencies (Continued)

Litigation

At times, the City may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Company.

Note 11 – Subsequent Events

The City has evaluated subsequent events through May 2, 2012, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as described below.

On February 29, 2012, the City closed on the sale of a portion of what is commonly known as the “Tripointe Property” for total proceeds of \$625,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Evans**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances (Budget and Actual) - General Fund**  
**Year Ended December 31, 2011**

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>Revenues</u>				
Taxes and fees	\$ 6,464,350	\$ 6,710,350	\$ 8,061,840	\$ 1,351,490
Licenses and permits	686,858	694,358	759,574	65,216
Intergovernmental	612,010	612,010	585,070	(26,940)
Grants and contributions	8,256	118,466	106,067	(12,399)
Charges for services	312,010	487,010	485,143	(1,867)
Fines and forfeitures	422,000	422,000	471,120	49,120
Earnings on investments	80,000	80,000	38,139	(41,861)
Miscellaneous	121,500	142,900	122,281	(20,619)
<u>Total revenues</u>	<u>8,706,984</u>	<u>9,267,094</u>	<u>10,629,234</u>	<u>1,362,140</u>
<u>Expenditures</u>				
General government	2,287,198	2,467,604	2,362,773	104,831
Public safety	4,508,278	4,708,693	4,544,429	164,264
Public works	1,456,358	1,483,178	1,397,727	85,451
Culture, parks and recreation	891,268	1,060,174	849,257	210,917
Community development	463,774	579,423	492,734	86,689
Debt service	80,811	248,080	247,556	524
Capital outlay	162,450	555,906	513,380	42,526
<u>Total expenditures</u>	<u>9,850,137</u>	<u>11,103,058</u>	<u>10,407,856</u>	<u>695,202</u>
<u>Excess (deficiency) of revenues over expenditures</u>	<u>(1,143,153)</u>	<u>(1,835,964)</u>	<u>221,378</u>	<u>2,057,342</u>
<u>Other financing sources (uses)</u>				
Proceeds from the sale of capital assets	-	-	17,828	17,828
Transfers in	1,196,502	1,246,394	1,209,506	(36,888)
Transfers out	(88,000)	(164,944)	(164,944)	-
<u>Total other financing sources (uses)</u>	<u>1,108,502</u>	<u>1,081,450</u>	<u>1,062,390</u>	<u>(19,060)</u>
<u>Net changes in fund balances</u>	<u>\$ (34,651)</u>	<u>\$ (754,514)</u>	<u>1,283,768</u>	<u>\$ 2,038,282</u>
<u>Fund balance at beginning of year</u>			<u>4,615,314</u>	
<u>Fund balance at end of year</u>			<u>\$ 5,899,082</u>	

See accompanying Independent Auditors' Report.

**City of Evans**  
**Volunteer Firefighter's Pension Plan - Analysis of Funding Progress**  
**Year Ended December 31, 2011**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
1/1/2007	\$ 414,838	\$ 1,209,551	\$ 794,713	34.30%	N/A	N/A
1/1/2009	\$ 398,188	\$ 1,303,694	\$ 905,506	30.54%	N/A	N/A
1/1/2011	\$ 468,341	\$ 1,217,113	\$ 748,772	38.48%	N/A	N/A

See accompanying Independent Auditors' Report.

**OTHER SUPPLEMENTARY INFORMATION**

**COMBINING, INDIVIDUAL AND BUDGETARY STATEMENTS**

**City of Evans  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011**

	Park Impact	Conservation Trust	Fire Impact	Refuse Collection	Street Impact
<b><u>ASSETS</u></b>					
Equity in pooled cash, cash equivalents and investments	\$ 285,056	\$ 72,545	\$ 42,221	\$ 211,957	\$ 635,808
Restricted cash, cash equivalents and investments	-	-	-	-	-
Receivables	-	-	11,235	58,797	-
<b><u>Total assets</u></b>	<b><u>\$ 285,056</u></b>	<b><u>\$ 72,545</u></b>	<b><u>\$ 53,456</u></b>	<b><u>\$ 270,754</u></b>	<b><u>\$ 635,808</u></b>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 62,855	\$ -	\$ 680	\$ 40,164	\$ -
Other liabilities	106,000	-	-	-	-
<b><u>Total liabilities</u></b>	<b><u>168,855</u></b>	<b><u>-</u></b>	<b><u>680</u></b>	<b><u>40,164</u></b>	<b><u>-</u></b>
<b><u>FUND BALANCES</u></b>					
Restricted	-	-	-	-	-
Assigned	116,201	72,545	52,776	230,590	635,808
<b><u>Total fund balances</u></b>	<b><u>116,201</u></b>	<b><u>72,545</u></b>	<b><u>52,776</u></b>	<b><u>230,590</u></b>	<b><u>635,808</u></b>
<b><u>Total liabilities and fund balances</u></b>	<b><u>\$ 285,056</u></b>	<b><u>\$ 72,545</u></b>	<b><u>\$ 53,456</u></b>	<b><u>\$ 270,754</u></b>	<b><u>\$ 635,808</u></b>

See accompanying Independent Auditors' Report.

<u>Cemetery Perpetual Care</u>	<u>Street Construction</u>	<u>G.O. Debt Service</u>	<u>Total</u>
\$ 80,570	\$ 303,504	\$ -	\$ 1,631,661
-	-	398,338	398,338
-	162,889	108,472	341,393
<u>\$ 80,570</u>	<u>\$ 466,393</u>	<u>\$ 506,810</u>	<u>\$ 2,371,392</u>
\$ -	\$ 14,100	\$ -	\$ 117,799
-	215,844	-	321,844
-	229,944	-	439,643
-	-	505,610	505,610
80,570	236,449	1,200	1,426,139
<u>80,570</u>	<u>236,449</u>	<u>506,810</u>	<u>1,931,749</u>
<u>\$ 80,570</u>	<u>\$ 466,393</u>	<u>\$ 506,810</u>	<u>\$ 2,371,392</u>

**City of Evans**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2011**

	Park Impact	Conservation Trust	Fire Impact	Refuse Collection	Street Impact
<u>Revenues</u>					
Licenses and permits	\$ -	\$ -	\$ -	\$ 400	\$ -
Intergovernmental	-	168,931	-	-	-
Grants and contributions	-	39,163	-	-	-
Charges for services	-	-	-	594,889	-
Earnings on investments	1,820	2,099	416	1,307	3,752
Assessments	27,551	-	66,287	-	154,192
<u>Total revenues</u>	<u>29,371</u>	<u>210,193</u>	<u>66,703</u>	<u>596,596</u>	<u>157,944</u>
<u>Expenditures</u>					
General government	-	-	-	-	-
Public safety	-	-	89,030	-	-
Public works	-	-	-	516,087	-
Capital outlay	62,855	459,382	-	-	-
Debt service	-	-	-	-	-
<u>Total expenditures</u>	<u>62,855</u>	<u>459,382</u>	<u>89,030</u>	<u>516,087</u>	<u>-</u>
<u>Revenues over (under) expenditures</u>	<u>(33,484)</u>	<u>(249,189)</u>	<u>(22,327)</u>	<u>80,509</u>	<u>157,944</u>
<u>Other financing sources (uses)</u>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(30,450)	-
<u>Total other financing sources (uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,450)</u>	<u>-</u>
<u>Net changes in fund balances</u>	<u>(33,484)</u>	<u>(249,189)</u>	<u>(22,327)</u>	<u>50,059</u>	<u>157,944</u>
<u>Fund balance at beginning of year</u>	<u>149,685</u>	<u>321,734</u>	<u>75,103</u>	<u>180,531</u>	<u>477,864</u>
<u>Fund balance at end of year</u>	<u>\$ 116,201</u>	<u>\$ 72,545</u>	<u>\$ 52,776</u>	<u>\$ 230,590</u>	<u>\$ 635,808</u>

See accompanying Independent Auditors' Report.

Cemetery Perpetual Care	Street Construction	G.O. Debt Service	Total
\$ -	\$ -	\$ -	\$ 400
-	666,701	485,693	1,321,325
-	61,841	-	101,004
-	-	-	594,889
176	2,908	19,067	31,545
3,450	-	-	251,480
<u>3,626</u>	<u>731,450</u>	<u>504,760</u>	<u>2,300,643</u>
-	-	150	150
-	-	-	89,030
-	163,043	-	679,130
-	553,649	-	1,075,886
-	-	504,610	504,610
<u>-</u>	<u>716,692</u>	<u>504,760</u>	<u>2,348,806</u>
<u>3,626</u>	<u>14,758</u>	<u>-</u>	<u>(48,163)</u>
76,944	-	-	76,944
-	-	-	(30,450)
<u>76,944</u>	<u>-</u>	<u>-</u>	<u>46,494</u>
80,570	14,758	-	(1,669)
<u>-</u>	<u>221,691</u>	<u>506,810</u>	<u>1,933,418</u>
<u>\$ 80,570</u>	<u>\$ 236,449</u>	<u>\$ 506,810</u>	<u>\$ 1,931,749</u>

**SPECIAL REVENUE FUNDS**

**City of Evans  
Parks Impact Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Assessments				
Impact fees	\$ -	\$ -	\$ 27,551	\$ 27,551
Earnings on investments	2,032	2,032	1,820	(212)
<u>Total revenues</u>	<u>2,032</u>	<u>2,032</u>	<u>29,371</u>	<u>27,339</u>
<u>Expenditures</u>				
Capital outlay	100,000	100,000	62,855	37,145
<u>Total expenditures</u>	<u>100,000</u>	<u>100,000</u>	<u>62,855</u>	<u>37,145</u>
<u>Net change in fund balance</u>	<u>\$ (97,968)</u>	<u>\$ (97,968)</u>	(33,484)	<u>\$ 64,484</u>
<u>Fund balance at beginning of year</u>			<u>149,685</u>	
<u>Fund balance at end of year</u>			<u>\$ 116,201</u>	

See accompanying Independent Auditors' Report.

**City of Evans  
Conservation Trust Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental				
State shared revenue	\$ 170,000	\$ 170,000	\$ 168,931	\$ (1,069)
Grants and contributions	-	89,000	39,163	(49,837)
Earnings on investments	628	628	2,099	1,471
<u>Total revenues</u>	<u>170,628</u>	<u>259,628</u>	<u>210,193</u>	<u>(49,435)</u>
<u>Expenditures</u>				
Culture, parks and recreation				
Conservation trust	14,500	14,500	-	14,500
Capital outlay	150,000	525,000	459,382	65,618
<u>Total expenditures</u>	<u>164,500</u>	<u>539,500</u>	<u>459,382</u>	<u>80,118</u>
<u>Net change in fund balance</u>	<u>\$ 6,128</u>	<u>\$ (279,872)</u>	<u>(249,189)</u>	<u>\$ 30,683</u>
<u>Fund balance at beginning of year</u>			<u>321,734</u>	
<u>Fund balance at end of year</u>			<u>\$ 72,545</u>	

See accompanying Independent Auditors' Report.

**City of Evans  
Fire Impact Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Assessments				
Impact fees	\$ -	\$ 54,000	\$ 66,287	\$ 12,287
Earnings on investments	1,261	850	416	(434)
<u>Total revenues</u>	<u>1,261</u>	<u>54,850</u>	<u>66,703</u>	<u>11,853</u>
<u>Expenditures</u>				
Public safety				
Fire impact	43,790	101,290	89,030	12,260
<u>Total expenditures</u>	<u>43,790</u>	<u>101,290</u>	<u>89,030</u>	<u>12,260</u>
<u>Net change in fund balance</u>	<u>\$ (42,529)</u>	<u>\$ (46,440)</u>	<u>(22,327)</u>	<u>\$ 24,113</u>
<u>Fund balance at beginning of year</u>			<u>75,103</u>	
<u>Fund balance at end of year</u>			<u>\$ 52,776</u>	

See accompanying Independent Auditors' Report.

**City of Evans**  
**Refuse Collection Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Licenses and permits				
Trash haulers' license	\$ 800	\$ 800	\$ 400	\$ (400)
Charges for services				
Refuse collection charges	592,524	592,524	594,889	2,365
Earnings on investments	2,382	2,382	1,307	(1,075)
<u>Total revenues</u>	<u>595,706</u>	<u>595,706</u>	<u>596,596</u>	<u>890</u>
<u>Expenditures</u>				
Public works				
Sanitation	551,882	551,882	516,087	35,795
<u>Total expenditures</u>	<u>551,882</u>	<u>551,882</u>	<u>516,087</u>	<u>35,795</u>
<u>Excess of revenues over expenditures</u>	<u>43,824</u>	<u>43,824</u>	<u>80,509</u>	<u>36,685</u>
<u>Other financing sources (uses)</u>				
Transfers out	(30,450)	(30,450)	(30,450)	-
<u>Total other financing sources (uses)</u>	<u>(30,450)</u>	<u>(30,450)</u>	<u>(30,450)</u>	<u>-</u>
<u>Net change in fund balance</u>	<u>\$ 13,374</u>	<u>\$ 13,374</u>	50,059	<u>\$ 36,685</u>
<u>Fund balance at beginning of year</u>			180,531	
<u>Fund balance at end of year</u>			<u>\$ 230,590</u>	

See accompanying Independent Auditors' Report.

**City of Evans  
Street Impact Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Assessments				
Impact fees	\$ -	\$ -	\$ 154,192	\$ 154,192
Earnings on investments	5,929	5,929	3,752	(2,177)
<u>Total revenues</u>	<u>5,929</u>	<u>5,929</u>	<u>157,944</u>	<u>152,015</u>
<u>Expenditures</u>				
Capital outlay	200,000	332,000	-	332,000
<u>Total expenditures</u>	<u>200,000</u>	<u>332,000</u>	<u>-</u>	<u>332,000</u>
<u>Net change in fund balance</u>	<u>\$ (194,071)</u>	<u>\$ (326,071)</u>	157,944	<u>\$ 484,015</u>
<u>Fund balance at beginning of year</u>			<u>477,864</u>	
<u>Fund balance at end of year</u>			<u>\$ 635,808</u>	

See accompanying Independent Auditors' Report.

**City of Evans  
Cemetery Perpetual Care Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Assessments				
Perpetual care fees	\$ -	\$ 3,000	\$ 3,450	\$ 450
Earnings on investments	-	-	176	176
<u>Total revenues</u>	-	3,000	3,626	626
<u>Other financing sources</u>				
Transfers in	-	76,944	76,944	-
<u>Total other financing sources</u>	-	76,944	76,944	-
<u>Net change in fund balance</u>	\$ -	\$ 79,944	80,570	\$ 626
<u>Fund balance at beginning of year</u>			-	
<u>Fund balance at end of year</u>			\$ 80,570	

See accompanying Independent Auditors' Report.

**DEBT SERVICE FUND**

**City of Evans  
G.O. Debt Service Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental				
Greeley/Evans demarcation	\$ 485,000	\$ 485,000	\$ 485,693	\$ 693
Earnings on investments	20,000	20,000	19,067	(933)
<u>Total revenues</u>	<u>505,000</u>	<u>505,000</u>	<u>504,760</u>	<u>(240)</u>
<u>Expenditures</u>				
General government				
Finance	600	600	150	450
Debt service	504,610	504,610	504,610	-
<u>Total expenditures</u>	<u>505,210</u>	<u>505,210</u>	<u>504,760</u>	<u>450</u>
<u>Net change in fund balance</u>	<u>\$ (210)</u>	<u>\$ (210)</u>	-	<u>\$ 210</u>
<u>Fund balance at beginning of year</u>			<u>506,810</u>	
<u>Fund balance at end of year</u>			<u>\$ 506,810</u>	

See accompanying Independent Auditors' Report.

**CAPITAL PROJECTS FUND**

**City of Evans**  
**Street Construction Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$ 689,512	\$ 689,512	\$ 666,701	\$ (22,811)
Grants and contributions	-	244,245	61,841	(182,404)
Earnings on investments	2,226	2,226	2,908	682
<u>Total revenues</u>	<u>691,738</u>	<u>935,983</u>	<u>731,450</u>	<u>(204,533)</u>
<u>Expenditures</u>				
Public works	190,000	190,000	163,043	26,957
Capital outlay	520,000	871,051	553,649	317,402
<u>Total expenditures</u>	<u>710,000</u>	<u>1,061,051</u>	<u>716,692</u>	<u>344,359</u>
<u>Net change in fund balance</u>	<u>\$ (18,262)</u>	<u>\$ (125,068)</u>	14,758	<u>\$ 139,826</u>
<u>Fund balance at beginning of year</u>			<u>221,691</u>	
<u>Fund balance at end of year</u>			<u>\$ 236,449</u>	

See accompanying Independent Auditors' Report.

**ENTERPRISE FUNDS**

**City of Evans  
Water Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Water sales	\$ 3,446,269	\$ 3,446,269	\$ 3,538,938	\$ 92,669
Non-potable water sales	119,000	119,000	146,935	27,935
Other sales	67,066	67,066	23,299	(43,767)
Water meters	2,109	2,109	5,272	3,163
<u>Total operating revenues</u>	<u>3,634,444</u>	<u>3,634,444</u>	<u>3,714,444</u>	<u>80,000</u>
<u>Operating expenses</u>				
Water supply and administrative	3,073,770	3,137,934	2,975,801	162,133
Capital outlay	452,646	1,190,646	341,665	848,981
<u>Total operating expenses</u>	<u>3,526,416</u>	<u>4,328,580</u>	<u>3,317,466</u>	<u>1,011,114</u>
<u>Operating income (loss)</u>	<u>108,028</u>	<u>(694,136)</u>	<u>396,978</u>	<u>1,091,114</u>
<u>Other revenue (expense)</u>				
Earnings on investments	43,642	43,642	14,117	(29,525)
Plant investment fees and cash in lieu of fees	392,066	392,066	113,929	(278,137)
Transfers to other funds	(613,135)	(643,746)	(621,238)	22,508
<u>Total other revenue (expense)</u>	<u>(177,427)</u>	<u>(208,038)</u>	<u>(493,192)</u>	<u>(285,154)</u>
<u>Change in net assets - budgetary basis</u>	<u>\$ (69,399)</u>	<u>\$ (902,174)</u>	<u>(96,214)</u>	<u>\$ 805,960</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(725,943)	
Loss on disposal of capital assets			(7,053)	
Capital outlay			341,665	
<u>Change in net assets - GAAP basis</u>			<u>(487,545)</u>	
<u>Net assets at beginning of year</u>			<u>50,001,608</u>	
<u>Net assets at end of year</u>			<u>\$ 49,514,063</u>	

See accompanying Independent Auditors' Report.

**City of Evans  
Wastewater Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Sewer sales	\$ 1,050,056	\$ 1,050,056	\$ 1,027,800	\$ (22,256)
<u>Total operating revenues</u>	1,050,056	1,050,056	1,027,800	(22,256)
<u>Operating expenses</u>				
Wastewater	840,846	846,795	595,096	251,699
Principal paid	80,573	80,573	80,573	-
Capital outlay	-	468,600	57,756	410,844
<u>Total operating expenses</u>	921,419	1,395,968	733,425	662,543
<u>Operating income (loss)</u>	128,637	(345,912)	294,375	640,287
<u>Other revenue (expense)</u>				
Earnings on investments	16,795	16,795	8,729	(8,066)
Plant investment fees and cash in lieu of fees	50,000	50,000	88,525	38,525
Transfers to other funds	(412,574)	(423,393)	(412,824)	10,569
Interest expense	(32,787)	(32,787)	(32,494)	293
<u>Total other revenue (expense)</u>	(378,566)	(389,385)	(348,064)	41,321
<u>Change in net assets - budgetary basis</u>	\$ (249,929)	\$ (735,297)	(53,689)	\$ 681,608
<u>Reconciliation to GAAP basis</u>				
Depreciation expense			(478,286)	
Principal paid			80,573	
Capital outlay			57,756	
<u>Change in net assets - GAAP basis</u>			(393,646)	
<u>Net assets at beginning of year</u>			11,521,976	
<u>Net assets at end of year</u>			\$ 11,128,330	

See accompanying Independent Auditors' Report.

**City of Evans**  
**Storm Drainage Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Operating revenues</u>				
Storm drainage sales	\$ 420,744	\$ 420,744	\$ 459,032	\$ 38,288
<u>Total operating revenues</u>	420,744	420,744	459,032	38,288
<u>Operating expenses</u>				
Drainage operations	25,600	25,600	10,920	14,680
Capital outlay	370,000	965,000	527,490	437,510
<u>Total operating expenses</u>	395,600	990,600	538,410	452,190
<u>Operating income (loss)</u>	25,144	(569,856)	(79,378)	490,478
<u>Other revenue (expense)</u>				
Plant investment fees	52,500	52,500	30,203	(22,297)
Earnings on investments	2,650	2,650	5,475	2,825
Transfers to other funds	(138,342)	(140,803)	(136,994)	3,809
<u>Total other revenue (expense)</u>	(83,192)	(85,653)	(101,316)	(15,663)
<u>Change in net assets - budgetary basis</u>	<u>\$ (58,048)</u>	<u>\$ (655,509)</u>	(180,694)	<u>\$ 474,815</u>
<u>Reconciliation to GAAP basis</u>				
Depreciation			(270,458)	
Capital outlay			527,490	
<u>Change in net assets - GAAP basis</u>			76,338	
<u>Net assets at beginning of year</u>			8,752,426	
<u>Net assets at end of year</u>			<u>\$ 8,828,764</u>	

See accompanying Independent Auditors' Report.

## **FIDUCIARY FUNDS**

**City of Evans**  
**Volunteer Firefighters' Pension Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental				
State shared revenue	\$ 28,594	\$ 28,594	\$ 33,994	\$ 5,400
Earnings on investments	35,000	35,000	5,026	(29,974)
Contributions	88,000	88,000	88,000	-
<u>Total revenues</u>	<u>151,594</u>	<u>151,594</u>	<u>127,020</u>	<u>(24,574)</u>
<u>Expenses</u>				
Public safety				
Pension distributions	143,026	143,026	109,221	33,805
<u>Change in net assets</u>	<u>\$ 8,568</u>	<u>\$ 8,568</u>	17,799	<u>\$ 9,231</u>
<u>Net assets at beginning of year</u>			<u>455,022</u>	
<u>Net assets at end of year</u>			<u>\$ 472,821</u>	

See accompanying Independent Auditors' Report.

**City of Evans  
Cemetery Endowment Fund  
Budgetary Comparison Schedule  
Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Earnings on investments	\$ 2,000	\$ 8,000	\$ 8,678	\$ 678
<u>Expenses</u>				
Transfers out	2,000	8,000	8,000	-
<u>Change in net assets</u>	\$ -	\$ -	678	\$ 678
<u>Net assets at beginning of year</u>			48,007	
<u>Net assets at end of year</u>			\$ 48,685	

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL SECTION**

**STATE COMPLIANCE SECTION**

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

**LOCAL HIGHWAY FINANCE REPORT**

City or County:  
EVANS, COLORADO  
YEAR ENDING :  
December 2011

This Information From The Records Of City of Evans, Colorado:

Prepared By: Evans Finance Dept., J. Gonifas  
Phone: (970) 475-1106

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	815,202
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	912,150
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,672
2. General fund appropriations	1,296,670	b. Snow and ice removal	10,213
3. Other local imposts (from page 2)	264,080	c. Other	
4. Miscellaneous local receipts (from page 2)	391,401	d. Total (a. through c.)	21,885
5. Transfers from toll facilities		4. General administration & miscellaneous	410,248
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	260,959
a. Bonds - Original Issues		6. Total (1 through 5)	2,420,444
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,952,151	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	579,154	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	61,841	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	2,593,146	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,420,444

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	699,555	2,593,146	2,420,444	872,257	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2011

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	6,660
b. Other local imposts:		b. Traffic Fines & Penalties	297,194
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	154,192	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	109,888	g. Other -Weld County Rd & Bridge	87,547
6. Total (1. through 5.)	264,080	h. Other	
c. Total (a. + b.)	264,080	i. Total (a. through h.)	391,401
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	523,332	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	55,822	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	61,841
f. Total (a. through e.)	55,822	g. Total (a. through f.)	61,841
4. Total (1. + 2. + 3.f)	579,154	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		285,284	285,284
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		10,341	10,341
(3). System Preservation		486,749	486,749
(4). System Enhancement & Operation		32,828	32,828
(5). Total Construction (1) + (2) + (3) + (4)	0	529,919	529,919
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	815,202	815,202
			(Carry forward to page 1)

Notes and Comments: