



2012

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2012

About our cover...

Public safety is a top priority for the City of Grand Junction. In 2006, after many years of public safety services being provided out of cramped and inadequate facilities, the City of Grand Junction set out to specifically address the need. We embarked on a journey that would include years of public input, design consideration, funding strategies and construction.

In 2012, the need was fulfilled, at least in part. At the urging of community members, we approached the public safety facilities in phases and found ways to fund them within existing resources. Phase one of the Public Safety Facilities project included the building of a 63,863 square foot combined Police and 911 Communication Center. Fire Station #1, the City's original fire facility, was also renovated to update housing, technology and training areas. Phase two of the project included demolition of the older portion of the former police building to allow for renovations and additions to create a new Fire Administration building. Finally, our busiest fire station, Fire Station #2, is being expanded and is the third phase of the project which will conclude in the summer of 2013.

The Public Safety Facilities project is a great source of pride for Grand Junction and involved the community in every aspect. This project is representative of a community that worked together to address a need. The improvements to these facilities and to our ability to provide top notch public safety services help us continue toward our mission "To Be the Most Livable Community West of the Rockies".



Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2012

Prepared by:

Financial Operations Department

Jodi Romero, Financial Operations Director

Mt. Garfield



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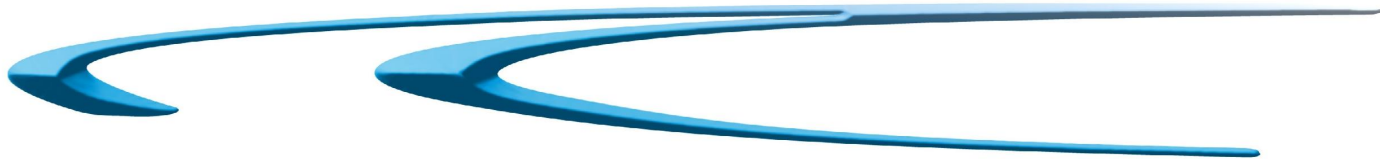
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INTRODUCTORY SECTION



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Financial Operations Department

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June 28, 2013

To the Honorable Mayor, Members of the City Council,
City Manager and Citizens of the City of Grand Junction:

It is with great pleasure that the Comprehensive Annual Financial Report (CAFR) for the City of Grand Junction for the year ended December 31, 2012, is presented. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed public accountants. This Comprehensive Annual Financial Report is hereby issued and submitted to you for the fiscal year ended December 31, 2012, in accordance with these requirements.

This report consists of management's representations concerning the finances of the City of Grand Junction. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control procedures have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Grand Junction's financial statements have been audited by Chadwick, Steinkirchner, Davis & Co., P.C., 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 Grand Junction for the fiscal year ended December 31, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Grand Junction's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

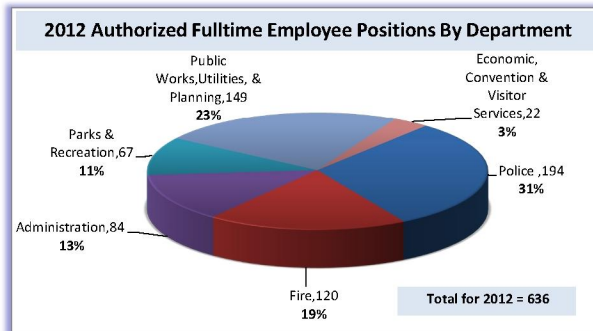
The independent audit of the financial statements of the City of Grand Junction was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards.

Generally accepted accounting principles require 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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Grand Junction's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City was first settled in 1881 and was incorporated in 1882. It became a home rule city in 1909 by adopting its own charter pursuant to Article XX of the Constitution of the State of Colorado. The City operates using the Council-Manager form of government.

The City provides a full range of services including public safety (police, fire, emergency medical services and ambulance transport), public works (highways, streets, sanitation and water), culture-recreation (parks, cemeteries, swimming pools, golf courses, and general recreation), planning, visitor and convention, and general administrative services. The relative department sizes are depicted in the chart in terms of personnel.



Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Accordingly, the Ridges Metropolitan District and Grand Junction Public Finance Corporation are reported as debt service funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Downtown Development Authority is reported as a discretely presented component unit.

The City of Grand Junction currently occupies a land area of 39.2 square miles and serves an estimated population of 60,200. The City of Grand Junction is granted the authority to levy a property tax on both real and personal business properties located within its boundaries and to establish and collect its own sales and use tax. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

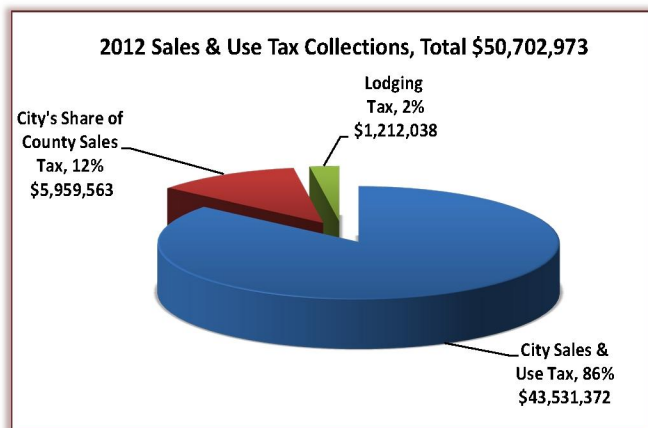
Policy-making and legislative authority are vested in a City Council consisting of seven members, one of which is elected mayor each year. The council is responsible, among other things, for passing ordinances, adopting the budget, appointing boards and commissions, and hiring the City Manager, City Attorney, and Municipal Court Judge. The City's manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three or four council members elected every two years. Five of the council members must live in one of the five districts but are elected city-wide. The two remaining council members are elected at large.

As a supplement to internal controls, the City maintains comprehensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, and internal service funds are included in the annual appropriated budget ordinance. Appropriations for all funds lapse at year-end. Even though the budget enacted by the City Council is at the fund level, the City prepares a line item budget by department for control at the line item level. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. Department heads have the authority to reallocate the distribution of budget amounts within the major category of operating expenditures within their department. Budget reallocations between major expenditure categories or within the major categories of personnel and capital require City Manager approval. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts are not an actual use of appropriations. Therefore, open encumbrances at year-end for which the expenditure has not yet occurred either become expenditures against the new year's appropriation or are canceled.

Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 38 as part of the basic financial statements for the governmental funds. For other major governmental funds (and non-major) this comparison is presented in the governmental fund subsection of this report, which starts on page 81.

FACTORS AFFECTING FINANCIAL CONDITION

The City of Grand Junction is located on the I-70 corridor, about 250 miles west of Denver and 27 miles east of the Utah border. The City lies in a valley formed at the junction of the Gunnison and Colorado Rivers, surrounded by majestic mesas. As the largest city in western Colorado, Grand Junction is the major service center for western Colorado and eastern Utah. Correspondingly Grand Junction is the regional hub for retail, banking and financial services, health care, social services, and public safety for a large and diverse population. Established by years of community economic development and private enterprise marketing, the area is home to manufacturing, agricultural, recreational, service and energy exploration industries which provide for a stable and diverse economic base.



The mild climate and close proximity to a great variety of outdoor activities year-round have made Grand Junction both a vacation destination and a retirement community. A 3% lodging tax passed by the voters and implemented in 1990 is funding promotion of the Grand Valley as a tourism destination.

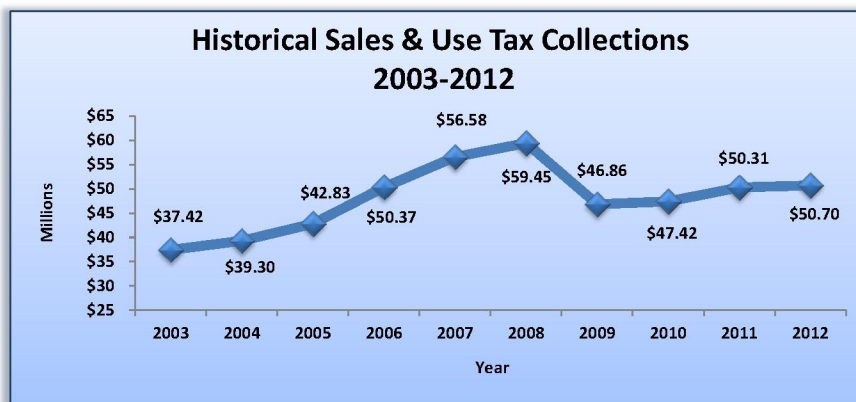
As in the past, city management and leadership continue to finance current operations with current operating revenues, while debt has been kept to a minimum. The three-quarter cent increase in city sales and use taxes, effective January 1, 1988, provides funds for capital investment. The sales and use tax revenues allocated to the General Fund account for 56% of its revenues and fund general government operations such as police, fire, streets, and parks, as well as economic development and

community partnerships. The Sales and Use Tax Collections graph shows the elements of sales and use taxes and their proportionate size while the Historical Sales and Use Tax graph below shows the historical collections and growth since 2003. As shown, these tax revenues increased by less than 1% from 2011 to 2012. After falling significantly in 2009, tax revenues are still only at 2006 levels.

The Grand Junction Metropolitan Statistical Area (MSA), which is the greater metro area inside Mesa County, has experienced a population growth averaging nearly 3% since its inception in 1995. In 2008, the Grand Junction MSA was growing in population, jobs, personal income, and gross metropolitan product. However, as a result of the national recession, a significant reduction of oil and gas exploration in the area, and a substantial decline in development

and construction, Grand Junction experienced a 14 percent job loss by the end of 2010 since its peak levels in October 2008, and by the end of 2012 had only recovered 17% of those jobs with an average unemployment rate during 2012 of 9.2%. This job loss dramatically restricted consumer spending resulting in significant declines in retail activity and sales and use tax revenues during 2009 and 2010 with some improvement in 2011 and 2012.

The City has continued to work toward diversifying its economic base and business climate. The excellent quality of life offered in Grand Junction, which is critical to the attraction, motivation and retention of skilled and talented workers, is appealing to businesses, individuals and tourists alike. Spectacular scenery and recreational opportunities, excellent climate and air quality, low crime rates, higher education opportunities, and quality medical services make the Grand Junction area a good choice for relocation. The City continues to attract major regional stores and in the last three years Cabela's, American Furniture Warehouse, T.J. Maxx, and Sprouts Farmers Market have located in Grand Junction.



The City leveraged public and private partnerships as well as grant dollars to make significant capital investments in the community in 2012:

- The City completed the construction of a \$25 million combined Police and 911 Communication Center and the \$3 million renovation of the City's main Fire Station #1. In 2013 the City will remodel an existing facility for the Fire Administration operations and expand the City's busiest Fire Station #2 for \$5 million resulting in a total investment over a three year period of \$33 million.
- The City invested over \$1 million in the improvements to parks and playground systems including the beginning of a major renovation to one of the City's largest and most established parks in the center of the City which will be completed in 2013.
- In partnership with Grand Junction Baseball Committee Inc., the City completed a nearly \$10 million renovation of the Stocker Stadium/Suplizio Field sports complex. The facility is used by the local and regional community for football, baseball, track, and special events and has been recognized nationally as an outstanding turf sports facility. The National Junior College World Series has been hosted at Suplizio Field for over 50 years and with the new renovations has agreed to a 25-year extension. This tournament has a major annual economic impact. In 2012 the Colorado Rockies minor league baseball team had their inaugural season in Grand Junction and play at the stadium as well.
- The City continued to make strides in energy and conservations efforts and in partnership with Grand Valley Transit completed construction of a compressed natural gas (CNG) maintenance facility.
- The City's water and sewer enterprises invested \$4.6 million in replacements of pipelines and improvements to the water and sewer plants.

FUTURE OUTLOOK

The City remains committed to the maintenance and improvement of the quality of life in the Grand Valley. Through various communications with the community, the City has determined that providing a high level of public safety services, improving infrastructure, enhancing parks and recreation opportunities, planning, and policy development remain key issues for making this area the most livable community west of the Rockies. The City's goal is to serve its citizenry in the long-term while maintaining a sound financial position.

During 2009 and 2010, the City experienced the most significant decline in resources in the last 25 years forcing major reductions in spending and personnel. Low levels of activity in the energy exploration and construction development industries continue to impact the discretionary spending in the local economy. During 2011 and the first part of 2012, revenues from sales and use taxes began to recover slightly; however during the latter part of 2012 and into 2013, they have declined again. Despite the recession the City continues to see overall sustained population numbers, and in the long-term population is estimated to continue to grow and double over the next 25 years. The City's challenge is to continue to provide essential services within existing resources.

Priorities shaping future planning include continued adherence to the Comprehensive Plan; energy efficiency endeavors; continued investment in economic development; capital infrastructure; parks development; and maintenance and preservation of infrastructure.

The Comprehensive Plan was formally adopted in 2010 after a three-year staff and community effort. This plan plays a critical role in guiding the future growth and development of the City of Grand Junction and the larger Mesa County area. In addition, the Comprehensive Plan serves as a compass for City Council in decision making and policy planning. One specific goal of the Comprehensive Plan is consistency in implementation between the City, Mesa County, and other service providers. Another is to support the continued development of the downtown area of the City Center as a vibrant and growing area with jobs, housing and tourist attractions. To that purpose the City will continue to review the Comprehensive Plan, the adopted Downtown Plan and South Downtown Plan to remove barriers to development opportunities which will allow for consistent implementation of the vision as established by the City and County in the Comprehensive Plan.

The City continues to take a lead role in promoting and funding economic development in the area. Incentives and area promotion have brought numerous businesses to the valley. The City plans to continue the support of these efforts to maintain and stabilize growth. The City works closely with the Grand Junction Economic Partnership, Mesa County, Colorado Mesa University, the Business Incubator Center and other local entities to further this economic development goal. The City recently established a division that focuses on economic development by working with businesses, property owners, and developers to support economic growth for existing and new businesses that adds to the vitality of

our community. Furthermore the City has a department dedicated to economic, convention, and visitor services. The 3% lodging tax is utilized for advertising the community, promoting tourism, and attracting conferences and conventions. Promoting economic development is an important component of ensuring that Grand Junction protects and continues to enjoy the benefit of its regional position.

The higher educational opportunities provided by Colorado Mesa University (CMU) is pivotal to the economic diversity and quality of life enjoyed by the residents of Grand Junction and the surrounding community. Over the last decade, CMU has embarked on a multi-year, multi-million dollar campus expansion and renovation project. The City of Grand Junction has supported this project through economic development contributions of \$4 million through 2012. As CMU begins the next phase of this long-term expansion, the City intends to integrate the Comprehensive Plan with CMU's vision in order to plan for the impacts and provide a means for thoughtful transitions as the University campus develops.

The City has a long standing record of collaborative management and resource sharing with other agencies in the community, and is committed to continuing and growing those relationships in the future. There are numerous examples of these alliances that result in added value to services as well as the highest and best use of resources. Public Safety: the City is the manager and a major partner agency in the E911 Regional Communication Center which serves more than twenty-two law enforcement, fire and emergency medical service responder agencies; the City of Grand Junction Police Department joins forces with the Mesa County Sheriff's Office and the Federal Drug Enforcement Agency on the Western Colorado Drug Task Force, a partnership designed to fight the battles of drugs and drug related crimes on the frontlines; the City, Mesa County, the City of Fruita and School District #51 provide a School Resource Officer Program to the schools in the valley. Public Utility: the City and Mesa County have a jointly owned and managed sewer system that provides wastewater services to the larger urban area. Public Parks: the City, Mesa County, School District #51, and Colorado Mesa University make use of and contribute towards improvements of the sports complex and stadium in the heart of Grand Junction. Public Transportation: the City assists Mesa County in the support of the Grand Valley Transit system, a limited fixed route "circulator" which began servicing the core areas of the valley and the outlying municipalities in 2000; currently this transit system has over 1 million passenger trips per year. Recently the City has contracted to provide maintenance and repair services for the CNG transit busses. Animal Control, Building Services: Mesa County is contracted by the City to provide professional services in animal control services as well as contractor licensing, building permitting and inspection services. Procurement: The City contracted with Mesa County to provide professional procurement services beginning in 2012.

One of the City's ongoing and major priorities is the preservation and improvement of the transportation infrastructure. The City's continuing infrastructure improvements are funded to a great extent by the three-quarter percent increase in the sales tax rate in 1988. This dedicated revenue stream is used for long-range capital planning efforts; however, because the City is still growing and the related infrastructure is not complete, the capital needs far outweigh the capital resources.

The most significant capital project in the history of the City is the Riverside Parkway. The project entailed building a loop around the City that extends from 24 Road/Redlands Parkway to the intersection of 29 Road and D Road. The lower section of the Parkway extends from 4th Avenue to the intersection of 27½ and D Road. The most recently completed section extends from Highway 50 on Orchard Mesa over the I-70 Business Loop with the 29 Road viaduct. The final connection will extend to a new interchange at I-70. This loop is designed to provide interconnectivity to and around the City, as well as between different demographical areas of the valley, effectively connecting residential areas with jobs and services. In addition to this major transportation loop, the City has over 1,100 lane miles to maintain in streets infrastructure. The City has a sophisticated pavement management program that evaluates the condition of the roadways and designs an overlay schedule that calls for re-paving high volume streets every 15 to 20 years. During the recession, street overlays were deferred due to severe declines in revenues; however, this year and looking forward the City intends to re-dedicate resources towards the overlay program, in order to protect the integrity of the street system.

As indicated by surveys and through dialogue with the Grand Junction community, public safety is recognized as one of the key foundations to a livable community and one of the primary responsibilities of local government. Public Safety facility needs are being addressed through the construction of the Public Safety Complex and reconstruction of Fire Station #1. In the fall of 2012, construction began on a Fire Administration building and the remodel and expansion of Fire Station #2 will take place in 2013. The City Council remains committed towards addressing future public safety needs and in particular the need for neighborhood fire stations.

The City continues the commitment to parks and trails development. A riverfront park area and trail system along the Colorado River is backed by the City through resources of personnel time, direct funding and facilitating grants from federal, state and private sources. The City has purchased land for this park and the riverfront trail system. Much of this

property was the site of wrecking yards, which have now been removed. The park objectives are to provide additional recreational facilities, beautify the entrance to the City and improve flood control for the area. Several trails have been completed and are open to the public. In addition, the City Council has committed funding for major maintenance and improvement projects for the City's existing 30 developed parks.

The purchase and development of the 103-acre regional Canyon View Park began in 1996 with major softball and soccer facilities. Development continued with the construction of a baseball field in 1998, new tennis courts in 2008 and new restroom facilities in 2009. This park serves as the main venue for team sporting events for school and community leagues of all ages; with over 320 days of use a year and an average of 10 events per day. With nearly 1 million visits to the park facility each year, it is clearly a significant asset to the regional community and the City's park system. In 2013 Council approved funding for master planning of two more regional parks; with community involvement, input, and partnerships the City will update and formulate master plans for the future development of the 207-acre Matchett Park in the northeast area of the City and the 101-acre Las Colonias area in south downtown along the Colorado River.

The City in partnership with the Downtown Development Authority and the Avalon Theatre Foundation Board are proceeding in a nearly \$8 million renovation to revitalize the 90 year old historic Avalon Theatre. The theatre is owned and operated by the City and is one of the "book ends" of Main Street in the heart of downtown Grand Junction. In addition to the approved renovation moving forward in 2013 that addresses safety and accessibility issues as well as improvements to the entertainment value of the venue, there is a future build out phase contemplated which significantly expands the size and scope of the facility and its uses for performing arts.

The City of Grand Junction is actively committed to energy efficiency and water conservation efforts and continually strives to implement strategies that preserve resources and increase efficiencies. One area of particular focus is the City's Compressed Natural Gas (CNG) Program. The City's CNG Program is threefold: transitioning the City's fleet into natural gas vehicles, constructing a CNG fueling station, and the Persigo Wastewater Treatment Plant component which began in 2006 and is the concept of converting methane into CNG. As a byproduct of treating the wastewater, excess digester gas (methane) is generated daily and currently being flared into the atmosphere. After conducting extensive studies, it has been determined that this excess gas can be captured and converted into compressed natural gas (CNG) that can be used as a vehicle fuel. The program is well underway with the continued purchase of City CNG vehicles, the completion of the fueling station, and the partnership with Grand Valley Transit to maintain and repair their new CNG public transportation buses. The Persigo component and partnership with Xcel Energy is progressing and the City hopes to move forward with this project in the next few years.

FINANCIAL POLICIES

The City Council provides policy direction to the City Manager who guides the financial decisions of the organization. For the last several years and continuing into the future, City Council's policy direction is to provide economic activity and local stimulus through capital projects; participate in partnerships to further economic development; continue to provide the essential services of public safety; operate within existing revenues; and preserve at least \$18.5 million in General Fund reserves. City management has been successful in following City Council's policy direction through responsive, conservative, and sound financial decisions. The City has financial policies and practices that guide budget, investments, debt, revenue, purchasing, risk management and reserves.

The City Council has formally established an investment policy which includes steps to properly manage the risk, safety, and life of investments. Investment income decreased in 2012 due to lower yields. The net average yield on investments was .60%, down from .75% in 2011.

The City has had a comprehensive loss control program since 1982. Beginning in 1988, the City initiated a self-funded program for Worker's Compensation coverage. As part of a comprehensive plan, resources are being accumulated in the Self-Insurance Internal Service fund to meet potential losses, including reserves for case development and Incurred But Not Reported (IBNR) claims. Various risk control techniques, including safety and accident prevention training, and outside contract services for industrial hygiene, have been utilized to minimize accident related losses. Third party coverage is maintained for excess coverage of both Worker's Compensation and Property/Liability claims.

COMPLIANCE WITH THE TAXPAYER BILL OF RIGHTS

The Colorado Constitutional Amendment passed in November 1992 (known as the TABOR – Taxpayer Bill of Rights amendment), restricts growth in governmental revenues and property tax revenues to amounts adjusted for inflation and

a local growth factor. In 2012, the City did not exceed the overall revenue limitation, but did exceed the property tax revenue limitation. However, in April 2007, City of Grand Junction voters approved the retention by the City of all revenues exceeding the spending limit for 2006 and subsequent years until the bonded debt for the Riverside Parkway is paid in full. Therefore, the excess will be transferred to a debt service fund designated for payment of the Riverside Parkway bonds. The City also is subject to other TABOR requirements. For example, TABOR requires that no real estate transfer tax or income tax be imposed and that the City reserve 3% of its spending as an emergency reserve. The City is in compliance with these provisions. Finally, TABOR requires that the City have elections if it wishes to change its tax policy or issue general government debt.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the twenty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

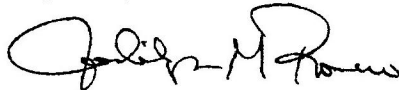
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Financial Operations Department. I would like to express my appreciation of all members of the Department who assisted in and contributed to its preparation. It should be noted that staff from other departments provide great assistance in the preparation of the report and their work is also appreciated. I thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

The City's external auditors, Chadwick, Steinkirchner, Davis & Co., P.C., are also commended for their comprehensive and efficient examination of the various funds of the City for the fiscal year ended December 31, 2012.

Respectfully submitted,



Jodi Romero
Financial Operations Director

Independence Monument



Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Grand Junction
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

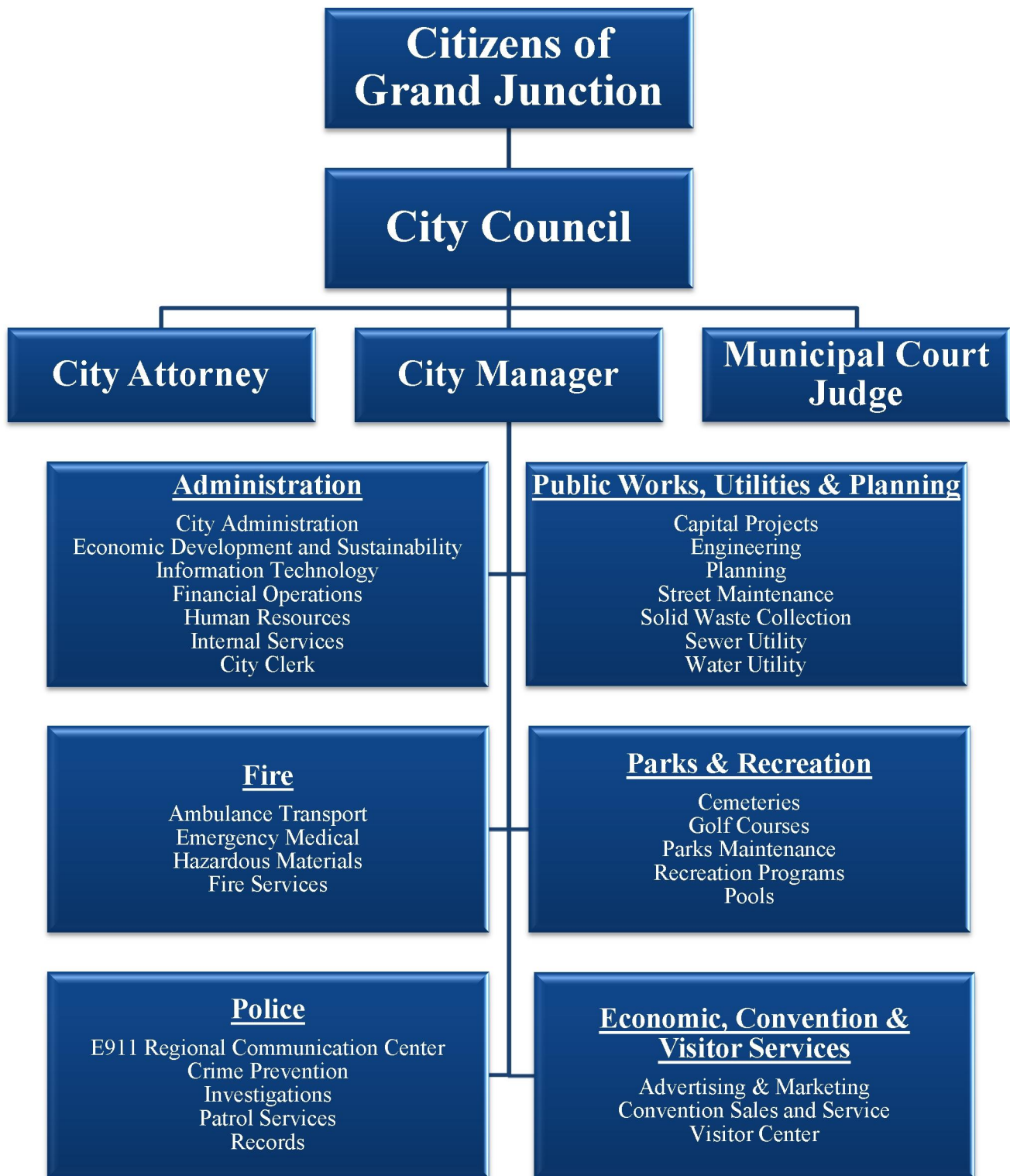


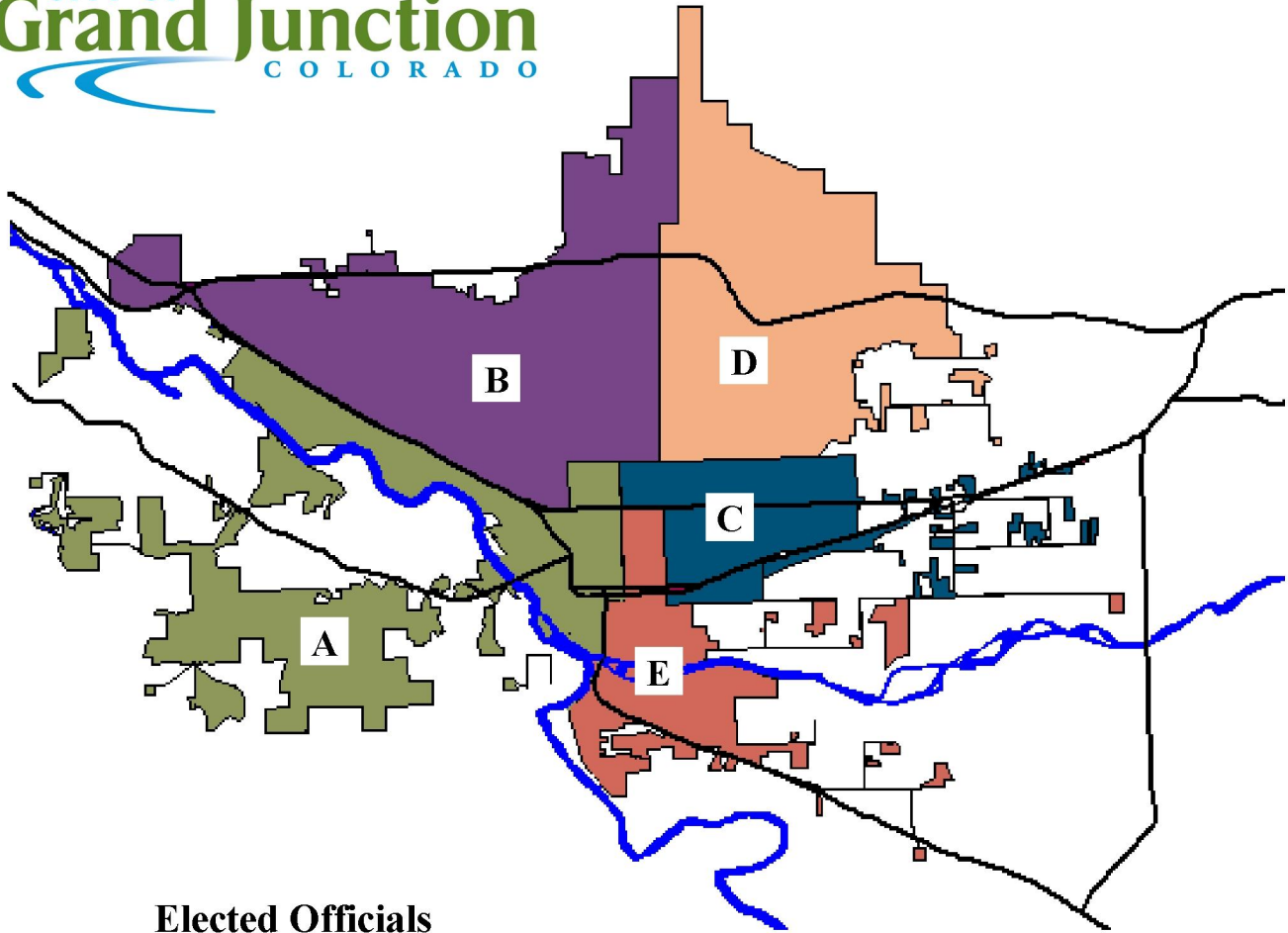
Christopher P. Morrell

President

Jeffrey R. Enen

Executive Director





Elected Officials

<u>City Council</u>	<u>Expires</u>
Sam Susuras, Mayor – District B.....	May 2015
Marty Chazen, Mayor Pro Tem – District D.....	May 2017
Phyllis Norris – District A.....	May 2017
Vacant - District E	May 2017
Rick Brainard – District at Large	May 2017
Bennett Boeschstein – District C.....	May 2015
Jim Doody – District at Large	May 2015

Election District Boundaries

Appointed Officials

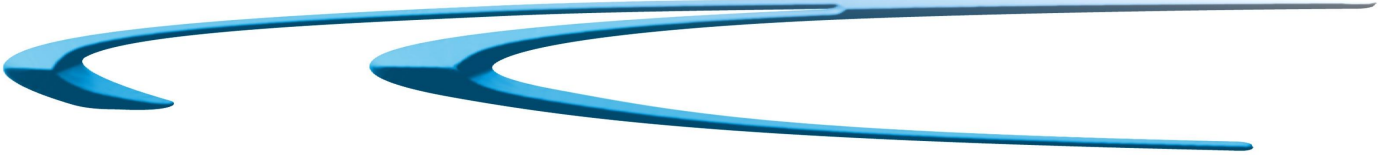
Rich Englehart	City Manager
John P. Shaver	City Attorney
Caré McInnis	Municipal Judge

Department Directors

Tim Moore, Deputy City Manager – Administration
 Jodi Romero – Financial Operations
 Claudia Hazelhurst – Human Resources
 Debbie Kovalik – Economic, Convention & Visitor Services
 Ken Watkins – Fire Chief
 Rob Schoeber – Parks & Recreation
 John Camper – Police Chief
 Greg Trainor – Public Works, Utilities, & Planning



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FINANCIAL SECTION



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 20, 2013

To the City Council
City of Grand Junction, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Junction, Colorado, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Junction, Colorado, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress 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.

To the City Council
June 20, 2013

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Junction, Colorado's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, fiduciary funds combining statements, component unit financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, fiduciary funds combining statements, and component unit financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, fiduciary funds combining statements, and component unit financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Chodwick, Steinhilber, Davis & Co., P.C.

MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of the City of Grand Junction's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the transmittal letter on page 3 and the City's financial statements, which begin on page 31.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Grand Junction exceeded its liabilities and deferred inflows of resources at the close of 2012 by \$690 million (net position) primarily due to annexations. Of this amount, \$22 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City of Grand Junction General Fund revenues, on a budgetary basis, increased by 3.4% in 2012 after increases in some revenues (sales and use taxes, severance taxes, intergovernmental, charges for service, and fines and forfeitures) and decreases in others (property and other taxes). In total, General Fund revenues were \$66.9 million, still significantly below 2008 but showing recovery since 2009. Due to fiscally conservative budgeting and planning, overall the City remains in good financial condition.
- At the end of 2012, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the General Fund was \$17.9 million, or 29.1% of the total General Fund expenditures. This is up \$2.9 million from 2011 which was 27.1% of General Fund expenditures. The overall General Fund balance increased in part due to better than expected sales and use tax revenues and higher than expected budget savings which is attributable to prudent spending by departments during 2012.
- The City invested over \$34.5 million in capital projects in 2012. These projects included street construction, machinery, buildings, park development, and communications systems.
- At the close of 2012, the City had \$4.1 million accumulated for the early retirement of the Riverside Parkway Revenue Bonds. In March 2012, \$19 million from the fund together with proceeds from the 2012 Revenue Refunding Bonds issuance were used to advance refund \$43.9 million of the 2004 Riverside Parkway Revenue Bonds.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Grand Junction's basic financial statements. The City of Grand Junction's 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 other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Grand Junction 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 of Grand Junction include general government, public safety (police and fire), public works, parks and recreation, and urban development and housing. The *Business-type Activities* of the City of Grand Junction include Water, Convention Center, Solid Waste, Golf Courses, Parking, and Irrigation.

The government-wide financial statements include not only the City of Grand Junction but also a legally separate Grand Junction Downtown Development Authority, for which the City is financially accountable. Financial information for this component is reported separately from the financial information presented for the City itself.

The government-wide financial statements can be found on pages 31 through 33 of this report.

REPORTING THE CITY'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. The City of Grand Junction also 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.

1. ***Governmental Funds*** – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The City of Grand Junction maintains 16 governmental funds, of which (as determined by generally accepted accounting principles) the only major funds are the General Fund, Sales Tax Capital Improvement Fund, Major Capital Improvements Fund, General Debt Service Fund, and Parkway Debt Retirement Fund. The balances of the other 11 governmental funds are determined to be non-major and are included in the combining statements within this report.

The City of Grand Junction adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this budget. The General Fund budgetary comparison is presented as part of the basic governmental fund financial statements which can be found on pages 34 through 38 of this report. All other required budgetary comparisons, including the Sales Tax Capital Improvement Fund, Major Capital Improvements Fund, General Debt Service Fund, and Parkway Debt Retirement Fund, can be found on pages 88 through 102 of this report.

2. ***Proprietary Funds*** – The City of Grand Junction maintains two different types of proprietary funds. The first type is enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Grand Junction uses enterprise funds to account for its Water Utility, Convention Center, Solid Waste, Golf Courses, Parking, and Irrigation.

As determined by generally accepted accounting principles, the Water, Two Rivers Convention Center, Golf Courses and Parking enterprise funds meet the criteria of major fund classification. All other funds are classified as non-major and are included in the combining statements within this report.

The second type is internal service funds which are an accounting device used to accumulate and allocate costs internally among the City of Grand Junction's various functions. The City uses internal service funds for data processing, equipment maintenance, self insurance and the communication center operations. Because these services primarily benefit governmental activities, they have been included with governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 39 through 41.

3. ***Fiduciary Funds*** – These 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 method used for these funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 42 through 43.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 through 75 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 Grand Junction's Police Old Hire Pension Plan, Fire Old Hire Pension Plan, and Other Post Employment Healthcare Plan found on page 79 of this report. It also presents other supplemental information concerning the City's Local Highway Finance Report. This supplemental information can be found on pages 163-164 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds, internal service funds and fiduciary funds are presented immediately following the required notes to financial statements. Combining and individual fund statements and schedules can be found beginning on page 84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the City of Grand Junction, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$690 million at the close of fiscal year 2012.

By far, the largest portion (94.8%) of the City of Grand Junction's total net position reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment) 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATEMENT OF NET POSITION (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$67,516	\$106,764	\$(3,039)	\$(3,222)	\$64,477	\$103,542
Capital assets	684,780	663,135	51,414	51,406	736,194	714,541
Total assets	752,296	769,899	48,375	48,184	800,671	818,083
Total deferred outflows of resources	2,553	-	-	-	2,553	-
Long-term debt outstanding	93,227	112,578	6,088	6,443	99,315	119,021
Other liabilities	5,376	9,328	952	477	6,328	9,805
Total liabilities	98,603	121,906	7,040	6,920	105,643	128,826
Total deferred inflows of resources	8,072	8,249	-	-	8,072	8,249
Net position:						
Net investment in capital assets	607,987	581,855	45,880	45,542	653,867	627,397
Restricted	13,619	30,952	-	-	13,619	30,952
Unrestricted	26,568	26,937	(4,545)	(4,278)	22,023	22,659
Total net position	\$648,174	\$639,744	\$41,335	\$41,264	\$689,509	\$681,008

An additional portion of the City of Grand Junction's net position, 2.0%, represents resources that are subject to external restrictions on how they may be used.

Changes in Net Position

The City's total revenues of \$112.2 million exceeded program expenses of \$103.7 million for an increase in net position of \$8.5 million.

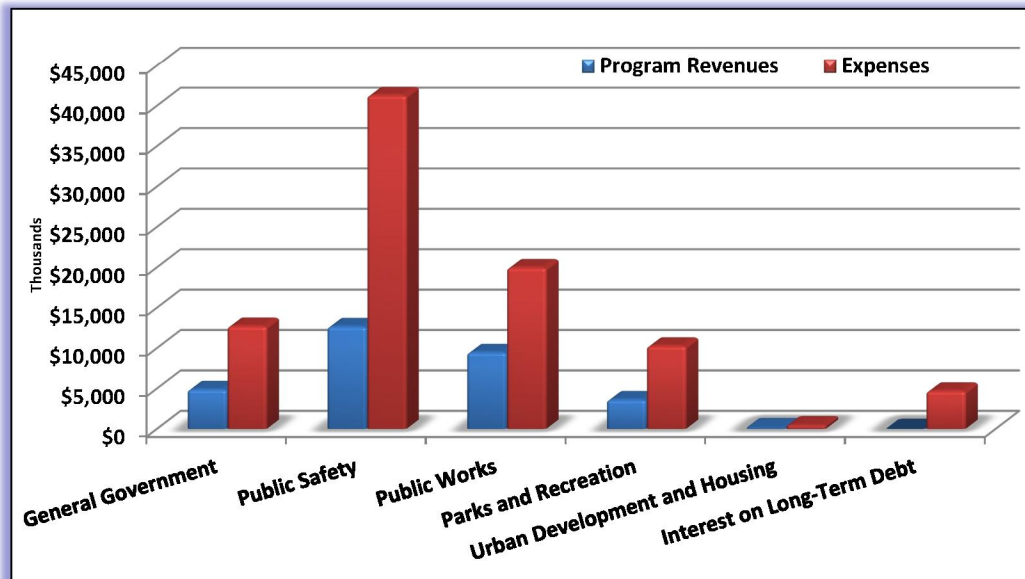
CHANGES IN NET POSITION (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 17,742	\$ 14,648	\$ 13,657	\$ 15,824	\$ 31,399	\$ 30,472
Operating grants	3,204	3,608	85	148	3,289	3,756
Capital grants	9,937	12,817	221	212	10,158	13,029
General revenues:						
Property taxes	8,976	10,609	-	-	8,976	10,609
Sales and use taxes	50,703	50,313	-	-	50,703	50,313
Other taxes	7,364	7,238	-	-	7,364	7,238
Other general revenues	329	436	20	18	349	454
Total revenues	<u>98,255</u>	<u>99,669</u>	<u>13,983</u>	<u>16,202</u>	<u>112,238</u>	<u>115,871</u>
Expenses:						
General government	12,736	12,584	-	-	12,736	12,584
Public safety	41,301	33,105	-	-	41,301	33,105
Public works	19,981	6,512	-	-	19,981	6,512
Parks and recreation	10,281	8,426	-	-	10,281	8,426
Urban development and housing	478	646	-	-	478	646
Interest on long-term debt	4,713	5,502	-	-	4,713	5,502
Water	-	-	5,406	4,881	5,406	4,881
Convention Center	-	-	2,881	2,601	2,881	2,601
Solid Waste Removal	-	-	3,179	3,114	3,179	3,114
Swimming pools	-	-	-	983	-	983
Golf	-	-	2,073	2,181	2,073	2,181
Parking	-	-	406	415	406	415
Irrigation systems	-	-	302	299	302	299
Ambulance transport	-	-	-	1,962	-	1,962
Total expenses	<u>89,490</u>	<u>66,775</u>	<u>14,247</u>	<u>16,436</u>	<u>103,737</u>	<u>83,211</u>
Excess before transfers	8,765	32,894	(264)	(234)	8,501	32,660
Transfers	(335)	1,323	335	(1,323)	-	-
Increase in net position	<u>8,430</u>	<u>34,217</u>	<u>71</u>	<u>(1,557)</u>	<u>8,501</u>	<u>32,660</u>
Net position 1/1/12	639,744	605,527	41,264	42,821	681,008	648,348
Net position 12/31/12	\$648,174	\$639,744	\$41,335	\$41,264	\$689,509	\$681,008

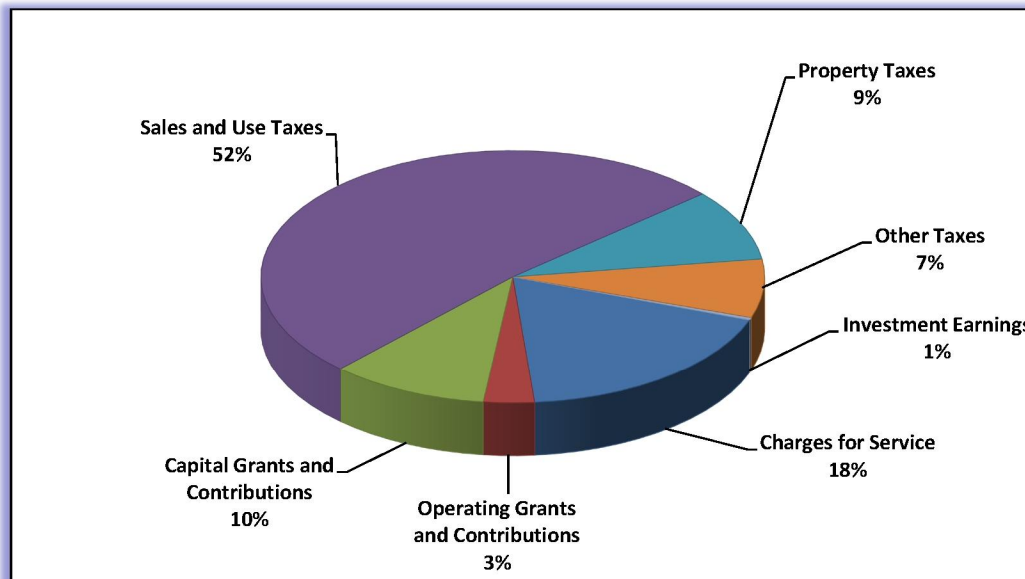
Governmental Activities

Governmental Activities increased the City of Grand Junction's net position by \$8.4 million. Following are illustrative summaries of Governmental Activities breaking out revenues and expenses.

EXPENSE AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Sales and use tax revenue increased slightly, \$390 thousand, compared to 2011, reflecting stabilization of our local economy following the 2009 recession. However, sales and use tax revenues are only at 2006 levels.

Property tax revenue decreased by \$1.6 million, or 15.3%, during the year. This decrease was attributed to decreasing valuations of existing properties and minimal new construction. The mill levy has remained constant since 1992.

Charges for services revenue increased by \$3.1 million compared to 2011. This increase was a result of closing the pools and ambulance transport funds into the general fund at the end of 2011.

Capital grants and contributions decreased by \$2.9 million, or 22.5%, compared to 2011. This is a result of continued reductions in local development and infrastructure annexations.

Business-type Activities

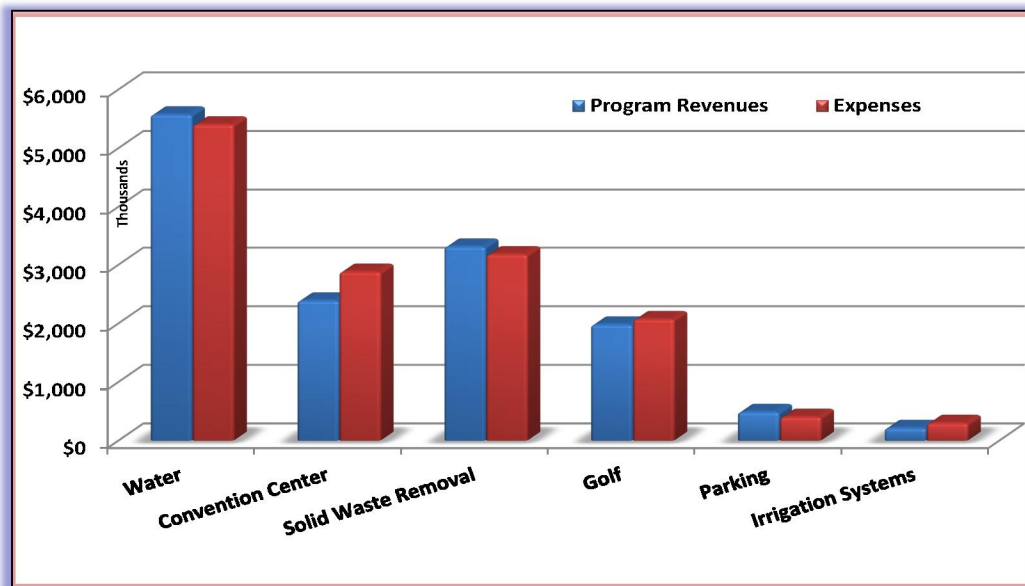
Net position in the Business-type activities increased slightly by \$71 thousand because fees to customers have remained flat in 2012 and were set at levels needed to cover the costs of operation, including depreciation. Business-type activities include Water, Convention Center, Solid Waste, Golf Courses, Parking, and Irrigation.

The Two Rivers Convention Center and Golf Fund received transfers from the Visitors and Convention Bureau Fund and General Fund to subsidize operations and fund capital improvements.

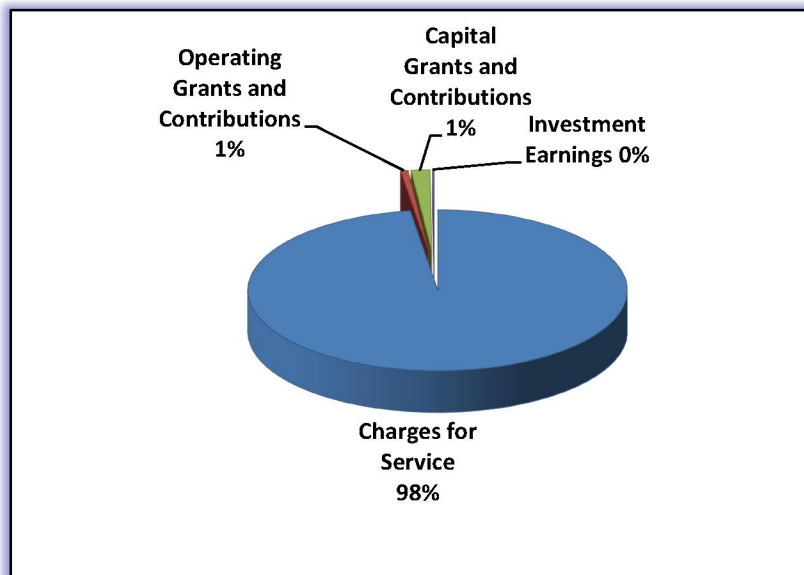
Unrestricted net position at the end of the year for business-type activities amounted to (\$4.5) million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Grand Junction business-type activities.

The following chart demonstrates the current level of recovery for the City's business-type activities:

EXPENSE AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES



FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

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

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.

As of December 31, 2012, the City's governmental funds (general, special revenue, debt service, capital projects and permanent) reported combined fund balances of \$45.3 million. This represents a decrease of \$35.3 million under last year's ending balances. The reasons for significant changes in fund balances are described below.

Revenues, on a budgetary basis, in the General Fund increased 3.4% over 2011 while expenditures increased 11.1%. The majority of these increases are related to closing the Pools and Ambulance Transport funds into the General Fund at the end of 2011. The General Fund's total fund balance, on a budgetary basis, increased \$581 thousand from last year. The General Fund expenditures (including transfers) of \$66.5 million were 99.1% of General Fund revenues. The City of Grand Junction has continued to manage its expenditures to operate within its current financial resources.

The total fund balance in the Major Capital Improvements Fund, consisting of proceeds from certificates of participation issued in 2010, decreased \$20.2 million during the year ended December 31, 2012. The proceeds were used for the construction and renovation of Suplizio Field and Public Safety Buildings. The remainder of this construction will be completed in 2013.

The fund balance in the Parkway Debt Retirement Fund decreased by nearly \$15 million because the City used \$19 million of these funds, together with proceeds from the 2012 Revenue Refunding Bonds issuance, to advance refund \$43.9 million of the 2004 Riverside Parkway Revenue Bonds. The General Fund transfer of TABOR revenue excess to be set aside for the payment of the outstanding Riverside Parkway bonded debt, as approved by the voters in April 2007 partially offset this reduction to the fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the General Fund budget was reduced from an original appropriation total of \$69.6 million. All recommended revisions for budget changes came through the Financial Operations Department and City Manager to City Council as required. Any budget revisions that require supplemental appropriations at the fund level are presented to City Council via Ordinance and enactment requiring a public hearing and the opportunity for public discussion. The City does allow small intra-departmental budget changes that modify line items within departments within the same fund.

The original General Fund 2012 appropriation was reduced to a final spending budget of \$67.9, and thus, did not require a formal supplemental appropriation ordinance. Therefore, the original (adopted) budget presented on page 38 is also the final (adopted) budget.

For the General Fund, the original budget for revenues was \$64.9 million while the final actual revenues, on a budgetary basis, for 2012 came in nearly \$2 million more at \$66.9 million. This was primarily due to various tax revenues performing better than expected, additional capital contributions, and increased ambulance transport collections.

Actual General Fund expenditures (including transfers) totaled \$66.5 million. General Fund expenditures (including transfers) were approximately \$3.1 million, 4.5%, less than the final budget. This was due to achieving higher than expected budget savings in the department operating budgets from unfilled positions and continued prudent spending as well as significant savings in transfers out for debt service expenditures for the 2004 Riverside Parkway Revenue Bonds advanced refunded in 2012.

The year-end budgetary basis fund balance of \$30.5 million was \$5.3 million above the final budgeted amount. This was due to a stronger than anticipated growth of revenues as well as continued labor and operating cost savings.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds, either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund. Revenues exceeded expenditures in the General Fund by \$5.5 million during the year. The General Fund's total fund balance increased \$581 thousand from last year. An analysis for this fund balance shows that it represents over 46.9% of projected revenues for the new fiscal year which ends December 31, 2013.

Taxes continue to be the largest source of revenue in the General Fund and represent 80.3% of total general fund revenues. The largest element of taxes is sales taxes, as it has been for many years. It represents 69.8% of total tax revenues and represents 56.1% of total general fund revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the City had invested in a broad range of capital assets, including police and fire equipment, roads, parks, water, storm drainage and other infrastructure.

The following table provides a summary of total capital assets at December 31, 2012.

CAPITAL ASSETS AT YEAR-END (Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$300,420	\$296,702	\$ 4,902	\$ 4,902	\$305,322	\$301,604
Buildings and systems	74,783	40,994	38,719	39,422	113,502	80,416
Improvements other than buildings	14,819	15,191	4,825	4,975	19,644	20,166
Vehicles, machinery & equipment	20,542	14,132	1,396	1,496	21,938	15,628
Infrastructure	269,756	272,606	-	-	269,756	272,606
Construction in progress	3,170	22,236	1,381	459	4,551	22,695
Intangible assets	1,290	1,274	191	152	1,481	1,426
Total	\$684,780	\$663,135	\$51,414	\$51,406	\$736,194	\$714,541

Major capital additions during 2012 include:

	<u>2012</u>
Public Safety Building	\$12,030,936
Lincoln Park Stadium Improvements	4,343,785
Fire Station 1 Building	2,743,609
Equipment Replacement Program	1,949,286
Street Overlay Program	1,736,893
Fire Administration Building	1,537,278
Communication Center Radio Console Upgrades	1,470,000
Waterline Replacements	846,956
23 Road & G Road Intersection Improvements	787,287
Avalon Theatre Renovation	722,270

The City remains committed to the upkeep and maintenance of the City's largest assets. More detailed information about the City's capital assets is presented in Note 5 on pages 57 through 59.

Debt Administration

The City has traditionally adhered to a conservative debt management policy that carefully controls the amount of outstanding debt. Because of our strong capital improvement budgeting process, the City of Grand Junction has been able to maintain and improve its infrastructure while avoiding unreasonable debt burdens. To take advantage of favorable rates, the City did issue \$30.6 million in General Fund Revenue Refunding Bonds in 2012 to advance refund

part of the outstanding 2004 General Fund Revenue Bonds issued to finance the construction of the Riverside Parkway project. Standard and Poor's Rating Group gave the City the rating of AA on the revenue bond issue while the City's general obligation bond ratings are A+.

As of December 31, 2012, the City of Grand Junction had \$90.9 million in outstanding debt. Of this amount, \$85.4 million represents General Government debt. The largest portion, \$43.9 million, is the liability from the Riverside Parkway revenue bonds issued in 2004 and 2007 and the Refunding revenue bonds issued in 2012. \$41.3 million is the liability from the issuance of certificates of participation for the Stadium Improvements Project and the Public Safety Buildings Project. Special taxing districts have a combined total of \$210 thousand in debt. The remaining \$5.5 million of outstanding debt is bonds, notes and loans to be repaid by fee revenue and appropriated funds. Total debt service payments of approximately \$6.5 million in 2013 represents 6.8% of total budgeted operating expenditures. Additional information on the City's long-term debt can be found in Note 7 on pages 61 through 64.

The table below provides a summary of total debt at December 31, 2012.

OUTSTANDING DEBT, AT YEAR-END
(in Thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation (backed by by special tax revenue)	\$ 210	\$ 410	\$ -	\$ -	\$ 210	\$ 410
Revenue bonds and notes (backed by tax and fee revenue)	43,921	63,459	-	-	43,921	63,459
Certificates of participation (backed by the constructed assets)	41,266	42,077	-	-	41,266	42,077
Lease purchase agreement	-	21	-	-	-	21
Loans (backed by fee revenue)	-	-	5,534	5,864	5,534	5,864
Total	<u>\$85,397</u>	<u>\$105,967</u>	<u>\$5,534</u>	<u>\$5,864</u>	<u>\$90,931</u>	<u>\$111,831</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

City-wide reserves are at levels currently directed by City Council. The local economy weakened as a result of the national recession, significant reductions in the energy industry, and a downward trend in development and construction. Sales and Use Taxes originally showed signs of recovery during the first part of 2012, however declined again in the last quarter of the year and so far in 2013. Grand Junction continues to be the educational, retail, and medical center for most of Western Colorado and Eastern Utah. Those factors, coupled with tourism, the abundance of outdoor recreational opportunities, the expansion of Colorado Mesa University, and the ability to attract new businesses and retirees, all contribute to our local economy.

General Fund balances are above amounts recommended per the City Council's budget policy direction. The City's investment in capital; transportation infrastructure, public safety, utility systems, parks, and economic development continues to be a significant portion (over 21%) of the budget.

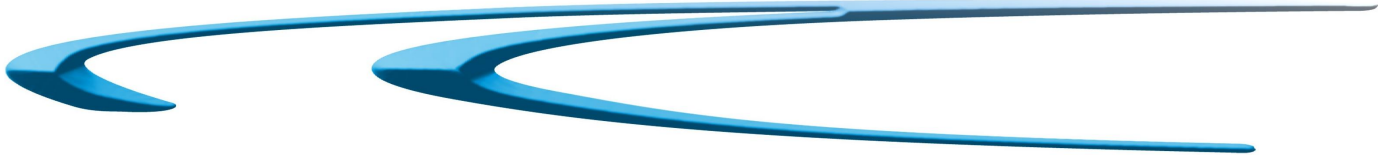
Rates in the Utility Funds will be set to cover operating and future capital investment. In 2013, utility revenues will be increased by a 2% rate increase in water fees, a 13.5% increase in sewer fees, and a 2% increase in Solid Waste rates.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City's Financial Operations Department at City of Grand Junction, 250 N. 5th Street, Grand Junction, CO 81501.

Grand Mesa





BASIC FINANCIAL STATEMENTS



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City of Grand Junction
STATEMENT OF NET POSITION
December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and investments	\$ 37,131,802	\$ 3,631,988	\$ 40,763,790	\$ 3,782,856
Other receivables, net of allowance for uncollectibles	16,376,811	1,060,219	17,437,030	1,403,896
Internal balances	7,767,471	(7,767,471)	-	-
Prepays	145,868	-	145,868	30,000
Inventories	193,964	35,526	229,490	-
Restricted cash and investments	5,694,230	-	5,694,230	-
Net pension asset	205,576	-	205,576	-
Capital assets (net of accumulated depreciation):				
Land	300,420,223	4,901,443	305,321,666	1,042,146
Buildings and systems	74,783,126	38,719,408	113,502,534	2,598,019
Improvements other than buildings	14,818,957	4,825,390	19,644,347	-
Equipment	20,542,592	1,396,362	21,938,954	761,630
Infrastructure	269,755,949	-	269,755,949	-
Construction in progress	3,169,737	1,381,270	4,551,007	993
Intangible assets	1,290,092	190,464	1,480,556	-
Total assets	<u>752,296,398</u>	<u>48,374,599</u>	<u>800,670,997</u>	<u>9,619,540</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,553,302	-	2,553,302	-
Total deferred outflows of resources	<u>2,553,302</u>	<u>-</u>	<u>2,553,302</u>	<u>-</u>
LIABILITIES				
Accounts payable and other current liabilities	4,424,268	897,950	5,322,218	9,224
Accrued interest payable	848,709	53,841	902,550	13,120
Unearned revenue	103,389	-	103,389	-
Noncurrent liabilities:				
Due within one year	7,420,611	370,425	7,791,036	595,375
Due in more than one year	85,806,224	5,717,300	91,523,524	6,536,261
Total liabilities	<u>98,603,201</u>	<u>7,039,516</u>	<u>105,642,717</u>	<u>7,153,980</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	8,015,288	-	8,015,288	1,403,376
Unavailable revenue-special assessments	56,890	-	56,890	-
Total deferred inflows of resources	<u>8,072,178</u>	<u>-</u>	<u>8,072,178</u>	<u>1,403,376</u>
NET POSITION				
Net investment in capital assets	607,986,872	45,880,136	653,867,008	4,295,348
Restricted for :				
Perpetual care:				
Nonexpendable	1,309,993	-	1,309,993	-
Avalon Theatre building improvements	20,625	-	20,625	-
Debt service	6,588,940	-	6,588,940	126,534
General capital improvements	263,350	-	263,350	-
Emergency reserves	2,000,000	-	2,000,000	-
Legends historical sculptures project	-	-	-	165,640
Parks and recreation	812,435	-	812,435	-
Public safety	2,596,584	-	2,596,584	-
Retiree health benefits	26,974	-	26,974	-
Urban development and housing	-	-	-	663,671
Unrestricted	26,568,548	(4,545,053)	22,023,495	(4,189,009)
Total net position	<u>\$ 648,174,321</u>	<u>\$ 41,335,083</u>	<u>\$ 689,509,404</u>	<u>\$ 1,062,184</u>

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

City of Grand Junction
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 12,735,595	\$ 3,002,193	\$ 1,202,378	\$ 697,992
Public safety	41,301,254	10,741,763	1,089,506	851,430
Public works	19,980,846	1,927,747	14,654	7,544,761
Parks and recreation	10,281,037	2,069,864	725,813	842,723
Urban development and housing	477,886	-	171,858	-
Interest on long-term debt	4,713,532	-	-	-
Total governmental activities	<u>89,490,150</u>	<u>17,741,567</u>	<u>3,204,209</u>	<u>9,936,906</u>
Business-type Activities:				
Water	5,405,744	5,271,849	81,963	220,631
Convention Center	2,881,584	2,385,684	3,227	-
Solid Waste Removal	3,179,267	3,311,362	-	-
Golf	2,072,890	1,980,120	-	-
Parking	405,744	491,203	-	-
Irrigation Systems	302,106	216,915	-	520
Total business-type activities	<u>14,247,335</u>	<u>13,657,133</u>	<u>85,190</u>	<u>221,151</u>
Total primary government	<u>\$ 103,737,485</u>	<u>\$ 31,398,700</u>	<u>\$ 3,289,399</u>	<u>\$ 10,158,057</u>
Component unit:				
Downtown Development Authority	<u>\$ 1,511,186</u>	<u>\$ 35,317</u>	<u>\$ 85,122</u>	<u>\$ 442,767</u>

General revenues:

- Sales & use taxes
- Property taxes
- Franchise taxes
- Highway users tax
- Other shared taxes
- Investment earnings

Transfers

- Total general revenues
- Change in net position
- Net position - beginning
- Prior period adjustment
- Net position - beginning as restated
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
\$ (7,833,032)	\$ -	\$ (7,833,032)	\$ -
(28,618,555)	-	(28,618,555)	-
(10,493,684)	-	(10,493,684)	-
(6,642,637)	-	(6,642,637)	-
(306,028)	-	(306,028)	-
(4,713,532)	-	(4,713,532)	-
<u>(58,607,468)</u>	<u>-</u>	<u>(58,607,468)</u>	<u>-</u>
-	168,699	168,699	-
-	(492,673)	(492,673)	-
-	132,095	132,095	-
-	(92,770)	(92,770)	-
-	85,459	85,459	-
-	(84,671)	(84,671)	-
<u>-</u>	<u>(283,861)</u>	<u>(283,861)</u>	<u>-</u>
\$ <u>(58,607,468)</u>	\$ <u>(283,861)</u>	\$ <u>(58,891,329)</u>	\$ <u>-</u>
-	-	-	(947,980)
50,702,973	-	50,702,973	-
8,976,292	-	8,976,292	1,984,461
2,528,419	-	2,528,419	-
2,186,732	-	2,186,732	-
2,648,647	-	2,648,647	-
329,469	20,129	349,598	21,427
(334,688)	334,688	-	-
<u>67,037,844</u>	<u>354,817</u>	<u>67,392,661</u>	<u>2,005,888</u>
8,430,376	70,956	8,501,332	1,057,908
640,300,661	41,264,127	681,564,788	33,194
(556,716)	-	(556,716)	(28,918)
<u>639,743,945</u>	<u>41,264,127</u>	<u>681,008,072</u>	<u>4,276</u>
\$ <u>648,174,321</u>	\$ <u>41,335,083</u>	\$ <u>689,509,404</u>	\$ <u>1,062,184</u>

City of Grand Junction
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	General Fund	Sales Tax Capital Improvements Capital Projects Fund	Major Capital Improvements Capital Projects Fund	General Debt Service Fund	Parkway Debt Retirement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 17,713,484	\$ -	\$ -	\$ 122	\$ 4,117,083	\$ 7,026,864	\$ 28,857,553
Interest receivable	29,497	-	-	-	-	-	29,497
Accounts receivable, net of allowances							
for uncollectibles	1,468,182	-	152,775	-	-	517,974	2,138,931
Taxes receivable	11,013,635	1,165,041	-	-	-	226,894	12,405,570
Special assessments receivable	-	70,325	-	-	-	-	70,325
Intergovernmental receivables	1,213,498	91,371	-	-	-	31,087	1,335,956
Due from other funds	1,294,750	-	-	-	-	-	1,294,750
Prepaid Items	2,192	-	91,149	-	-	9,276	102,617
Inventories	193,964	-	-	-	-	-	193,964
Restricted cash and investments	-	-	4,390,975	-	-	-	4,390,975
Advances to other funds	7,302,261	-	-	-	-	-	7,302,261
Total assets	<u>\$ 40,231,463</u>	<u>\$ 1,326,737</u>	<u>\$ 4,634,899</u>	<u>\$ 122</u>	<u>\$ 4,117,083</u>	<u>\$ 7,812,095</u>	<u>\$ 58,122,399</u>
LIABILITIES							
Accounts payable	1,030,378	190,470	1,360,038	-	-	483,020	3,063,906
Accrued liabilities	917,221	-	-	-	-	17,802	935,023
Due to other funds	-	616,990	34,299	-	-	25,293	676,582
Unearned revenue	33,016	-	-	-	-	70,373	103,389
Total liabilities	<u>1,980,615</u>	<u>807,460</u>	<u>1,394,337</u>	<u>-</u>	<u>-</u>	<u>596,488</u>	<u>4,778,900</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	7,909,206	-	-	-	-	106,082	8,015,288
Unavailable revenue-special assessments	-	70,325	-	-	-	-	70,325
Total deferred inflows of resources	<u>7,909,206</u>	<u>70,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,082</u>	<u>8,085,613</u>
FUND BALANCES							
Nonspendable:							
Advances	\$ 7,302,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,302,261
Inventories and prepaids	196,156	-	91,149	-	-	9,276	296,581
Permanent fund principal	-	-	-	-	-	1,309,993	1,309,993
Restricted for:							
Avalon Theatre building improvements	-	-	20,625	-	-	-	20,625
Debt service	2,883,611	-	-	122	4,117,083	121,624	7,122,440
Emergency reserves	2,000,000	-	-	-	-	-	2,000,000
General capital improvements	-	448,952	-	-	-	-	448,952
Parks and recreation	34,893	-	-	-	-	777,542	812,435
Public safety	-	-	-	-	-	2,414,799	2,414,799
Public safety building improvements	-	-	3,128,788	-	-	-	3,128,788
Retiree health benefits	26,974	-	-	-	-	-	26,974
Committed to:							
Open space	-	-	-	-	-	803,209	803,209
Street capacity expansion	-	-	-	-	-	924,099	924,099
Tourism and convention	-	-	-	-	-	495,956	495,956
Assigned to:							
Cultural arts	91,512	-	-	-	-	-	91,512
Facility improvements	-	-	-	-	-	253,027	253,027
Retiree health benefits	1,192,466	-	-	-	-	-	1,192,466
Subsequent year's expenditures	6,078,038	-	-	-	-	-	6,078,038
Unassigned:	10,535,731	-	-	-	-	-	10,535,731
Total fund balances	<u>30,341,642</u>	<u>448,952</u>	<u>3,240,562</u>	<u>122</u>	<u>4,117,083</u>	<u>7,109,525</u>	<u>45,257,886</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,231,463</u>	<u>\$ 1,326,737</u>	<u>\$ 4,634,899</u>	<u>\$ 122</u>	<u>\$ 4,117,083</u>	<u>\$ 7,812,095</u>	<u>\$ 58,122,399</u>

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

City of Grand Junction
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2012

Amounts reported for governmental activities on the statement of net position (page 31)
are different because:

Total fund balance - governmental funds (page 34)	\$ 45,257,886
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	668,537,546
The net pension asset is not an available resource and, therefore, is not reported in the funds	205,576
Other long-term assets are not available to pay current expenditures, and therefore, are reported as unavailable revenue in the funds.	77,718
Internal service funds are used by management to charge the costs of data processing, equipment acquisition, operation & maintenance, self-insurance activities, and communication services to individual funds. The assets \$26,196,134 and liabilities (\$3,406,541) of the internal service funds are included in governmental activities in the statement of net position.	22,789,593
Interfund for internal service fund allocated to business-type activities.	(152,958)
Long-term liabilities including bonds and notes payable, capital leases, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	
General obligation bonds	\$ (210,000)
Revenue bonds	(38,695,000)
Bond premium (to be amortized over life of debt)	(5,225,951)
Deferred charge on refunding (to be amortized over life of debt)	2,553,302
Certificates of participation	(41,660,000)
Discount on certificates of participation (to be amortized over life of lease)	393,730
Net pension obligation	(156,796)
Accrued interest payable	(848,709)
Pollution remediation	(185,602)
Compensated absences	(3,209,616)
Other Post Employment Benefit Obligation	(1,296,398)
	(88,541,040)
Total net position - governmental activities (page 31)	\$ <u><u>648,174,321</u></u>

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

City of Grand Junction
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General Fund	Sales Tax Capital Improvements Capital Projects Fund	Major Capital Improvements Capital Projects Fund	General Debt Service Fund	Parkway Debt Retirement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 8,795,457	\$ -	\$ -	\$ -	\$ -	\$ 180,835	\$ 8,976,292
Sales and use	37,149,557	11,700,875	-	-	-	1,852,541	50,702,973
Franchise	2,528,419	-	-	-	-	-	2,528,419
Severance	1,837,831	-	-	-	-	-	1,837,831
Other	2,997,548	-	-	-	-	-	2,997,548
Licenses and permits	110,618	-	-	-	-	-	110,618
Intergovernmental revenues	2,266,236	848,462	451,486	771,395	-	759,241	5,096,820
Charges for services	9,028,112	59,384	-	-	-	3,375,107	12,462,603
Fines and forfeitures	1,517,505	-	-	-	-	16,070	1,533,575
Special assessments	-	15,814	-	-	-	-	15,814
Investment earnings (loss)	276,209	7,035	22,989	227	(52,700)	35,675	289,435
Other income	28,735	-	-	-	-	16,948	45,683
Other contributions	51,243	13,420	881,333	-	-	327,525	1,273,521
Total revenues	<u>66,587,470</u>	<u>12,644,990</u>	<u>1,355,808</u>	<u>771,622</u>	<u>(52,700)</u>	<u>6,563,942</u>	<u>87,871,132</u>
EXPENDITURES							
Current:							
General government	9,185,163	-	-	2,800	-	1,734,339	10,922,302
Public safety	33,791,689	-	-	-	-	-	33,791,689
Public works	9,752,185	-	-	-	-	-	9,752,185
Parks and recreation	8,421,297	-	-	-	-	-	8,421,297
Urban development and housing	322,012	-	-	-	-	155,874	477,886
Debt service:							
Advance refunding escrow	-	-	-	-	17,812,681	-	17,812,681
Principal retirement	-	-	-	4,725,000	-	405,000	5,130,000
Interest and fiscal charges	-	-	-	3,729,715	1,187,319	351,760	5,268,794
Bond issuance costs	-	-	-	146,923	-	-	146,923
Capital outlay:							
Construction	-	4,954,449	22,605,426	-	-	816,675	28,376,550
Total expenditures	<u>61,472,346</u>	<u>4,954,449</u>	<u>22,605,426</u>	<u>8,604,438</u>	<u>19,000,000</u>	<u>3,463,648</u>	<u>120,100,307</u>
Excess (deficiency) of revenues over (under) expenditures	5,115,124	7,690,541	(21,249,618)	(7,832,816)	(19,052,700)	3,100,294	(32,229,175)
OTHER FINANCING SOURCES (USES)							
Transfers in	194,027	-	1,108,822	7,682,473	4,090,729	415,358	13,491,409
Transfers out	(5,119,779)	(7,262,318)	(76,098)	-	-	(4,333,922)	(16,792,117)
Refunding bonds issued	-	-	-	30,645,000	-	-	30,645,000
Refunding bond premium	-	-	-	5,512,594	-	-	5,512,594
Payment to refunded bond escrow agent	-	-	-	(36,007,129)	-	-	(36,007,129)
Total other financing sources and uses	<u>(4,925,752)</u>	<u>(7,262,318)</u>	<u>1,032,724</u>	<u>7,832,938</u>	<u>4,090,729</u>	<u>(3,918,564)</u>	<u>(3,150,243)</u>
Net change in fund balances	189,372	428,223	(20,216,894)	122	(14,961,971)	(818,270)	(35,379,418)
Fund balances -- beginning	30,152,270	20,729	23,457,456	-	19,079,054	7,927,795	80,637,304
Fund balances -- ending	<u>\$ 30,341,642</u>	<u>\$ 448,952</u>	<u>\$ 3,240,562</u>	<u>\$ 122</u>	<u>\$ 4,117,083</u>	<u>\$ 7,109,525</u>	<u>\$ 45,257,886</u>

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

City of Grand Junction
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 For the Year Ended December 31, 2012

Amounts reported for governmental activities in the statement of activities (page 33)
 are different because:

Net change in fund balances - total governmental funds (page 36)	\$ (35,379,418)
--	-----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$28,042,196 exceeded depreciation (\$12,870,874) in the current period.	15,171,322
--	------------

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trades, and disposals) is to decrease net position. \$415,000 in land was acquired in the trade of capital assets.	(942,761)
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The net effect of the donation of capital assets is to increase net position.	6,708,396
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,133)
--	---------

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, this transaction has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Refunding bonds issued	\$ (30,645,000)	
Premium on refunding bonds (net of current amortization)	(5,121,546)	
Debt principal payments	5,130,000	
Payment to escrow agent for refunding	53,819,810	
Bond premium (to be amortized over the life of debt)	128,454	
Certificates of participation discount (to be amortized over the life of debt)	(14,238)	
Deferred charge on refunding (to be amortized over the life of debt)	(194,954)	
Decrease in accrued interest	391,875	
Decrease in net pension obligation	45,299	
Increase in net pension asset	205,576	
Increase in pollution remediation	(185,602)	
Increase in compensated absences	(91,426)	
Increase in other post employment benefit obligation	(398,221)	
	23,070,027	23,070,027

Internal service funds are used by management to charge the costs of data processing, equipment acquisition, operation & maintenance, central stores and printing, self-insurance activities, and communication services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Revenues from external customers	\$ 2,917,327	
Expenses due to external customers	(3,882,021)	
Grants and contributions	712,412	
Gain (Loss) on disposition of property	(1,603,294)	
Investment income	47,080	
Operating income from operations	1,612,439	(196,057)

Change in net position of governmental activities (page 33)	\$ <u><u>8,430,376</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Grand Junction
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Year Ended December 31, 2012

	Original and Final Budgeted Amounts	Actual GAAP Basis Amounts	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES					
Taxes:					
Property	\$ 8,813,752	\$ 8,795,457	\$ -	\$ 8,795,457	\$ (18,295)
Sales and use	36,607,733	37,149,557	380,635	37,530,192	922,459
Franchise	2,415,477	2,528,419	-	2,528,419	112,942
Severance	1,711,510	1,837,831	-	1,837,831	126,321
Other	3,125,501	2,997,548	35,076	3,032,624	(92,877)
Licenses and permits	109,050	110,618	-	110,618	1,568
Intergovernmental revenues	1,696,128	2,266,236	(87,581)	2,178,655	482,527
Charges for services	8,700,244	9,028,112	-	9,028,112	327,868
Fines and forfeitures	1,454,834	1,517,505	-	1,517,505	62,671
Investment earnings	240,271	276,209	(24,223)	251,986	11,715
Other income	21,000	28,735	-	28,735	7,735
Other contributions	27,200	51,243	-	51,243	24,043
Total revenues	<u>64,922,700</u>	<u>66,587,470</u>	<u>303,907</u>	<u>66,891,377</u>	<u>1,968,677</u>
EXPENDITURES					
Current:					
General government:					
Administration	7,771,952	7,199,993	-	7,199,993	571,959
Community development	1,930,125	1,985,170	-	1,985,170	(55,045)
Total general government	<u>9,702,077</u>	<u>9,185,163</u>	<u>-</u>	<u>9,185,163</u>	<u>516,914</u>
Public safety:					
Police protection	19,608,628	19,453,545	(87,581)	19,365,964	242,664
Fire protection	14,310,839	14,338,144	-	14,338,144	(27,305)
Total public safety	<u>33,919,467</u>	<u>33,791,689</u>	<u>(87,581)</u>	<u>33,704,108</u>	<u>215,359</u>
Public works:					
Parks and recreation	10,026,864	9,752,185	-	9,752,185	274,679
Urban development and housing	8,739,903	8,421,297	-	8,421,297	318,606
Total expenditures	<u>62,635,249</u>	<u>61,472,346</u>	<u>(87,581)</u>	<u>61,384,765</u>	<u>1,250,484</u>
Excess (deficiency) of revenues over (under) expenditures	2,287,451	5,115,124	391,488	5,506,612	3,219,161
OTHER FINANCING SOURCES (USES)					
Transfers in	39,688	194,027	-	194,027	154,339
Transfers out	(7,018,174)	(5,119,779)	-	(5,119,779)	1,898,395
Total other financing sources and uses	<u>(6,978,486)</u>	<u>(4,925,752)</u>	<u>-</u>	<u>(4,925,752)</u>	<u>2,052,734</u>
Net change in fund balances	(4,691,035)	189,372	391,488	580,860	5,271,895
Fund balances -- beginning	29,940,142	30,152,270	(212,128)	29,940,142	-
Fund balances -- ending	<u>\$ 25,249,107</u>	<u>\$ 30,341,642</u>	<u>\$ 179,360</u>	<u>\$ 30,521,002</u>	<u>\$ 5,271,895</u>

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

City of Grand Junction, Colorado
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012

Business-Type Activities - Enterprise Funds							
	Water Fund	Two Rivers Convention Center Fund	Golf Courses Fund	Parking Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 2,805,229	\$ -	\$ 48,735	\$ 151,960	\$ 626,064	\$ 3,631,988	\$ 9,577,504
Accounts receivable, net of allowance	417,439	216,798	311	740	424,931	1,060,219	5,512
Intergovernmental receivable	-	-	-	-	-	-	326,737
Prepaid items	-	-	-	-	-	-	43,251
Inventory	-	-	35,526	-	-	35,526	-
Total current assets	<u>3,222,668</u>	<u>216,798</u>	<u>84,572</u>	<u>152,700</u>	<u>1,050,995</u>	<u>4,727,733</u>	<u>9,953,004</u>
Noncurrent assets:							
Capital assets:							
Land	2,506,211	153,001	891,356	1,350,875	-	4,901,443	-
Buildings, improvements, plant and system	44,408,242	9,141,572	7,346,930	5,200,888	3,544,976	69,642,608	2,747,494
Equipment	904,414	649,740	190,567	316,278	1,260,436	3,321,435	31,387,637
Construction in progress	1,381,270	-	-	-	-	1,381,270	100
Intangible assets	190,464	-	-	-	-	190,464	-
Less accumulated depreciation	(16,920,033)	(3,277,019)	(3,252,875)	(1,104,067)	(3,468,889)	(28,022,883)	(17,892,101)
Total capital assets (net of accumulated depreciation)	<u>32,470,568</u>	<u>6,667,294</u>	<u>5,175,978</u>	<u>5,763,974</u>	<u>1,336,523</u>	<u>51,414,337</u>	<u>16,243,130</u>
Total noncurrent assets	<u>32,470,568</u>	<u>6,667,294</u>	<u>5,175,978</u>	<u>5,763,974</u>	<u>1,336,523</u>	<u>51,414,337</u>	<u>16,243,130</u>
Total assets	<u>35,693,236</u>	<u>6,884,092</u>	<u>5,260,550</u>	<u>5,916,674</u>	<u>2,387,518</u>	<u>56,142,070</u>	<u>26,196,134</u>
LIABILITIES							
Current liabilities:							
Accounts payable	501,737	137,041	62,105	1,592	85,683	788,158	479,522
Accrued liabilities	51,066	19,136	13,972	2,778	22,840	109,792	138,272
Accrued interest payable	53,841	-	-	-	-	53,841	-
Compensated absences payable	14,104	4,043	5,384	513	7,269	31,313	25,449
Claims payable	-	-	-	-	-	-	897,165
Current portion of promissory notes payable	339,112	-	-	-	-	339,112	-
Due to other funds	-	60,621	284,962	192,096	80,489	618,168	-
Total current liabilities	<u>959,860</u>	<u>220,841</u>	<u>366,423</u>	<u>196,979</u>	<u>196,281</u>	<u>1,940,384</u>	<u>1,540,408</u>
Noncurrent liabilities:							
Compensated absences payable	235,209	67,428	89,786	8,555	121,233	522,211	424,421
Claims payable	-	-	-	-	-	-	1,441,712
Advances from other funds - general fund	-	-	3,206,705	3,252,642	842,914	7,302,261	-
Promissory notes payable	5,195,089	-	-	-	-	5,195,089	-
Total noncurrent liabilities	<u>5,430,298</u>	<u>67,428</u>	<u>3,296,491</u>	<u>3,261,197</u>	<u>964,147</u>	<u>13,019,561</u>	<u>1,866,133</u>
Total liabilities	<u>6,390,158</u>	<u>288,269</u>	<u>3,662,914</u>	<u>3,458,176</u>	<u>1,160,428</u>	<u>14,959,945</u>	<u>3,406,541</u>
NET POSITION							
Net investment in capital assets	26,936,367	6,667,294	5,175,978	5,763,974	1,336,523	45,880,136	16,243,130
Restricted for:							
Public safety	-	-	-	-	-	-	181,785
Unrestricted	2,366,711	(71,471)	(3,578,342)	(3,305,476)	(109,433)	(4,698,011)	6,364,678
Total net position	<u>\$ 29,303,078</u>	<u>\$ 6,595,823</u>	<u>\$ 1,597,636</u>	<u>\$ 2,458,498</u>	<u>\$ 1,227,090</u>	<u>\$ 41,182,125</u>	<u>\$ 22,789,593</u>

Amounts reported for business-type activities on the statement of net position (page 31) are different because:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:

Current year:	(37,729)
Prior years:	190,687
Net position - business-type activities (page 31)	<u>\$ 41,335,083</u>

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

City of Grand Junction, Colorado
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Water Fund	Two Rivers Convention Center Fund	Golf Courses Fund	Parking Fund	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:							
Charges for sales and services	\$ 5,271,849	\$ 2,385,684	\$ 1,980,120	\$ 491,203	\$ 3,528,277	\$ 13,657,133	\$ 14,643,733
Other income	-	-	-	-	-	-	12,039
Total operating revenues	<u>5,271,849</u>	<u>2,385,684</u>	<u>1,980,120</u>	<u>491,203</u>	<u>3,528,277</u>	<u>13,657,133</u>	<u>14,655,772</u>
Operating expenses:							
Personnel services	2,557,146	1,423,446	959,212	134,084	1,125,489	6,199,377	6,869,541
Costs of sales and services	1,639,539	1,210,726	825,908	73,132	2,190,091	5,939,396	7,596,999
Depreciation and amortization	999,793	244,786	227,637	143,360	149,552	1,765,128	2,582,127
Total operating expenses	<u>5,196,478</u>	<u>2,878,958</u>	<u>2,012,757</u>	<u>350,576</u>	<u>3,465,132</u>	<u>13,903,901</u>	<u>17,048,667</u>
Operating income (loss)	<u>75,371</u>	<u>(493,274)</u>	<u>(32,637)</u>	<u>140,627</u>	<u>63,145</u>	<u>(246,768)</u>	<u>(2,392,895)</u>
Nonoperating revenues (expenses):							
Intergovernmental	4,625	-	-	-	-	4,625	751,465
Miscellaneous	159,648	3,227	-	-	-	162,875	-
Investment income	15,077	-	530	905	3,617	20,129	47,080
Gain (loss) on disposition of property and equipment	(10,527)	-	-	-	-	(10,527)	(1,603,294)
Interest expense	(186,086)	-	(54,582)	(54,510)	-	(295,178)	(2,162)
Total nonoperating revenues (expenses)	<u>(17,263)</u>	<u>3,227</u>	<u>(54,052)</u>	<u>(53,605)</u>	<u>3,617</u>	<u>(118,076)</u>	<u>(806,911)</u>
Income (loss) before contributions and operating transfers	<u>58,108</u>	<u>(490,047)</u>	<u>(86,689)</u>	<u>87,022</u>	<u>66,762</u>	<u>(364,844)</u>	<u>(3,199,806)</u>
Capital contributions - tap fees	66,075	-	-	-	520	66,595	-
Contributed capital	72,246	-	-	-	-	72,246	-
Transfers in	-	299,650	35,038	-	-	334,688	3,161,556
Transfers out	-	-	-	-	-	-	(195,536)
Change in net position	<u>196,429</u>	<u>(190,397)</u>	<u>(51,651)</u>	<u>87,022</u>	<u>67,282</u>	<u>108,685</u>	<u>(233,786)</u>
Net position - beginning	<u>29,106,649</u>	<u>6,786,220</u>	<u>1,649,287</u>	<u>2,371,476</u>	<u>1,159,808</u>	<u>41,073,440</u>	<u>23,023,379</u>
Net position - ending	<u>\$ 29,303,078</u>	<u>\$ 6,595,823</u>	<u>\$ 1,597,636</u>	<u>\$ 2,458,498</u>	<u>\$ 1,227,090</u>	<u>\$ 41,182,125</u>	<u>\$ 22,789,593</u>

Amounts reported for business-type activities in the statement of activities (page 33)
are different because:

Change in net position-enterprise funds	108,685
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds:	(37,729)
Change in net position of business-type activities (page 33)	<u>\$ 70,956</u>

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

City of Grand Junction, Colorado
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

Business-Type Activities - Enterprise Funds

	Water Fund	Two Rivers Convention Center Fund	Golf Courses Fund	Parking Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:							
Cash received from interfund	\$ 552,045	\$ -	\$ -	\$ -	\$ -	\$ 552,045	\$ 12,899,560
Cash received from customers and users	4,715,032	2,423,836	1,980,020	493,043	3,521,271	13,133,202	1,727,026
Cash paid to interfund	(730,753)	(151,683)	(320,616)	(38,007)	(938,017)	(2,179,076)	(923,108)
Cash paid to suppliers	(862,714)	(1,073,845)	(499,019)	(36,523)	(1,256,227)	(3,728,328)	(6,200,297)
Cash paid to employees	(2,552,664)	(1,426,546)	(962,456)	(133,490)	(1,139,460)	(6,214,616)	(8,823,252)
Miscellaneous receipts	77,338	3,227	-	-	-	80,565	592,153
Net cash provided (used) by operating activities	<u>1,198,284</u>	<u>(225,011)</u>	<u>197,929</u>	<u>285,023</u>	<u>187,567</u>	<u>1,643,792</u>	<u>1,272,082</u>
Cash flows from noncapital financing activities:							
Transfers from other funds	-	299,650	35,038	-	-	334,688	3,161,556
Transfers to other funds	-	-	-	-	-	-	(195,536)
Increase (decrease) in amount due other funds	-	(32,260)	239,393	2,839	(8,535)	201,437	-
Intergovernmental receipts	4,625	-	-	-	-	4,625	39,053
Net cash provided (used) by noncapital financing activities	<u>4,625</u>	<u>267,390</u>	<u>274,431</u>	<u>2,839</u>	<u>(8,535)</u>	<u>540,750</u>	<u>3,005,073</u>
Cash flows from capital and related financing activities:							
Tap fees	66,075	-	-	-	520	66,595	-
Principal payments:							
Capital leases	-	-	-	-	-	-	(20,596)
Promissory notes	(333,309)	-	-	-	-	(333,309)	-
Repayment of interfund capital loans	-	-	(386,493)	(192,096)	(80,489)	(659,078)	-
Interest paid	(188,746)	-	(54,582)	(54,510)	-	(297,838)	(2,162)
Proceeds from disposition of capital assets	-	-	-	-	-	-	137,537
Purchase of capital assets	(1,176,002)	(42,379)	(22,039)	-	(31,367)	(1,271,787)	(4,994,492)
Intergovernmental receipts	-	-	-	-	-	-	304,302
Miscellaneous capital receipts	82,310	-	-	-	-	82,310	33,876
Net cash used in capital and related financing activities	<u>(1,549,672)</u>	<u>(42,379)</u>	<u>(463,114)</u>	<u>(246,606)</u>	<u>(111,336)</u>	<u>(2,413,107)</u>	<u>(4,541,535)</u>
Cash flows from investing activities:							
Investment income received	15,077	-	530	905	3,617	20,129	47,080
Net cash provided (used) by investing activities	<u>15,077</u>	<u>-</u>	<u>530</u>	<u>905</u>	<u>3,617</u>	<u>20,129</u>	<u>47,080</u>
Net increase (decrease) in cash and cash equivalents	<u>(331,686)</u>	<u>-</u>	<u>9,776</u>	<u>42,161</u>	<u>71,313</u>	<u>(208,436)</u>	<u>(217,300)</u>
Cash and cash equivalents, January 1	3,136,915	-	38,959	109,799	554,751	3,840,424	9,794,804
Cash and cash equivalents, December 31	<u>\$ 2,805,229</u>	<u>\$ -</u>	<u>\$ 48,735</u>	<u>\$ 151,960</u>	<u>\$ 626,064</u>	<u>\$ 3,631,988</u>	<u>\$ 9,577,504</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ 75,371	\$ (493,274)	\$ (32,637)	\$ 140,627	\$ 63,145	\$ (246,768)	\$ (2,392,895)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	999,793	244,786	227,637	143,360	149,552	1,765,128	2,582,127
(Increase) decrease in accounts receivable	(4,772)	38,152	(100)	1,840	(7,006)	28,114	562,967
Miscellaneous receipts	77,338	3,227	-	-	-	80,565	-
(Increase) decrease in inventory	-	-	455	-	-	455	-
(Increase) decrease in prepaid items	-	465	-	-	-	465	1,378
Increase (decrease) in accounts payable	465,798	1,628	5,818	(1,398)	(4,153)	467,693	161,007
Increase (decrease) in claims payable	-	-	-	-	-	-	347,941
Increase (decrease) in accrued liabilities and compensated absences payable	4,482	(3,100)	(3,244)	594	(13,971)	(15,239)	46,289
(Increase) decrease in accounts payable due to the purchase of capital assets on account	(419,726)	(16,895)	-	-	-	(436,621)	(36,732)
Total adjustments	<u>1,122,913</u>	<u>268,263</u>	<u>230,566</u>	<u>144,396</u>	<u>124,422</u>	<u>1,890,560</u>	<u>3,664,977</u>
Net cash provided (used) by operating activities	<u>\$ 1,198,284</u>	<u>\$ (225,011)</u>	<u>\$ 197,929</u>	<u>\$ 285,023</u>	<u>\$ 187,567</u>	<u>\$ 1,643,792</u>	<u>\$ 1,272,082</u>
Noncash Investing, Capital and Financing Activities							
Purchase of capital assets on account	\$ 433,137	\$ 16,895	\$ -	\$ -	\$ -	\$ 450,032	\$ 60,327
Capital contributions	72,246	-	-	-	-	72,246	-
Net book value of capital assets traded in on capital assets acquired	-	-	-	-	-	-	46,585
Trade in value of disposed assets	-	-	-	-	-	-	47,000
Intergovernmental receivable from capital financing activities	-	-	-	-	300,000	300,000	-
Unearned revenue from capital financing activities	-	-	-	-	108,110	108,110	-

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

City of Grand Junction, Colorado
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012

	Pension Trust Funds	Private Purpose Trust Funds	Joint Sewer Investment Trust Fund	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 30,892	\$ 60,094	\$ 9,645,526	\$ 707,196
Investments				
Short term investments	508,622	-	-	-
Fixed income investments	2,174,519	-	-	-
Global equity investments	5,670,173	-	-	-
Real assets investments	478,321	-	-	-
Absolute return investments	912,272	-	-	-
Private capital investments	1,894,591	-	-	-
Opportunistic investments	183,820	-	-	-
Securities lending investment pool	474,042	-	-	-
Total assets	<u>12,327,252</u>	<u>60,094</u>	<u>9,645,526</u>	<u>707,196</u>
LIABILITIES				
Accounts payable	-	-	-	16,270
Due to other governments	-	-	-	690,926
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 707,196</u>
NET POSITION				
Held in trust for:				
External investment pool participants	-	-	9,645,526	
Pension benefits	12,327,252	-	-	
Individuals, organizations and others	-	60,094	-	
Total net position	<u>\$ 12,327,252</u>	<u>\$ 60,094</u>	<u>\$ 9,645,526</u>	

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

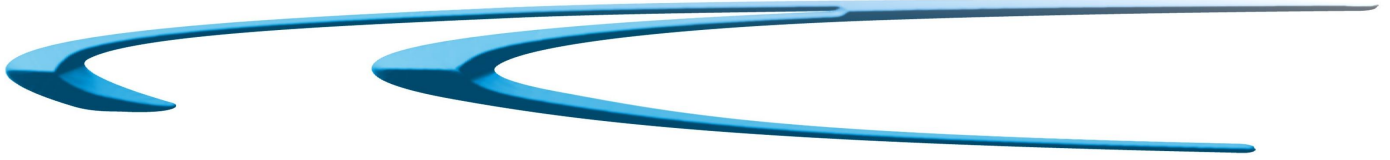
City of Grand Junction, Colorado
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2012

	Pension Trust Funds	Private Purpose Trust Funds	Joint Sewer Investment Trust Fund
ADDITIONS			
Additions by participants	\$ -	\$ 112,300	\$ 9,077,739
Employer contributions	674,364	-	-
Other Contributions	87,581	-	-
Total contributions	<u>761,945</u>	<u>112,300</u>	<u>9,077,739</u>
Investment earnings:			
Interest	254,670	100	98,859
Net increase (decrease) in fair value of investments	<u>1,175,420</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>1,430,090</u>	<u>100</u>	<u>98,859</u>
Total additions	<u>2,192,035</u>	<u>112,400</u>	<u>9,176,598</u>
DEDUCTIONS			
Distributions to participants	-	116,853	10,444,480
Benefits and refunds	1,592,190	-	-
Administrative expenses	108,562	3,614	-
Total deductions	<u>1,700,752</u>	<u>120,467</u>	<u>10,444,480</u>
Change in net position	491,283	(8,067)	(1,267,882)
Net position - beginning	11,835,969	68,161	10,913,408
Net position - ending	<u>\$ 12,327,252</u>	<u>\$ 60,094</u>	<u>\$ 9,645,526</u>

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



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NOTES TO FINANCIAL STATEMENTS



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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Grand Junction, Colorado was incorporated July 19, 1882, under provision of Article XX of the Constitution of the State of Colorado, as amended (Home Rule City). The City operates under a Council-Manager form of government with seven elected Council members.

The City's financial statements include the accounts and operations of all City functions including, but not limited to, public safety (police and fire protection), street construction and maintenance, water and sanitation, planning and zoning, parks and recreation and general administration as provided by the City charter. The City owns and operates a meeting and convention center, swimming pools, golf courses and parking facilities. The City also provides ambulance transport services for Mesa County, Colorado. The City maintains a data processing facility, a fleet facility, a central stores facility and a communications center. The communications center, fleet facility, and central stores facility provide services to other local governments in Mesa County, Colorado.

The accounting policies of the City of Grand Junction conform to generally accepted accounting principles (GAAP) as applicable to governments and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

As required by generally accepted accounting principles, these financial statements present the City of Grand Junction (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units. The financial data for the following entities is reported as part of the primary government because the City Council of the City acts as the Board of Directors for each entity.

The Ridges Metropolitan District was annexed into the City and dissolved as a separate district in 1992. The District continues in existence for the sole purpose of providing for the payment of the District's outstanding debt with a special levy of property taxes collected within the District only.

The financial data of the *Grand Junction Public Finance Corporation* (the Corporation) is reported as part of the primary government because it is fiscally dependent upon the City and provides financing solely to the City. The Corporation was incorporated as a nonprofit corporation in the State of Colorado during 1996. The purpose of the Corporation is to facilitate financing for the City (see Note 6). Although the Corporation is a separate legal entity, for financial reporting purposes it is considered part of the City and is reported in the Grand Junction Public Finance Debt Service Fund.

Discretely Presented Component Unit. The component unit column in the government-wide financial statements includes the financial data of the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City.

The Downtown Development Authority (DDA) was formed to improve the downtown area of the City of Grand Junction. The Authority has an eleven-member board appointed by the City Council of the City of Grand Junction. The City Council also approves the Authority's budget and property tax levy and issues any debt for Authority projects. Financial statements for all funds and activities of the DDA are included in the City's Comprehensive Annual Financial Report because the Authority does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements summarize information on governmental and business-type activities of the primary government and its component units. These statements do not include fiduciary activities, and for the most part, eliminations have been made to minimize the double-counting of interfund activities. *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. Likewise, the *primary government* is reported separately from the *Downtown Development Authority*, the City's legally separate *component unit* for which the primary government is financially accountable.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-Wide, Proprietary and Fiduciary Financial Statements:

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, except that agency funds, as they are merely custodial funds, do not have a measurement focus. All assets, liabilities, and deferred outflows/inflows of resources including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements:

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used 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. Major revenues that are determined to be susceptible to accrual include sales and use taxes, property taxes, utility franchise fees, grants-in-aid earned, interest, rentals and charges for services. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements are met. Only the portion of special assessments receivable due within the current fiscal year is considered susceptible to accrual as revenue of the current period. Major revenues that are determined to not be susceptible to accrual, because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable, include licenses, permits, fines and forfeitures.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. It accounts for all activities of the general government except those required to be accounted for in another fund.

The **Sales Tax Capital Improvements Fund** is a capital projects fund used to account for the financing and construction of projects financed completely or partially with the $\frac{3}{4}$ percent portion of the City's $2\frac{3}{4}$ percent sales and use tax. The $\frac{3}{4}$ percent portion is currently dedicated to general capital improvements and economic development.

The **Major Capital Improvements Fund** is a capital projects fund used to account for the financing and construction of three major improvement projects. The Stadium Improvement Project and the Public Safety Building Improvement Project are funded completely or partially with proceeds from the issuance of certificates of participation. The Avalon Theatre Renovation Project is funded by City sales and use tax, Downtown Development Authority TIF revenue, as well as local contributions.

The **General Debt Service Fund** is a debt service fund used to account for all resources which are being accumulated for general long-term debt principal and interest payments maturing in future years other than long-term debt accounted for in enterprise and internal service funds or where a separate debt service fund is legally mandated.

The **Parkway Debt Retirement Fund** is a debt service fund used to account for all resources which are being accumulated for the early retirement of the Parkway Project long-term debt principal and interest payments maturing in future years.

The City reports the following major proprietary funds:

The **Water Fund** accounts for all activities associated with providing water services to customers within the water service area.

The **Two Rivers Convention Center Fund** accounts for all activities associated with the municipally owned meeting and convention center.

The **Golf Courses Fund** accounts for all activities associated with both municipally owned golf courses, Lincoln Park Golf Course and Tiara Rado Golf Course.

The **Parking Fund** is used to account for the revenue and expense associated with the operation of all municipally owned and leased parking facilities. Construction of a parking garage in the downtown area was completed late in 2007.

Additionally the City reports the following fund types:

The **Permanent Fund** accumulates resources to provide future maintenance of municipal cemeteries.

The **Internal Service Funds** account for data processing, equipment acquisition, operation & maintenance, self-insurance activities, and communication services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

The **Private-Purpose Trust Funds** account for resources legally held in trust for use by the local school district to purchase land and other uses specified by parties outside the City government.

The **Pension Trust Funds** account for Police and Fire defined benefit pension plans administered by the Fire and Police Pension Association of Colorado.

The **Investment Trust Fund** accounts for the net position held on behalf of the City of Grand Junction/Mesa County Joint Sewer System in the City's cash pool. The Joint Sewer System is not part of the City's financial reporting entity.

The *Agency Funds* account for custodial functions in operations of an advisory board, collecting and forwarding special assessment debt payments for property owners, and billing and collections for some sewer and water districts outside the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds, and charges between the City's water and solid waste removal fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Interfund activity has not been eliminated in the fund financial statements.

Amounts reported as program revenues include:

1. charges to customers for goods and services
2. operating grants and contributions
3. capital grants and contributions, including special assessments

Internally dedicated resources are reported as *general revenues* rather than 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 and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include cost of sales and services, personal services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Ambulance transports have agreements with third-party payers, Medicaid, and Medicare that provide for payments to the City at amounts different from its established rates. Net patient service revenue is reported at estimated net realizable amounts.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, and short-term investments with original maturities of three months or less from the date of acquisition.

Colorado State Statutes limit the local governments to the following types of investments, unless others are specifically identified by home rule cities, such as the City of Grand Junction:

1. *Obligations of the United States or obligations unconditionally guaranteed by the United States*
2. *Bonds of the State of Colorado and its political subdivisions*
3. *Certain obligations secured by mortgages*
4. *Bankers acceptances*
5. *Commercial paper*
6. *State investment pools*
7. *Repurchase agreements*
8. *Money market funds*
9. *Guaranteed investment contracts*

The City Council has formally established an investment policy allowing investments to have maturities beyond five years and to include mutual funds (composed of U.S. Government obligations) and collateralized mortgage obligations. Some additional restrictions apply to the various investments.

Assets of the pension trust funds may be invested by the Fire and Police Pension Association of Colorado (FPPA) in publicly traded common and preferred stock, convertible bonds, venture capital

and real estate. Investments are presented at fair value except real-estate which is recorded at estimated fair value based upon periodic appraisals and valuations, investments in limited partnerships which are recorded at estimated fair value as derived from financial statements, and guaranteed investment contracts which are recorded at contract value.

Investments are stated at fair value determined from quoted market prices. The state investment pools exist under the laws of the State of Colorado and are registered with the Securities Commissioner of the State of Colorado. The state investment pools and mutual funds are similar to money market funds, with each share valued at \$1.

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

2. Interfund Receivables and Payables

Receivables and payables classified as "due from other funds" or "due to other funds" on the balance sheet arise from negative equity in pooled cash and investments. Current portions of long-term interfund loan receivables are classified as "interfund receivables" and "interfund payables" on the balance sheet. Non-current portions of long-term interfund loan receivables are reported as "advances" and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

3. Property Taxes

Property taxes as set by the City Council are collected by the County Treasurer. The County Treasurer remits property taxes collected to the City by the 10th day of the month following collection. Property taxes receivable represent 2012 taxes collectible in 2013 and are also shown as unavailable revenue. Following are details of the property tax calendar:

Levy date:	November 15 (prior year)
Lien date:	January 1 (current year)
First 1/2 installment due:	February 28
Second 1/2 installment due:	June 15
If paid in full:	April 30

4. Special Assessments Receivable

Special assessments receivable are recorded for the property owners' share of the cost of street or utility improvements within special improvement districts. Corresponding unavailable revenue is recorded until the assessments meet the revenue recognition availability criteria. Special assessments receivable for projects which were initially financed with existing governmental resources are recorded together with the corresponding deferred inflow of resources in the fund which provided the resources.

5. Inventories and Prepaid Items

All inventories are valued at cost using the moving average method. Inventories in governmental funds are recorded as expenditures when consumed rather than when purchased.

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. The cost of prepaid items in governmental funds are recorded as expenditures when consumed rather than when purchased.

6. Restricted Cash and Investments

Certain proceeds of the Governmental Fund certificates of participation are classified as restricted assets on the balance sheet since their use is limited by applicable bond covenants.

7. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., streets, bridges, alleys, traffic signal systems and storm drainage), and intangible assets (e.g., water rights and permanent easements) 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 life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair market value on the date donated.

Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

Improvements are capitalized and depreciated over the remaining useful lives of the capital asset, as applicable. Infrastructure assets are capitalized as a separate category.

Property, plant, and equipment of the primary government, as well as the component units, 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:

	<u>Estimated lives</u>
Building and improvements	10 to 50 years
Utility plant and system	50 years
Equipment	5 to 10 years
Infrastructure	20 to 40 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one type of item that qualifies for reporting in this category. It is unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Compensated Absences

During 1992, the City implemented a "Paid Time Off" (PTO) policy. This policy integrates holidays, vacation leave and sick leave into a single leave time accrual. An employee may accrue up to from 480 to 624 hours of PTO, depending upon years of service.

The City pays a terminating employee for all accumulated PTO time up to from 80 to 152 hours, depending on years of service. One-half of accumulated PTO in excess of this base amount will be paid to a terminating employee. In addition, employees hired prior to 1992 may have vacation and sick leave balances. The City pays a terminating employee for all accumulated vacation time and one-third of accumulated sick leave in excess of 720 hours.

Compensated absences are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of an employee's resignation or retirement.

10. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure are recorded during the year as an extension of formal budgetary integration in order to reserve that portion of the applicable appropriation, is not included for financial reporting purposes at year-end because unused appropriations and encumbrances lapse at year-end and must be reappropriated in the following year to be expended.

11. Long-Term Liabilities

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 type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. Net Position Flow Assumption

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

13. Fund Balance Policies and Flow Assumptions

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned or unassigned fund balances. When funds from more than one classification are available, the order of spending of resources will be restricted, committed, assigned and, lastly unassigned.

Fund balances are classified as nonspendable when they are nonspendable in form or legally or contractually required to be maintained intact.

Fund balances are classified as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

Fund balances are classified as committed when constraints placed upon the use of resources are adopted by the City Council through ordinance prior to the end of the calendar year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Fund balances are classified as assigned when constraints placed upon the use of resources are imposed by the City Council or City Manager through the budget process as authorized through the City Charter. Assigned fund balances represent the City's intent for future use of financial resources that are subject to change.

The residual fund balance that does not meet any of the above criteria is classified as unassigned. The City will only report a positive unassigned fund balance in the General Fund.

14. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in the accompanying Management's Discussion and Analysis in order to provide an understanding of the changes in the City's financial

position and operations. However, complete comparative data has not been reported since their inclusion would make the financial statements unduly complex and difficult to read. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

Government Accounting Standards Board Statement No. 63. In 2012, the City implemented the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which establishes and defines deferred outflows of resources and deferred inflows of resources as elements of the Statement of Net Position. There is no impact on beginning balances.

Government Accounting Standards Board Statement No. 65. In 2012, the City implemented the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effect of the implementation resulted in a restatement to beginning net position on the Statement of Activities (see Note 17).

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual appropriated expenditure budgets are adopted for all governmental funds on a basis consistent with generally accepted accounting principles with the exception of the General Fund, the Sales Tax Capital Improvements Fund, and the Parkway Debt Retirement Fund. The annual budget for the General Fund is prepared on the modified accrual basis of accounting excluding certain basis differences for tax accruals, market value adjustments, and the effects of payments by the State of Colorado made on-behalf of City employees to a retirement plan (see Note 10). The annual budget for the Sales Tax Capital Improvements Fund is prepared on the modified accrual basis of accounting except for certain basis differences for tax accruals and market value adjustments. The annual budget for the Parkway Debt Retirement Fund is prepared on the modified accrual basis of accounting except for certain basis differences for market value adjustments. Annual appropriation budgets are also adopted for all proprietary funds on the accrual basis of accounting modified to include capital expenditures and debt service principal payments and to exclude depreciation and amortization. The budget is prepared under the direction of the City Manager. The appropriations are adopted, and may not be exceeded, on a total fund basis.

The details of the budget calendar follow:

December 15,	Statutory deadline for certification of all mill levies to the Board of County Commissioners
December 22,	Statutory deadline for Board of County Commissioners to levy all taxes and certify the levies

On or before December 31, the City Council enacts an ordinance appropriating the budgets for the ensuing fiscal year. The City Council may amend the appropriation ordinance at any time during the year, as a result of any casualty, accident, or unforeseen contingency.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. Even though the budget enacted by the City Council is at the fund level, the City prepares a line item budget by department and cost center for control at the line item level. Department heads have the authority to reallocate the distribution of budget amounts within the major categories of personnel expenditures, operating expenditures and capital expenditures within their fund and department. Budget reallocation between major expenditure categories within a fund requires City Manager approval. Budget reallocation between funds requires City Council approval.

Supplemental appropriation ordinances during 2012 resulted in budget amendments as follows:

<u>Fund</u>	<u>Original Amount</u>	<u>Amended Amount</u>
<i>Primary Government - City of Grand Junction:</i>		
<i>Governmental Activities</i>		
Special Revenue Funds:		
Conservation Trust	390,755	403,155
Capital Projects Funds:		
Storm Drainage Development	80,000	145,000
Major Projects Capital	22,660,885	23,150,882
Debt Service Funds:		
General Debt Service	10,012,378	44,611,572
Parkway Debt Service	-	19,000,000
<i>Business-Type Activities</i>		
Enterprise Funds:		
Solid Waste	3,184,638	3,270,276
Two Rivers Convention Center	2,611,988	2,712,648
Parking	446,834	455,655
Internal Service Funds:		
Equipment	5,133,466	6,372,576
Self Insurance	2,121,645	2,515,612
<i>Component Unit - Downtown Development Authority:</i>		
Special Revenue Funds:		
DDA Operations	363,483	529,220

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City charter prohibits the expenditure of City funds for any purpose not covered in the annual appropriation ordinance based upon the annual City budget. Colorado statutes prohibit expenditures on a total fund basis in excess of amounts appropriated.

NOTE 3. DEPOSITS AND INVESTMENTS

Substantially all the City's cash and investments are part of the City's sponsored cash pool, which includes both internal and external participants. The pool is not registered with the Securities and Exchange Commission as an investment company. The City Finance Director (Treasurer) is granted authority for managing the pool by City Council. The City Treasurer reports investment activity quarterly to the Investment Advisory Committee, which is appointed by the City Manager, and reports annually to the City Council.

Cash and investments held for the City of Grand Junction/Mesa County, Colorado, Joint Sewer System are included in and inseparable from the City's pooled cash and investments. Since the Joint Sewer System is not part of the City's reporting entity, they are considered involuntary external participants of the City's cash pool. Under *GASB Statement 31*, the Joint Sewer System's pool share value is reported as an Investment Trust Fund in the City's financial statements. See Note 12 for more information on the Joint Sewer System.

Cash Deposits

Colorado State Statutes require that all deposits be secured by federal deposit insurance or secured by collateral. Statutes require a financial institution to deposit collateral with another financial institution securing 102% of the market value of public funds held which exceed the amount insured by federal deposit insurance. All deposits of the City are insured or collateralized with government securities held by or for the entity.

The Colorado Divisions of Banking 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.

The composition of all cash held by the City cash pool at December 31, 2012, is as follows:

	Bank Balance	Carrying Balance
Cash on hand	\$ -	\$ 12,402
Insured deposits	250,000	250,000
Deposits collateralized in single institutional pools	4,667,524	3,912,544
	<u>\$4,917,524</u>	<u>\$4,174,946</u>

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair value by maintaining a minimum of 30% of the portfolio in short-term securities (less than one year) and employing a buy-and-hold strategy.

The City voluntarily participates in the state investment pools. The state investment pools exist under the laws of the State of Colorado and are registered with the Securities Commissioner of the State of Colorado. The state investment pools and mutual funds are similar to money market funds, with each share valued at \$1. The designated custodial banks provide safekeeping and depository services, and securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. Investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. The investment in the Fire and Police Pension Association of Colorado (FPPA) investment pool is set by Colorado statute for funding of police and fire defined benefit pension plans. Investments consist of publicly traded common and preferred stock, convertible bonds, venture capital and real estate. Investments in state investment pools, mutual funds, and FPPA are not categorized by risk, as they are not evidenced by securities that exist in physical or book entry form. The fair value of the position in the state investment pools and FPPA approximate the value of the City's investment in the pools.

As of December 31, 2012, the City had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Federal Agency Securities	AA+	\$ 11,534,513	31.13
Treasury Coupon Securities	AA+	7,566,093	32.05
Pass Through Securities (GNMA/CMO)	AA+	2,542,458	79.66
Commercial Paper	A-1+	999,796	1.84
State investment pools	AAAm	33,835,886	0.03
Pension trust fund	Not rated	12,327,252	0.00
Total		<u>\$68,805,998</u>	<u>18.61</u>

Credit risk. The City's investment practices are governed by the City of Grand Junction Charter, Article IX paragraph 72, the Colorado Revised Statutes 24-75-601 to 605, and the City's investment policy as adopted by its legislative body. These controls limit investments to U.S. Government and Agency obligations, collateralized deposits, and commercial paper with the highest rating issued by one of the nationally recognized statistical rating organizations (NRSRO's).

Concentration of credit risk. The City's investment policy dictates diversification and does not allow for an investment in any one issuer that is in excess of five percent of the City's total investments.

Custodial credit risk. State law requires financial institutions to collateralize deposits of government funds. By City policy, all marketable securities shall be deposited in a safe keeping account with an independent third party state or national bank having an office in Colorado.

Foreign Currency Risk. The City's investment policy, excluding the FPPA pension trust funds, does not allow for investment in foreign currency.

NOTE 4. ACCOUNTS RECEIVABLE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts receivable of the various funds of the City at December 31, 2012, is as follows:

General Fund	\$621,681
Enterprise Funds:	
Water	\$ 1,054
Solid Waste Removal	274
Two Rivers Convention Center	2,898
	<u>\$ 4,226</u>
Internal Service Funds:	
Communications Center	<u>\$ 817</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

Primary Government - City of Grand Junction:

	Beginning Balance	Increase	Decreases	Ending Balance
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$296,702,316	\$ 4,476,792	\$ 758,885	\$300,420,223
Construction in progress	22,235,998	24,781,420	43,847,681	3,169,737
Intangible assets	1,274,436	15,656	-	1,290,092
Total capital assets, not being depreciated	<u>320,212,750</u>	<u>29,273,868</u>	<u>44,606,566</u>	<u>304,880,052</u>
<i>Capital assets, being depreciated:</i>				
Buildings	57,332,686	37,146,646	2,951,442	91,527,890
Improvements other than buildings	29,739,272	868,443	256,681	30,351,034
Equipment	39,868,540	11,068,167	6,400,936	44,535,771
Infrastructure	372,462,392	5,708,431	-	378,170,823
Total capital assets, being depreciated	<u>499,402,890</u>	<u>54,791,687</u>	<u>9,609,059</u>	<u>544,585,518</u>
<i>Less accumulated depreciation for:</i>				
Buildings	16,338,650	2,152,552	1,746,438	16,744,764
Improvements other than buildings	14,548,636	1,219,062	235,621	15,532,077
Equipment	25,736,762	3,522,652	5,266,235	23,993,179
Infrastructure	99,856,139	8,558,735	-	108,414,874
Total accumulated depreciation	<u>156,480,187</u>	<u>15,453,001</u>	<u>7,248,294</u>	<u>164,684,894</u>
Total capital assets, being depreciated, net	<u>342,922,703</u>	<u>39,338,686</u>	<u>2,360,765</u>	<u>379,900,624</u>
Governmental activities capital assets, net	<u>\$663,135,453</u>	<u>\$68,612,554</u>	<u>\$ 46,967,331</u>	<u>\$684,780,676</u>

	Beginning Balance	Increase	Decreases	Ending Balance
Business-type Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 4,901,443	\$ -	\$ -	\$ 4,901,443
Construction in progress	459,105	1,456,647	534,482	1,381,270
Intangible assets	152,318	45,000	6,854	190,464
Total capital assets, not being depreciated	<u>5,512,866</u>	<u>1,501,647</u>	<u>541,336</u>	<u>6,473,177</u>
<i>Capital assets, being depreciated:</i>				
Buildings and systems	61,256,482	606,728	151,614	61,711,596
Improvements other than buildings	7,830,916	100,096	-	7,931,012
Equipment	3,389,011	106,665	174,241	3,321,435
Total capital assets, being depreciated	<u>72,476,409</u>	<u>813,489</u>	<u>325,855</u>	<u>72,964,043</u>
<i>Less accumulated depreciation for:</i>				
Buildings and systems	21,834,862	1,308,940	151,614	22,992,188
Improvements other than buildings	2,856,155	249,467	-	3,105,622
Equipment	1,892,410	203,231	170,568	1,925,073
Total accumulated depreciation	<u>26,583,427</u>	<u>1,761,638</u>	<u>322,182</u>	<u>28,022,883</u>
Total capital assets, being depreciated, net	<u>45,892,982</u>	<u>(948,149)</u>	<u>3,673</u>	<u>44,941,160</u>
Business-type activities capital assets, net	<u>\$ 51,405,848</u>	<u>\$553,498</u>	<u>\$545,009</u>	<u>\$ 51,414,337</u>

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

Governmental Activities

General government	\$ 1,064,974
Public safety	1,179,521
Public works	9,060,041
Parks and recreation	1,566,338
Capital assets held by the government's internal service funds are charged to various functions based on their usage of assets	<u>2,582,127</u>

Total depreciation expense – governmental activities	<u>\$15,453,001</u>
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Business-Type Activities

Water	\$ 996,303
Solid waste	64,558
Meeting and convention center	244,786
Golf courses	227,637
Parking	143,360
Irrigation	84,994
Total depreciation expense – business-type activities	<u>\$1,761,638</u>

Discretely Presented Component Unit

Activity for the *Downtown Development Authority* for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,500,542	\$ -	\$ 458,396	\$ 1,042,146
Construction in progress	-	993	-	993
Total capital assets, not being depreciated	<u>1,500,542</u>	<u>993</u>	<u>458,396</u>	<u>1,043,139</u>
<i>Capital assets, being depreciated:</i>				
Buildings and systems	3,876,623	-	89,600	3,787,023
Equipment	<u>1,207,183</u>	<u>117,756</u>	<u>7,500</u>	<u>1,317,439</u>
Total capital assets, being depreciated	<u>5,083,806</u>	<u>117,756</u>	<u>97,100</u>	<u>5,104,462</u>
<i>Less accumulated depreciation for:</i>				
Buildings	1,089,732	112,712	13,440	1,189,004
Equipment	<u>419,436</u>	<u>143,873</u>	<u>7,500</u>	<u>555,809</u>
Total accumulated depreciation	<u>1,509,168</u>	<u>256,585</u>	<u>20,940</u>	<u>1,744,813</u>
Total capital assets, being depreciated, net	<u>3,574,638</u>	<u>(138,829)</u>	<u>76,160</u>	<u>3,359,649</u>
DDA capital assets, net	<u>\$ 5,075,180</u>	<u>\$(137,836)</u>	<u>\$534,556</u>	<u>\$ 4,402,788</u>

Construction Commitments

The City and its component unit have several ongoing construction projects as of December 31, 2012 composed of the following:

	<u>Spent to 12/31/2012</u>	<u>Projected cost of completion</u>
Primary Government		
Street projects	\$ 125,421	\$ 4,006,268
Drainage projects	913,885	1,385,764
Park development	323,268	511,747
Facilities/equipment/other	3,188,433	14,574,694
Component Unit		
Development Projects	\$ 993	\$ 20,000

NOTE 6. CAPITAL LEASES

Certificates of Participation

The City entered into a ground and improvement lease with The Grand Junction Public Finance Corporation, which was incorporated in 1996 as a Colorado nonprofit corporation to facilitate City financing, including but not limited to, the acquisition of real or personal property, the construction or installation of improvements and the renovation, expansion or improvement of buildings for lease to the City. The Corporation issued \$7,770,000 certificates of participation, dated November 15, 2010 to be used to construct and install certain improvements to Suplizio Field, a baseball stadium located in the City's Lincoln Park, fund a reserve fund, and pay the costs of issuing the certificates. The proceeds from the issue reserved for debt service and principal and interest payments are accounted for in the General Fund.

The City has agreed to pay base rentals from annually appropriated funds. The lease agreements are in accordance with Colorado law as to being subject to annual appropriation by the City. The City intends to annually appropriate for the lease payments in its Conservation Trust Fund. The primary revenues on deposit in the Conservation Trust Fund are comprised of funds received from the Colorado Lottery to be used for park and recreation purposes pursuant to State law. A \$533,500 reserve is held by a trustee, as required by the agreement.

The interest rate is 4.76% payable semiannually on May 15 and November 15. A schedule, by years, of future minimum lease payments as of December 31, 2012, follows:

Year ending December 31,	Schedule of Base Rents
2013	\$ 532,650
2014	533,450
2015	532,000
2016	530,400
2017	528,650
2018-2022	2,651,319
2023-2027	2,660,488
2028-2032	2,647,750
2033-2035	1,591,750
Total base rentals	12,208,457
Less amounts representing interest	(4,828,457)
Present value of minimum lease payments	\$ 7,380,000

The City entered into a ground lease with Zions First National Bank. Zions First National Bank issued \$34,900,000 certificates of participation, dated December 1, 2010 to be used for the construction of a police building, including a 911 emergency dispatch center, and the remodeling of existing City facilities for use as fire stations and a fire administration building, pay capitalized interest, and pay the costs of issuing the certificates. The certificates include \$4,900,000 of Tax-Exempt Certificates of Participation, Series 2010A and \$30,000,000 Taxable Certificates of Participation (Direct Pay Build America Bonds), Series 2010B.

The City has agreed to pay base rentals from annually appropriated funds. The lease agreements are in accordance with Colorado law as to being subject to annual appropriation by the City.

The interest rates range from 4.23% to 7.48% payable semiannually on May 15 and November 15. A schedule, by years, of future minimum lease payments as of December 31, 2012, follows:

Year ending December 31,	Schedule of Base Rents
2013	\$ 3,028,110
2014	3,028,923
2015	3,027,122
2016	3,029,323
2017	3,028,510
2018-2022	15,030,825
2023-2027	14,505,587
2028-2032	13,776,965
2033-2037	12,802,850
2038-2040	7,100,485
Total base rentals	78,358,700
Less amounts representing interest	(44,078,700)
Present value of minimum lease payments	\$ 34,280,000

The City's certificates of participation do not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the City within the meaning of any constitutional or statutory debt limitation.

NOTE 7. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity of the City for the year ended December 31, 2012:

Primary Government - City of Grand Junction:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds:					
<i>Ridges</i>	\$ 410,000	\$ -	\$ 200,000	\$ 210,000	\$ 210,000
Revenue bonds:					
<i>Parkway</i>	61,495,000	-	53,445,000	8,050,000	4,315,000
<i>Premium</i>	1,964,413	-	1,860,008	104,405	78,190
<i>Parkway Refunding</i>	-	30,645,000	-	30,645,000	-
<i>Parkway Refunding Premium</i>	-	5,512,594	391,048	5,121,546	676,815
Capital Leases:					
<i>Certificates of Participation</i>	42,485,000	-	825,000	41,660,000	855,000
<i>Discount on Certificates of Participation</i>	(407,968)	14,238	-	(393,730)	(15,065)
<i>Lease Purchase Agreement</i>	20,596	-	20,596	-	-
Net pension obligation:					
<i>Police Defined Benefit Plan</i>	38,459	270,344	308,803	-	-
<i>Fire Defined Benefit Plan</i>	163,636	240,726	247,566	156,796	-
Claims payable	1,990,936	1,227,060	879,119	2,338,877	897,165
Pollution remediation	-	185,602	-	185,602	185,602
Compensated absences	3,744,209	4,678,274	4,570,542	3,851,941	217,904
Other Post Employment Benefits	898,177	1,001,806	603,585	1,296,398	-
Governmental activity long-term liabilities	<u>\$112,802,458</u>	<u>\$43,775,644</u>	<u>\$63,351,267</u>	<u>\$93,226,835</u>	<u>\$7,420,611</u>
Business-Type Activities					
Loans payable					
<i>Water Systems</i>	\$5,902,362	\$ -	\$333,309	\$5,569,053	\$342,609
Less deferred amounts:					
For loan discount	(38,342)	3,490	-	(34,852)	(3,497)
Compensated absences	<u>578,292</u>	<u>672,268</u>	<u>697,036</u>	<u>553,524</u>	<u>31,313</u>
Business-type activity long-term liabilities	<u>\$6,442,312</u>	<u>\$675,758</u>	<u>\$1,030,345</u>	<u>\$6,087,725</u>	<u>\$370,425</u>

Component Unit – Downtown Development Authority:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax increment bonds	\$3,200,000	\$7,125,000	\$ 3,200,000	\$7,125,000	\$595,000
Compensated absences	6,696	13,375	13,435	6,636	375
Total	<u>\$3,206,696</u>	<u>\$ 7,138,375</u>	<u>\$ 3,213,435</u>	<u>\$7,131,636</u>	<u>\$595,375</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$449,870 of internal service funds compensated absences are included in the above amounts. For the governmental activities, compensated absences and net pension obligation are generally liquidated by the general fund.

Bonds, notes and loans payable as of December 31, 2012, are comprised of the following:

Primary Government – City of Grand Junction:

GENERAL OBLIGATION BONDS:

\$2,590,000 Ridges Metropolitan District General Obligation Refunding Bonds Series 1992 consisting of \$955,000 serial bonds bearing interest at 3.5% to 5.75% payable April 15 and October 15 annually through October 15, 2013, term bond of \$545,000 bearing interest of 6% payable on April 15 and October 15 through October 15, 2007, and term bond of \$1,090,000 bearing interest of 6.1% payable on April 15 and October 15 through October 15, 2013. Bonds maturing on or after October 15, 2013, are callable at the district's option on any interest paying date at par. Both term bonds are subject to mandatory redemption pursuant to a sinking fund agreement with the paying agent. There was \$210,000 unpaid principal at December 31, 2012, payable over the following term:

Year	Principal	Interest	Total
2013	\$210,000	\$12,810	\$222,810
	\$210,000	\$12,810	\$222,810

REVENUE BONDS:

\$80,000,000 of approved General Fund Revenue Bonds Series 2004 and 2007 bearing interest at 2% to 5% payable March 1 and September 1 annually through March 1, 2024 were issued to finance the construction of the Riverside Parkway project. The principal and interest on the bonds is payable solely from pledged sales and use tax revenues. There was \$8,050,000 unpaid principal at December 31, 2012, payable over the following term:

Year	Principal	Interest	Total
2013	\$4,315,000	\$294,625	\$4,609,625
2014	3,735,000	93,375	3,828,375
	\$8,050,000	\$388,000	\$8,438,000

The City of Grand Junction issued \$30,645,000 of General Fund Revenue Refunding Bonds Series 2012 bearing interest at 2% to 5% payable March 1 and September 1 annually through March 1, 2024. The principal and interest on the bonds is payable solely from pledged sales and use tax revenues. There was \$30,645,000 unpaid principal at December 31, 2012, payable over the following term:

Year	Principal	Interest	Total
2013	\$ -	\$1,418,850	\$1,418,850
2014	-	1,418,850	1,418,850
2015	2,470,000	1,381,800	3,851,800
2016	2,575,000	1,280,375	3,855,375
2017	2,705,000	1,148,375	3,853,375
2018-2022	15,560,000	3,717,000	19,277,000
2023-2024	7,335,000	371,375	7,706,375
	\$30,645,000	\$10,736,625	\$41,381,625

ADVANCE REFUNDING:

The City of Grand Junction issued \$30,645,000 of General Fund Revenue Refunding Bonds Series 2012 bearing interest at 2% to 5%. The proceeds, together with other available moneys from the Early Debt

Retirement Fund, were used to advance refund \$49,340,000 of outstanding Series 2004 General Fund Revenue Bonds. The net proceeds and additional City funds of \$53,819,810 (including premium and after payment of underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, a portion of the Series 2004 General Fund Revenue Bonds, are considered defeased and the liability for those bonds has been removed from the statement of net position. At December 31, 2012, \$49,340,000 of defeased bonds remained outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,748,256. This amount is being amortized over the remaining life of the refunding debt. The City of Grand Junction advance refunded the Series 2004 General Fund Revenue Bonds to reduce its total debt service payments over 13 years by \$7,952,389 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,495,126.

LOANS PAYABLE:

The City of Grand Junction entered into a loan agreement dated April 1, 2002 with the Colorado Water Resources and Power Development Authority to finance improvements on the City's water system. The principal amount is \$3,566,522 at a net effective interest rate of 4.02%, payable February 1 and August 1 annually through 2022. The water system net revenues are pledged as security for the loan. The loan proceeds are held by a trustee on behalf of the City with disbursements occurring upon receipt of a requisition executed by the City. The unpaid principal at December 31, 2012 was \$2,117,286 payable over the following term from *Business activities*:

Year	Principal	Interest	Total
2013	\$183,175	\$94,700	\$277,875
2014	188,562	89,554	278,116
2015	193,950	84,082	278,032
2016	199,337	78,273	277,610
2017	204,725	72,118	276,843
2018-2022	1,147,537	233,562	1,381,099
	<u>\$2,117,286</u>	<u>\$ 652,289</u>	<u>\$2,769,575</u>

The City of Grand Junction entered into a loan agreement dated February 2, 2010 with the Colorado Water Resources and Power Development Authority to finance improvements on the City's water system. The principal amount is \$3,800,000 at a net effective interest rate of 2.5%, payable May 1 and November 1 annually through 2030. The water system net revenues are pledged as security for the loan. The loan proceeds are held by a trustee on behalf of the City with disbursements occurring upon receipt of a requisition executed by the City. The unpaid principal at December 31, 2012 was \$3,451,767 payable over the following term from *Business activities*:

Year	Principal	Interest	Total
2013	\$159,434	\$85,304	\$244,738
2014	163,445	81,293	244,738
2015	167,556	77,182	244,738
2016	171,772	72,966	244,738
2017	176,093	68,645	244,738
2018-2022	949,182	274,508	1,223,690
2023-2027	1,074,731	148,959	1,223,690
2028-2030	589,554	22,291	611,845
	<u>\$3,451,767</u>	<u>\$ 831,148</u>	<u>\$4,282,915</u>

Component Unit – Downtown Development Authority:

TAX INCREMENT BONDS:

During 2012, the Downtown Development Authority issued \$7,125,000 Tax Increment Financing Bonds. The bonds include \$4,070,000 of Tax-Exempt Increment Bonds, Series 2012A and \$3,055,000 Taxable Increment Bonds, Series 2012B. The bonds bear interest from 3.5% to 5.3% and are payable on June 15 and December 15 of each year through 2022. The unpaid principal at December 31, 2012 was \$7,125,000 payable over the following term:

Year	Principal	Interest	Total
2013	\$595,000	\$316,646	\$911,646
2014	615,000	297,590	912,590
2015	635,000	274,835	909,835
2016	660,000	250,070	910,070
2017	685,000	223,010	908,010
2018-2022	3,935,000	614,575	4,549,575
	<u>\$7,125,000</u>	<u>\$1,976,726</u>	<u>\$9,101,726</u>

There are certain reserve requirements, limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant requirements.

NOTE 8. BUDGET TO ACTUAL PRESENTATION - PROPRIETARY FUNDS

Modifications to budgetary basis consist of adding capital expenditures and debt service principal payments to, and excluding depreciation and amortization expense, estimated claims expense, fund equity transfers, and any changes in accrued compensated absences and accrued interest expense from GAAP basis expenditures.

	Budgeted Amounts		Expenditures Reported on the Basis of GAAP	Adjustment to Budgetary Basis	Expenditures on Budgetary Basis	Variance with Final Budget – Positive (Negative)
	Original	Final				
Enterprise Funds:						
Water	\$6,494,029	\$6,494,029	\$5,382,564	\$ 939,787	\$6,322,351	\$ 171,678
Solid Waste Removal	3,184,638	3,270,276	3,163,462	50,032	3,213,494	56,782
Two Rivers						
Convention Center	2,611,988	2,712,648	2,878,958	(190,397)	2,688,561	24,087
Golf Courses	2,106,229	2,106,229	2,067,339	(53,319)	2,014,020	92,209
Parking Authority	446,834	455,655	405,086	45,904	450,990	4,665
Irrigation	263,514	263,514	301,670	(62,607)	239,063	24,451
Internal Service Funds:						
Data Processing	5,537,184	5,537,184	5,054,774	(338,403)	4,716,371	820,813
Equipment	5,133,466	6,372,576	4,037,324	1,203,263	5,240,587	1,131,989
Self-Insurance	2,121,645	2,515,612	2,119,697	(261,661)	1,858,036	657,576
Communications Center	9,334,177	9,334,177	6,034,570	1,584,106	7,618,676	1,715,501

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2012, is as follows:

Due to/from other funds:

	Due from Other Funds	Due to Other Funds
General Fund	\$1,294,750	\$ -
Community Development Special Revenue Fund to cover the cost of operations	-	25,293
Sales Tax Capital Projects Fund to cover the cost of capital	-	616,990
Major Capital Projects Fund to cover the cost of capital	-	34,299
Parking Enterprise Fund to pay current portion of advance	-	192,096
Two River Convention Center Enterprise Fund to cover the cost of operations	-	60,621
Solid Waste Removal Enterprise Fund to pay current portion of advance	-	80,489
Tiara Rado Golf Course Enterprise Fund to pay current portion of advance	-	284,962
Total	\$1,294,750	\$1,294,750

Advances to/from other funds:

	Advance to Other Funds	Advance from Other Funds
General Fund	\$7,302,261	\$ -
Solid Waste Removal Enterprise Fund to cover the cost of operations	-	842,914
Tiara Rado Golf Enterprise Fund to cover the cost of new irrigation system	-	3,206,705
Parking Enterprise Fund to cover partial cost of new parking garage	-	3,252,642
Total	\$7,302,261	\$7,302,261

Interfund Transfers:

	General Fund	Major CIP Fund	General Debt Service Fund	Parkway Debt Retirement Fund	Two Rivers Conv Center	Golf Courses Fund	Nonmajor Gov Funds	Internal Service	Total
Transfers Out:									
General Fund	\$ -	\$838,922	\$ -	\$4,090,729	\$ 22,734	\$35,038	\$ 132,356	\$ -	\$5,119,779
Sales Tax CIP	-	-	7,182,473	-	30,000	-	49,845	-	7,262,318
Major CIP	76,098	-	-	-	-	-	-	-	76,098
Nonmajor Governmental	22,393	169,900	500,000	-	246,916	-	233,157	3,161,556	4,333,922
Internal Service	95,536	100,000	-	-	-	-	-	-	195,536
Total									
Transfers In	\$194,027	\$1,108,822	\$7,682,473	\$4,090,729	\$299,650	\$35,038	\$415,358	\$3,161,556	\$16,987,653

Transfers into the General Fund were to assist with cemetery operations (\$6,409); to reimburse administrative costs of the Community Development Block Grant (\$15,984); to set aside dollars for cultural arts (\$81,006); and to purchase fire equipment (\$90,628). Transfers out of the General Fund were for economic development projects, capital construction, and to set aside dollars to repay the parkway debt.

Transfers out of the Sales Tax CIP Fund were to repay the parkway debt (\$5,426,663) to make the lease payment on the Public Safety Certificates of Participation (\$1,755,810), and for capital purchases.

Transfers into the Major Capital Projects Fund were for Stadium improvements (\$898,346), Public Safety Building improvements (\$100,000), and Avalon Theatre improvements (\$110,476). Transfers out of the Major Capital Projects Fund were to set aside dollars for cultural arts.

Transfers into the Two Rivers Convention Center Fund were to subsidize operations and purchase capital equipment.

Transfers into the Golf Courses Fund were to subsidize operations.

Transfers into Nonmajor Governmental Funds were for economic development projects, capital construction, and to make the lease payment on the Stadium Certificates of Participation.

Transfers into the Internal Service Fund of \$3,161,556 were for equipment upgrades funded by the E-911 surcharge.

NOTE 10. RETIREMENT PLANS

A. DEFINED CONTRIBUTION PLANS

The City maintains several defined contribution retirement plans for various classes of employees. In a defined contribution plan, benefits depend solely on amounts contributed on the plan participant's behalf to the plan plus investment earnings.

Under City ordinances, substantially all full-time City employees, other than sworn police officers and fire fighters and elected officials, are covered by a mandatory contributory defined contribution retirement plan. The City of Grand Junction, Colorado, Employees Retirement Plan is administered by the International City Manager's Association Retirement Corporation (ICMA-RC). The plan provides for retirement benefits based upon an employee's vested account. A participant becomes 100% vested on completion of five years of service. Amounts forfeited by employees who leave employment before becoming fully vested are used to pay for administrative expenses of the plan. The City matches employees' required contributions of 6% of base salary. An employee may make voluntary contributions of up to an additional 10%. Total payroll for all City employees for the year ended December 31, 2012, was \$43,099,821. Covered wages and contributions in 2012 were as follows:

<u>General Employee Plan</u>	
Covered wages	\$23,432,849
City contribution	1,431,694
Employee contribution	1,431,694

Effective January 1, 1980, under state statutes, all fire fighters and police officers hired after April 8, 1978, are covered under fire and police defined contribution pension plans (new hire plans). Fire fighters and police officers hired prior to this date had the option to remain in the defined benefit plans (old hire plans) or to transfer to the applicable new plan. The new plans are administered by independent boards. The assets of the New Hire Police Money Purchase Pension Plan and the New Hire Fire Money Purchase Pension Plan are maintained by the International City Manager's Association Retirement Corporation (ICMA-RC). Vesting is accomplished over a five-year period. Amounts forfeited by employees who leave employment before becoming fully vested are retained by the plan for administrative expenses of the plan. The rate of contribution under the new plan is 10.65% of regular salary for the employee and the City. Covered wages and contributions in 2012 were as follows:

<u>New Hire – Police & Fire</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Covered wages	\$7,037,499	\$6,767,366
City contribution	749,498	720,724
Employee contribution	749,498	720,724

In 1988, the City established supplemental defined contribution plans (new supplemental plans) for fire fighters and police officers hired before April 8, 1978, whom remained as participants in the defined benefit plans (old plans). The Old Hire Police Officers Rank Escalation Pension Plan and the Old Hire Firefighters Rank Escalation Pension Plan were established in exchange for a freeze in rank escalation benefits in the old plans at 1980 levels. The plans are administered by the International City Manager's Association Retirement

Corporation (ICMA-RC). Under these new supplemental plans, the City contributes 6.65% of the employee's gross wages to the plan and the employee contributes .65%. Employees' balances became fully vested upon establishment of the plans. In 2012, there were no police officers or fire fighters participating in the defined benefit plans.

In addition to the above retirement plans, all fire fighters and police officers are covered under a statewide, state-funded death and disability plan.

B. DEFINED BENEFIT PLANS

Plan Description. The City, on behalf of certain full-time paid firefighters and police officers, contributes to the Fire Old Hire Pension Fund and the Police Old Hire Pension Fund, both defined benefit, single employer plans that are affiliated with the Fire and Police Pension Association of Colorado (FPPA). Assets of the plans are commingled for investment purposes in the Fire and Police Member's Benefit Investment Fund; a combination of agent, multiple -employer defined benefit pension plans administered by FPPA with over 300 participating employers in the State of Colorado. The plans provide retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of each plan. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plans. **FPPA issues a publicly available annual financial report that includes the assets of the plans, note disclosures related to the plan investments and policies, and separate biennial actuarial reports for each of the plans. The reports may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at 1-800-770-3772.**

All City police officers and firefighters hired prior to April 8, 1978, participated in the plan until January 1, 1980, when they could remain in the plan or transfer and become a participant in a defined contribution plan (new hire plan). Police officers' benefits become vested after twenty years of service and age 55 or after twenty-five years of service. Firefighters' benefits become vested after twenty years of service and age 50. Vested employees who retire are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to one half of one month's salary at the time of retirement, plus any vested rank escalation. Rank escalation benefits allow for increases in benefits equal to one half of any salary increases given to current City employees in the retiree's last position. Rank escalation benefits vested at 5% for each year of service until 1980. Benefits vested after 1979 are limited to increases of 3% per year for inflation, as determined by the state. The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance.

Funding Policy and Annual Pension Cost/ Net Pension Asset. Plan members and the City are required to contribute at a rate set by statute. The State of Colorado also contributes to the plans in an amount set by statute. The contribution requirements of plan members and the City are established under Title 31, Article 30 of the CRS, as amended.

City employees participating in the system are required to contribute 10% of their base earnings to the system. During 2012, there were no active policemen covered by the Police Old Hire Plan and 16 retirees and beneficiaries receiving benefits. There were no active firefighters contributing to the Fire Old Hire Plan and 34 retirees and beneficiaries receiving benefits. The City and State of Colorado are required to contribute the remaining amounts necessary to fund the system. Contributions to the funds for the year ended December 31, 2012, were as follows:

	Police Old Hire Plan	Fire Old Hire Plan	Total
City contribution	\$426,798	\$247,566	\$674,364
State contribution	87,581	-	87,581
Total	<u>\$514,379</u>	<u>\$247,566</u>	<u>\$761,945</u>

The financial statements of the Police Old Hire Plan and the Fire Old Hire Plan are presented as pension trust funds in the City's financial statements and are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are presented at fair value except real-estate which is recorded at estimated fair value based upon periodic appraisals and valuations, investments in limited partnerships which are recorded at estimated fair value as derived from financial statements, and guaranteed investment contracts which are recorded at contract value.

There are no investments in, loans to, or lease with parties related to the plans. State contributions on behalf of City employees are recognized as revenues and expenditures in the General Fund in accordance with GASB Statement 24. During 2001, the Fire Old Hire Plan was fully funded and the State of Colorado was no longer required to make contributions to the plan. In 2009, legislation was adopted to defer the State of Colorado contributions for certain affiliated local “Old Hire” plans for 2009 through 2011 and resuming in 2012 until 2015. In 2011, legislation was adopted to change the payment dates to 2012 until 2019.

The City’s annual pension cost and net pension asset (NPA) for the current year and related information for each plan is as follows:

	Police Old Hire Plan	Fire Old Hire Plan
Annual required contribution (ARC)	\$271,787	\$247,566
Interest on net pension obligation (NPO)	2,884	18,486
Adjustment to ARC	<u>(4,327)</u>	<u>(25,326)</u>
Annual pension cost	270,344	240,726
Contributions made	<u>514,379</u>	<u>247,566</u>
Increase (Decrease) in NPO	(244,035)	(6,840)
NPO – January 1, 2012	435,059	163,636
NPO – prior period adjustment	<u>(396,600)</u>	<u>-</u>
NPO – January 1, 2012 as restated	<u>38,459</u>	<u>163,636</u>
NPO (NPA) – December 31, 2012	<u>\$(205,576)</u>	<u>\$156,796</u>
Actuarial valuation date	1/1/12	1/1/12
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	17 years	20 years
Asset valuation method	3-Year Smoothed, FMV	3-Year Smoothed, FMV
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.00%	4.00%
Includes inflation at	3.00%	3.00%
Cost of living adjustment	3.00% - 3.50%	3.00% - 3.50%

Three-year trend information is as follows:

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
Police Old Hire Plan	12/31/10	\$298,048	137.69%	\$199,206
	12/31/11	266,524	160.13%	38,459
	12/31/12	270,344	190.27%	(205,576)
Fire Old Hire Plan	12/31/10	\$179,999	102.64%	\$166,410
	12/31/11	242,660	101.14%	163,636
	12/31/12	240,726	102.84%	156,796

Funded Status and Funding Progress. As of January 1, 2012, the most recent actuarial valuation date, the plans were unfunded. The unfunded actuarial accrued liability (UAAL) for Police Old Hire benefits was \$1.52 million. The unfunded actuarial accrued liability (UAAL) for Fire Old Hire benefits was \$2.89 million.

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

The funding policy for the plans has been prescribed by state law in amounts that are expected to fully fund the plan by the year 2019. Both of these old-hire plans are being phased out with no new members added since 1978. No other factors are anticipated to significantly affect the trends in amounts reported.

NOTE 11. POST EMPLOYMENT HEALTHCARE PLAN

Plan Description. The City of Grand Junction's Employee Retirement Health Benefit Plan is administered by the City of Grand Junction (the City). The Retiree Health Benefit Plan was implemented by the City in 1998, after a favorable vote by employees, to provide affordable healthcare coverage to its retirees and their dependents. The Rocky Mountain Healthcare C3 Plan (C3) offers free healthcare coverage at retirement for the employee who retires at age 50-64 with 15 years of service or more. Employee spouses and dependents that qualify for coverage must pay current C3 rates to participate. Coverage terminates for the employee and eligible dependents at age 65 when Medicare eligibility begins. Disabled employees with five years of service are also eligible to enroll in the plan.

Funding Policy. The contribution requirements of retirees and the City are established and may be amended by the City Council of the City. Retirees receiving benefits contributed \$162,792 or approximately 21.24 percent of the total premiums, through their required contribution of \$476.25 per month for spouse coverage and \$785.81 for family coverage. Only the retiree's premium is paid by the city. During 2012, there were 63 retirees and 17 dependents receiving benefits.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to C3:

	Retiree Healthcare Plan
Annual required contribution (ARC)	\$ 997,957
Interest on net OPEB obligation	35,927
Adjustment to ARC	(32,078)
Annual OPEB cost (expense)	1,001,806
Contributions made	(603,585)
Increase in net OPEB obligation	398,221
Net OPEB obligation – January 1, 2012	898,177
Net OPEB obligation – December 31, 2012	\$ 1,296,398

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$547,623	58.80%	\$652,719
2011	\$553,500	55.65%	\$898,177
2012	\$1,001,806	60.25%	\$1,296,398

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the plan was unfunded. The unfunded actuarial accrued liability (UAAL) for benefits was \$10.27 million. The covered payroll (annual payroll of active employees covered by the plan) was \$34,112,302 and the ratio of the UAAL to the covered payroll was 30.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future

employment, mortality, and the healthcare cost trend. Amounts determined regarding the fund status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is based on the employer's own investments and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 5 percent after five years. Both rates included a 3.00% percent inflation assumption. The UAAL is being amortized on a level percent of pay, open basis. The remaining amortization period at December 31, 2012, was 30 years.

NOTE 12. RELATED ENTITIES

A. JOINT VENTURES

City of Grand Junction/Mesa County, Colorado, Joint Sewer System

The City operates and manages the City of Grand Junction/Mesa County, Colorado, Joint Sewer System, a regional sewer system. The regional sewer system was organized by agreements made in 1979 and 1980 to provide sewer collection and treatment for the metropolitan area in the Grand Valley. The City contributed all assets which were included in its pre-existing Sewer Fund while Mesa County contributed its name through the issuance of revenue bonds, which are payable from and secured by revenue of the sewer system. After contribution of these assets, the City's pre-existing Sewer Fund was terminated. The City does not have a measurable present or future claim to the net resources of the Joint Sewer System, and therefore does not record an equity interest in its financial statements. The agreements provide that both the City and Mesa County approve the sewer system's annual appropriation budget. The City's utility department operates and manages the sewer system. The agreements provide that upon dissolution of the joint venture, ownership of the assets of the Joint Sewer system shall be determined by mutual agreement. Condensed financial statements of the sewer system at December 31, 2012 and for the year then ended, are as follows:

<u>Statement of Net Position</u>	
Assets:	
Current assets	\$ 10,846,540
Noncurrent assets	301,155
Net property, plant, and equipment	<u>85,345,956</u>
Total assets	<u>\$ 96,493,651</u>
Liabilities:	
Current liabilities	\$ 2,190,002
Long-term debt	<u>9,004,373</u>
Total liabilities	<u>11,194,375</u>
Net Position	
Net investment in capital assets	75,193,635
Unrestricted	<u>10,105,641</u>
Total net position	<u>\$ 85,299,276</u>

Statement of Revenue and Expenses

Operating revenue	\$ 8,087,473
Operating expenses	<u>8,129,453</u>
Operating income (loss)	(41,980)
Net nonoperating revenue and expenses	(255,454)
Capital contributions	<u>19,682,820</u>
Change in net position	19,385,386
Net position - beginning	65,976,369
Change in accounting principles	<u>(62,479)</u>
Net position - beginning as restated	65,913,890
Net position - ending	<u>\$ 85,299,276</u>

Since the City operates the Joint Sewer System, all cash balances are included in the City sponsored Cash Pool. The Joint Sewer System is an external participant in that pool. The Joint Sewer System's share of the pool is \$9,645,526 reported as an Investment Trust Fund in the City's reporting entity. See Note 3 for disclosure of all investing policies concerning the pool.

Operating expense includes \$2,389,642 of depreciation. Separately issued financial statements for the City of Grand Junction/Mesa County, Colorado, Joint Sewer System are available at the City of Grand Junction, 250 North Fifth Street, Grand Junction, Colorado 81501-2668.

In 2012, the Joint Sewer System implemented the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effect of the implementation resulted in a restatement of \$62,479 to the beginning net position. This amount was previously reported as an asset, bond issuance costs, and is now recognized as an outflow of resources.

Long-term debt of the Joint Sewer System consists of the following:

LOAN PAYABLE

The Joint Sewer System entered into a loan agreement dated April 1, 2002 with the Colorado Water Resources and Power Development Authority to finance the elimination of combined storm and sanitary sewer lines and septic system elimination. The principal amount is \$13,490,000 at a net effective interest rate of 3.62%, payable February 1 and August 1 annually through 2024. The sewer system net revenues are pledged as security for the loan. The loan proceeds are held by a trustee on behalf of the Joint Sewer System with disbursements occurring upon receipt of a requisition executed by the City/County. The unpaid principal at December 31, 2012 was \$6,015,000 payable over the following term from *Business activities*:

Year	Principal	Interest	Total
2013	\$ 885,000	\$ 290,202	\$ 1,175,202
2014	385,000	269,961	654,961
2015	395,000	257,305	652,305
2016	410,000	244,321	654,321
2017	420,000	230,844	650,844
2018-2022	2,350,000	913,818	3,263,818
2023-2024	1,170,000	134,849	1,304,849
	<u>\$6,015,000</u>	<u>\$2,341,300</u>	<u>\$8,356,300</u>

BONDS PAYABLE

The Joint Sewer System issued \$5,200,000 of approved revenue bonds (Direct Pay Build America Bonds Series 2009) bearing interest at 3.99% payable June 1 and December 1 annually through December 2019 to extend, better, otherwise improve and equip its joint wastewater system. The unpaid principal at December 31, 2012 was \$3,895,000 payable over the following term from *Business activities*:

Year	Principal	Interest	Total
2013	\$450,000	\$155,103	\$605,103
2014	460,000	142,714	602,714
2015	470,000	128,671	598,671
2016	480,000	112,441	592,441
2017	490,000	93,275	583,275
2018-2019	1,545,000	120,557	1,665,557
	<u>\$3,895,000</u>	<u>\$752,761</u>	<u>\$4,647,761</u>

Downtown Housing Effort

The Downtown Development Authority, a component unit of the City of Grand Junction, participates on a joint venture basis with the Housing Authority of the City of Grand Junction, Colorado, in the Downtown Housing Effort (DHE). The DHE was organized in 1983 to provide new and improved housing in the downtown Grand Junction, Colorado area. The Housing Authority has been given the responsibility for the day-to-day management of the DHE. The Downtown Development Authority does not have a measurable present or future claim to the net resources of the DHE, and therefore does not record an equity interest in its financial statements. Condensed financial statements of the Downtown Housing Effort at September 30, 2012, and for the year then ended are as follows:

<u>Statement of Net Assets</u>	
Assets:	
Cash	\$398,255
Loans receivable	<u>32,712</u>
	Total assets <u>\$430,967</u>
Net Assets:	
Reserved for interest and loans receivable	\$ 84,655
Unreserved, undesignated	<u>346,312</u>
	Total net assets <u>\$430,967</u>

<u>Statement of Revenues and Expenditures</u>	
Interest and other income	\$ 1,610
Expenditures	<u>-</u>
Excess of revenues over expenditures	<u>\$ 1,610</u>

Separately issued financial statements for the Downtown Housing Effort are available from the Grand Junction Housing Authority, 1011 North 10th Street, Grand Junction, Colorado, 81501.

B. RELATED ORGANIZATIONS

The City appoints members to the boards of the following organizations. The City's accountability for the organizations does not extend beyond making these appointments and there is no fiscal dependency by these organizations on the City.

Grand Junction Housing Authority

The Housing Authority is charged with providing safe and sanitary dwelling accommodations as resources permit at rents which persons of low income can afford. The Authority is governed by a seven member board, all appointed by the City Council.

Horizon Drive Business Improvement District

The function of the Horizon Drive Business Improvement District Board of Directors is to take such actions and perform such duties as are required of the operations of the District. The District is allowed to make and contemplate a broad range of public improvements. The District is governed by a seven member board, all appointed by the City Council.

NOTE 13. CONTINGENCIES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to employee health claims; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established the Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Internal Service Fund provides coverage for up to a maximum of \$400,000 per occurrence on each worker's compensation claim for police officers and firefighters and \$350,000 per occurrence on each worker's compensation claim for all other employees and up to \$150,000 for each general liability or property damage claim. The City purchases commercial insurance for claims in excess of coverage for worker's compensation and participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA) for claims in excess of coverage for general liability and property. The city's share of surplus contributions held by CIRSA at December 31, 2012 was \$254,009. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

All funds of the City and the Joint Sewer System participate in the program and make payments to the Self-Insurance Internal Service Fund at amounts that approximate amounts which would have been paid to outside insurance providers. The claims liability of \$2,338,877 in the Self-Insurance Internal Service Fund at December 31, 2012, includes estimated ultimate losses for claims made and claims incurred but not reported, where information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider these factors. Changes in the Self-Insurance Internal Service Fund's claims liability amount in 2011 and 2012 were:

	January 1 Claims Payable	Claims and Changes in Estimates	Claim Payments	December 31 Claims Payable
2011	\$3,402,871	\$ 344,423	\$ (1,756,358)	\$ 1,990,936
2012	\$ 1,990,936	\$ 1,227,060	\$(879,119)	\$2,338,877

B. POLLUTION REMEDIATION

In 2012, the City purchased property located at 600 White Avenue. The existing structure on the property, a former church "White Hall", was rendered unusable by and because of a fire in November 2011. The building is old and contains asbestos materials and as a result of the fire the asbestos may now be located throughout the remains of the building. In 2012, the City awarded the White Hall Asbestos Abatement and Demolition contract to be completed in 2013. The pollution remediation liability, including asbestos abatement and monitoring as of December 31, 2012 was \$185,602.

C. GRANTS

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

D. LITIGATION

The City is involved in several claims and lawsuits as the result of the normal conduct of City business. City management believes that those claims and lawsuits will not have a material effect on the financial statements of the City.

NOTE 14. CONDUIT DEBT OBLIGATIONS

The City has sponsored several industrial revenue and special assessment bond issues to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These issues do not constitute debt of the City of Grand Junction and the City assumes no financial obligation for these bond issues. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012, there was a series of industrial revenue bonds outstanding with an original aggregate principal amount payable of \$3,555,000 and a series of private activity economic development bonds with an original aggregate principal amount payable of \$3,200,000.

Special Assessment Bonds were issued in 2003 for \$3,980,000 to fund improvements to the Rimrock Marketplace General Improvement District. The City is not liable for repayment of the debt, but the City Treasurer acts as agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if applicable.

NOTE 15. SEIZED FUNDS

The City received proceeds from the seizure of contraband (seized funds) under the Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511). The act requires that seized funds be used for law enforcement activities. Seized funds received by the City have been included in these financial statements and these funds have been used for purposes contemplated in the Act.

NOTE 16. TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, and certain election requirements, which apply to the State of Colorado and all local governments.

Future spending and revenue limits are determined based on the prior year's "Fiscal Year Spending" adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. In April 2007, City of Grand Junction voters approved the retention by the City of all revenues exceeding the Fiscal Year Spending limit for 2006 and subsequent years until the Riverside Parkway bonded debt is paid in full, with all amounts retained to be used exclusively for payment of the debt. To that end, \$17,824,453 has been restricted for payment of the debt. In addition to these funds, City Council assigned \$7,163,046 of general fund balance to be used for the early retirement of the Riverside Parkway Bonds. In 2012, the City used \$19,000,000 of these available resources with proceeds from the 2012 General Fund Revenue Refunding Bonds to advance refund \$49,340,000 of the outstanding Riverside Parkway Revenue 2004 Series Bonds.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Emergency reserves as of December 31, 2012, totaling \$2,000,000 are presented as a reservation of fund balance in the General Fund. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR is complex and subject to interpretation. The City's management believes the City is in compliance with the provisions of TABOR as it is understood from judicial interpretations, legal opinions and commonly accepted practices.

NOTE 17. CHANGE IN ACCOUNTING PRINCIPLES

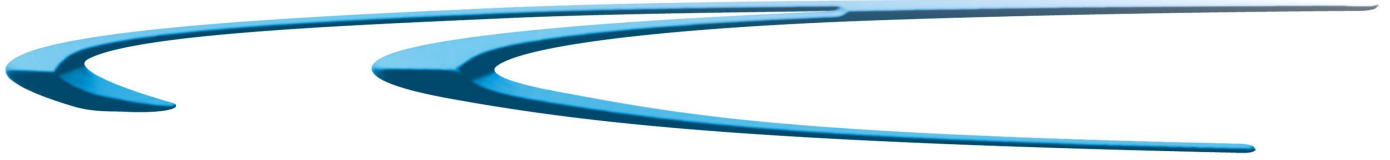
In 2012, the City implemented the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The effect of the implementation resulted in a restatement to the beginning net position on the Statement of Activities of \$953,316 for Governmental Activities and \$28,918 for the City's Component Unit, the Downtown Development Authority. These amounts were previously reported as assets, bond issuance costs, and are now recognized as outflows of resources.

NOTE 18. PRIOR PERIOD ADJUSTMENT

In 2009, legislation was adopted to defer the State of Colorado contributions for certain affiliated local "Old Hire" plans for 2009 through 2011 and resuming in 2012 until 2015. In 2011, legislation was adopted to change the payment dates to 2012 until 2019. In 2009, the City used the most recent actuarial valuation dated January 1, 2008 in calculating its net pension obligation (NPO) for the Police Old Hire Pension Plan. The actuarial annual required contribution (ARC) for the plan included the state's contribution that was deferred by legislation. This adjustment is to remove the portion of the ARC attributable to the state (\$396,600) from the City's NPO for the Police Old Hire Pension Plan. The adjustment is presented as a restatement of the beginning net position on the Statement of Activities. Additional information regarding the Police Old Hire Pension Plan can be found in Note 10.



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REQUIRED SUPPLEMENTARY INFORMATION



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Required Supplementary Information

City of Grand Junction, Colorado SCHEDULE OF FUNDING PROGRESS Police Old Hire Pension Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2008	1/1/2008	3,368,995	6,540,220	3,171,225	51.5%	N/A	N/A
2010	1/1/2010	3,268,151	5,992,299	2,724,148	54.5%	N/A	N/A
2012	1/1/2012	3,216,457	4,735,309	1,518,852	67.9%	N/A	N/A

City of Grand Junction, Colorado SCHEDULE OF FUNDING PROGRESS Fire Old Hire Pension Plan

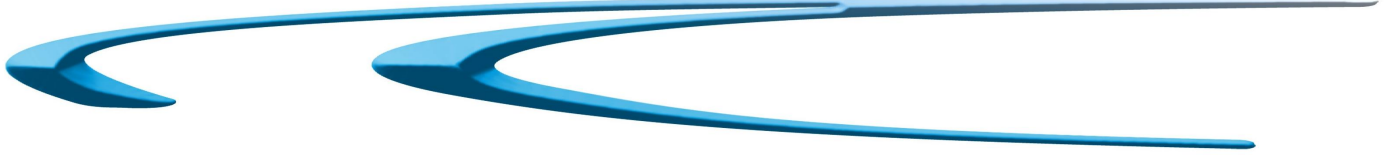
Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2008	1/1/2008	13,001,110	14,753,919	1,752,809	88.1%	N/A	N/A
2010	1/1/2010	10,960,275	13,431,384	2,471,109	81.6%	N/A	N/A
2012	1/1/2012	9,909,435	12,797,862	2,888,427	77.4%	N/A	N/A

City of Grand Junction, Colorado SCHEDULE OF FUNDING PROGRESS Post Employment Retiree Healthcare Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Total Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2008	12/31/2008	-	5,605,779	5,605,779	0.0%	39,041,177	14.4%
2010	6/30/2010	-	7,816,003	7,816,003	0.0%	35,958,809	21.7%
2012	6/30/2012	-	10,265,131	10,265,131	0.0%	34,112,302	30.1%



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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted or committed to expenditures for specified purposes.

Visitors and Convention Bureau ~ to accumulate resources from a lodging tax approved by the voters in 1994 and other taxes committed by City Council to operate a visitor and convention bureau that promotes conventions and tourism.

Enhanced 911 Fund ~ to account for the resources from municipal telephone charges, as established by section 29-11-103 of the Colorado Revised Statutes, and their expenditure for improvements to the emergency 911 communication center.

Parkland Expansion Fund ~ to accumulate resources derived from fees paid by land developers within the City committed to acquire and maintain parks and green space.

Conservation Trust Fund ~ to account for lottery proceeds received from the State of Colorado for the development or improvement of City parks.

Community Development Fund ~ to account for resources and expenditures of the community development block grant and other grants received for pass-thru to other agencies.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Sales Tax Capital Improvements Fund ~ to account for the financing and construction of projects financed completely or partially with the 3/4 percent portion of the City's 2-3/4 percent sales and use tax. The 3/4 percent portion is currently dedicated to general capital improvements, economic development and debt service on the sales tax improvement bond issue and the public safety building certificates of participation issue.

Capital Projects Funds (Continued)

Major Capital Improvements Fund ~ to account for the financing and construction of three major improvement projects. The Stadium Improvement Project and the Public Safety Building Improvement Project, funded completely or partially with proceeds from the issuance of certificates of participation. The Avalon Theatre Renovation Project is funded by City sales and use tax, Downtown Development Authority TIF revenue, as well as local contributions.

Storm Drainage Development Fund ~ to account for storm drainage development projects funded partially or in whole with assessments to property owners.

Street Assessment Projects Fund ~ to account for various street improvement projects funded partially or in whole with assessments to property owners.

Facilities Capital Fund ~ to account for the acquisition and construction of city facilities.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Debt Service Fund ~ to account for all resources which are being accumulated for general long-term debt principal and interest payments maturing in future years other than long-term debt accounted for in enterprise and internal service funds or where a separate debt service fund is legally mandated.

Parkway Debt Retirement Fund is a debt service fund used to account for all resources which are being accumulated for the early retirement of the Parkway Project long-term debt principal and interest payments maturing in future years.

Ridges Debt Service Fund ~ to account for the disposition of those assets received by the City upon the dissolution of the Ridges Metropolitan District restricted to the payment of Ridges long-term debt, the collection of property taxes levied within the District for the payment of long-term debt and the payment of Ridges long-term debt.

Grand Junction Public Finance Corporation Debt Service Fund ~ to account for debt service payments incurred in the financing of open space land.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's program.

Cemetery Perpetual Care Fund ~ to accumulate resources to provide for the future maintenance of municipal cemeteries.



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City of Grand Junction
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Special Revenue					
	Visitors and Convention Bureau	Enhanced 911	Parkland Expansion	Conservation Trust	Community Development	Total
ASSETS						
Cash and investments	\$ 413,744	\$ 2,053,954	\$ 803,209	\$ 777,542	\$ -	\$ 4,048,449
Accounts receivable	493	355,613	-	-	-	356,106
Taxes receivable	120,812	-	-	-	-	120,812
Intergovernmental receivable	-	5,232	-	-	25,855	31,087
Prepays	9,276	-	-	-	-	9,276
Total assets	<u>\$ 544,325</u>	<u>\$ 2,414,799</u>	<u>\$ 803,209</u>	<u>\$ 777,542</u>	<u>\$ 25,855</u>	<u>\$ 4,565,730</u>
LIABILITIES						
Accounts payable	21,291	-	-	-	562	21,853
Accrued liabilities	17,802	-	-	-	-	17,802
Due to other funds	-	-	-	-	25,293	25,293
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>39,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,855</u>	<u>64,948</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Inventories and prepaids	\$ 9,276	\$ -	\$ -	\$ -	\$ -	\$ 9,276
Permanent fund principal	-	-	-	-	-	-
Restricted for:						
Debt service	-	-	-	-	-	-
Parks and recreation	-	-	-	777,542	-	777,542
Public safety	-	2,414,799	-	-	-	2,414,799
Committed to:						
Open space	-	-	803,209	-	-	803,209
Street capacity expansion	-	-	-	-	-	-
Tourism and convention	495,956	-	-	-	-	495,956
Assigned to:						
Facility improvements	-	-	-	-	-	-
Total fund balances	<u>505,232</u>	<u>2,414,799</u>	<u>803,209</u>	<u>777,542</u>	<u>-</u>	<u>4,500,782</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 544,325</u>	<u>\$ 2,414,799</u>	<u>\$ 803,209</u>	<u>\$ 777,542</u>	<u>\$ 25,855</u>	<u>\$ 4,565,730</u>

Debt Service			Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
Ridges	GJ Public Finance	Total	Storm Drainage Development	Street Assessment Capital Projects	Facilities Capital Projects	Total	Cemetery Perpetual Care	
\$ 120,865	\$ 909	\$ 121,774	\$ -	\$ 1,270,551	\$ 277,027	\$ 1,547,578	\$ 1,309,063	\$ 7,026,864
8,746	-	8,746	-	152,192	-	152,192	930	517,974
106,082	-	106,082	-	-	-	-	-	226,894
-	-	-	-	-	-	-	-	31,087
-	-	-	-	-	-	-	-	9,276
<u>\$ 235,693</u>	<u>\$ 909</u>	<u>\$ 236,602</u>	<u>\$ -</u>	<u>\$ 1,422,743</u>	<u>\$ 277,027</u>	<u>\$ 1,699,770</u>	<u>\$ 1,309,993</u>	<u>\$ 7,812,095</u>
150	-	150	-	437,017	24,000	461,017	-	483,020
-	-	-	-	-	-	-	-	17,802
-	-	-	-	-	-	-	-	25,293
8,746	-	8,746	-	61,627	-	61,627	-	70,373
<u>8,896</u>	<u>-</u>	<u>8,896</u>	<u>-</u>	<u>498,644</u>	<u>24,000</u>	<u>522,644</u>	<u>-</u>	<u>596,488</u>
106,082	-	106,082	-	-	-	-	-	106,082
<u>106,082</u>	<u>-</u>	<u>106,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,082</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,276
-	-	-	-	-	-	-	1,309,993	1,309,993
120,715	909	121,624	-	-	-	-	-	121,624
-	-	-	-	-	-	-	-	777,542
-	-	-	-	-	-	-	-	2,414,799
-	-	-	-	-	-	-	-	803,209
-	-	-	-	924,099	-	924,099	-	924,099
-	-	-	-	-	-	-	-	495,956
-	-	-	-	-	253,027	253,027	-	253,027
<u>120,715</u>	<u>909</u>	<u>121,624</u>	<u>-</u>	<u>924,099</u>	<u>253,027</u>	<u>1,177,126</u>	<u>1,309,993</u>	<u>7,109,525</u>
<u>\$ 235,693</u>	<u>\$ 909</u>	<u>\$ 236,602</u>	<u>\$ -</u>	<u>\$ 1,422,743</u>	<u>\$ 277,027</u>	<u>\$ 1,699,770</u>	<u>\$ 1,309,993</u>	<u>\$ 7,812,095</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2012

	Special Revenue					
	Visitors and Convention Bureau	Enhanced 911	Parkland Expansion	Conservation Trust	Community Development	Total
REVENUES						
Taxes	\$ 1,852,541	\$ -	\$ -	\$ -	\$ -	\$ 1,852,541
Intergovernmental	-	-	-	587,383	171,858	759,241
Charges for services	15,291	2,554,610	-	-	-	2,569,901
Miscellaneous	212	-	43,595	-	-	43,807
Investment income	2,041	14,409	4,287	5,463	-	26,200
Total revenues	<u>1,870,085</u>	<u>2,569,019</u>	<u>47,882</u>	<u>592,846</u>	<u>171,858</u>	<u>5,251,690</u>
EXPENDITURES						
Current:						
General government	1,729,787	-	-	-	-	1,729,787
Urban development and housing	-	-	-	-	155,874	155,874
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,729,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,874</u>	<u>1,885,661</u>
Excess (deficiency) of revenues over (under) expenditures	140,298	2,569,019	47,882	592,846	15,984	3,366,029
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(246,916)	(3,661,556)	-	(403,057)	(15,984)	(4,327,513)
Total other financing sources (uses)	<u>(246,916)</u>	<u>(3,661,556)</u>	<u>-</u>	<u>(403,057)</u>	<u>(15,984)</u>	<u>(4,327,513)</u>
Net change in fund balance	(106,618)	(1,092,537)	47,882	189,789	-	(961,484)
Fund balances - beginning	611,850	3,507,336	755,327	587,753	-	5,462,266
Fund balances - ending	<u>\$ 505,232</u>	<u>\$ 2,414,799</u>	<u>\$ 803,209</u>	<u>\$ 777,542</u>	<u>\$ -</u>	<u>\$ 4,500,782</u>

Debt Service			Capital Projects				Permanent Fund	Total Nonmajor Governmental Funds
Ridges	GJ Public Finance	Total	Storm Drainage Development	Street Assessment Capital Projects	Facilities Capital Projects	Total	Cemetery Perpetual Care	
\$ 180,835	\$ -	\$ 180,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,033,376
-	-	-	-	-	-	-	-	759,241
-	-	-	-	785,822	-	785,822	19,384	3,375,107
-	300,000	300,000	16,736	-	-	16,736	-	360,543
1,427	1,002	2,429	-	-	-	-	7,046	35,675
<u>182,262</u>	<u>301,002</u>	<u>483,264</u>	<u>16,736</u>	<u>785,822</u>	<u>-</u>	<u>802,558</u>	<u>26,430</u>	<u>6,563,942</u>
3,052	1,500	4,552	-	-	-	-	-	1,734,339
-	-	-	-	-	-	-	-	155,874
200,000	205,000	405,000	-	-	-	-	-	405,000
25,010	326,750	351,760	-	-	-	-	-	351,760
-	-	-	92,797	539,077	184,801	816,675	-	816,675
<u>228,062</u>	<u>533,250</u>	<u>761,312</u>	<u>92,797</u>	<u>539,077</u>	<u>184,801</u>	<u>816,675</u>	<u>-</u>	<u>3,463,648</u>
(45,800)	(232,248)	(278,048)	(76,061)	246,745	(184,801)	(14,117)	26,430	3,100,294
-	233,157	233,157	76,061	106,140	-	182,201	-	415,358
-	-	-	-	-	-	-	(6,409)	(4,333,922)
-	233,157	233,157	76,061	106,140	-	182,201	(6,409)	(3,918,564)
(45,800)	909	(44,891)	-	352,885	(184,801)	168,084	20,021	(818,270)
166,515	-	166,515	-	571,214	437,828	1,009,042	1,289,972	7,927,795
<u>\$ 120,715</u>	<u>\$ 909</u>	<u>\$ 121,624</u>	<u>\$ -</u>	<u>\$ 924,099</u>	<u>\$ 253,027</u>	<u>\$ 1,177,126</u>	<u>\$ 1,309,993</u>	<u>\$ 7,109,525</u>

City of Grand Junction, Colorado
VISITORS AND CONVENTION BUREAU SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
REVENUES			
Taxes	\$ 1,804,583	\$ 1,852,541	\$ 47,958
Charges for services	24,000	15,291	(8,709)
Miscellaneous	-	212	212
Investment income	3,102	2,041	(1,061)
Total revenues	<u>1,831,685</u>	<u>1,870,085</u>	<u>38,400</u>
EXPENDITURES			
Current:			
General government:	<u>1,813,273</u>	<u>1,729,787</u>	<u>83,486</u>
Excess of revenues over expenditures	18,412	140,298	121,886
OTHER FINANCING USES			
Transfers out	<u>(328,932)</u>	<u>(246,916)</u>	<u>82,016</u>
Net change in fund balance	(310,520)	(106,618)	203,902
Fund balances - beginning	611,850	611,850	-
Fund balances - ending	<u>\$ 301,330</u>	<u>\$ 505,232</u>	<u>\$ 203,902</u>

City of Grand Junction, Colorado
ENHANCED 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
REVENUES			
Charges for services	\$ 2,470,000	\$ 2,554,610	\$ 84,610
Investment income	24,612	14,409	(10,203)
Total revenues	<u>2,494,612</u>	<u>2,569,019</u>	<u>74,407</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	2,494,612	2,569,019	74,407
OTHER FINANCING USES			
Transfers out	<u>(4,920,324)</u>	<u>(3,661,556)</u>	<u>1,258,768</u>
Net change in fund balance	(2,425,712)	(1,092,537)	1,333,175
Fund balances - beginning	3,507,336	3,507,336	-
Fund balances - ending	<u>\$ 1,081,624</u>	<u>\$ 2,414,799</u>	<u>\$ 1,333,175</u>

City of Grand Junction, Colorado
PARKLAND EXPANSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 82,000	\$ 10,500	\$ 43,595	\$ 33,095
Investment income	5,813	5,813	4,287	(1,526)
Total revenues	<u>87,813</u>	<u>16,313</u>	<u>47,882</u>	<u>31,569</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	87,813	16,313	47,882	31,569
Fund balances - beginning	755,327	755,327	755,327	-
Fund balances - ending	<u>\$ 843,140</u>	<u>\$ 771,640</u>	<u>\$ 803,209</u>	<u>\$ 31,569</u>

City of Grand Junction, Colorado
CONSERVATION TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 500,000	\$ 580,000	\$ 587,383	\$ 7,383
Investment income	3,937	3,937	5,463	1,526
Total revenues	<u>503,937</u>	<u>583,937</u>	<u>592,846</u>	<u>8,909</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	503,937	583,937	592,846	8,909
OTHER FINANCING USES				
Transfers out	<u>(390,755)</u>	<u>(403,155)</u>	<u>(403,057)</u>	<u>98</u>
Net change in fund balance	113,182	180,782	189,789	9,007
Fund balances - beginning	587,753	587,753	587,753	-
Fund balances - ending	<u>\$ 700,935</u>	<u>\$ 768,535</u>	<u>\$ 777,542</u>	<u>\$ 9,007</u>

City of Grand Junction, Colorado
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
REVENUES			
Intergovernmental	\$ 330,000	\$ 171,858	\$ (158,142)
EXPENDITURES			
Current:			
Urban development and housing	300,000	155,874	144,126
Excess of revenues over expenditures	30,000	15,984	(14,016)
OTHER FINANCING USES			
Transfers out	(30,000)	(15,984)	14,016
Net change in fund balance	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -

City of Grand Junction, Colorado

RIDGES DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES			
Taxes	\$ 183,215	\$ 180,835	\$ (2,380)
Investment income	600	1,427	827
Total revenues	<u>183,815</u>	<u>182,262</u>	<u>(1,553)</u>
EXPENDITURES			
Current:			
General government	4,300	3,052	1,248
Debt service:			
Principal retirement	200,000	200,000	-
Interest and fiscal charges	25,010	25,010	-
Total expenditures	<u>229,310</u>	<u>228,062</u>	<u>1,248</u>
Deficiency of revenues under expenditures	(45,495)	(45,800)	(305)
Fund balances - beginning	166,515	166,515	-
Fund balances - ending	<u>\$ 121,020</u>	<u>\$ 120,715</u>	<u>\$ (305)</u>

City of Grand Junction, Colorado
GRAND JUNCTION PUBLIC FINANCE CORPORATION DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES			
Miscellaneous	\$ 300,000	\$ 300,000	\$ -
Investment Income	-	1,002	1,002
Total revenues	<u>300,000</u>	<u>301,002</u>	<u>1,002</u>
EXPENDITURES			
Current:			
General government	1,505	1,500	5
Debt service:			
Principal retirement	205,000	205,000	-
Interest and fiscal charges	326,750	326,750	-
Total expenditures	<u>533,255</u>	<u>533,250</u>	<u>5</u>
Deficiency of revenues under expenditures	(233,255)	(232,248)	1,007
OTHER FINANCING SOURCES			
Transfers in	<u>233,255</u>	<u>233,157</u>	<u>(98)</u>
Net change in fund balance	-	909	909
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 909</u>	<u>\$ 909</u>

City of Grand Junction, Colorado
GENERAL DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES				
Intergovernmental	\$ 771,395	\$ 771,395	\$ 771,395	\$ -
Investment Income	-	-	227	227
Total revenues	<u>771,395</u>	<u>771,395</u>	<u>771,622</u>	<u>227</u>
EXPENDITURES				
Current:				
General government	2,805	2,805	2,800	5
Debt service:				
Principal retirement	4,725,000	4,725,000	4,725,000	-
Interest and fiscal charges	5,284,573	3,729,715	3,729,715	-
Bond issuance costs	-	146,923	146,923	-
Total expenditures	<u>10,012,378</u>	<u>8,604,443</u>	<u>8,604,438</u>	<u>5</u>
Deficiency of revenues under expenditures	(9,240,983)	(7,833,048)	(7,832,816)	232
OTHER FINANCING SOURCES (USES)				
Transfers in	9,240,983	7,682,583	7,682,473	(110)
Refunding bonds issued	-	30,645,000	30,645,000	-
Premium on refunding bonds issued	-	5,512,594	5,512,594	-
Payment to refunded bond escrow agent	-	(36,007,129)	(36,007,129)	-
Total other financing sources (uses)	<u>9,240,983</u>	<u>7,833,048</u>	<u>7,832,938</u>	<u>(110)</u>
Net change in fund balance	-	-	122	122
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ 122</u>

City of Grand Junction, Colorado
PARKWAY DEBT RETIREMENT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Budgeted Amounts		Actual GAAP Basis Amounts	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final				
REVENUES						
Investment income(loss)	\$ 115,000	\$ 10,000	\$ (52,700)	\$ 65,971	\$ 13,271	\$ 3,271
EXPENDITURES						
Debt service:						
Advance refunding escrow	-	17,812,681	17,812,681	-	17,812,681	-
Interest and fiscal charges	-	1,187,319	1,187,319	-	1,187,319	-
Total expenditures	-	19,000,000	19,000,000	-	19,000,000	-
Deficiency of revenues under expenditures	115,000	(18,990,000)	(19,052,700)	65,971	(18,986,729)	3,271
OTHER FINANCING SOURCES						
Transfers in	4,059,122	4,059,122	4,090,729	-	4,090,729	31,607
Net change in fund balance	4,174,122	(14,930,878)	(14,961,971)	65,971	(14,896,000)	34,878
Fund balances - beginning	19,003,702	19,003,702	19,079,054	(75,352)	19,003,702	-
Fund balances - ending	\$ 23,177,824	\$ 4,072,824	\$ 4,117,083	\$ (9,381)	\$ 4,107,702	\$ 34,878

City of Grand Junction, Colorado
SALES TAX CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual GAAP Basis Amounts	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES					
Taxes	\$ 11,573,134	\$ 11,700,875	\$ 100,239	\$ 11,801,114	\$ 227,980
Intergovernmental	638,485	848,462	-	848,462	209,977
Special assessments	25,000	15,814	-	15,814	(9,186)
Investment income	-	7,035	-	7,035	7,035
Charges for Service	-	59,384	-	59,384	59,384
Other contributions	-	13,420	-	13,420	13,420
Total revenues	<u>12,236,619</u>	<u>12,644,990</u>	<u>100,239</u>	<u>12,745,229</u>	<u>508,610</u>
EXPENDITURES					
Capital outlay:					
Construction	<u>5,903,548</u>	<u>4,954,449</u>	<u>-</u>	<u>4,954,449</u>	<u>949,099</u>
Excess of revenues over expenditures	6,333,071	7,690,541	100,239	7,790,780	1,457,709
OTHER FINANCING SOURCES (USES)					
Transfers in	2,502,912	-	-	-	(2,502,912)
Transfers out	<u>(8,835,983)</u>	<u>(7,262,318)</u>	<u>-</u>	<u>(7,262,318)</u>	<u>1,573,665</u>
Total other financing sources (uses)	<u>(6,333,071)</u>	<u>(7,262,318)</u>	<u>-</u>	<u>(7,262,318)</u>	<u>(929,247)</u>
Net change in fund balance	-	428,223	100,239	528,462	528,462
Fund balances - beginning	-	20,729	(20,729)	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 448,952</u>	<u>\$ 79,510</u>	<u>\$ 528,462</u>	<u>\$ 528,462</u>

City of Grand Junction, Colorado
MAJOR CAPITAL PROJECTS IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 50,000	\$ 477,658	\$ 451,486	\$ (26,172)
Investment income	-	24,613	22,989	(1,624)
Other contributions	500,737	869,263	881,333	12,070
Total revenues	<u>550,737</u>	<u>1,371,534</u>	<u>1,355,808</u>	<u>(15,726)</u>
EXPENDITURES				
Capital outlay:				
Construction	<u>22,660,885</u>	<u>23,074,784</u>	<u>22,605,426</u>	<u>469,358</u>
Deficiency of revenues under expenditures	(22,110,148)	(21,703,250)	(21,249,618)	453,632
OTHER FINANCING SOURCES (USES)				
Transfers in	507,500	1,028,376	1,108,822	80,446
Transfers out	<u>-</u>	<u>(76,098)</u>	<u>(76,098)</u>	<u>-</u>
Total other financing sources (uses)	<u>507,500</u>	<u>952,278</u>	<u>1,032,724</u>	<u>80,446</u>
Net change in fund balance	(21,602,648)	(20,750,972)	(20,216,894)	534,078
Fund balances - beginning	23,457,456	23,457,456	23,457,456	-
Fund balances - ending	<u>\$ 1,854,808</u>	<u>\$ 2,706,484</u>	<u>\$ 3,240,562</u>	<u>\$ 534,078</u>

City of Grand Junction, Colorado
STORM DRAINAGE DEVELOPMENT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Development fees	\$ 15,000	\$ 15,000	\$ 16,736	\$ 1,736
EXPENDITURES				
Capital outlay:				
Construction	80,000	145,000	92,797	52,203
Deficiency of revenues under expenditures	(65,000)	(130,000)	(76,061)	53,939
OTHER FINANCING SOURCES				
Transfers in	65,000	130,000	76,061	(53,939)
Net change in fund balance	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

City of Grand Junction, Colorado
STREET ASSESSMENT PROJECTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

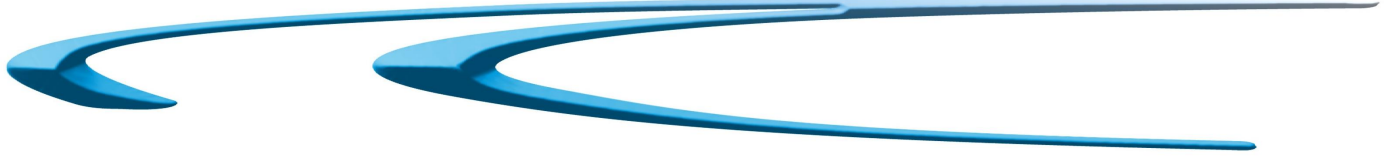
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
REVENUES			
Miscellaneous:			
Development fees	\$ 680,000	\$ 785,822	\$ 105,822
EXPENDITURES			
Capital outlay:			
Construction	888,320	539,077	349,243
Excess (deficiency) of revenues over (under) expenditures	(208,320)	246,745	455,065
OTHER FINANCING SOURCES			
Transfers In	106,140	106,140	-
Net change in fund balance	(102,180)	352,885	455,065
Fund balances - beginning	571,214	571,214	-
Fund balances - ending	\$ 469,034	\$ 924,099	\$ 455,065

City of Grand Junction, Colorado
FACILITIES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Capital outlay:			
Construction	223,736	184,801	38,935
Deficiency of revenues under expenditures	(223,736)	(184,801)	38,935
Fund balances - beginning	437,828	437,828	-
Fund balances - ending	\$ 214,092	\$ 253,027	\$ 38,935

City of Grand Junction, Colorado
CEMETERY PERPETUAL CARE PERMANENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES			
Perpetual care revenue	\$ 18,000	\$ 19,384	\$ 1,384
Investment income	9,688	7,046	(2,642)
Total revenues	<u>27,688</u>	<u>26,430</u>	<u>(1,258)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over expenditures	27,688	26,430	(1,258)
OTHER FINANCING USES			
Transfers out	<u>(9,688)</u>	<u>(6,409)</u>	<u>3,279</u>
Net change in fund balance	18,000	20,021	2,021
Fund balances - beginning	1,289,972	1,289,972	-
Fund balances - ending	<u>\$ 1,307,972</u>	<u>\$ 1,309,993</u>	<u>\$ 2,021</u>



NON-MAJOR PROPRIETARY FUNDS

Enterprise Funds

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

Solid Waste Removal Fund ~ to account for the revenues and expenses associated with refuse collection within the city.

Irrigation Fund ~ to account for the resources and expenses associated with the operation of City-owned and leased parking facilities, as well as the enforcement of City parking regulations.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Data Processing Fund ~ to account for expenses associated with the operations of the data processing center that provides services to City agencies and the related charges for these Services.

Equipment Fund ~ to account for the expenses associated with the acquisition, operation and maintenance of City-owned vehicles and equipment, and the related charges for these services.

Self-Insurance Fund ~ to account for the expenses associated with providing workman's compensation and excess property and liability insurance coverage, and the related charges to the various department's within the City.

Communications Center Fund ~ to account for the expenses associated with the operations of the Grand Valley Combined Emergency 911 Communications Center, as well as the related charges for its operation to the various local governments using its services.

City of Grand Junction, Colorado
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
December 31, 2012

	Business-Type Activities - Enterprise Funds		
	Solid Waste Removal	Irrigation	Total
ASSETS			
Current assets:			
Cash and investments	\$ 539,292	\$ 86,772	\$ 626,064
Accounts receivable, net of allowance	390,611	34,320	424,931
Total current assets	<u>929,903</u>	<u>121,092</u>	<u>1,050,995</u>
Noncurrent assets:			
Capital assets:			
Buildings, improvements, plant and system	114,852	3,430,124	3,544,976
Equipment	1,255,139	5,297	1,260,436
Less accumulated depreciation	<u>(936,927)</u>	<u>(2,531,962)</u>	<u>(3,468,889)</u>
Total capital assets (net of accumulated depreciation)	<u>433,064</u>	<u>903,459</u>	<u>1,336,523</u>
Total noncurrent assets	<u>433,064</u>	<u>903,459</u>	<u>1,336,523</u>
Total assets	<u>1,362,967</u>	<u>1,024,551</u>	<u>2,387,518</u>
LIABILITIES			
Current liabilities:			
Accounts payable	84,157	1,526	85,683
Accrued liabilities	21,196	1,644	22,840
Compensated absences payable	6,686	583	7,269
Due to other funds	80,489	-	80,489
Total current liabilities	<u>192,528</u>	<u>3,753</u>	<u>196,281</u>
Noncurrent liabilities:			
Compensated absences payable	111,512	9,721	121,233
Advances from other funds - general fund	842,914	-	842,914
Total noncurrent liabilities	<u>954,426</u>	<u>9,721</u>	<u>964,147</u>
Total liabilities	<u>1,146,954</u>	<u>13,474</u>	<u>1,160,428</u>
NET POSITION			
Net investment in capital assets	433,064	903,459	1,336,523
Unrestricted	(217,051)	107,618	(109,433)
Total net position	<u>\$ 216,013</u>	<u>\$ 1,011,077</u>	<u>\$ 1,227,090</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
For the year ended December 31, 2012

	Business-Type Activities - Enterprise Funds		
	Solid Waste Removal	Irrigation	Total
Operating revenues:			
Charges for sales and services, net of allowances	\$ 3,311,362	\$ 216,915	\$ 3,528,277
Operating expenses:			
Personal services	1,041,587	83,902	1,125,489
Costs of sales and services	2,057,317	132,774	2,190,091
Depreciation and amortization	64,558	84,994	149,552
Total operating expenses	3,163,462	301,670	3,465,132
Operating income (loss)	147,900	(84,755)	63,145
Nonoperating revenues (expenses):			
Investment income	3,063	554	3,617
Total nonoperating revenues (expenses)	3,063	554	3,617
Income (loss) before contributions and transfers	150,963	(84,201)	66,762
Capital contributions - tap fees	-	520	520
Change in net position	150,963	(83,681)	67,282
Net position - beginning	65,050	1,094,758	1,159,808
Net position - ending	\$ 216,013	\$ 1,011,077	\$ 1,227,090

City of Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended December 31, 2012

	Business-Type Activities - Enterprise Funds		
	Solid Waste Removal	Irrigation	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 3,303,274	\$ 217,997	\$ 3,521,271
Cash paid to interfund	(912,837)	(25,180)	(938,017)
Cash paid to suppliers	(1,145,873)	(110,354)	(1,256,227)
Cash paid to employees	(1,056,947)	(82,513)	(1,139,460)
Net cash provided (used) by operating activities	<u>187,617</u>	<u>(50)</u>	<u>187,567</u>
Cash flows from noncapital financing activities:			
Increase (decrease) in amount due other funds	(8,535)	-	(8,535)
Net cash provided (used) by noncapital financing activities	<u>(8,535)</u>	<u>-</u>	<u>(8,535)</u>
Cash flows from capital and related financing activities:			
Tap fees	-	520	520
Repayment of interfund capital loans	(80,489)	-	(80,489)
Purchase of capital assets	(7,240)	(24,127)	(31,367)
Net cash provided (used) in capital and related financing activities	<u>(87,729)</u>	<u>(23,607)</u>	<u>(111,336)</u>
Cash flows from investing activities:			
Investment income received	3,063	554	3,617
Net cash provided (used) by investing activities	<u>3,063</u>	<u>554</u>	<u>3,617</u>
Net increase (decrease) in cash and cash equivalents	94,416	(23,103)	71,313
Cash and cash equivalents, January 1	444,876	109,875	554,751
Cash and cash equivalents, December 31	<u>\$ 539,292</u>	<u>\$ 86,772</u>	<u>\$ 626,064</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 147,900	\$ (84,755)	\$ 63,145
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	64,558	84,994	149,552
(Increase) decrease in accounts receivable	(8,088)	1,082	(7,006)
Increase (decrease) in accounts payable	(1,393)	(2,760)	(4,153)
Increase (decrease) in accrued liabilities and compensated absences payable	(15,360)	1,389	(13,971)
Total adjustments	<u>39,717</u>	<u>84,705</u>	<u>124,422</u>
Net cash provided (used) by operating activities	<u>\$ 187,617</u>	<u>\$ (50)</u>	<u>\$ 187,567</u>

City of Grand Junction, Colorado
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2012

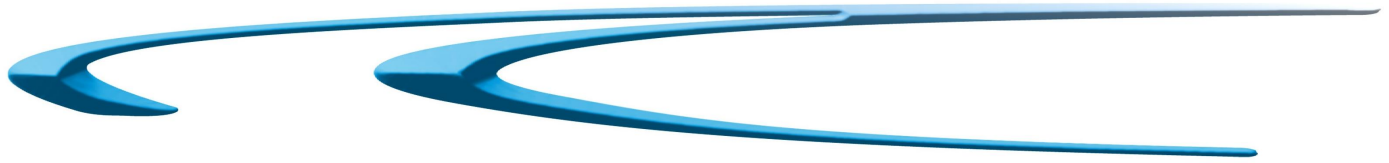
	Data Processing	Equipment	Self- Insurance	Communications Center	Total
ASSETS					
Current assets:					
Cash and investments	\$ 2,088,096	\$ 3,232,019	\$ 3,699,116	\$ 558,273	\$ 9,577,504
Accounts receivable, net of allowance	-	5,512	-	-	5,512
Intergovernmental receivable	6,736	313,974	-	6,027	326,737
Prepaid items	43,021	-	-	230	43,251
Total current assets	<u>2,137,853</u>	<u>3,551,505</u>	<u>3,699,116</u>	<u>564,530</u>	<u>9,953,004</u>
Noncurrent assets:					
Capital assets:					
Buildings and improvements	-	2,733,794	-	13,700	2,747,494
Equipment	3,629,989	19,655,119	-	8,102,529	31,387,637
Construction in progress	-	-	-	100	100
Less accumulated depreciation	<u>(1,580,463)</u>	<u>(14,246,387)</u>	<u>-</u>	<u>(2,065,251)</u>	<u>(17,892,101)</u>
Total capital assets (net of accumulated depreciation)	<u>2,049,526</u>	<u>8,142,526</u>	<u>-</u>	<u>6,051,078</u>	<u>16,243,130</u>
Total assets	<u>4,187,379</u>	<u>11,694,031</u>	<u>3,699,116</u>	<u>6,615,608</u>	<u>26,196,134</u>
LIABILITIES					
Current liabilities:					
Accounts payable	130,711	129,259	149,396	70,156	479,522
Accrued liabilities	42,358	13,927	4,619	77,368	138,272
Compensated absences payable	8,922	3,196	1,726	11,605	25,449
Claims payable	-	-	897,165	-	897,165
Total current liabilities	<u>181,991</u>	<u>146,382</u>	<u>1,052,906</u>	<u>159,129</u>	<u>1,540,408</u>
Noncurrent liabilities					
Compensated absences payable	148,802	53,300	28,785	193,534	424,421
Claims payable	-	-	1,441,712	-	1,441,712
Total noncurrent liabilities	<u>148,802</u>	<u>53,300</u>	<u>1,470,497</u>	<u>193,534</u>	<u>1,866,133</u>
Total liabilities	<u>330,793</u>	<u>199,682</u>	<u>2,523,403</u>	<u>352,663</u>	<u>3,406,541</u>
NET POSITION					
Net investment in capital assets	2,049,526	8,142,526	-	6,051,078	16,243,130
Restricted for:					
Public safety	181,785	-	-	-	181,785
Unrestricted	1,625,275	3,351,823	1,175,713	211,867	6,364,678
Total net position	<u>\$ 3,856,586</u>	<u>\$ 11,494,349</u>	<u>\$ 1,175,713</u>	<u>\$ 6,262,945</u>	<u>\$ 22,789,593</u>

City of Grand Junction, Colorado
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended December 31, 2012

	<u>Data Processing</u>	<u>Equipment</u>	<u>Self- Insurance</u>	<u>Communications Center</u>	<u>Total</u>
Operating revenues:					
Charges for sales and services:	\$ 5,149,360	\$ 4,119,861	\$ 1,672,066	\$ 3,702,446	\$ 14,643,733
Miscellaneous	6,500	-	2,740	2,799	12,039
Total operating revenues	<u>5,155,860</u>	<u>4,119,861</u>	<u>1,674,806</u>	<u>3,705,245</u>	<u>14,655,772</u>
Operating expenses:					
Personal services	2,060,583	756,541	194,345	3,858,072	6,869,541
Costs of sales and services	2,383,333	1,999,059	1,925,352	1,289,255	7,596,999
Depreciation and amortization	510,858	1,186,188	-	885,081	2,582,127
Total operating expenses	<u>4,954,774</u>	<u>3,941,788</u>	<u>2,119,697</u>	<u>6,032,408</u>	<u>17,048,667</u>
Operating income (loss)	<u>201,086</u>	<u>178,073</u>	<u>(444,891)</u>	<u>(2,327,163)</u>	<u>(2,392,895)</u>
Nonoperating revenues (expenses):					
Intergovernmental	28,192	375,000	-	348,273	751,465
Investment income	9,483	17,754	19,843	-	47,080
Interest expense	-	-	-	(2,162)	(2,162)
Gain (loss) on disposition of property and equipment	(33,145)	12,345	-	(1,582,494)	(1,603,294)
Total nonoperating revenues (expenses)	<u>4,530</u>	<u>405,099</u>	<u>19,843</u>	<u>(1,236,383)</u>	<u>(806,911)</u>
Income (loss) before transfers	<u>205,616</u>	<u>583,172</u>	<u>(425,048)</u>	<u>(3,563,546)</u>	<u>(3,199,806)</u>
Transfers in	-	-	-	3,161,556	3,161,556
Transfers out	<u>(100,000)</u>	<u>(95,536)</u>	<u>-</u>	<u>-</u>	<u>(195,536)</u>
Change in net position	105,616	487,636	(425,048)	(401,990)	(233,786)
Net position - beginning	<u>3,750,970</u>	<u>11,006,713</u>	<u>1,600,761</u>	<u>6,664,935</u>	<u>23,023,379</u>
Net position - ending	<u>\$ 3,856,586</u>	<u>\$ 11,494,349</u>	<u>\$ 1,175,713</u>	<u>\$ 6,262,945</u>	<u>\$ 22,789,593</u>

City of Grand Junction, Colorado
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2012

	Data Processing	Equipment	Self - Insurance	Communications Center	Total
Cash flows from operating activities:					
Cash received from interfund	\$ 5,051,522	\$ 4,036,211	\$ 1,672,066	\$ 2,139,761	\$ 12,899,560
Cash received from customers and users	91,112	73,698	-	1,562,216	1,727,026
Cash paid to interfund	(11,803)	(154,821)	(11,129)	(745,355)	(923,108)
Cash paid to suppliers	(2,368,226)	(1,817,598)	(1,470,432)	(544,041)	(6,200,297)
Cash paid to employees	(2,054,859)	(748,425)	(191,806)	(3,828,162)	(6,823,252)
Miscellaneous receipts	6,500	-	582,854	2,799	592,153
Net cash provided (used) by operating activities	714,246	1,389,065	581,553	(1,412,782)	1,272,082
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	3,161,556	3,161,556
Transfers to other funds	(100,000)	(95,536)	-	-	(195,536)
Intergovernmental revenue	-	-	-	39,053	39,053
Net cash provided (used) by noncapital financing activities	(100,000)	(95,536)	-	3,200,609	3,005,073
Cash flows from capital and related financing activities:					
Intergovernmental receipts	28,192	75,000	-	201,110	304,302
Miscellaneous receipts	-	-	-	33,876	33,876
Principal payments:					
Capital leases	-	-	-	(20,596)	(20,596)
Interest Paid	-	-	-	(2,162)	(2,162)
Proceeds from disposition of capital assets	-	137,537	-	-	137,537
Purchase of capital assets	(186,155)	(2,395,881)	-	(2,412,456)	(4,994,492)
Net cash used in capital and related financing activities	(157,963)	(2,183,344)	-	(2,200,228)	(4,541,535)
Cash flows from investing activities:					
Investment income (loss) received	9,483	17,754	19,843	-	47,080
Net cash provided (used) by investing activities	9,483	17,754	19,843	-	47,080
Net increase in cash and cash equivalents	465,766	(872,061)	601,396	(412,401)	(217,300)
Cash and cash equivalents, January 1	1,622,330	4,104,080	3,097,720	970,674	9,794,804
Cash and cash equivalents, December 31	\$ 2,088,096	\$ 3,232,019	\$ 3,699,116	\$ 558,273	\$ 9,577,504
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 201,086	\$ 178,073	\$ (444,891)	\$ (2,327,163)	\$ (2,392,895)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	510,858	1,186,188	-	885,081	2,582,127
(Increase) decrease in accounts receivable	(6,726)	(9,952)	580,114	(469)	562,967
(Increase) decrease in prepaid items	1,608	-	-	(230)	1,378
Increase (decrease) in accounts payable	(14,522)	26,190	95,850	53,489	161,007
Increase (decrease) in claims payable	-	-	347,941	-	347,941
Increase (decrease) in accrued wages and compensated absences payable	5,724	8,116	2,539	29,910	46,289
(Increase) decrease in accounts payable due to purchase of capital assets on account	16,218	450	-	(53,400)	(36,732)
Total adjustments	513,160	1,210,992	1,026,444	914,381	3,664,977
Net cash provided (used) by operating activities	\$ 714,246	\$ 1,389,065	\$ 581,553	\$ (1,412,782)	\$ 1,272,082
Noncash Investing, Capital and Financing Activities					
Purchase of capital assets on account	\$ 6,327	\$ -	\$ -	\$ 54,000	\$ 60,327
Net book value of capital assets traded in on capital assets acquired	-	46,585	-	-	46,585
Trade in value of disposed assets	-	47,000	-	-	47,000
Intergovernmental receivable from capital financing activities	-	300,000	-	-	300,000
Unearned revenue from capital financing activities	-	-	-	108,110	108,110



FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a fiduciary capacity, or as an agent for individuals, private organizations, other governments, and/or other funds. These include Pension Trust, Private-Purpose Trust, Investment Trust and Agency Funds. Since the City has only one Investment Trust Fund, it is presented in the Basic Financial section of this report.

Private Purpose Trust Funds

Mesa County Valley School District 51 SLD Fee Fund ~ to account for revenues and expenditures not included in other trust funds for which uses have been specified by parties outside the City government.

General Trust Fund ~ to account for revenues and expenditures not included in other trust funds for which uses have been specified by parties outside City government.

Pension Trust Funds

Police Old Hire Pension Trust Fund ~ to account for assets for the Police Old Hire Defined Benefit Pension Plan invested in and administered by the Fire and Police Pension Association of Colorado for qualified firefighter retirees.

Fire Old Hire Pension Trust Fund ~ to account for assets for the Fire Old Hire Defined Benefit Pension Plan invested in and administered by the Fire and Police Pension Association of Colorado for qualified firefighter retirees.

Agency Funds

Park Improvement Advisory Board Fund ~ to provide the custodial function of accounting for operations of the board.

Sewer and Water Districts Clearing Account Fund ~ to provide the billing and collection of charges for some districts outside the city.

Rimrock Marketplace General Improvement District Fund ~ to act as an agent for property owners in collection assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if applicable.

Downtown Business Improvement District Fund ~ to provide the custodial function of accounting for operations of the Downtown Business Improvement District.

City of Grand Junction, Colorado
COMBINING STATEMENTS OF NET POSITION
PENSION TRUST FUNDS
December 31, 2012

	Police Old Hire	Fire Old Hire	Total
ASSETS			
Cash and investments	\$ 3,266,363	\$ 9,060,889	\$ 12,327,252
LIABILITIES			
	-	-	-
NET POSITION HELD IN TRUST FOR:			
Pension benefits	\$ 3,266,363	\$ 9,060,889	\$ 12,327,252

City of Grand Junction, Colorado
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the year ended December 31, 2012

	Police Old Hire	Fire Old Hire	Total
ADDITIONS			
Contributions:			
City	\$ 426,798	\$ 247,566	\$ 674,364
State government	87,581	-	87,581
Total contributions	<u>514,379</u>	<u>247,566</u>	<u>761,945</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	299,341	876,079	1,175,420
Interest	65,658	189,012	254,670
Net investment income	<u>364,999</u>	<u>1,065,091</u>	<u>1,430,090</u>
Total additions	<u>879,378</u>	<u>1,312,657</u>	<u>2,192,035</u>
DEDUCTIONS			
Benefits	519,182	1,073,008	1,592,190
Administrative expense	28,134	80,428	108,562
Total deductions	<u>547,316</u>	<u>1,153,436</u>	<u>1,700,752</u>
Change in net position	332,062	159,221	491,283
Net position - beginning	2,934,301	8,901,668	11,835,969
Net position - ending	<u>\$ 3,266,363</u>	<u>\$ 9,060,889</u>	<u>\$ 12,327,252</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
December 31, 2012

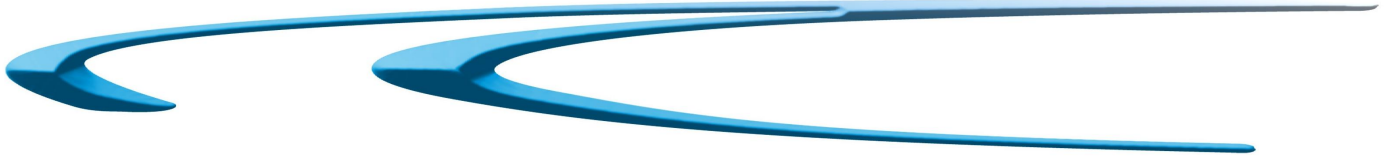
	Mesa County Valley School District 51 SLD Fee	General Trust	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 59,626	\$ 468	\$ 60,094
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES	<u> </u>	<u> </u>	<u> </u>
	-	-	-
NET POSITION HELD IN TRUST FOR			
Individuals, organizations and others	\$ 59,626	\$ 468	\$ 60,094
	<u> </u>	<u> </u>	<u> </u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the year ended December 31, 2012

	Mesa County Valley School District 51 SLD Fee	General Trust	Total
ADDITIONS			
Additions by participants	\$ 112,300	\$ -	\$ 112,300
Investment income	100	-	100
Total additions	<u>112,400</u>	<u>-</u>	<u>112,400</u>
DEDUCTIONS			
Distributions to participants	116,853	-	116,853
Administrative expense	<u>3,614</u>	<u>-</u>	<u>3,614</u>
Total deductions	<u>120,467</u>	<u>-</u>	<u>120,467</u>
Change in net position	(8,067)	-	(8,067)
Net position - beginning	67,693	468	68,161
Net position - ending	<u>\$ 59,626</u>	<u>\$ 468</u>	<u>\$ 60,094</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended December 31, 2012

	Balance Beginning	Additions	Deletions	Balance Ending
<u>PARK IMPROVEMENT ADVISORY BOARD</u>				
ASSETS				
Cash and investments	\$ 155,494	\$ 111,137	\$ 141,616	\$ 125,015
LIABILITIES				
Due to other governments	\$ 155,494	\$ 111,137	\$ 141,616	\$ 125,015
<u>RIMROCK MARKETPLACE GENERAL IMPROVEMENT DISTRICT</u>				
ASSETS				
Cash and investments	\$ 445,718	\$ 288,460	\$ 278,115	\$ 456,063
LIABILITIES				
Due to other governments	\$ 445,718	\$ 288,460	\$ 278,115	\$ 456,063
<u>SEWER AND WATER DISTRICTS CLEARING</u>				
ASSETS				
Cash and investments	\$ 92,159	\$ 1,220,833	\$ 1,312,992	\$ -
Accounts receivable, net of allowance	132,609	981,924	1,114,533	-
Total assets	\$ 224,768	\$ 2,202,757	\$ 2,427,525	\$ -
LIABILITIES				
Accounts payable	\$ 92,425	\$ 1,220,567	\$ 1,312,992	\$ -
Due to other governments	132,343	982,190	1,114,533	-
Total liabilities	\$ 224,768	\$ 2,202,757	\$ 2,427,525	\$ -
<u>DOWNTOWN BUSINESS IMPROVEMENT DISTRICT</u>				
ASSETS				
Cash and investments	\$ 126,654	\$ 176,894	\$ 177,430	\$ 126,118
LIABILITIES				
Accounts payable	\$ 1,793	\$ 107,788	\$ 93,311	\$ 16,270
Due to other governments	124,861	69,106	84,119	109,848
Total liabilities	\$ 126,654	\$ 176,894	\$ 177,430	\$ 126,118
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 820,025	\$ 1,797,324	\$ 1,910,153	\$ 707,196
Accounts receivable, net of allowance	132,609	981,924	1,114,533	-
Total assets	\$ 952,634	\$ 2,779,248	\$ 3,024,686	\$ 707,196
LIABILITIES				
Accounts payable	\$ 94,218	\$ 1,328,355	\$ 1,406,303	\$ 16,270
Due to other governments	858,416	1,450,893	1,618,383	690,926
Total liabilities	\$ 952,634	\$ 2,779,248	\$ 3,024,686	\$ 707,196



DOWNTOWN DEVELOPMENT AUTHORITY

A Component Unit of the City of Grand Junction, Colorado

The Downtown Development Authority (DDA) was formed to improve the downtown area of the City of Grand Junction. Since this is the only component unit of the City, it reported on the Government-wide Financial Statement. However, since it does not issue its own financial report, the following fund information for the DDA is provided.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted or committed to expenditures for specified purposes.

DDA Operations Special Revenue Fund ~ to account for all revenues and expenditures associated with operating the Downtown Development Authority.

DDA Tax Increment Special Revenue Fund ~ to account for property tax revenues from the Downtown Tax Increment Financing District used principally to reduce debt incurred for downtown improvements.

Debt Service Funds

Debt Service Funds are used to account for all resources being accumulated for general long-term debt principal and interest payments maturing in future years other than long-term debt accounted for in enterprise and internal service funds.

DDA Debt Service Fund ~ to account for those resources which are being accumulated for Long-term debt, principal and interest payments on Downtown Development Authority Tax Increment Bonds maturing in future years.

Capital Project Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition of Construction of major capital facilities (other than those financed by proprietary funds and trust funds).

DDA TIF Capital Improvements Fund ~ to account for capital improvements within the boundaries of the Downtown Development Authority (DDA), financed with the proceeds of Tax Increment Financing (TIF) Bonds.

DOWNTOWN DEVELOPMENT AUTHORITY
A Component Unit of the City of Grand Junction, Colorado
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	DDA Tax Increment	DDA Operations Special Revenue Fund	Capital Improvements Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 126,534	\$ 588,275	\$ 3,068,047	\$ 3,782,856
Property taxes receivable	1,142,056	261,320	-	1,403,376
Accounts receivable	-	520	-	520
Prepaid items	-	30,000	-	30,000
Total assets	<u>1,268,590</u>	<u>880,115</u>	<u>3,068,047</u>	<u>5,216,752</u>
LIABILITIES				
Accounts payable	-	6,333	-	6,333
Accrued liabilities	-	2,683	208	2,891
Compensated absences payable	-	349	26	375
Total liabilities	<u>-</u>	<u>9,365</u>	<u>234</u>	<u>9,599</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	1,142,056	261,320	-	1,403,376
Total deferred inflows of resources	<u>1,142,056</u>	<u>261,320</u>	<u>-</u>	<u>1,403,376</u>
FUND BALANCES				
Nonspendable:				
Inventories and prepaids	-	30,000	-	30,000
Restricted for:				
Debt service	126,534	-	-	126,534
Legends historical sculptures project	-	165,640	-	165,640
Urban development and housing	-	413,790	3,067,813	3,481,603
Total fund balances	<u>126,534</u>	<u>609,430</u>	<u>3,067,813</u>	<u>3,803,777</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,268,590</u>	<u>\$ 880,115</u>	<u>\$ 3,068,047</u>	

Amounts reported for the Component Unit - Downtown Development Authority on the statement of net position (page 31) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 4,402,788

Long-term liabilities such as bonds and notes payable, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	\$ (7,125,000)	
Accrued Interest payable	(13,120)	
Compensated absences	<u>(6,261)</u>	(7,144,381)

Net position -Component Unit - Downtown Development Authority. (page 31) \$ 1,062,184

DOWNTOWN DEVELOPMENT AUTHORITY
A Component Unit of the City of Grand Junction, Colorado
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2012

	DDA Tax Increment	DDA Operations Special Revenue Fund	DDA Debt Service Fund	Capital Improvements Capital Project Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 1,761,643	\$ 222,818	\$ -	\$ -	\$ 1,984,461
Intergovernmental	442,767	-	-	-	442,767
Charges for services	-	4,608	-	-	4,608
Miscellaneous	-	115,831	-	-	115,831
Investment income	7,357	3,424	-	10,646	21,427
Total revenues	<u>2,211,767</u>	<u>346,681</u>	<u>-</u>	<u>10,646</u>	<u>2,569,094</u>
EXPENDITURES					
Current:					
Urban development and housing	29,690	363,991	-	-	393,681
Debt service:					
Principal retirement	-	-	6,364,181	-	6,364,181
Interest and fiscal charges	-	-	141,613	-	141,613
Bond issuance costs	-	-	68,247	-	68,247
Capital outlay	-	-	-	517,068	517,068
Total expenditures	<u>29,690</u>	<u>363,991</u>	<u>6,574,041</u>	<u>517,068</u>	<u>7,484,790</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,182,077</u>	<u>(17,310)</u>	<u>(6,574,041)</u>	<u>(506,422)</u>	<u>(4,915,696)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	5,818	6,505,794	-	6,511,612
Transfers out	(2,738,195)	-	-	(3,773,417)	(6,511,612)
Tax increment bond proceeds	-	-	68,247	7,056,753	7,125,000
Sale of capital assets	-	-	-	290,899	290,899
Total other financing sources (uses)	<u>(2,738,195)</u>	<u>5,818</u>	<u>6,574,041</u>	<u>3,574,235</u>	<u>7,415,899</u>
Net change in fund balances	(556,118)	(11,492)	-	3,067,813	2,500,203
Fund balances - beginning	682,652	620,922	-	-	1,303,574
Fund balances - ending	<u>\$ 126,534</u>	<u>\$ 609,430</u>	<u>\$ -</u>	<u>\$ 3,067,813</u>	<u>\$ 3,803,777</u>

Amounts reported for Component Unit - Downtown Development Authority in the statement of activities (page 33) are different because:

Net change in fund balances - total governmental funds (above) \$ 2,500,203

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$256,585) exceeded capital outlays of \$118,749 in the current period. (137,836)

The net effect of transactions involving the sale of capital assets. (534,556)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, these transactions have no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	\$ (7,125,000)	
Debt principal payments	6,364,181	
Increase in accrued interest	(9,120)	
		(769,939)

Expenditures for compensated absences and longevity are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year.

Change in net position of the Component Unit - Downtown Development Authority (page 33) \$ 1,057,908

DOWNTOWN DEVELOPMENT AUTHORITY
A Component Unit of the City of Grand Junction, Colorado
DDA TAX INCREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	\$ 1,749,271	\$ 1,761,643	\$ 12,372
Intergovernmental	339,539	442,767	103,228
Investment income	1,800	7,357	5,557
Total revenues	<u>2,090,610</u>	<u>2,211,767</u>	<u>121,157</u>
EXPENDITURES			
Current:			
Urban development and housing	<u>34,985</u>	<u>29,690</u>	<u>5,295</u>
Excess of revenues over expenditures	2,055,625	2,182,077	126,452
OTHER FINANCING USES			
Transfers out	<u>(2,735,625)</u>	<u>(2,738,195)</u>	<u>(2,570)</u>
Net change in fund balance	(680,000)	(556,118)	123,882
Fund balances - beginning	682,652	682,652	-
Fund balances - ending	<u>\$ 2,652</u>	<u>\$ 126,534</u>	<u>\$ 123,882</u>

DOWNTOWN DEVELOPMENT AUTHORITY
A Component Unit of the City of Grand Junction, Colorado
DOWNTOWN DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 223,588	\$ 223,588	\$ 222,818	\$ (770)
Charges for services	4,000	4,000	4,608	608
Miscellaneous	55,300	79,300	115,831	36,531
Investment income	2,000	2,000	3,424	1,424
Total revenues	<u>284,888</u>	<u>308,888</u>	<u>346,681</u>	<u>37,793</u>
EXPENDITURES				
Current:				
Urban development and housing	<u>363,483</u>	<u>529,220</u>	<u>363,991</u>	<u>165,229</u>
Deficiency of revenues under expenditures	(78,595)	(220,332)	(17,310)	203,022
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>5,818</u>	<u>5,818</u>
Net change in fund balance	(78,595)	(220,332)	(11,492)	208,840
Fund balances - beginning	620,922	620,922	620,922	-
Fund balances - ending	<u>\$ 542,327</u>	<u>\$ 400,590</u>	<u>\$ 609,430</u>	<u>\$ 208,840</u>

DOWNTOWN DEVELOPMENT AUTHORITY

A Component Unit of the City of Grand Junction, Colorado

DDA DEBT SERVICE FUND**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**

For the year ended December 31, 2012

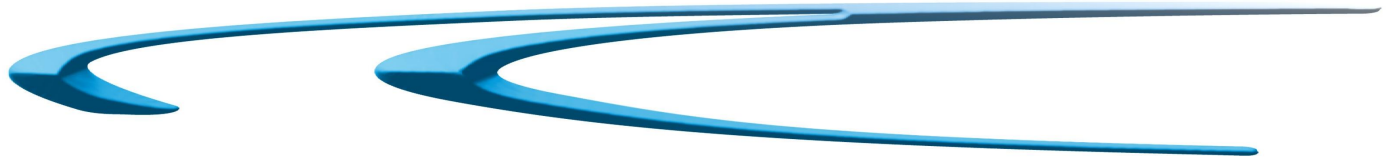
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Debt service:			
Principal retirement	6,752,576	6,364,181	388,395
Interest and fiscal charges	122,844	141,613	(18,769)
Bond Issuance Costs	-	68,247	(68,247)
Total expenditures	<u>6,875,420</u>	<u>6,574,041</u>	<u>301,379</u>
Deficiency of revenues under expenditures	(6,875,420)	(6,574,041)	301,379
OTHER FINANCING SOURCES			
Transfers in	6,875,420	6,505,794	(369,626)
Tax increment bond proceeds	-	68,247	68,247
Total other financing sources	<u>6,875,420</u>	<u>6,574,041</u>	<u>(301,379)</u>
Net change in fund balance	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DOWNTOWN DEVELOPMENT AUTHORITY
A Component Unit of the City of Grand Junction, Colorado
DDA CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Investment income	\$ -	\$ 10,646	\$ 10,646
EXPENDITURES			
Capital projects	217,840	517,068	(299,228)
Deficiency of revenues under expenditures	(217,840)	(506,422)	(288,582)
OTHER FINANCING SOURCES (USES)			
Transfer out	(4,139,795)	(3,773,417)	366,378
Tax increment bond proceeds	4,050,000	7,056,753	3,006,753
Sale of capital assets	310,000	290,899	(19,101)
Total other financing sources (uses)	220,205	3,574,235	3,354,030
Net change in fund balance	2,365	3,067,813	3,065,448
Fund balances - beginning	-	-	-
Fund balances - ending	\$ 2,365	\$ 3,067,813	\$ 3,065,448



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STATISTICAL SECTION

This section of the City of Grand Junction Comprehensive Annual Financial Report represents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

Contents	Pages
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City's financial condition has changed over time.	127-131
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City's largest revenue source, sales tax.	132-135
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	136-140
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	141-142
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	143-144



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TABLE 1

City of Grand Junction, Colorado
NET POSITION
 Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net investment in capital assets	\$ 201,219,442	\$ 224,544,344	\$ 256,934,469	\$ 326,336,540	\$ 408,037,121	\$ 498,158,781	\$ 529,106,956	\$ 555,543,770	\$ 581,854,487	\$ 607,986,872
Restricted	7,094,471	5,325,181	5,598,639	7,504,598	4,548,128	15,726,010	18,544,790	21,495,852	30,951,878	13,618,901
Unrestricted	31,969,627	38,061,750	48,107,386	59,014,985	60,693,788	40,514,664	28,682,910	28,430,021	26,937,580	26,568,548
Total governmental activities net position	<u>\$ 240,283,540</u>	<u>\$ 267,931,275</u>	<u>\$ 310,640,494</u>	<u>\$ 392,856,123</u>	<u>\$ 473,279,037</u>	<u>\$ 554,399,455</u>	<u>\$ 576,334,656</u>	<u>\$ 605,469,643</u>	<u>\$ 639,743,945</u>	<u>\$ 648,174,321</u>
Business-type Activities										
Net investment in capital assets	\$ 33,495,032	\$ 34,071,610	\$ 33,697,216	\$ 36,518,897	\$ 39,673,423	\$ 44,539,563	\$ 46,087,527	\$ 47,807,739	\$ 45,541,828	\$ 45,880,136
Restricted	1,787,120	905,137	-	610,844	-	-	-	-	-	-
Unrestricted	3,044,687	3,350,735	5,286,462	4,114,096	4,176,474	(271,321)	(2,881,656)	(4,987,177)	(4,277,701)	(4,545,053)
Total business-type activities net position	<u>\$ 38,326,839</u>	<u>\$ 38,327,482</u>	<u>\$ 38,983,678</u>	<u>\$ 41,243,837</u>	<u>\$ 43,849,897</u>	<u>\$ 44,268,242</u>	<u>\$ 43,205,871</u>	<u>\$ 42,820,562</u>	<u>\$ 41,264,127</u>	<u>\$ 41,335,083</u>
Primary Government										
Net investment in capital assets	\$ 234,714,474	\$ 258,615,954	\$ 290,631,685	\$ 362,855,437	\$ 447,710,544	\$ 542,698,344	\$ 575,194,483	\$ 603,351,509	\$ 627,396,315	\$ 653,867,008
Restricted	8,881,591	6,230,318	5,598,639	8,115,442	4,548,128	15,726,010	18,544,790	21,495,852	30,951,878	13,618,901
Unrestricted	35,014,314	41,412,485	53,393,848	63,129,081	64,870,262	40,243,343	25,801,254	23,442,844	22,659,879	22,023,495
Total primary governmental net position	<u>\$ 278,610,379</u>	<u>\$ 306,258,757</u>	<u>\$ 349,624,172</u>	<u>\$ 434,099,960</u>	<u>\$ 517,128,934</u>	<u>\$ 598,667,697</u>	<u>\$ 619,540,527</u>	<u>\$ 648,290,205</u>	<u>\$ 681,008,072</u>	<u>\$ 689,509,404</u>
Component Unit:										
Net investment in capital assets	\$ 2,312,416	\$ 877,836	\$ 2,196,484	\$ 1,873,613	\$ 1,968,943	\$ 5,999,915	\$ 6,222,119	\$ 5,697,948	\$ 4,870,916	\$ 4,295,348
Restricted	270,910	850,062	1,340,387	1,325,219	834,551	3,334,219	2,810,117	1,462,300	1,278,049	955,845
Unrestricted	(8,030)	1,948,887	1,341,467	2,213,997	34,939	(5,713,208)	(5,147,792)	(5,468,141)	(6,144,689)	(4,189,009)
Total component unit net position	<u>\$ 2,575,296</u>	<u>\$ 3,676,785</u>	<u>\$ 4,878,338</u>	<u>\$ 5,412,829</u>	<u>\$ 2,838,433</u>	<u>\$ 3,620,926</u>	<u>\$ 3,884,444</u>	<u>\$ 1,692,107</u>	<u>\$ 4,276</u>	<u>\$ 1,062,184</u>

Source: Current and prior years' financial statements

TABLE 2

City of Grand Junction, Colorado
CHANGES IN NET POSITION
 Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government	\$ 8,276,802	\$ 9,548,713	\$ 9,596,763	\$ 8,775,975	\$ 12,412,910	\$ 16,143,424	\$ 14,022,155	\$ 11,591,395	\$ 12,583,783	\$ 12,735,595
Public Safety	19,871,283	23,823,248	22,904,850	24,638,801	28,167,497	32,088,791	32,487,535	33,423,757	33,105,266	41,301,254
Public Works	12,780,174	10,223,079	15,386,497	19,400,979	15,521,625	19,680,247	21,353,413	20,728,384	6,512,483	19,980,846
Parks and Recreation	5,318,756	6,684,183	5,175,343	4,743,303	7,419,519	7,955,933	8,924,292	8,771,342	8,425,816	10,281,037
Urban Development and Housing	622,802	347,218	415,306	110,694	565,373	545,715	572,726	561,457	645,572	477,886
Interest of Long-Term Debt	234,037	3,015,337	2,544,479	2,474,655	3,233,840	3,332,614	3,188,419	3,645,322	5,443,771	4,713,532
Total Governmental Activities Expense	47,103,854	53,641,778	56,023,238	60,144,407	67,320,764	79,746,724	80,548,540	78,721,657	66,716,691	89,490,150
Business-Type Activities:										
Water	4,009,508	4,158,777	4,222,594	4,349,852	4,671,765	5,067,168	5,283,655	5,419,125	4,881,038	5,405,744
Convention Center	1,988,176	2,130,427	2,641,066	2,805,768	2,968,119	3,514,396	3,396,100	2,857,866	2,600,896	2,881,584
Solid Waste Removal	2,190,000	2,302,588	2,340,292	2,632,219	2,820,253	2,907,325	4,196,468	3,462,854	3,113,744	3,179,267
Swimming Pools	815,682	826,992	919,684	1,015,665	991,685	1,014,976	1,025,401	1,038,563	983,212	-
Golf	1,919,148	2,040,033	1,898,642	1,966,353	2,123,769	2,285,777	2,472,997	2,266,394	2,181,540	2,072,890
Cemeteries	339,191	-	-	-	-	-	-	-	-	-
Parking	272,728	244,869	321,282	693,381	402,916	1,829,547	531,711	480,383	415,355	405,744
Irrigation Systems	250,073	279,556	273,642	298,439	289,528	318,708	300,130	306,572	298,694	302,106
Ambulance Transport	-	-	-	865,138	2,252,275	2,350,943	2,308,421	2,173,362	1,961,509	-
Total Business-Type Activities Expense	11,784,506	11,983,242	12,617,202	14,626,815	16,520,310	19,288,840	19,514,883	18,005,119	16,435,988	14,247,335
Total Primary Government Expenses	\$ 58,888,360	\$ 65,625,020	\$ 68,640,440	\$ 74,771,222	\$ 83,841,074	\$ 99,035,564	\$ 100,063,423	\$ 96,726,776	\$ 83,152,679	\$ 103,737,485
Total Component Unit Expenses	\$ 1,213,309	\$ 464,709	\$ 386,262	\$ 1,378,932	\$ 4,633,804	\$ 2,117,208	\$ 2,636,069	\$ 4,826,697	\$ 4,622,211	\$ 1,511,186
Program Revenues										
Governmental Activities:										
Charge for Service:										
General Government	\$ 1,707,755	\$ 2,072,365	\$ 2,201,868	\$ 2,350,160	\$ 5,451,358	\$ 2,929,275	\$ 2,639,601	\$ 3,274,890	\$ 3,224,426	\$ 3,002,193
Public Safety	4,194,882	4,270,121	4,636,026	4,503,743	4,774,346	5,895,984	6,406,830	7,104,163	8,071,588	10,741,763
Public Works	668,873	1,137,608	1,100,555	2,595,528	3,325,868	5,554,332	1,884,073	2,659,523	1,895,207	1,927,747
Parks and Recreation	799,011	1,187,450	1,294,737	1,070,852	3,199,673	2,286,100	1,423,145	1,461,584	1,456,400	2,069,864
Operating Grants and Contributions	733,500	492,464	718,425	565,044	1,182,795	1,548,954	1,661,118	2,184,680	3,608,414	3,204,209
Capital Grants and Contributions	16,358,934	20,628,819	34,104,271	66,735,306	56,633,477	63,431,598	23,963,787	26,800,939	12,816,892	9,936,906
Total Governmental Activities Program Revenues	24,462,955	29,788,827	44,055,882	77,820,633	74,567,517	81,646,243	37,978,554	43,485,779	31,072,927	30,882,682
Business-Type Activities:										
Water	4,746,675	4,397,730	4,476,728	4,670,635	4,987,126	5,293,379	5,527,333	5,231,378	4,913,952	5,271,849
Convention Center	1,315,342	1,603,083	2,114,443	2,437,970	2,544,726	2,840,966	2,657,327	2,322,730	2,279,695	2,385,684
Solid Waste Removal	2,234,155	2,260,492	2,427,094	2,500,954	2,841,130	3,051,483	2,976,883	3,251,274	3,324,152	3,311,362
Swimming Pools	431,336	394,625	628,073	691,810	697,770	680,496	760,756	590,332	532,456	-
Golf	1,641,313	1,648,009	1,802,903	1,956,584	2,106,921	2,221,204	2,147,161	1,901,601	1,949,258	1,980,120
Cemeteries	173,935	-	-	-	-	-	-	-	-	-
Parking	384,785	355,546	326,381	338,286	343,471	504,766	540,054	412,578	487,517	491,203
Irrigation Systems	170,378	172,016	178,709	179,837	191,854	204,956	212,043	219,820	219,367	216,915
Ambulance Transport	-	-	-	1,107,880	2,313,432	2,461,174	2,315,001	2,027,458	2,117,997	-
Operating Grants and Contributions	109,551	159,346	-	-	-	-	-	595,361	148,215	85,190
Capital Grants and Contributions	201,921	110,044	237,705	654,170	1,998,637	523,422	406,834	496,259	211,850	221,151
Total Business-Type Activities Program Revenues	11,409,391	11,100,891	12,192,036	14,538,126	18,025,067	17,781,846	17,543,392	17,048,791	16,184,459	13,963,474
Total Primary Government Program Revenues	\$ 35,872,346	\$ 40,889,718	\$ 56,247,918	\$ 92,358,759	\$ 92,592,584	\$ 99,428,089	\$ 55,521,946	\$ 60,534,570	\$ 47,257,386	\$ 44,846,156
Total Component Unit Program Revenues	\$ 319,453	\$ 298,779	\$ 247,614	\$ 315,417	\$ 411,870	\$ 712,232	\$ 601,094	\$ 439,960	\$ 752,974	\$ 563,206

TABLE 2 (Continued)

City of Grand Junction, Colorado
CHANGES IN NET POSITION
 Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/ Revenue										
Governmental Activities	\$ (22,640,899)	\$ (23,852,951)	\$ (11,967,356)	\$ 17,676,226	\$ 7,246,753	\$ 1,899,519	\$ (42,569,986)	\$ (35,235,878)	\$ (35,643,764)	\$ (58,607,468)
Business-Type Activities	(375,115)	(882,351)	(425,166)	(88,689)	1,504,757	(1,506,994)	(1,971,491)	(956,328)	(251,529)	(283,861)
Total Primary Government Net Expense	<u>\$ (23,016,014)</u>	<u>\$ (24,735,302)</u>	<u>\$ (12,392,522)</u>	<u>\$ 17,587,537</u>	<u>\$ 8,751,510</u>	<u>\$ 392,525</u>	<u>\$ (44,541,477)</u>	<u>\$ (36,192,206)</u>	<u>\$ (35,895,293)</u>	<u>\$ (58,891,329)</u>
Total Component Unit Net Expense	<u>\$ (893,856)</u>	<u>\$ (165,930)</u>	<u>\$ (138,648)</u>	<u>\$ (1,063,515)</u>	<u>\$ (4,221,934)</u>	<u>\$ (1,404,976)</u>	<u>\$ (2,034,975)</u>	<u>\$ (4,386,737)</u>	<u>\$ (3,869,237)</u>	<u>\$ (947,980)</u>
Governmental Activities:										
Taxes										
Sales & Use Taxes	\$ 37,422,678	\$ 39,298,456	\$ 42,825,135	\$ 50,373,971	\$ 56,583,254	\$ 59,447,697	\$ 46,856,622	\$ 47,424,012	\$ 50,312,521	\$ 50,702,973
Property Taxes	4,351,646	4,619,651	4,722,839	5,618,112	5,926,469	8,440,775	8,701,650	10,146,009	10,608,818	8,976,292
Franchise Taxes	1,595,864	1,804,821	2,008,706	2,159,287	2,147,224	2,456,659	2,432,704	2,527,530	2,572,877	2,528,419
Highway Users Tax	1,436,453	1,537,963	1,519,215	1,763,231	1,732,774	1,718,004	1,940,291	2,262,898	2,261,503	2,186,732
Other Taxes	954,621	2,930,290	2,525,925	3,544,629	3,388,467	5,978,962	4,024,160	1,907,422	2,403,354	2,648,647
Investment Income (Loss)	824,981	2,000,765	1,961,415	3,093,381	4,185,692	2,789,072	1,299,123	635,807	435,929	329,469
Gain (Loss) on Sale of Capital Assets	-	54,451	26,713	81,053	88,000	85,329	75,592	-	-	-
Transfers	(832,468)	(745,711)	(913,373)	(2,094,261)	(875,719)	(1,695,599)	(824,955)	(532,813)	1,323,064	(334,688)
Total Governmental Activities	<u>45,753,775</u>	<u>51,500,686</u>	<u>54,676,575</u>	<u>64,539,403</u>	<u>73,176,161</u>	<u>79,220,899</u>	<u>64,505,187</u>	<u>64,370,865</u>	<u>69,918,066</u>	<u>67,037,844</u>
Business-Type Activities:										
Investment Income	81,100	142,378	167,989	254,587	225,584	229,740	84,165	38,206	18,158	20,129
Gain (Loss) on Sale of Capital Assets	-	(5,095)	-	-	-	-	-	-	-	-
Transfers	832,468	745,711	913,373	2,094,261	875,719	1,695,599	824,955	532,813	(1,323,064)	334,688
Total Business-Type Activities	<u>913,568</u>	<u>882,994</u>	<u>1,081,362</u>	<u>2,348,848</u>	<u>1,101,303</u>	<u>1,925,339</u>	<u>909,120</u>	<u>571,019</u>	<u>(1,304,906)</u>	<u>354,817</u>
Total Primary Government Activities	<u>\$ 46,667,343</u>	<u>\$ 52,383,680</u>	<u>\$ 55,757,937</u>	<u>\$ 66,888,251</u>	<u>\$ 74,277,464</u>	<u>\$ 81,146,238</u>	<u>\$ 65,414,307</u>	<u>\$ 64,941,884</u>	<u>\$ 68,613,160</u>	<u>\$ 67,392,661</u>
Component Unit Activities:										
Property Taxes	1,172,239	1,167,670	1,327,496	1,445,856	1,498,752	2,081,840	2,179,436	2,192,121	2,203,253	1,984,461
Investment Income (Loss)	42,640	99,749	58,474	152,150	198,530	105,629	119,057	57,279	(21,847)	21,427
Gain (Loss) on Sale of Capital Assets	-	-	(45,769)	-	(49,744)	-	-	-	-	-
Total Component Unit Activities	<u>\$ 1,214,879</u>	<u>\$ 1,267,419</u>	<u>\$ 1,340,201</u>	<u>\$ 1,598,006</u>	<u>\$ 1,647,538</u>	<u>\$ 2,187,469</u>	<u>\$ 2,298,493</u>	<u>\$ 2,249,400</u>	<u>\$ 2,181,406</u>	<u>\$ 2,005,888</u>
Change In Net Position										
Governmental Activities	\$ 23,112,876	\$ 27,647,735	\$ 42,709,219	\$ 82,215,629	\$ 80,422,914	\$ 81,120,418	\$ 21,935,201	\$ 29,134,987	\$ 34,274,302	\$ 8,430,376
Business-Type Activities	538,453	643	656,196	2,260,159	2,606,060	418,345	(1,062,371)	(385,309)	(1,556,435)	70,956
Total Primary Government	<u>\$ 23,651,329</u>	<u>\$ 27,648,378</u>	<u>\$ 43,365,415</u>	<u>\$ 84,475,788</u>	<u>\$ 83,028,974</u>	<u>\$ 81,538,763</u>	<u>\$ 20,872,830</u>	<u>\$ 28,749,678</u>	<u>\$ 32,717,867</u>	<u>\$ 8,501,332</u>
Total Component Unit: Downtown Development Authority	<u>\$ 321,023</u>	<u>\$ 1,101,489</u>	<u>\$ 1,201,553</u>	<u>\$ 534,491</u>	<u>\$ (2,574,396)</u>	<u>\$ 782,493</u>	<u>\$ 263,518</u>	<u>\$ (2,137,337)</u>	<u>\$ (1,687,831)</u>	<u>\$ 1,057,908</u>

Source: Current and prior year's financial statements

TABLE 3

City of Grand Junction, Colorado
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,329,598	\$ 7,498,417
Restricted	-	-	-	-	-	-	-	-	6,825,911	4,945,478
Assigned	-	-	-	-	-	-	-	-	1,802,875	7,362,016
Unassigned	-	-	-	-	-	-	-	-	13,193,886	10,535,731
Reserved	2,064,060	2,146,185	2,105,728	6,391,927	7,958,173	9,135,472	9,589,625	11,740,961	-	-
Unreserved	11,175,753	13,084,091	17,146,236	20,157,996	26,430,185	18,320,471	9,573,798	14,916,902	-	-
Total General Fund	13,239,813	15,230,276	19,251,964	26,549,923	34,388,358	27,455,943	19,163,423	26,657,863	30,152,270	30,341,642
All Other Governmental Funds										
Nonspendable, reported in:										
Special Revenue Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,605	\$ 9,276
Permanent Funds	-	-	-	-	-	-	-	-	1,289,972	1,309,993
Capital Projects Funds	-	-	-	-	-	-	-	-	20,157	91,149
Restricted, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	4,095,089	3,192,341
Debt Service Funds	-	-	-	-	-	-	-	-	19,245,569	4,238,829
Capital Projects Funds	-	-	-	-	-	-	-	-	23,437,299	3,598,365
Committed, reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	1,353,572	1,299,165
Capital Projects Funds	-	-	-	-	-	-	-	-	571,214	924,099
Assigned, reported in:										
Capital Projects Funds	-	-	-	-	-	-	-	-	458,557	253,027
Reserved	3,803,737	54,425,376	37,456,559	6,659,252	1,517,413	10,916,914	14,581,790	18,168,718	-	-
Unreserved, reported in:										
Special Revenue Funds	4,089,208	3,447,242	4,362,767	5,640,048	4,716,567	5,378,544	4,569,216	4,086,536	-	-
Debt Service Funds	-	-	-	-	150	(3,420)	-	-	-	-
Capital Projects Funds	6,525,614	12,818,435	15,981,722	19,384,444	11,513,358	2,482,529	1,532,966	41,078,067	-	-
Total All Other Governmental Funds	14,418,559	70,691,053	57,801,048	31,683,744	17,747,488	18,774,567	20,683,972	63,333,321	50,485,034	14,916,244
Total Governmental Funds	\$ 27,658,372	\$ 85,921,329	\$ 77,053,012	\$ 58,233,667	\$ 52,135,846	\$ 46,230,510	\$ 39,847,395	\$ 89,991,184	\$ 80,637,304	\$ 45,257,886

Note: The City of Grand Junction implemented GASB 54 as of December 31, 2011

Source: Current and prior year's financial statements.

TABLE 4

City of Grand Junction, Colorado
CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 45,761,262	\$ 50,191,182	\$ 53,601,820	\$ 63,459,234	\$ 69,778,188	\$ 78,042,097	\$ 63,955,427	\$ 64,267,871	\$ 68,159,073	\$ 67,043,063
Licenses, Fees, and Permits	118,616	111,452	114,921	101,165	113,224	129,993	121,783	118,128	116,930	110,618
Intergovernmental	1,961,442	3,065,737	2,002,220	3,535,141	4,260,519	12,009,672	4,955,308	4,476,793	5,131,948	5,096,820
Charges for Services	5,488,457	5,884,254	6,077,290	11,513,267	8,633,619	8,997,208	8,311,362	9,923,697	9,940,383	12,462,603
Fines and Forfeitures	564,294	701,941	546,162	1,001,569	1,152,790	1,094,388	945,666	1,234,810	1,296,959	1,533,575
Special Assessments	34,230	148,289	65,949	75,103	146,610	24,493	92,198	49,372	32,868	15,814
Investment Earnings	488,268	1,547,469	1,622,584	2,982,954	3,270,125	1,968,465	984,031	553,700	423,863	289,435
Other Income	2,012,121	1,237,322	2,646,942	1,185,987	902,798	283,116	136,935	130,638	47,399	45,683
Other Contributions	11,891	192,283	49,232	70,874	1,063,174	873,869	196,833	176,607	456,452	1,273,521
Total Revenues	<u>56,440,581</u>	<u>63,079,929</u>	<u>66,727,120</u>	<u>83,925,294</u>	<u>89,321,047</u>	<u>103,423,301</u>	<u>79,699,543</u>	<u>80,931,616</u>	<u>85,605,875</u>	<u>87,871,132</u>
Expenditures										
General Government	\$ 8,288,652	\$ 8,716,681	\$ 9,207,102	\$ 10,404,115	\$ 12,336,103	\$ 15,596,506	\$ 13,793,482	\$ 10,301,970	\$ 10,692,566	\$ 10,922,302
Public Safety	18,553,410	19,977,861	20,490,870	22,930,060	25,791,977	29,657,426	29,092,018	27,193,471	28,691,061	33,791,689
Public Works	7,564,156	8,049,960	8,185,303	8,865,640	9,562,091	10,779,300	9,954,111	9,686,215	10,035,622	9,752,185
Parks and Recreation	4,731,828	5,378,915	5,302,211	5,795,820	6,432,863	7,273,190	7,347,609	7,067,698	7,083,898	8,421,297
Urban Development and Housing	622,802	347,218	593,786	249,847	565,373	545,715	572,726	561,457	645,572	477,886
Debt Service										
Advance Refunding Escrow	-	-	-	-	-	-	-	-	-	17,812,681
Principal Retirement	826,281	869,787	1,914,672	2,216,032	2,584,661	3,907,232	3,883,479	4,073,479	4,275,000	5,130,000
Interest and Fiscal Charges	239,118	1,538,367	2,829,739	2,757,618	3,254,707	3,693,947	3,508,632	3,317,358	5,858,657	5,268,794
Bond Issuance Costs	-	723,626	-	-	163,569	-	-	364,048	-	146,923
Capital Outlay: Construction	10,555,511	19,983,688	25,615,550	46,927,452	55,168,305	36,484,253	16,879,724	9,916,907	26,126,955	28,376,550
Total Expenditures	<u>51,381,758</u>	<u>65,586,103</u>	<u>74,139,233</u>	<u>100,146,584</u>	<u>115,859,649</u>	<u>107,937,569</u>	<u>85,031,781</u>	<u>72,482,603</u>	<u>93,409,331</u>	<u>120,100,307</u>
Other Financing Sources (Uses)										
Transfers In	3,787,288	8,278,967	7,907,490	13,272,934	25,222,052	41,941,154	24,695,090	15,000,174	13,823,542	13,491,409
Transfers Out	(5,921,856)	(7,949,841)	(9,651,371)	(16,525,848)	(28,794,574)	(43,974,059)	(25,745,967)	(15,652,330)	(15,453,966)	(16,792,117)
Bonds Issued	-	57,075,000	-	654,860	22,925,000	-	-	-	-	30,645,000
Bond Premium	-	3,652,683	-	-	997,936	-	-	-	-	5,512,594
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	-	-	(36,007,129)
Certificates of Participation Issued	-	-	-	-	-	-	-	42,670,000	-	-
Discount on Certificates of Participation	-	-	-	-	-	-	-	(422,392)	-	-
Sale of Capital Assets	-	-	-	-	90,367	641,837	-	99,324	80,000	-
Total Other Financing Sources(Uses)	<u>(2,134,568)</u>	<u>61,056,809</u>	<u>(1,743,881)</u>	<u>(2,598,054)</u>	<u>20,440,781</u>	<u>(1,391,068)</u>	<u>(1,050,877)</u>	<u>41,694,776</u>	<u>(1,550,424)</u>	<u>(3,150,243)</u>
Net Change In Fund Balances	<u>\$ 2,924,255</u>	<u>\$ 58,550,635</u>	<u>\$ (9,155,994)</u>	<u>\$ (18,819,344)</u>	<u>\$ (6,097,821)</u>	<u>\$ (5,905,336)</u>	<u>\$ (6,383,115)</u>	<u>\$ 50,143,789</u>	<u>\$ (9,353,880)</u>	<u>\$ (35,379,418)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.6%	5.3%	9.8%	9.3%	9.7%	10.8%	10.9%	11.9%	18.7%	11.3%

Source: Current and prior year's financial statements.

TABLE 5

City of Grand Junction, Colorado
SALES TAX REVENUE BY TYPE OF INDUSTRY¹
 Last Ten Fiscal Years

Fiscal Year	Auto & Campers	Building Materials	Clothing/ Department Stores	Drug Stores	Furniture & Appliances	Grocery Stores	Liquor Stores	Motels & Hotels	Other	Restaurants	Service Stations	Total Sales Tax	Total Direct Tax Rate
2003	3,477,295	3,640,993	7,213,733	169,377	743,664	744,133	558,225	793,845	9,644,774	3,053,336	237,627	30,277,002	2.75%
2004	4,281,235	3,813,959	7,109,518	139,758	398,699	606,240	580,068	811,876	11,230,952	3,274,269	247,399	32,493,973	2.75%
2005	4,588,778	4,075,360	7,531,171	147,299	481,625	599,540	627,954	940,652	12,097,267	3,526,455	294,708	34,910,809	2.75%
2006	5,671,555	4,847,206	8,340,443	193,003	533,528	636,540	699,893	1,083,818	14,843,131	3,817,821	340,162	41,007,100	2.75%
2007	6,330,907	5,850,932	8,976,739	259,764	566,242	694,839	790,822	1,335,710	16,074,066	4,242,729	366,202	45,488,952	2.75%
2008	6,413,694	5,867,638	8,876,297	258,197	497,265	737,283	885,924	1,502,984	17,004,461	4,548,239	434,299	47,026,281	2.75%
2009	4,864,852	4,073,914	7,879,172	211,381	358,332	728,805	919,756	1,169,215	13,363,210	4,287,052	377,156	38,232,845	2.75%
2010	5,231,731	3,631,602	7,861,591	177,262	326,914	733,309	919,192	1,123,008	14,303,709	4,173,373	328,080	38,809,771	2.75%
2011	5,208,289	3,814,687	8,158,366	185,270	421,465	834,335	952,648	1,171,954	14,422,094	4,334,807	386,957	39,890,872	2.75%
2012	5,381,939	3,645,309	8,129,361	167,731	566,656	890,774	996,043	1,217,866	14,352,409	4,572,975	380,283	40,301,346	2.75%

¹ Excludes use tax and the city's share of county sales tax. Refer to Table 8 for total sales and use tax collections.

Source: City Financial Operations Department: Sales Tax Reports

2012 Sales Tax Revenue by Type of Industry

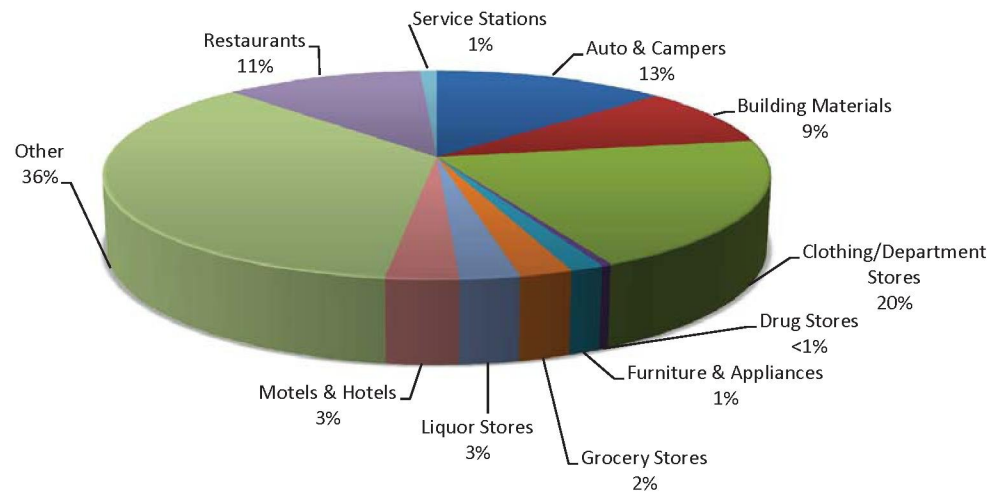


TABLE 6

City of Grand Junction, Colorado
DIRECT AND OVERLAPPING SALES TAX RATES
 Last Ten Fiscal Years

Fiscal Year	City Direct Rate		Overlapping Rates		Total Overlapping Sales Tax Rate
	City of Grand Junction	Total Direct Sales Tax Rate	Mesa County	State of Colorado	
2003	2.75%	2.75%	2.00%	2.90%	7.65%
2004	2.75%	2.75%	2.00%	2.90%	7.65%
2005	2.75%	2.75%	2.00%	2.90%	7.65%
2006	2.75%	2.75%	2.00%	2.90%	7.65%
2007	2.75%	2.75%	2.00%	2.90%	7.65%
2008	2.75%	2.75%	2.00%	2.90%	7.65%
2009	2.75%	2.75%	2.00%	2.90%	7.65%
2010	2.75%	2.75%	2.00%	2.90%	7.65%
2011	2.75%	2.75%	2.00%	2.90%	7.65%
2012	2.75%	2.75%	2.00%	2.90%	7.65%

Notes: The City's sales tax rate may be increased only by a majority vote of the City's residents.

Source: City Financial Operations Department: Sales Tax Reports

TABLE 7

City of Grand Junction, Colorado
PRINCIPAL SALES TAX PAYERS
 Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Aggregate Top Ten Filers ^{1,2}	\$ 8,081,004	\$ 8,587,499	\$ 9,200,730	\$ 10,330,320	\$ 10,843,864	\$ 11,216,552	\$ 9,889,256	\$ 9,964,913	\$ 9,809,972	\$ 9,742,148
Aggregate All Other Filers ²	22,195,998	23,906,474	25,710,079	30,676,780	34,645,088	35,809,729	28,343,589	28,844,858	30,080,900	30,559,198
Total Sales Tax	<u>\$ 30,277,002</u>	<u>\$ 32,493,973</u>	<u>\$ 34,910,809</u>	<u>\$ 41,007,100</u>	<u>\$ 45,488,952</u>	<u>\$ 47,026,281</u>	<u>\$ 38,232,845</u>	<u>\$ 38,809,771</u>	<u>\$ 39,890,872</u>	<u>\$ 40,301,346</u>
Top Ten Filers as a Percentage of Total Sales Tax	26.69%	26.43%	26.35%	25.19%	23.84%	23.85%	25.87%	25.68%	24.59%	24.17%

¹ Colorado State Statutes and the City of Grand Junction Ordinances prohibit disclosure of individual sales tax returns, therefore the current year top ten filers are listed in alphabetical order as follows: Best Buy, Cabela's, Home Depot, Lowes, Mesa County Colorado, Sams Club, Target Stores, Walmart-North Avenue, Walmart-Rimrock and Xcel Energy.

² Excludes use tax and the city's share of county sales tax. Refer to Table 8 for total sales and use tax collections.

Source: City Financial Operations Department: Sales Tax Reports

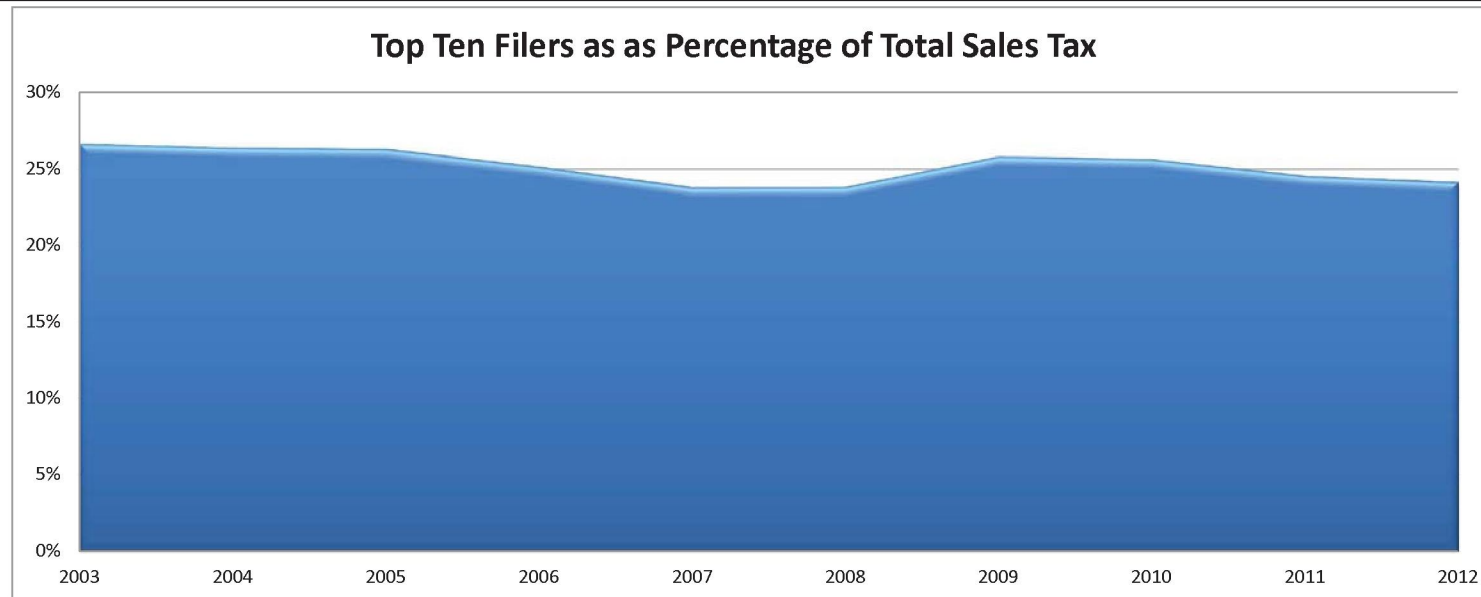


TABLE 8

City of Grand Junction, Colorado
SALES AND USE TAX COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year	City Sales Tax	City Use Tax	City Share of County Sales Tax	Lodging Tax	Total
2003	30,277,002	1,780,922	4,594,439	770,315	37,422,678
2004	32,493,973	1,183,845	4,830,477	790,161	39,298,456
2005	34,910,809	1,599,762	5,386,015	928,549	42,825,135
2006	41,007,100	2,165,095	6,120,684	1,081,096	50,373,975
2007	45,488,952	2,690,355	7,080,141	1,323,806	56,583,254
2008	47,026,281	3,696,770	7,216,665	1,507,981	59,447,697
2009	38,232,845	1,711,356	5,721,514	1,190,907	46,856,622
2010	38,809,771	2,110,934	5,354,386	1,148,921	47,424,012
2011	39,890,872	3,560,160	5,727,861	1,133,628	50,312,521
2012	40,301,346	3,230,026	5,959,563	1,212,038	50,702,973

Source: City Financial Operations Department: Sales Tax Reports

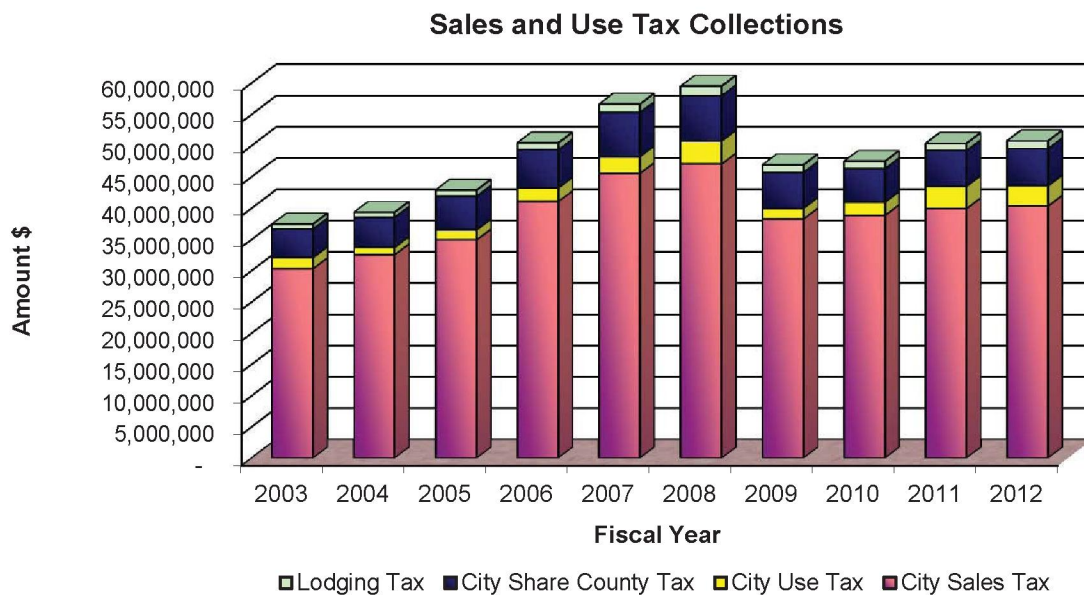


TABLE 9

City of Grand Junction, Colorado
RATIO OF OUTSTANDING DEBT BY TYPE
TO PERSONAL INCOME AND OUTSTANDING DEBT PER CAPITA¹
 Last Ten Fiscal Years

Fiscal Year	Popu- lation ^A	Personal Income In Thousands ^C	Governmental Activities				Business-Type Activities		Total Primary Government	Ratio of Outstanding Debt to Personal Income	Outstanding Debt Per Capita
			General Obligation Bonds ¹	Revenue Bonds	Promissory Notes	Capital Leases	Promissory Notes	Loan Payable			
2003	46,861	1,209,108	2,171,383	-	159,213	1,882,737	115,474	3,490,034	7,818,841	0.47%	121
2004	48,325	1,318,403	1,927,348	60,604,780	133,134	1,283,063	107,346	3,347,672	67,403,343	4.97%	1,355
2005	49,420	1,425,965	1,668,791	59,359,891	104,448	655,636	98,812	3,200,316	65,087,894	4.45%	1,283
2006	51,569	1,656,035	1,389,950	57,867,070	72,893	-	89,850	3,052,921	62,472,684	3.69%	1,184
2007	53,662	1,874,682	1,090,000	79,664,693	38,181	-	80,441	2,900,164	83,773,479	4.41%	1,541
2008	55,189	2,060,868	935,000	75,815,801	-	-	70,561	2,747,362	79,568,724	3.82%	1,425
2009	56,446	1,963,813	770,000	71,838,039	-	-	-	2,589,193	75,197,232	3.79%	1,319
2010	58,566	2,084,423	595,000	67,723,497	-	42,286,843	-	6,201,050	116,806,390	5.58%	1,984
2011	58,702	2,038,310	410,000	63,459,413	-	42,097,628	-	5,864,020	111,831,061	5.47%	1,898
2012	60,170 ^B	2,169,008 ^D	210,000	43,920,951	-	41,266,270	-	5,534,201	90,931,422	4.18%	1,508

¹ The general obligation bonds consist of the Ridges Metropolitan District debt and the Grand Junction West Water and Sanitation District debt which are excluded from our ratio of outstanding debt to personal income calculation and our debt per capita calculation because they are to be paid with special property tax levys on property within these Districts only.

Source: Current and prior year's financial statements

^A Colorado DOLA Demography Section - All other City Financial Operations Department

^B Estimate, Colorado Department of Local Affairs, State Demography Office

^C Bureau of Economic Analysis

^D Estimate, based on prior year data and Bureau of Economic Analysis

TABLE 10

City of Grand Junction, Colorado
**RATIO OF NET GENERAL BONDED DEBT
 TO PERSONAL INCOME AND NET BONDED DEBT PER CAPITA¹**
 Last Ten Fiscal Years

Fiscal Year	Popu- lation ^A	Personal Income in Thousands ^C	Revenue Bonded Debt	Debt Service Monies Avail- able	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Personal Income	Bonded Debt Per Capita
2003	46,861	1,209,108	-	-	-	-	0.00%	-
2004	48,325	1,318,403	60,604,780	52,948,731	-	7,656,049	0.58%	158
2005	49,420	1,425,965	59,359,891	36,917,477	-	22,442,414	1.57%	454
2006	51,569	1,656,035	57,867,070	6,240,215	-	51,626,855	3.12%	1,001
2007	53,662	1,874,682	79,664,693	3,568,205	-	76,096,488	4.06%	1,418
2008	55,189	2,060,868	75,815,801	9,374,254	-	66,441,547	3.22%	1,204
2009	56,446	1,963,813	71,838,039	12,186,977	-	59,651,062	3.04%	1,057
2010	58,566	2,084,423	67,723,497	15,100,529	-	52,622,968	2.52%	899
2011	58,702	2,038,310	63,459,413	19,079,054	-	44,380,359	2.18%	756
2012	60,170 ^B	2,169,008 ^D	43,920,951	4,117,083	-	39,803,868	1.84%	662

Notes: Details regarding the city's outstanding debt can be found in note 7 of the financial statements.

The general obligation bonds consist of Ridges Metropolitan District debt and the Grand Junction West Water and Sanitation District debt which are excluded because they are to be paid with special property tax levys on property within these Districts only.

Source:

^A Colorado DOLA Demography Section - All other City Financial Operations Department

^B Estimate, Colorado Department of Local Affairs, State Demography Office

^C Bureau of Economic Analysis

^D Estimate, based on prior year data and Bureau of Economic Analysis

TABLE 11

City of Grand Junction, Colorado
COMPUTATION OF LEGAL DEBT MARGIN
 December 31, 2012

Estimated actual value as determined by Assessor ^A		\$ 6,637,671,630
		<u>6,637,671,630</u>
Debt limit - 3% of actual value		\$ 199,130,149
 Total General Obligation Debt ^B	 \$ 210,000	
Less: Ridges Metropolitan District bonds supported by a special tax levy paid only within the District ^B		
	<u>(210,000)</u>	
 Total amount of debt applicable to debt limit		 <u>-</u>
Legal debt margin		\$ 199,130,149
		<u>199,130,149</u>
Source:		
^A Mesa County Assessor		
^B City Financial Operations Department		

TABLE 12

City of Grand Junction, Colorado
COMPUTATION OF DIRECT AND OVERLAPPING DEBT ¹
 December 31, 2012

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Grand Junction</u>	<u>Amount Applicable to City of Grand Junction</u>
Direct:			
City of Grand Junction ^A	\$ 80,355,000	100.00%	\$ 80,355,000
Overlapping:			
Mesa County Valley School District No. 51 ^B	102,060,000	50.04%	51,069,413
Mesa County ^C	18,045,000	50.04%	9,029,469
Total			<u>\$ 140,453,882</u>

Notes:

¹ Computation of overlapping debt includes only the three major governmental units and excludes several special districts that partially overlap the City. For the purposes of GASB Statement 44, certificates of participation are included in the overlapping debt calculation. However, certificates of participation do not constitute a general obligation or other indebtedness or multiple fiscal year financial obligations within the meaning of any constitutional or statutory debt limitation.

Source:

- ^A City Financial Operations Department
^B Mesa County Valley School District No. 51 Finance Department
^C Mesa County Financial Services Department

TABLE 13

City of Grand Junction, Colorado
REVENUE BOND COVERAGE
WATER BONDS
 Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2003	4,811,215	3,285,692	1,525,523	-	-	-	-
2004	4,507,115	3,369,394	1,137,721	-	-	-	-
2005	4,616,835	3,444,021	1,172,814	-	-	-	-
2006	5,003,881	3,506,330	1,497,551	-	-	-	-
2007	5,319,132	3,794,036	1,525,096	-	-	-	-
2008	5,950,066	4,129,193	1,820,873	-	-	-	-
2009	5,977,671	4,299,638	1,678,033	-	-	-	-
2010	5,771,565	4,283,596	1,487,969	-	-	-	-
2011	5,241,766	3,860,748	1,381,018	-	-	-	-
2012	5,578,993	4,196,685	1,382,308	-	-	-	-

Source: City Financial Operations Department

TABLE 14

City of Grand Junction, Colorado
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	City ^A Population	County ^A Population	Personal Income in Thousands ^C	Per Capita Income ^C	School ^B Enrollment	Unemployment Rate ^{D, E}	
						Grand Junction MSA	State of Colorado
2003	46,861	125,072	1,209,108	25,802	20,170	5.6%	6.1%
2004	48,325	127,808	1,318,403	27,282	20,207	5.5%	5.6%
2005	49,420	129,630	1,425,965	28,854	20,660	5.0%	5.1%
2006	51,569	135,468	1,656,035	32,113	20,877	4.0%	4.3%
2007	53,662	140,416	1,874,682	34,935	21,396	3.2%	3.8%
2008	55,189	144,440	2,060,868	37,342	22,272	3.9%	4.8%
2009	56,446	147,522	1,963,813	34,791	22,147	9.3%	8.1%
2010	58,566	146,723	2,084,423	35,591	22,203	10.8%	9.0%
2011	58,702	149,556	2,038,310	34,723	22,531	9.9%	8.6%
2012	60,170 ^F	147,753 ^F	2,169,008	36,048 ^G	21,827	9.2%	8.0%

Note:

School enrollment is for Mesa County Valley School District No. 51 which includes the majority of Mesa County.

Source:

- ^A US Census Bureau and Colorado DOLA Demography Office
- ^B Mesa County Valley School District No. 51 - District wide enrollment
- ^C Bureau of Economic Analysis
- ^D US Department of Labor, Bureau of Labor Statistics, Non Seasonally Adjusted
- ^E Prior year reports reflected unemployment rates for Mesa County; those have been replaced in the current year report with unemployment rates for the Grand Junction Metropolitan Statistical Area
- ^F Colorado Department of Local Affairs, State Demography Office
- ^G Estimate, based on prior year data and Bureau of Economic Analysis

Population, Income and School Enrollment Trend

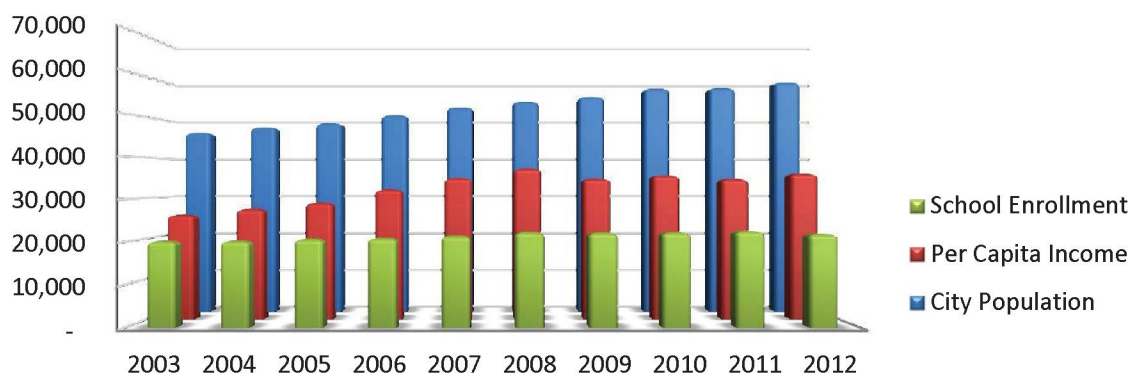


TABLE 15

City of Grand Junction, Colorado
TOP 10 PRINCIPAL EMPLOYERS
 December 31, 2012
 Last Ten Fiscal Years

Employer	Type of Business	Number of Employees 2003 ^A	Percentage of Total 2003	Number of Employees 2004 ^A	Percentage of Total 2004	Number of Employees 2005 ^A	Percentage of Total 2005	Number of Employees 2006 ^A	Percentage of Total 2006	Number of Employees 2007 ^A	Percentage of Total 2007	Number of Employees 2008 ^A	Percentage of Total 2008	Number of Employees 2009 ^A	Percentage of Total 2009	Number of Employees 2010 ^B	Percentage of Total 2010	Number of Employees 2011 ^B	Percentage of Total 2011	Number of Employees 2012 ^B	Percentage of Total 2012
School District #51	Schools	2,646	4.20%	2,786	4.32%	2,429	3.62%	2,600	3.61%	3,133	4.10%	3,200	4.06%	3,000	4.08%	3,000	4.29%	2,554	3.53%	2,348	3.17%
St. Mary's Hospital	Medical	2,073	3.29%	1,985	3.08%	2,014	3.00%	2,000	2.78%	2,235	2.93%	2,235	2.83%	2,191	2.98%	2,068	2.96%	1,494	2.07%	1,548	2.09%
Mesa County	Government	869	1.38%	872	1.35%	927	1.38%	925	1.29%	977	1.28%	982	1.24%	978	1.33%	980	1.40%	962	1.33%	987	1.33%
State of Colorado	Government	580	0.92%	922	1.43%	969	1.45%	982	1.37%	982	1.29%	1,197	1.52%	1,212	1.65%	995	1.42%	973	1.35%	902	1.22%
Star Tek USA	Services	550	0.87%					600	0.83%	625	0.82%			595	0.81%	600	0.86%			860	1.16%
VA Medical Center	Medical																	600	0.83%	648	0.87%
City of Grand Junction	Government	570	0.90%	1,015	1.57%	900	1.34%	808	1.12%	968	1.27%	1,202	1.52%	1,219	1.66%	672	0.96%	625	0.86%	636	0.86%
Hilltop Community Resources	Services																			593	0.80%
Colorado Mesa University	Schools	1,194	1.90%	1,440	2.23%	1,177	1.76%	1,250	1.74%	1,440	1.89%	1,259	1.60%	718	0.98%	699	1.00%			576	0.78%
Community Hospital	Medical	420	0.67%	415	0.64%	414	0.62%					574	0.73%	588	0.80%			583	0.81%	416	0.56%
City Markets, Inc.	Retail	600	0.95%	600	0.93%	400	0.60%	589	0.82%	590	0.77%	650	0.82%	677	0.92%	565	0.81%	1,656	2.29%		
Halliburton Energy	Services		0.00%			415	0.62%	700	0.97%	800	1.05%	977	1.24%		0.00%	700	1.00%	855	1.18%		
Walmart	Retail	1,000	1.59%	860	1.33%	865	1.29%	910	1.27%	865	1.13%	860	1.09%	980	1.33%	859	1.23%	775	1.07%		
Rocky Mountain Health Plans	Insurance			386	0.60%																
Other		52,485	83.33%	53,645	83.12%	56,523	84.32%	60,571	84.20%	63,729	83.48%	66,627	84.44%	62,286	84.78%	59,645	85.30%	64,541	89.23%	64,572	89.27%
Total of All Employees ^B		62,987		64,540		67,033		71,935		76,344		78,903		73,464		69,924		72,332		74,086	

Source:

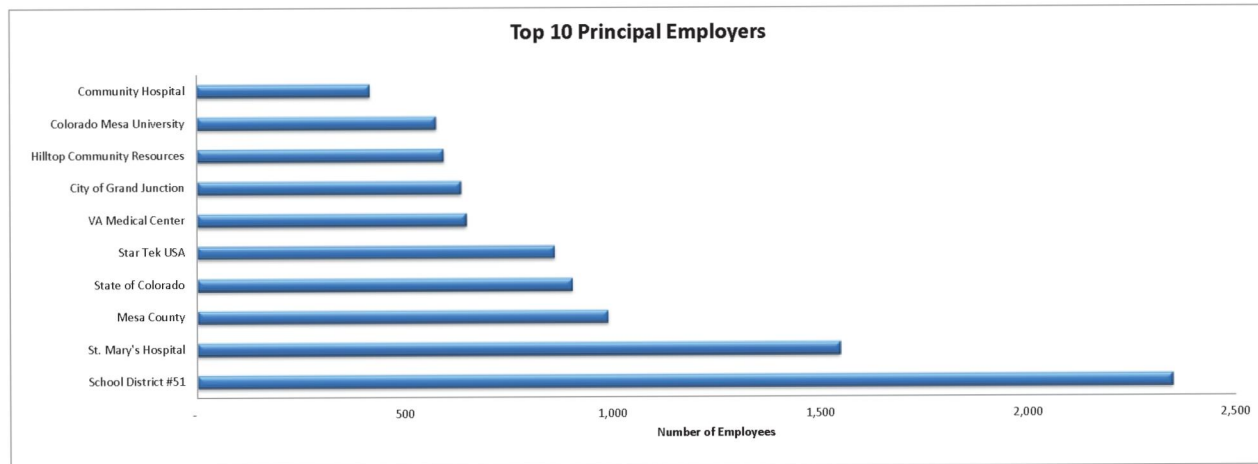
^A Grand Junction Chamber of Commerce (Includes Part-Time and Seasonal Employees)^B Grand Junction Economic Partnership (Includes Part-Time and Seasonal Employees)

TABLE 16

City of Grand Junction, Colorado
MISCELLANEOUS STATISTICS
 Last Ten Fiscal Years

Date of incorporation: July 19, 1882^A

Date charter adopted: September 14, 1909^A

Form of government: Council/Manager^A

City of Grand Junction Employees By Function (FTE's)^E

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	100	101	102	119	113	#REF!	122	115	114	115
Fire Protection	79	79	83	98	98	99	99	95	96	103
Parks and Recreation	71	72	70	70	74	87	73	67	68	67
Police Protection										
Sworn	85	81	83	91	100	102	107	90	102	103
Non-Sworn	63	62	60	70	65	78	80	82	72	80
Public Works	172	175	170	161	187	197	187	160	153	156
Total	570	570	568	609	637	679	668	609	605	624

Building permits:^B

Year	# Issued	Value
2003	2,068	163,176,153
2004	2,080	158,746,233
2005	2,250	234,133,308
2006	2,205	286,484,081
2007	2,183	323,358,687
2008	1,762	254,912,474
2009	984	89,935,667
2010	929	128,551,321
2011	881	96,498,756
2012	899	90,830,317

Elections:^A

Year	Number of Registered Voters	Number of Votes in last General Election	Percentage
2003	19,890	8,256	41.51%
2004	25,780	8,417	32.65%
2005	25,650	8,417	32.81%
2006	21,677	8,756	40.39%
2007	21,677	8,756	40.39%
2008	34,774	27,508	79.11%
2009	27,977	8,579	30.66%
2010	24,558	21,463	87.40%
2011	23,928	13,786	57.61%
2012	29,989	29,039	96.83%

Education:

Type	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Mesa County Valley School District No. 51 Enrollment: ^C										
Elementary	9,232	9,274	9,482	10,153	10,147	10,783	10,710	10,753	10,857	10,644
Middle	4,664	4,765	4,872	4,751	4,729	4,882	4,868	4,860	4,946	4,807
High	5,817	6,168	6,306	5,973	6,520	6,607	6,569	6,590	6,728	6,376
Colorado Mesa University Enrollment: ^D	5,725	5,725	6,235	5,938	6,127	6,205	6,665	7,746	8,826	9,010

Source:

- ^A City Clerk
^B City Planning Division/Mesa County Building Department
^C Mesa County Valley School District No. 51
^D Colorado Mesa University
^E City Personnel Department

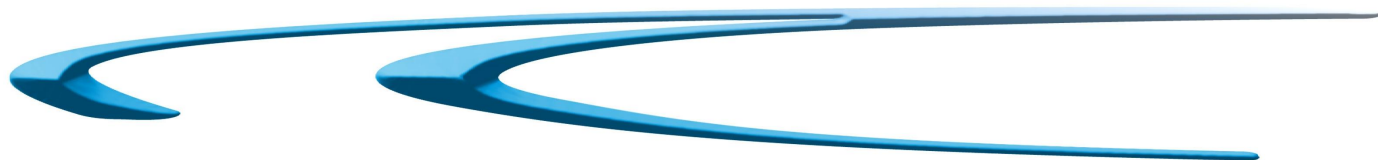
TABLE 17

City of Grand Junction, Colorado
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police ^B										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular Patrol Units	30	30	30	31	33	35	38	39	39	40
Canine Units	4	3	3	3	3	3	3	3	3	3
Motorcycles Units	4	4	4	6	6	6	8	8	8	8
Bicycles (Attached to Patrol Units)	18	18	18	23	23	26	20	17	22	22
Fire Stations ^C	4	5	5	5	5	5	5	5	5	5
Public Works ^A										
Area (Sq Miles)	33.12	34.25	34.65	35.47	36.90	37.46	37.84	38.05	39.10	39.18
Paved Streets (Centerline Miles)	284.00	304.10	318.50	333.50	342.60	353.70	357.10	360.60	361.80	362.54
Unpaved Streets (Centerline Miles)	3.40	3.70	3.70	3.80	3.50	4.20	4.20	4.20	5.40	5.44
Total Streets (Centerline Miles)	287.40	307.80	322.20	337.30	346.10	357.90	361.30	364.80	367.20	367.98
Parks and Recreation ^D										
Developed Parks (Acres)	357.72	365.22	365.22	365.22	365.22	365.22	365.22	365.22	365.22	365.22
Undeveloped Parks (Acres)	396.50	389.00	389.00	389.00	389.00	389.00	389.00	389.00	389.00	514.11
Total Parks (Acres)	754.22	754.22	754.22	754.22	754.22	754.22	754.22	754.22	754.22	879.33
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Waterslides	1	1	1	1	1	2	2	2	2	2
Tennis Courts	10	16	16	16	16	22	22	22	22	22
Shelters	18	18	18	18	18	18	18	18	18	19
Baseball Stadiums(Lighted)	1	1	1	1	1	1	1	1	1	1
Baseball Stadiums(Unlighted)	1	1	1	1	1	1	1	1	1	1
Football/Track Stadium (Lighted)	1	1	1	1	1	1	1	1	1	1
Softball Fields(Lighted)	6	6	6	6	6	6	6	6	6	6
Softball Fields(Unlighted)	2	2	2	2	2	2	2	2	2	2
Golf Courses	2	2	2	2	2	2	2	2	2	2
Golf Courses (Acres)	156	156	156	156	156	156	156	156	156	156
Outdoor Basketball Courts (Lighted)	1	1	1	1	1	1	1	1	1	1
Outdoor Basketball Courts (Unlighted)	7	7	7	7	7	10	10	10	10	10
Multi-purpose Fields (Lighted)			1	1	1	1	1	1	1	1
Multi-purpose Fields (Unlighted)			12	12	12	12	12	12	12	12
Auditorium	1	1	1	1	1	1	1	1	1	1
Senior Recreation Center	1	1	1	1	1	1	1	1	1	1
Riverfront Trail (Miles)	14.80	14.80	14.80	14.80	14.80	18.70	18.70	19.07	19.07	21.47
Skateparks	2	2	2	2	2	2	2	2	2	2
Activity Center				1	1	1	1	1	1	1
Utilities ^E										
Storm sewers (Miles)	88.00	136.00	166.83	135.24	216.07	138.57	161.37	185.03	186.63	192.17
Sanitary sewer (Miles)	498.00	589.00	316.14	502.57	537.64	589.70	597.81	595.27	594.68	598.35

Source:

^A City Administration GIS Department^B City Police Department^C City Fire Department^D City Parks and Recreation Department^E City Public Works Department



SINGLE AUDIT



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**INDEPENDENT AUDITOR'S REPORT**

June 20, 2013

To the City Council
City of Grand Junction, Colorado

We have audited the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Junction, Colorado, as of and for the year ended December 31, 2012, and our report thereon dated June 20, 2013, which expressed unmodified opinions on those financial statements, appears on page 17. Our audit was conducted for the purpose of forming opinions on the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.



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City of Grand Junction, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Award Amount	2012 Amount of Award Expended
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 700,102	\$ 171,858
U.S.DEPARTMENT OF ENERGY			
Energy Efficiency and Conservation Block Grant-ARRA Passed Through the Colorado Governor's Energy Office	81.128	229,800	41,710
Energy Efficiency and Conservation Block Grant-ARRA	81.128	78,114	<u>36,475</u>
Total U.S. Department of Energy			78,185
U.S.DEPARTMENT OF JUSTICE			
Public Safety Partnership and Community Policing Grants	16.710	998,368	248,536
Public Safety Partnership and Community Policing Grants-ARRA	16.710	1,319,660	396,243
Passed Through the Colorado Department of Revenue Enforcing Underage Drinking Laws Program	16.727	40,000	27,166
Passed Through the Colorado Division of Criminal Justice Edward Byrne Memorial Justice Asst. Grant	16.738	50,629	40,196
Edward Byrne Memorial Formula Grant	16.579	56,384	<u>28,192</u>
Total U.S. Department of Justice			740,333
U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Early Retiree Reinsurance Program	93.546	136,323	68,831
Passed Through Mesa County, Colorado The Drug Free Community Support Program	93.276	37,270	<u>37,270</u>
Total U.S. Department of Health and Human Services			106,101
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Colorado Department of Transportation Highway Planning and Construction	20.205	828,000	670,950
U.S. DEPARTMENT OF HOMELAND SECURITY			
Assistance to Firefighters Grant	97.044	922,007	<u>288,723</u>
Total Federal Award Expenditures			<u>\$ 2,056,150</u>

The accompanying notes are an integral part of this schedule.

City of Grand Junction, Colorado

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2012

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Grand Junction, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – SUB-RECIPIENTS

Of the federal expenditures presented in the schedule the City of Grand Junction, Colorado provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>CFDA #</u>	<u>Amount Provided to Sub-recipient</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$ 151,935
Assistance to Firefighters Grant	97.044	\$ 74,631



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

June 20, 2013

To the City Council
City of Grand Junction, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Junction, Colorado, as of and for the year ended December 31, 2012, and the related notes to the financial statements which collectively comprise the City of Grand Junction's basic financial statements, and have issued our report thereon dated June 20, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

To the City Council
June 20, 2013

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

Chadwick, Steinbrenner, Davis & Co., P.C.



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

June 20, 2013

To the City Council
City of Grand Junction, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Grand Junction, Colorado's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City of Grand Junction's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Grand Junction, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

To the City Council
June 20, 2013

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses deficiencies or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Chadwick, Steinhilber, Davis & G., P.C.

City of Grand Junction, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified

not considered to be material weaknesses?

_____ yes ✓ none reported

Noncompliance material to financial statements
noted?

_____ yes ✓ no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes ✓ no

Significant deficiency(ies) identified

not considered to be material weaknesses?

_____ yes ✓ none reported

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

Unqualified Opinion

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)?

_____ yes ✓ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.205

Highway Planning and Construction

16.710

Public Safety Partnership and Community Policing Grants - ARRA

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

✓ yes _____ no

City of Grand Junction, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no financial statement findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are findings or no questioned costs required to be reported under OMB Circular A-133.

City of Grand Junction, Colorado

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

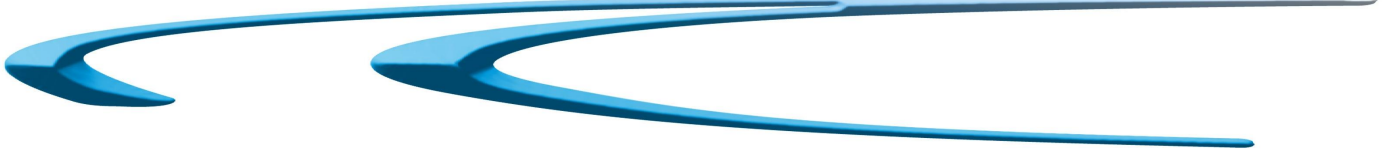
Year ended December 31, 2012

Prior year findings:

There were no prior year findings.



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OTHER SUPPLEMENTAL INFORMATION



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON OTHER SUPPLEMENTAL INFORMATION

June 20, 2013

To the City Council
City of Grand Junction, Colorado

We have audited the basic financial statements of the City of Grand Junction, Colorado as of and for the year ended December 31, 2012, and our report thereon dated June 20, 2013, which expressed unmodified opinions on those financial statements, appears on page 17. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Junction, Colorado's basic financial statements as a whole. The accompanying Local Highway Finance Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.



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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Grand Junction	
		YEAR ENDING : December 2012	
This Information From The Records Of (example - City of _ or County of		Prepared By: Aeron White	Phone: *(970) 256-4012

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,504,954
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,869,709
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	670,757
2. General fund appropriations	7,480,975	b. Snow and ice removal	100,540
3. Other local imposts (from page 2)	1,318,917	c. Other	
4. Miscellaneous local receipts (from page 2)	913,135	d. Total (a. through c.)	771,297
5. Transfers from toll facilities		4. General administration & miscellaneous	222,728
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	7,368,688
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	1,324,915
7. Total (1 through 6)	9,713,027	b. Redemption	4,105,000
B. Private Contributions		c. Total (a. + b.)	5,429,915
C. Receipts from State government (from page 2)	2,414,626	2. Notes:	
D. Receipts from Federal Government (from page 2)	670,950	a. Interest	
E. Total receipts (A.7 + B + C + D)	12,798,603	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	5,429,915
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	12,798,603

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	61,495,000	30,645,000	53,445,000	38,695,000
1. Bonds (Refunding Portion)		30,645,000	49,340,000	
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		12,798,603	12,798,603		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2012	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	15,471	a. Interest on investments	7,036
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	49,359
5. Specific Ownership &/or Other	1,303,446	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,303,446	h. Other	856,740
c. Total (a. + b.)	1,318,917	i. Total (a. through h.)	913,135
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,186,732	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	227,894	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	670,950
f. Total (a. through e.)	227,894	g. Total (a. through f.)	670,950
4. Total (1. + 2. + 3.f)	2,414,626	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	514,414		514,414
b. Engineering Costs	143,396	155,279	298,675
c. Construction:			
(1). New Facilities		57,890	57,890
(2). Capacity Improvements	16,112	0	16,112
(3). System Preservation		1,830,576	1,830,576
(4). System Enhancement & Operation		787,287	787,287
(5). Total Construction (1) + (2) + (3) + (4)	16,112	2,675,753	2,691,865
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	673,922	2,831,032	3,504,954
			(Carry forward to page 1)

Notes and Comments:

Downtown





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