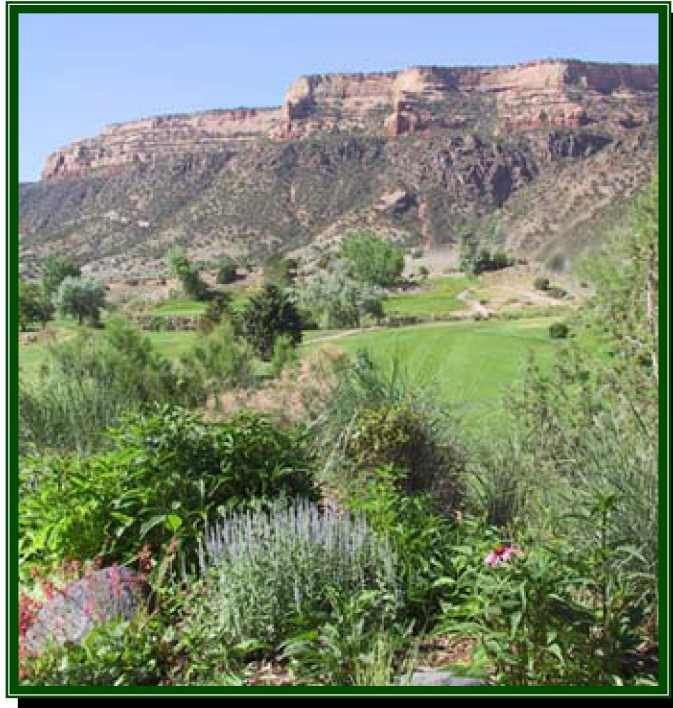


Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2006

City of Grand Junction, Colorado
Serving the Community Together



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

Prepared by:

*Department of Administration
Financial Operations*

*Jodi Romero
Manager*



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CITY OF GRAND JUNCTION, COLORADO



Introductory Section



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Financial Operations Division

250 North 5th Street < Grand Junction, Colorado 81501-2668 < (970) 244-1520 < fax (970) 244-1599

June 15, 2007

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, 2006, 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, 2006, 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, 2006, 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, 2006, 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.

The comprehensive annual financial report is presented in four sections:

1. **The Introductory Section**, which is unaudited, includes this letter of transmittal and the City's organization chart.

2. *The Financial Section*, which includes the MD&A, the basic financial statements, and the independent auditor's report on the financial statements.
3. *The Statistical Section*, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.
4. *The Single Audit Section*, which includes all reports and schedules necessary in order for the City to comply with the Single Audit Act and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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 and ambulance transport), public works (highways, streets, sanitation, and water), culture-recreation (parks, cemeteries, swimming pools, golf courses, convention center, and general recreation), community development, visitor and convention, and general administrative services. The relative department sizes are depicted in the chart in terms of personnel.

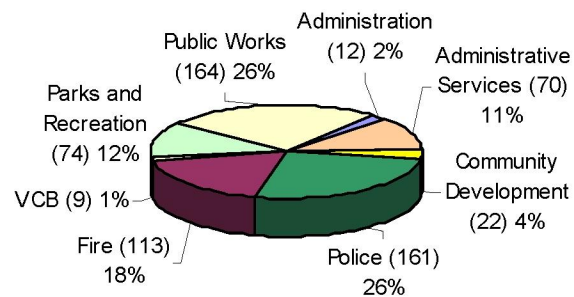
Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Ridges Metropolitan District, Grand Junction West Water and Sanitation District, and Grand Junction Public Finance 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 35.47 square miles and serves an estimated population of 51,000. The City of Grand Junction is empowered 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 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.

In addition to internal controls, the City maintains 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. 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 for control at the line item level. Department heads have the

2006 Fulltime Personnel Complement By Department



Total for 2006 = 625

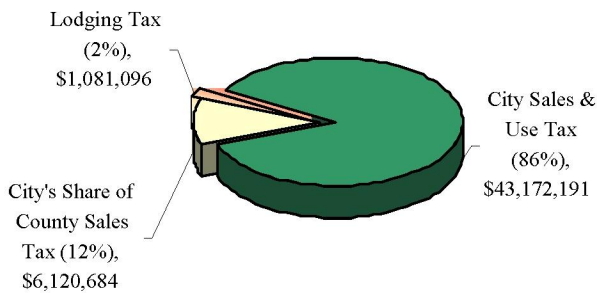
authority to reallocate the distribution of budget amounts within the major category of operating expenditures within their department. Budget reallocations between major expenditure categories or within the major categories of personnel and capital require City Manager approval. The City also maintains 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 40 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 73.

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. Commercial services, merchandising operations and health care services are in place to serve far more people than live in the valley. Major retail outlets have further augmented the regional service aspect of the City. A resurgence of economic activities in oil and gas exploration, along with a diversity of industrial, recreational, and service activities provides a strong economic base for future growth. This base, generated by community economic development and private enterprise marketing, has brought steady, consistent growth to the area.

2006 Sales & Use Tax Collections Total = \$50,373,971



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 extensive promotion of the Grand Valley.

As in the past, city management and leadership continue to finance current operations with current operating revenues. Debt has been kept to a minimum. The three-quarter percent increase in city sales taxes, effective January 1, 1988, provides funds for capital expenditures and economic development. The sales and use tax revenues, allocated to the General Fund, account for 65% of its revenues (excluding capital transfers). These tax revenues increased by 15% from 2005 to 2006. 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 1997.

Historical Sales & Use Tax Collections 1997 - 2006



The area has historically experienced economic cycles of about ten to fifteen years, moving from strong economic growth and prosperity to significant decline and deterioration of the business base. The valley has now experienced population growth

averaging over 2% a year for ten years. This growth has positively impacted the area economy as evidenced by the growing gross metropolitan product (GMP), which was the 9th fastest growing in the nation during the last decade. The area GMP more than doubled from \$2.3 billion in 1994 to \$4.8 billion in 2004. The average annual growth rate was 7.7%, more than three times the rate of population growth.

During the fiscal year ended December 31, 2006, the retail facet of the City's economy continued to grow with the addition of national entertainment, retail, and restaurant businesses. The City is meeting the challenges of this current growth and is seeking methods and means for future growth.

The City also continues 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 business, individuals and tourists alike. Spectacular scenery and recreational opportunities, excellent climate and air quality, a superb public school system, low crime rates, and high quality medical services make Grand Junction area an easy choice for relocation.

During the year, the City had many accomplishments. Among them were:

- Phase I of the \$110 million Riverside Parkway project neared completion. Phases II and III were awarded and construction continued with completion of the entire project expected in Summer, 2008.
- The construction of a downtown parking structure began and is scheduled to be complete in 2007.
- The plans were finalized for the 7th Street beautification project. This \$3.4 million dollar project will be started and completed in 2007.
- The plans for the "Big Pipe" project, which provides flood protection for almost 400 commercial and residential properties, were finalized this year with construction of Phase I set for 2007 and Phase II set for 2008. Total project cost is \$14 million.
- The City began providing EMS transport services for all of Mesa County during 2006.
- The Bookcliff Middle School gymnasium, a facility jointly developed with Mesa County Valley School District 51, opened its doors and began offering recreation programs at the site.

FUTURE OUTLOOK

The City remains committed to the maintenance and improvement of the quality of life in the valley. According to the results of the latest telephone survey of Grand Junction residents, elements of sound economic expansion including improvements to infrastructure, park and recreation enhancements, community development planning and policies remain key issues. The City's efforts in these areas strive to serve its citizenry in the long-term while maintaining a sound financial position.

Future plans include planned growth through the increase of city boundaries and continued economic development efforts. Ten-year plans and projections are utilized in budgeting and organizing city functions. These plans include the continuance of the funding policies, which have put the City on the sound financial footing it enjoys today.

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.

The purchase and development of the one hundred and three acre Canyon View Park was begun in 1996 and continued in 1999 with major softball and soccer facilities, as well as other amenities including a new weather station to help operate the irrigation system more efficiently. Outside funding was used to construct a baseball field at Canyon View Park in 1998. Additional land at the large site has recently been developed at a cost of \$3.0 million. An additional site was purchased in 1996 for future development of a regional park. This site covers over two hundred and seven acres and was fully paid for in 2006. While the site is currently under a farming lease contract, various trails are open to the public for non-motorized use.

With the redevelopment and beautification of the intersection at 7th and Main Streets, and a new parking structure scheduled for completion in 2007, the City's downtown is very vibrant and active. The Farmers Market, which draws thousands of people to the downtown area, has proved to be a very popular attraction during the summer growing season.

The City also has plans for future capital improvements in the downtown area funded in part by an additional \$6 million in Tax Increment Bonds that were sold in 2006.

The City Council will work extensively in 2007 implementing the recently developed Strategic Plan, a plan aimed at identifying the long term direction and nearer-term goals, objectives and action steps for the organization.

One of the major priorities in the Strategic Plan is maintaining the quality of life including the preservation and improvement of the infrastructure. The City's continuing infrastructure improvements are funded to a great extent by the increased sales tax rate in 1988. The three-quarter percent is allocated to the Sales Tax Capital Improvement Fund and used to fund budgeted capital improvements. This has clarified the revenue stream for the long-range capital planning efforts. As part of our long-range financial planning process, these funds are projected and allocated to specific projects, while maintaining flexibility for future City Councils.

In 2003, the voters of the City of Grand Junction gave approval for the City to issue \$80 million in general revenue bonds to construct the Riverside Parkway. This is the most significant transportation project in the history of the City. The project entails 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 27 ½ and D Road. The final connection will extend from Highway 50 on Orchard Mesa across the Colorado River and over I-70B and the Union Pacific Railroad tracks and connect to a new interchange at I-70. With the approval to issue general revenue debt, the City will be able to complete the entire project within 3 years, 17 years ahead of the original 20 year completion time. The City is also planning several other significant capital improvement projects including the building of a new public safety facility, development of the facility master plan, and various water and storm drainage system improvements.

The City continues to take the lead in promotion and funding for economic development for the area. Incentives and area promotion have brought numerous businesses to the valley. The City plans to continue the support and funding of this process to maintain and stabilize growth. The City works closely with the Grand Junction Economic Partnership, Mesa County, Mesa State College, and other local entities to further this economic development goal. The 3% lodging tax for the Visitors and Convention Bureau (VCB) is making an impact on increasing visitors to the Valley. The VCB has and will continue to take advantage of special events. One such event is the annual Junior College Baseball World Series which begins the summer in conjunction with the Memorial Day weekend. The tournament, held since 1957 in Grand Junction, has a permanent home in the City. Stadium seating has been increased to accommodate the growing crowds and now seats approximately 7,300 baseball fans. Another special event began in 1992. "Country Jam USA", a country music festival of four days in mid-summer, draws spectators and performers from all over the country to the Grand Valley.

The City has remained on the cutting edge of communication and technology. The E-911 Communications Center continues to upgrade its technology and capabilities to ensure public safety. Various meetings, including City Council meetings, are televised. The City has also been recognized for its state-of-the-art interactive web site.

In 1992, the City issued its first biennial budget report, covering budgets for 1992 and 1993. The award-winning document continues to be a communication tool for the community, and a working document for goal measurement and reporting. There is a continuing effort to make the budget and financial reports more understandable for all users, especially the general public. A pamphlet sized "Budget in Brief" was published for the first time in 1993 and distributed as an easy reference book and communication tool. This publication is increasingly popular and is now published in biennial form in conjunction with the budget report every two years.

The City continues to improve alliances and increase communication with other governmental agencies and community groups. Joint planning with Mesa County is maintained for the urbanizing area from 19 Road to 35 Road to develop a vision of the development for the next fifteen to twenty years. The City assists Mesa County in the support of the new Grand Valley Transit system, a limited fixed route "circulator" which began servicing the core areas of the valley and the outlying municipalities in 2000. Through the cooperative efforts of the Grand Junction City Council, Mesa County, Mesa State College, School District 51, and the Grand Junction Chamber of Commerce, a committee of 10 to 12 citizens from throughout the community was appointed to build a "vision" 2020 for the Grand Valley. Once this project was successfully completed the City undertook and completed its own Strategic Plan for the next 5 to 10 years, which is updated every two years. The City has also built alliances with the creation of the Western Colorado Drug Task Force, a collaborative effort between the Grand Junction Police Department, the Mesa County Sheriff's Office and the Federal Drug Enforcement Agency. The Task Force's function is intelligence, search warrants, interdiction, prescription fraud, traffic interdiction, and continued emphasis on seizures of methamphetamine drug labs and trafficking.

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 2006 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.

CASH MANAGEMENT

Cash temporarily idle during the year is invested in accordance with the City's investment policy. The City is also responsible for managing and investing the City of Grand Junction/Mesa County Joint Sewer System cash. The City Council has formally established an investment policy which includes steps to properly manage the risk, safety, and life of investments, and specifically allows investment of longer than five years and in mutual funds (composed of U.S. Government and agency obligations) and collateralized mortgage obligations.

The investment policy provides general guidelines for cash management of all funds. It identifies the scope, objectives, priorities, investment officers, permitted investments, safekeeping, and reporting requirements. A working, adjustable investment strategy has also been established.

Investment income increased in 2006 due to higher yields. The net average yield on investments was 4.5%, up from 3.8% in 2005.

RISK MANAGEMENT

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 with a per claim retention of \$300,000. The per claim retention is now at \$550,000. As a 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. Self-retention limits on property and liability have been increased to \$150,000 to reduce premium expenditures.

PENSION BENEFITS PROVIDED

During 2006, as in previous years, the City of Grand Junction participated in six different qualified pension plans. Two old hire Police and Fire Pension Plans are Defined Benefit Plans administered by the Colorado FPPA, with only two active firemen working at this time. The other four plans are single employer defined contribution plans and cover all of our full time/part time permanent employees totaling approximately 650. Both City and employee contributions are invested at the direction of employees and no unfunded liability can ever exist for these plans. The two old hire plans are actuarially studied at least every two years and the unfunded liability they both have are being amortized over a period of no longer than 20 years.

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, 2005. This was the twenty-second 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.

The GFOA presented an award for Distinguished Budget Presentation to the City of Grand Junction for its biennial budget for the fiscal years beginning January 1, 2006 and January 1, 2007. This was the ninth time that the City has received this coveted award, covering eighteen budget years.

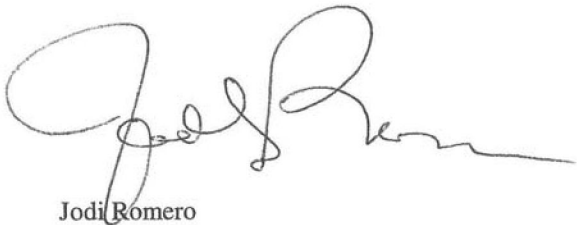
In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium.

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 Division. 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.e., are also commended for their comprehensive and efficient examination of the various funds of the City for the fiscal year ended December 31, 2006.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jodi Romero', with a long horizontal flourish extending to the right.

Jodi Romero

Financial Operations Manager



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, 2005

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.



President

Executive Director

CITIZENS OF GRAND JUNCTION

CITY COUNCIL

City Attorney

City Manager

Deputy City Manager

Administration
City Administration
Council Support
Public Communication
Budgeting/Financial Planning
Information Systems

Fire
Fire Suppression
Emergency Medical
Hazardous Materials
Fire Prevention
Arson Investigation
Inspections

Parks & Recreation
Parks Maintenance
Forestry
Cemeteries
Stadiums
Golf Courses
Pools
Recreation Programs
Senior Center
Convention Center
Avalon Theater

Police
Administration
Patrol
School Resource
C.A.P.
Investigations
Records
Communications Center
Crime Laboratory
Volunteers / VAP

Visitor & Convention Bureau
Convention Sales/Service
Advertising & Marketing
Visitor Center

City Clerk
City Council Agenda's
City Elections
Public Records
Liquor Licenses

Human Resources
Recruitment & Selection
Benefits
Risk Management
Awards & Recognition

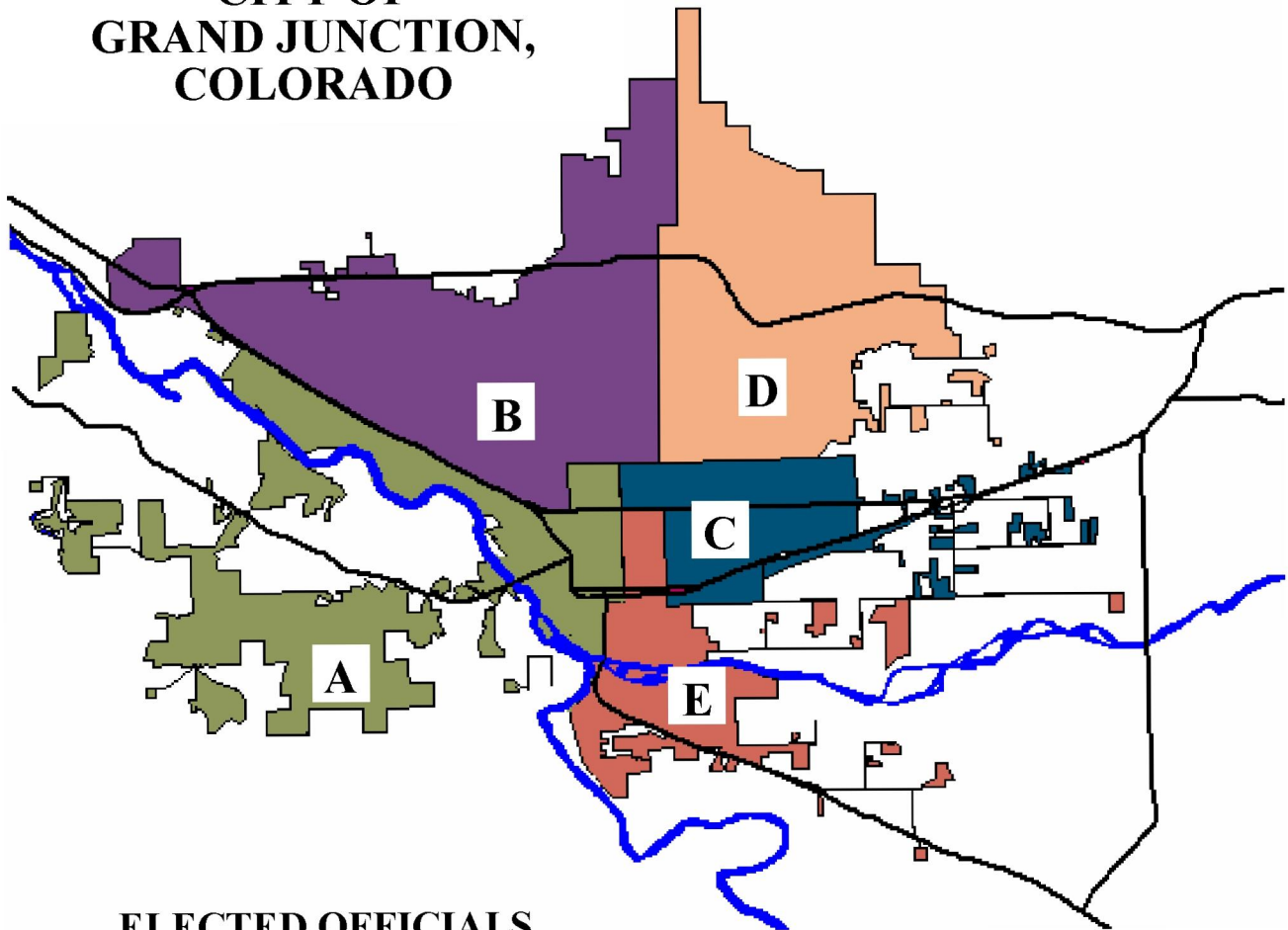
Financial Operations
Sales Tax, Audit, Licenses
Finance & Accounting
Customer Services
Municipal Court
Parking
Purchasing, Fleet

Utilities & Streets
Water / Wastewater
Solid Waste
Streets / Storm Water
Laboratory
Environmental Compliance
Facilities

Public Works & Planning
Riverside Parkway
Planning/Development Services
Engineering / Construction
Transportation
Capital Improvement Projects
Real Estate
Surveying

Neighborhood Services
Code Enforcement
Neighborhood Programs
CDBG
Affordable Housing
Energy Conservation
Historic Preservation

CITY OF GRAND JUNCTION, COLORADO



ELECTED OFFICIALS

City Council	Expires
Jim Doody, Mayor – District A.....	May 2009
Bonnie Beckstein – Mayor Pro Tem – District D	May 2009
Bruce Hill – At Large.....	May 2011
Gregg Palmer - District B.....	May 2011
Linda Romer Todd - District C.....	May 2011
Teresa Coons – District E.....	May 2009
Doug Thomason - At Large.....	May 2009

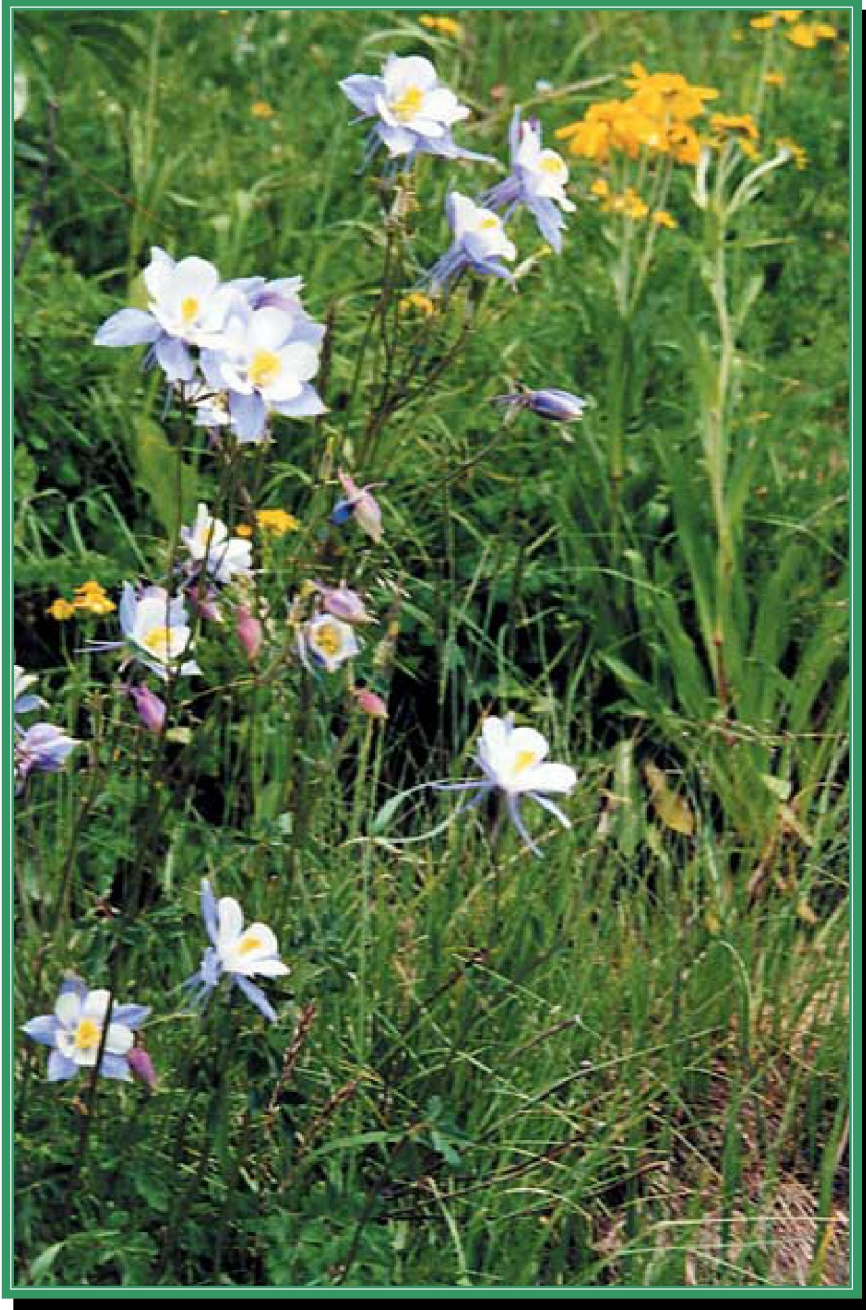
ELECTION DISTRICT BOUNDARIES

APPOINTED OFFICIALS

Laurie Kadrich	Deputy City Manager
John P. Shaver	City Attorney
Jamie Krieling	Assistant City Attorney
Care' McInnis Raam	Municipal Judge

DEPARTMENT DIRECTORS

Laurie Kadrich	Administration
Ken Watkins	Fire Chief
Joe Stevens	Parks & Recreation
Bill Gardner	Police Chief
Greg Trainor	Public Works ~ Utilities
Tim Moore	Public Works ~ Planning
Debbie Kovalik	Visitor and Convention



CITY OF GRAND JUNCTION, COLORADO



Financial Section



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 15, 2007

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective: budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the City Council
City of Grand Junction, Colorado
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Junction, Colorado basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, fiduciary funds combining statements, Downtown Development Authority financial statements and schedules, and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules, fiduciary funds combining statements, and Downtown Development Authority financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued reports dated June 15, 2007 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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, 2006. Please read it in conjunction with the transmittal letter on page 3 and the City's financial statements, which begin on page 33.

FINANCIAL HIGHLIGHTS

- The City of Grand Junction remains in strong financial condition.
- The assets of the City of Grand Junction exceeded its liabilities at the close of 2006 by \$435 million (net assets). Of this amount \$65.9 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- Sales and use tax revenues increased by 15% over 2005, primarily due to a relatively healthy economy and some new retail activity.
- At the end of 2006, the unreserved and undesignated fund balance for the General Fund was \$17.0 million, or 36.5% of the total General Fund expenditures. This is up \$852 thousand from 2005 which was 38.9% of General Fund expenditures.
- The Sales Tax Capital Improvement Fund ended the year with a fund balance of \$13.5 million to assist next year's capital plan and the Parkway Project Capital Fund spent \$33.9 million towards the completion of the Riverside Parkway.
- General Fund revenues grew by 19% in 2006 mostly due to combined tax collections. In total, General Fund revenues of \$57.3 million, were the highest ever collected.

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

The statement of activities presents information showing how the City of Grand Junction's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses 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, Pools, Golf Courses, Parking, Irrigation, and Ambulance Transport.

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 33 through 35 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 Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The City of Grand Junction maintains nineteen governmental funds of which (as determined by generally accepted accounting principles) the only major funds are the General Fund, Sales Tax Capital Improvement Fund, Parkway Project Capital Fund and Street Assessment Projects Fund. The balances of the other fifteen 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 page 36 through 40 of this report. All other required budgetary comparisons including the Sales Tax Capital Improvement Fund, Parkway Project Capital Fund and Street Assessment Projects Fund are with the combining statements which can be found on pages 80 through 96 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, Pools, Golf Courses, Parking, Irrigation and Ambulance Transport.

As determined by generally accepted accounting principles, the Water, Two Rivers Convention Center 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, central stores operations, 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 41 through 43.

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 44 through 45.

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 71 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 Local Highway Finance Report. This supplementary information can be found on page 157 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 76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Grand Junction, assets exceed liabilities by \$435.4 million at the close of fiscal year 2006.

By far the largest portion (81.4%) of the City of Grand Junction's total net assets 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 ASSETS (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 86,519	\$103,747	\$ 9,397	\$ 6,796	\$ 95,916	\$110,543
Capital assets	384,285	285,426	39,662	36,996	423,947	322,422
Total assets	<u>470,804</u>	<u>389,173</u>	<u>49,059</u>	<u>43,792</u>	<u>519,863</u>	<u>432,965</u>
Long-term debt outstanding	61,298	66,891	3,469	4,269	64,767	71,160
Other liabilities	15,993	10,956	4,346	539	20,339	11,495
Total liabilities	<u>77,291</u>	<u>77,847</u>	<u>7,815</u>	<u>4,808</u>	<u>85,106</u>	<u>82,655</u>
Net assets:						
Invested in capital assets, net of related debt	326,337	256,935	36,519	33,697	362,856	290,632
Restricted	5,379	3,944	611	-	5,990	3,944
Unrestricted	61,797	50,448	4,114	5,286	65,911	55,734
Total net assets	<u>\$ 393,513</u>	<u>\$ 311,327</u>	<u>\$41,244</u>	<u>\$38,983</u>	<u>\$434,757</u>	<u>\$350,310</u>

An additional portion of the City of Grand Junction's net assets 1.0% represents resources that are subject to external restrictions on how they may be used.

Changes in Net Assets

The City's total revenues of \$160.0 million exceeded program expenses of \$74.9 million for an increase in net assets of \$85.1 million.

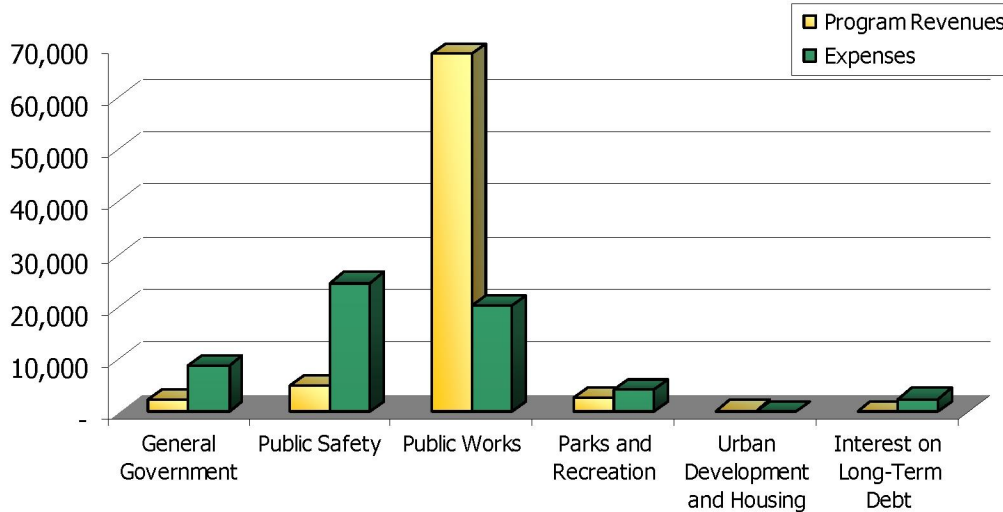
CHANGES IN NET ASSETS
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 10,520	\$ 9,233	\$ 13,884	\$ 11,954	\$ 24,404	\$ 21,187
Operating grants	565	718	-	-	565	718
Capital grants	66,735	34,105	654	238	67,389	34,343
General revenues:						
Property taxes	5,618	4,723	-	-	5,618	4,723
Sales and use taxes	50,374	42,825	-	-	50,374	42,825
Other taxes	7,467	6,054	-	-	7,467	6,054
Other general revenues	3,174	1,988	255	168	3,429	2,156
Total revenues	<u>\$144,453</u>	<u>99,646</u>	<u>14,793</u>	<u>12,360</u>	<u>159,246</u>	<u>112,006</u>
Expenses:						
General government	8,776	9,597	-	-	8,776	9,597
Public safety	24,639	22,905	-	-	24,639	22,905
Public works	19,401	15,387	-	-	19,401	15,387
Parks and recreation	4,743	5,175	-	-	4,743	5,175
Urban development and housing	110	415	-	-	110	415
Interest on long-term debt	2,504	2,572	-	-	2,504	2,572
Water	-	-	4,350	4,222	4,350	4,222
Convention Center	-	-	2,806	2,641	2,806	2,641
Solid Waste Removal	-	-	2,632	2,340	2,632	2,340
Swimming pools	-	-	1,016	920	1,016	920
Golf	-	-	1,966	1,899	1,966	1,899
Parking	-	-	693	321	693	321
Irrigation systems	-	-	299	274	299	321
Ambulance transport	-	-	865	-	865	274
Total expenses	<u>60,173</u>	<u>56,051</u>	<u>14,627</u>	<u>12,617</u>	<u>74,800</u>	<u>68,668</u>
Excess before transfers	84,280	43,595	166	-257	84,446	43,338
Transfers	-2,094	-913	2,094	913	-	-
Increase in net assets	<u>82,186</u>	<u>42,682</u>	<u>2,260</u>	<u>656</u>	<u>84,446</u>	<u>43,338</u>
Net assets 1/1/06	311,327	268,645	38,984	38,328	350,311	306,972
Net assets 12/31/06	\$393,513	\$311,327	\$41,244	\$38,984	\$434,757	\$350,311

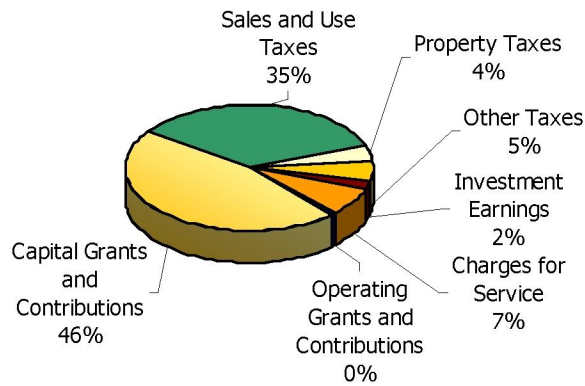
Governmental Activities

Governmental Activities increased the City of Grand Junction's net assets by \$82.9 million. Following are illustrative summaries of Governmental Activities breaking out revenues and expenses.

EXPENSE AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITES
(in Thousands)



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Sales and use tax revenue increased by 15.0% during the year. The majority of growth is attributed to a healthy economy and impacts of new retail outlets.

Property tax revenue increased by \$735 thousand, or 15.6%, during the year. This growth was attributed to increasing valuations of existing properties and additional construction. The mill levy has remained constant since 1992.

Business-type Activities

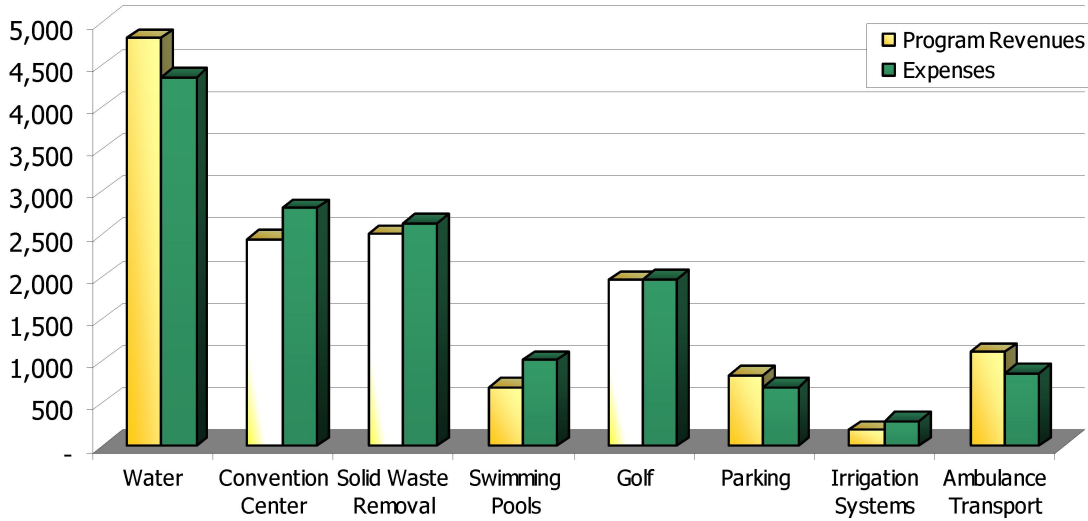
Net assets in Business-type activities increased by \$2.3 million. Business-type activities include Water, Convention Center, Solid Waste, Pools, Golf Courses, Parking, Irrigation, and Ambulance Transport.

The addition of ambulance transport services resulted in an additional \$1.1 million in revenue during 2006.

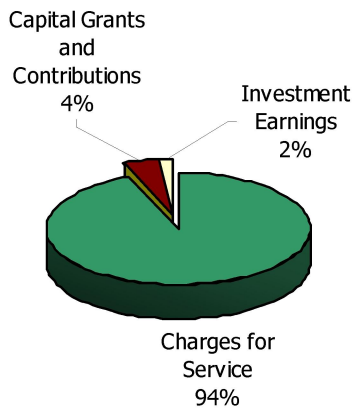
The Two Rivers Convention Center, Pools Funds, Lincoln Park Golf Course and the Ambulance Transport Funds all received transfers from the General Fund to subsidize operations.

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

EXPENSE AND PROGRAM REVENUES – BUSINESS TYPE ACTIVITES



REVENUES BY SOURCE – BUSINESS TYPE ACTIVITES



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.

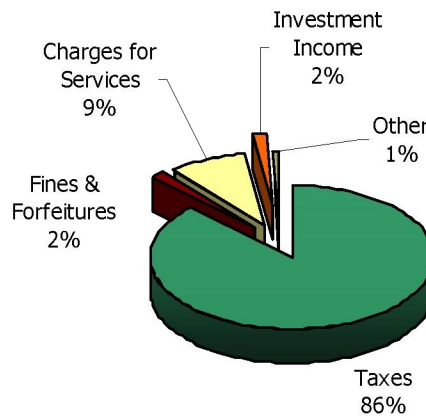
As of the December 31, 2006, the City's governmental funds (general, special revenue, debt service, capital projects, and permanent) reported combined fund balances of \$58.2 million. This represents a decrease of \$18.8 million over last year's ending balances, mainly attributed to \$33.9 million in capital expenditures in the Parkway Project capital fund.

Excluding this fund, the City's remaining governmental funds increased fund balance by \$11.6 million (28%) over last year's ending balances.

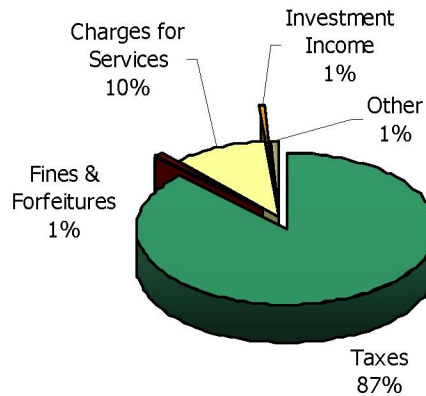
The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund. Revenues exceeded expenditures in the General Fund by \$10.5 million during the year. The General Fund's total fund balance increased \$7.3 million over last year. An analysis for this fund balance shows that it represents over 50% of projected revenues for the new fiscal year which ends December 31, 2007.

Taxes continue to be the largest source of revenue in the General Fund and represent 87% of total general fund revenues. The largest element of taxes is sales taxes, as it has been for many years. It represents 74% of total tax revenues and represents 65% of total general fund revenues. The following charts display General Fund revenues as a percent of total revenues for the past two years.

GENERAL FUND REVENUE (GAAP BASIS) 2006

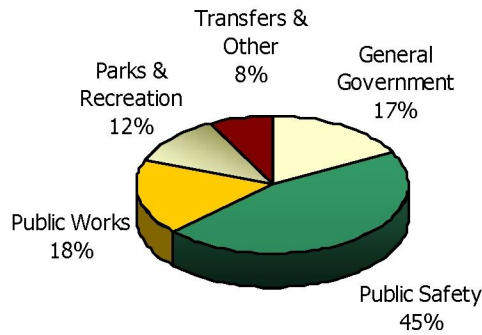


GENERAL FUND REVENUE (GAAP BASIS) 2005

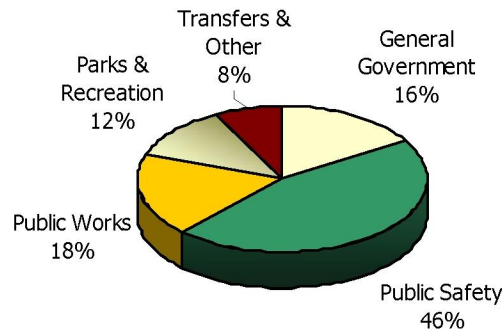


The following graphs display the expenditures in the General Fund by function for the past two fiscal years. As can be seen by reviewing these graphs, most of the expenditures are close to maintaining the same percentage of expenditures over the two years.

GENERAL FUND EXPENSE (GAAP BASIS) 2006



GENERAL FUND EXPENSE (GAAP BASIS) 2005



As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provides the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the funds statements provide much more detail.

Unrestricted net assets at the end of the year for business-type activities amounted to \$4.8 million. Total growth in net assets for these funds was \$2.26 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund budget was amended from an original budget appropriation total of \$50.6 million to a final budget of \$54.6 million. All recommended amendments for budget changes came through the Budget and Accounting Division and City Manager to City Council via Ordinance as required. Ordinance enactment requires 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. For the General Fund, the original budget for revenues was \$48.9 million while the final budgeted amount was \$55.2 million, reflecting an increase in the projection for tax revenue, interest earnings, and intergovernmental revenues, as well as charges for services and fines and forfeitures.

Actual General Fund expenditures (including transfers) totaled \$50.0 million. The year-end fund balance of \$26.0 million was \$6.2 million above the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, 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 table below provides a summary of total capital assets at December 31, 2006.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$197,158	\$156,192	\$ 4,523	\$ 4,523	\$201,681	\$160,715
Buildings and systems	18,901	16,191	29,992	30,038	48,893	46,229
Improvements other than buildings	16,830	17,089	2,527	1,883	19,357	18,972
Vehicles, machinery & equipment	10,644	10,364	980	528	11,624	10,892
Infrastructure	96,272	73,178	-	-	96,272	73,178
Construction in progress	44,480	12,411	1,640	25	46,120	12,436
Total	<u>\$384,285</u>	<u>\$285,425</u>	<u>\$39,662</u>	<u>\$36,997</u>	<u>\$423,947</u>	<u>\$322,422</u>

Major capital additions during 2006 include:

	<u>2006</u>
Riverside Parkway	\$33,893,651
Street and Sidewalk Improvements	4,037,923
Downtown Parking Garage	1,561,146
Equipment Replacement Program	1,260,590
Cosby Avenue; 25 ½ Rd. to Main Street	1,332,802
Horizon Dr at I-70 Interchange	1,121,718
Bookcliff Middle School Gym	1,239,290
Pear Park Property development	583,911
Radio Infrastructure (E-911)	521,158

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 56 through 58.

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 and a pay-as-you-go approach, 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 and to shorten construction time however, the City did issue \$60.7 million in General Fund Revenue bonds in 2004 to begin construction on the Riverside Parkway project. Standard and Poor's gave the City the rating of AA- on this bond issue while the City's general obligation bond ratings are A+ from Standard and Poor's and A2 from Moody's.

As of December 31, 2006 the City of Grand Junction has \$62.5 million in outstanding debt. Of this amount \$59.3 million represents General Government debt. The largest portion, \$57.9 million is the liability from the Riverside Parkway revenue bonds issued in 2004. Special taxing districts have a combined total of \$1.4 million in debt. The remaining \$3.2 million of outstanding debt is bonds, notes and loans to be repaid by fee revenue and appropriated funds. Total debt service payments of approximately \$2.5 million in 2007 represents 4.6% of total operating expenditures. Additional information on the City's long-term debt can be found in Note 6 on pages 59 through 62.

The table below provides a summary of total debt at December 31, 2006.

**OUTSTANDING DEBT, AT YEAR-END
(in Thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation (backed by by special tax revenue)	\$ 1,390	\$ 1,669	\$ -	\$ -	\$ 1,390	\$ 1,669
Revenue bonds and notes (backed by tax and fee revenue)	57,940	59,464	90	99	58,030	59,563
Capital leases (payable from appropriated funds)	-	656	-	-	-	656
Loans (backed by fee revenue)	-	-	3,053	3,200	3,053	3,200
Total	<u>\$59,330</u>	<u>\$61,789</u>	<u>\$3,143</u>	<u>\$3,299</u>	<u>\$62,473</u>	<u>\$65,088</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

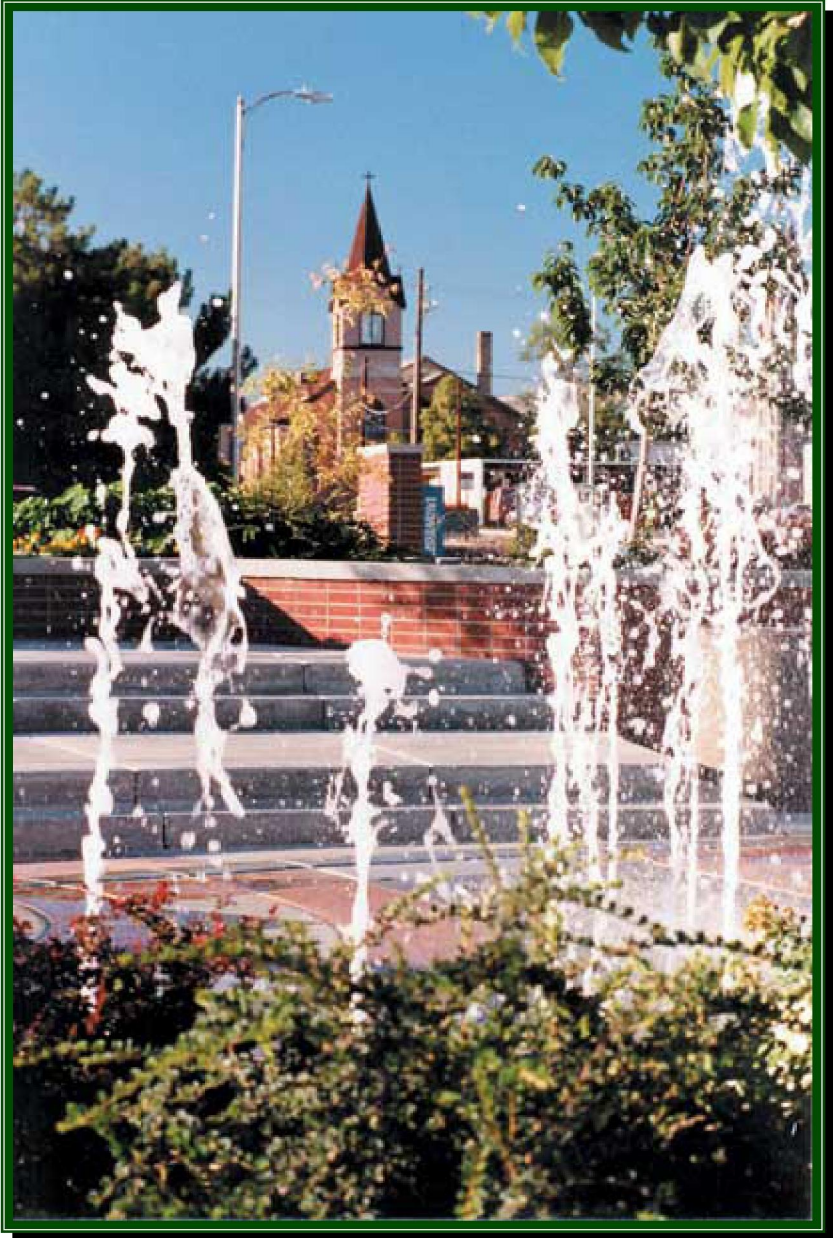
The City of Grand Junction is in a strong financial position. City-wide reserves are at levels required in the City's Budget Policy. The local economy continues to improve as evidenced by retail activity. Sales and Use Taxes are up 13.2% for the 1st Quarter of 2007, well above the projected rate of 5.2%. The energy, construction and health service industries continue to grow and the local community is proactive in creating the right business environment for successful companies to flourish and grow. Grand Junction continues to be the retail and medical center for most of Western Colorado and Eastern Utah. Those factors, coupled with tourism, the abundance of outdoor recreational opportunities, continued growth of Mesa State College, and our ability to attract new businesses and retirees, all contribute to the current and future economic vitality of this community.

General Fund balances are well above the minimum working capital recommended in the City's budget policy. The City's investment in infrastructure is at an all time high as work continues on the Riverside Parkway Project. In the Spring of 2004 voters approved a bond issue to fund approximately 80% of this \$100 million project. Some of the other major capital improvement projects for 2007 include spending almost \$39.5 million on road construction and maintenance projects, and \$1.2 million on storm drainage improvements.

Rates in the Utility Funds were set to cover operating and capital costs. In 2007, solid waste revenues will be bolstered by an 8% rate increase, while water base rates will remain the same with a higher per gallon rate being charged for higher consumption users. A 25.3% increase in general government total revenue is expected in 2007 primarily due to increased capital proceeds from sale of excess land in the Parkway Fund. Sales and use tax collections are expected to increase 5.2% over 2006 collections. The 2007 Budget includes funding for the subsidy of the Two Rivers Convention Center and Swimming Pools funds.

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 Division at City of Grand Junction, 250 N. 5th Street, Grand Junction, CO 81501.



CITY OF GRAND JUNCTION, COLORADO



Basic Financial Statements



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City of Grand Junction
STATEMENT OF NET ASSETS
December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 66,958,354	\$ 7,617,450	\$ 74,575,804	\$ 3,503,706
Other receivables, net of allowance for uncollectibles	15,765,348	1,701,173	17,466,521	1,318,169
Internal balances	3,034,128	(3,034,128)	-	-
Inventories	103,804	78,697	182,501	-
Bond issue costs	657,137	-	657,137	-
Capital assets (net of accumulated depreciation):				
Land	197,158,287	4,522,826	201,681,113	554,984
Buildings and systems	18,901,646	29,991,601	48,893,247	1,626,158
Improvements other than buildings	16,829,898	2,527,222	19,357,120	62,100
Equipment	10,643,660	979,953	11,623,613	51,483
Infrastructure	96,271,706	-	96,271,706	-
Construction in progress	44,479,741	1,640,066	46,119,807	1,759,388
Total assets	<u>470,803,709</u>	<u>46,024,860</u>	<u>516,828,569</u>	<u>8,875,988</u>
LIABILITIES				
Accounts payable and other current liabilities	6,326,087	1,062,495	7,388,582	19,055
Accrued interest payable	898,235	48,276	946,511	-
Unearned revenue	5,046,559	-	5,046,559	1,252,558
Noncurrent liabilities:				
Due within one year	4,056,327	200,878	4,257,205	2,181,311
Due in more than one year	60,963,241	3,469,374	64,432,615	10,235
Total liabilities	<u>77,290,449</u>	<u>4,781,023</u>	<u>82,071,472</u>	<u>3,463,159</u>
NET ASSETS				
Invested in capital assets, net of related debt	326,336,540	36,518,897	362,855,437	1,873,613
Restricted for :				
Perpetual care	1,156,396	-	1,156,396	-
Debt service	2,223,032	-	2,223,032	-
Water systems	-	610,844	610,844	-
Emergency reserves	2,000,000	-	2,000,000	32,000
Unrestricted	61,797,292	4,114,096	65,911,388	3,507,216
Total net assets	<u>\$ 393,513,260</u>	<u>\$ 41,243,837</u>	<u>\$ 434,757,097</u>	<u>\$ 5,412,829</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, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,775,975	\$ 2,350,160	6,786	25,000
Public safety	24,638,801	4,503,743	310,692	-
Public works	19,400,979	2,595,528	-	65,177,346
Parks and recreation	4,743,303	1,070,852	102,062	1,532,960
Urban development and housing	110,694	-	145,504	-
Interest on long-term debt	2,503,750	-	-	-
Total governmental activities	<u>60,173,502</u>	<u>10,520,283</u>	<u>565,044</u>	<u>66,735,306</u>
Business-type Activities:				
Water	4,349,852	4,670,635	-	145,850
Convention Center	2,805,768	2,437,970	-	-
Solid Waste Removal	2,632,219	2,500,954	-	-
Swimming Pools	1,015,665	691,810	-	-
Golf	1,966,353	1,956,584	-	-
Parking	693,381	338,286	-	500,000
Irrigation Systems	298,439	179,837	-	8,320
Ambulance Transport	865,138	1,107,880	-	-
Total business-type activities	<u>14,626,815</u>	<u>13,883,956</u>	<u>-</u>	<u>654,170</u>
Total primary government	<u>\$ 74,800,317</u>	<u>\$ 24,404,239</u>	<u>\$ 565,044</u>	<u>\$ 67,389,476</u>
Component unit:				
Downtown Development Authority	<u>\$ 1,378,932</u>	<u>\$ 83,859</u>	<u>\$ 23,871</u>	<u>\$ 207,687</u>

General revenues:
Sales & use taxes
Property taxes
Franchise taxes
Highway users tax
Other shared taxes
Investment earnings
Gain (loss) on sale of capital assets

Transfers
Total general revenues
Change in net assets
Net assets - beginning
Net assets - 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 Association
\$ (6,394,029)	\$ -	\$ (6,394,029)	\$ -
(19,824,366)	-	(19,824,366)	-
48,371,895	-	48,371,895	-
(2,037,429)	-	(2,037,429)	-
34,810	-	34,810	-
(2,503,750)	-	(2,503,750)	-
<u>17,647,131</u>	<u>-</u>	<u>17,647,131</u>	<u>-</u>
-	466,633	466,633	-
-	(367,798)	(367,798)	-
-	(131,265)	(131,265)	-
-	(323,855)	(323,855)	-
-	(9,769)	(9,769)	-
-	144,905	144,905	-
-	(110,282)	(110,282)	-
-	242,742	242,742	-
<u>-</u>	<u>(88,689)</u>	<u>(88,689)</u>	<u>-</u>
\$ <u>17,647,131</u>	\$ <u>(88,689)</u>	\$ <u>17,558,442</u>	\$ <u>-</u>
-	-	-	(1,063,515)
50,373,971	-	50,373,971	-
5,618,112	-	5,618,112	1,445,856
2,159,287	-	2,159,287	-
1,763,231	-	1,763,231	-
3,544,629	-	3,544,629	-
3,093,381	254,587	3,347,968	152,150
81,053	-	81,053	-
(2,094,261)	2,094,261	-	-
<u>64,539,403</u>	<u>2,348,848</u>	<u>66,888,251</u>	<u>1,598,006</u>
82,186,534	2,260,159	84,446,693	534,491
311,326,726	38,983,678	350,310,404	4,878,338
\$ <u>393,513,260</u>	\$ <u>41,243,837</u>	\$ <u>434,757,097</u>	\$ <u>5,412,829</u>

City of Grand Junction
BALANCE SHEET
GOVERNMENTAL FUNDS

	General Fund	Sales Tax Capital Improvements Capital Projects Fund	Parkway Project Capital Improvements Fund	Street Assessment Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 19,417,115	\$ 11,511,399	\$ 6,240,215	\$ 1,754,004	\$ 11,940,525	\$ 50,863,258
Interest receivable	520,899	-	61,521	-	-	582,420
Accounts receivable, net of allowances for uncollectibles	490,455	322,075	-	22,035	594,880	1,429,445
Taxes receivable	8,646,243	1,425,919	-	-	287,711	10,359,873
Special assessments receivable	-	97,163	-	-	-	97,163
Due from other funds	400,337	-	-	-	-	400,337
Advances to other funds	2,633,792	-	-	-	-	2,633,792
Intergovernmental receivables	1,338,188	987,353	400,000	-	32,644	2,758,185
Total assets	<u>\$ 33,447,029</u>	<u>\$ 14,343,909</u>	<u>\$ 6,701,736</u>	<u>\$ 1,776,039</u>	<u>\$ 12,855,760</u>	<u>\$ 69,124,473</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 709,201	\$ 770,356	\$ 1,645,494	\$ 1,123,206	\$ 136,200	\$ 4,384,457
Accrued liabilities	1,368,650	20,497	18,283	-	36,344	1,443,774
Deferred revenue	4,819,255	97,163	-	-	146,157	5,062,575
Total liabilities	<u>6,897,106</u>	<u>888,016</u>	<u>1,663,777</u>	<u>1,123,206</u>	<u>318,701</u>	<u>10,890,806</u>
Fund balances:						
Reserved for:						
Advances	2,633,792	-	-	-	-	2,633,792
Perpetual care	-	-	-	-	1,156,396	1,156,396
Debt service	1,758,135	-	-	-	464,897	2,223,032
Parkway project	-	-	5,037,959	-	-	5,037,959
Emergency	2,000,000	-	-	-	-	2,000,000
Unreserved:						
Designated for subsequent year's expenditures-						
General fund	3,104,285	-	-	-	-	3,104,285
Special revenue funds	-	-	-	-	433,243	433,243
Capital projects funds	-	5,650,185	-	-	7,741,800	13,391,985
Undesignated, reported in:						
General fund	17,053,711	-	-	-	-	17,053,711
Special revenue funds	-	-	-	-	5,206,805	5,206,805
Debt Service	-	-	-	-	150	150
Capital projects funds	-	7,805,708	-	652,833	(2,466,232)	5,992,309
Total fund balances	<u>26,549,923</u>	<u>13,455,893</u>	<u>5,037,959</u>	<u>652,833</u>	<u>12,537,059</u>	<u>58,233,667</u>
Total liabilities and fund balances	<u>\$ 33,447,029</u>	<u>\$ 14,343,909</u>	<u>\$ 6,701,736</u>	<u>\$ 1,776,039</u>	<u>\$ 12,855,760</u>	<u>\$ 69,124,473</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 ASSETS**
 December 31, 2006

Amounts reported for governmental activities on the statement of net assets (page 29)
 are different because:

Total fund balance - governmental funds (page 32)	\$	58,233,667
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		374,999,212
Long-term assets are not available to pay current expenditures, and therefore, are deferred in the funds.		16,016
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 assets \$25,806,580 and liabilities (\$1,770,696) of the internal service funds are included in governmental activities in the statement of net assets.		24,035,884
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	\$	(1,389,950)
Revenue bonds		(54,825,000)
Bond premium (to be amortized over life of debt)		(3,042,070)
Deferred charge for issue costs (to be amortized over life of debt)		657,137
Promissory notes		(738,465)
Capital leases		-
Net pension obligation		(940,344)
Accrued interest payable		(898,235)
Compensated absences		(2,594,592)
		(63,771,519)
 Total net assets - governmental activities	 \$	 <u><u>393,513,260</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, 2006

	General Fund	Sales Tax Capital Improvements Capital Projects Fund	Parkway Project Capital Improvements Fund	Street Assessment Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 5,453,765	\$ -	\$ 3,809	\$ -	\$ 160,538	\$ 5,618,112
Sales and use	37,043,563	11,592,893	-	-	1,737,519	50,373,975
Franchise	2,159,287	-	-	-	-	2,159,287
Severance	2,774,041	-	-	-	-	2,774,041
Other	2,533,819	-	-	-	-	2,533,819
Licenses and permits	101,165	-	-	-	-	101,165
Intergovernmental revenues	177,194	2,278,845	400,000	-	679,102	3,535,141
Charges for services	5,043,195	33,058	1,964,057	2,753,507	1,719,450	11,513,267
Fines and forfeitures	998,939	-	-	-	2,630	1,001,569
Special assessments	-	75,103	-	-	-	75,103
Investment earnings	886,760	412,687	1,003,629	163,267	516,611	2,982,954
Other income	20,652	166,759	-	-	998,576	1,185,987
Other contributions	70,874	-	-	-	-	70,874
Total revenues	<u>57,263,254</u>	<u>14,559,345</u>	<u>3,371,495</u>	<u>2,916,774</u>	<u>5,814,426</u>	<u>83,925,294</u>
EXPENDITURES						
Current:						
General government	8,640,754	-	-	-	1,763,361	10,404,115
Public safety	22,930,060	-	-	-	-	22,930,060
Public works	8,865,640	-	-	-	-	8,865,640
Parks and recreation	5,795,820	-	-	-	-	5,795,820
Urban development and housing	151,045	-	-	-	98,802	249,847
Debt service:						
Principal retirement	385,635	-	-	-	1,830,397	2,216,032
Interest and fiscal charges	8,473	-	-	-	2,749,145	2,757,618
Capital outlay:						
Construction	-	12,382,605	33,893,651	-	651,196	46,927,452
Total expenditures	<u>46,777,427</u>	<u>12,382,605</u>	<u>33,893,651</u>	<u>-</u>	<u>7,092,901</u>	<u>100,146,584</u>
Excess (deficiency) of revenues over (under) expenditures	10,485,827	2,176,740	(30,522,156)	2,916,774	(1,278,475)	(16,221,290)
OTHER FINANCING SOURCES (USES)						
Transfers in	72,204	7,913,649	-	-	5,287,081	13,272,934
Transfers out	(3,260,072)	(6,204,782)	(600,000)	(3,903,140)	(2,557,854)	(16,525,848)
Sale of assets	-	-	654,860	-	-	654,860
Total other financing sources and uses	<u>(3,187,868)</u>	<u>1,708,867</u>	<u>54,860</u>	<u>(3,903,140)</u>	<u>2,729,227</u>	<u>(2,598,054)</u>
Net change in fund balances	7,297,959	3,885,607	(30,467,296)	(986,366)	1,450,752	(18,819,344)
Fund balances -- beginning	19,251,964	9,570,286	35,505,255	1,639,199	11,086,307	77,053,011
Fund balances -- ending	<u>\$ 26,549,923</u>	<u>\$ 13,455,893</u>	<u>\$ 5,037,959</u>	<u>\$ 652,833</u>	<u>\$ 12,537,059</u>	<u>\$ 58,233,667</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**
 December 31, 2006

Amounts reported for governmental activities in the statement of activities (page 3-5)
 are different because:

Net change in fund balances - total governmental funds (page 3-8) \$ (18,819,344)

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 \$46,408,085 exceeded depreciation (\$6,465,175) in the current period. 39,942,910

Net book value of capital assets sold (772,138)

The net effect of the donation of capital assets is to increase net assets. 59,553,540

Expense not recognized in funds until obligation comes due (see Intergovernmental Agreement at Note 6) (665,572)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,618)

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 assets. Also, governmental funds report the effect of issuance costs, 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.

Debt principal payments	2,216,032	
Bond premium (to be amortized over the life of debt)	242,822	
Deferred charge for bond issuance cost	(29,095)	
Decrease in accrued interest	15,148	
Increase in net pension obligation	(445,018)	
Increase in compensated absences	(202,991)	
	1,796,898	1,796,898

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	\$ 2,055,672	
Expenses due to external customers	(1,958,867)	
Gain on disposition of property	198,331	
Investment income	110,427	
Operating income from operations	746,295	
	1,151,858	1,151,858

Change in net assets of governmental activities (page 31) \$ 82,186,534

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, 2006

	Budgeted Amounts		Actual GAAP Basis Amounts	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Property	\$ 5,275,537	\$ 5,352,037	\$ 5,453,765	\$ -	\$ 5,453,765	\$ 101,728
Sales and use	32,445,728	35,699,182	37,043,563	(389,425)	36,654,138	954,956
Franchise	1,958,000	2,208,000	2,159,287	-	2,159,287	(48,713)
Severance	550,000	2,774,041	2,774,041	-	2,774,041	-
Other	2,305,000	2,356,000	2,533,819	(14,388)	2,519,431	163,431
Licenses and permits	112,650	112,650	101,165	-	101,165	(11,485)
Intergovernmental revenues	57,050	170,347	177,194	-	177,194	6,847
Charges for services	4,763,520	4,926,906	5,043,195	-	5,043,195	116,289
Fines and forfeitures	870,520	898,766	998,939	-	998,939	100,173
Special assessments	-	-	-	-	-	-
Investment earnings	500,000	600,000	886,760	(118,198)	768,562	168,562
Other income	6,700	6,700	20,652	-	20,652	13,952
Other contributions	34,900	58,916	70,874	-	70,874	11,958
Total revenues	<u>48,879,605</u>	<u>55,163,545</u>	<u>57,263,254</u>	<u>(522,011)</u>	<u>56,741,243</u>	<u>1,577,698</u>
EXPENDITURES						
Current:						
General government:						
Administration	2,898,837	4,381,243	2,577,147	-	2,577,147	1,804,096
Administrative services	3,737,831	3,861,488	3,728,356	-	3,728,356	133,132
Community development	2,501,415	2,675,704	2,335,251	-	2,335,251	340,453
Total general government	<u>9,138,083</u>	<u>10,918,435</u>	<u>8,640,754</u>	<u>-</u>	<u>8,640,754</u>	<u>2,277,681</u>
Public safety:						
Police protection	13,695,783	14,046,361	13,607,483	-	13,607,483	438,878
Fire protection	9,594,397	9,696,673	9,322,577	-	9,322,577	374,096
Total public safety	<u>23,290,180</u>	<u>23,743,034</u>	<u>22,930,060</u>	<u>-</u>	<u>22,930,060</u>	<u>812,974</u>
Public works:						
Public works	9,207,577	9,253,786	8,865,640	-	8,865,640	388,146
Parks and recreation	5,981,454	6,076,936	5,795,820	-	5,795,820	281,116
Urban development and housing	120,000	120,000	151,045	-	151,045	(31,045)
Total current expenditures	<u>47,737,294</u>	<u>50,112,191</u>	<u>46,383,319</u>	<u>-</u>	<u>46,383,319</u>	<u>3,728,872</u>
Debt service:						
Principal retirement	385,635	385,635	385,635	-	385,635	-
Interest and fiscal charges	8,473	8,473	8,473	-	8,473	-
Total debt service	<u>394,108</u>	<u>394,108</u>	<u>394,108</u>	<u>-</u>	<u>394,108</u>	<u>-</u>
Total expenditures	<u>48,131,402</u>	<u>50,506,299</u>	<u>46,777,427</u>	<u>-</u>	<u>46,777,427</u>	<u>3,728,872</u>
Excess (deficiency) of revenues over (under) expenditures	748,203	4,657,246	10,485,827	(522,011)	9,963,816	5,306,570
OTHER FINANCING SOURCES (USES)						
Transfers in	66,000	66,000	72,204	-	72,204	6,204
Transfers out	<u>(2,522,241)</u>	<u>(4,101,762)</u>	<u>(3,260,072)</u>	<u>-</u>	<u>(3,260,072)</u>	<u>841,690</u>
Total other financing sources and uses	<u>(2,456,241)</u>	<u>(4,035,762)</u>	<u>(3,187,868)</u>	<u>-</u>	<u>(3,187,868)</u>	<u>847,894</u>
Net change in fund balances	(1,708,038)	621,484	7,297,959	(522,011)	6,775,948	6,154,464
Fund balances -- beginning	19,251,964	19,251,964	19,251,964	-	19,251,964	-
Fund balances -- ending	<u>\$ 17,543,926</u>	<u>\$ 19,873,448</u>	<u>\$ 26,549,923</u>	<u>\$ (522,011)</u>	<u>\$ 26,027,912</u>	<u>\$ 6,154,464</u>

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

City of Grand Junction, Colorado
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Two Rivers Convention Center Fund	Parking Fund	Other Enterprise Funds	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and investments	\$ 4,389,677	\$ -	\$ 2,236,804	\$ 990,969	\$ 7,617,450	\$ 15,878,786
Restricted cash held by trustee	-	-	-	-	-	-
Accounts receivable, net of allowance	289,370	356,893	435	956,107	1,602,805	12,611
Intergovernmental receivable	11,106	25,857	-	61,405	98,368	525,650
Inventory	-	-	-	78,697	78,697	103,804
Total current assets	<u>4,690,153</u>	<u>382,750</u>	<u>2,237,239</u>	<u>2,087,178</u>	<u>9,397,320</u>	<u>16,520,851</u>
Noncurrent assets:						
Capital assets:						
Land	2,494,086	153,001	984,383	891,356	4,522,826	-
Buildings, improvements, plant and system	34,964,669	7,259,035	694,312	11,528,917	54,446,933	347,690
Equipment	428,525	518,912	19,551	1,676,731	2,643,719	22,381,649
Construction in progress	59,427	19,493	1,561,146	-	1,640,066	-
Less accumulated depreciation	(13,087,316)	(1,970,493)	(413,146)	(8,120,921)	(23,591,876)	(13,443,610)
Total capital assets (net of accumulated depreciation)	<u>24,859,391</u>	<u>5,979,948</u>	<u>2,846,246</u>	<u>5,976,083</u>	<u>39,661,668</u>	<u>9,285,729</u>
Total noncurrent assets	<u>24,859,391</u>	<u>5,979,948</u>	<u>2,846,246</u>	<u>5,976,083</u>	<u>39,661,668</u>	<u>9,285,729</u>
Total assets	<u>29,549,544</u>	<u>6,362,698</u>	<u>5,083,485</u>	<u>8,063,261</u>	<u>49,058,988</u>	<u>25,806,580</u>
LIABILITIES						
Current liabilities:						
Accounts payable	64,447	83,860	432,771	213,202	794,280	301,982
Accrued liabilities	85,002	43,100	4,762	135,351	268,215	185,067
Accrued interest payable	48,276	-	-	-	48,276	-
Compensated absences payable	14,531	5,124	348	18,709	38,712	20,271
Claims payable	-	-	-	-	-	1,007,435
Current portion of promissory notes payable	162,166	-	-	-	162,166	-
Due to other funds	-	243,948	110,722	45,667	400,337	-
Total current liabilities	<u>374,422</u>	<u>376,032</u>	<u>548,603</u>	<u>412,929</u>	<u>1,711,986</u>	<u>1,514,755</u>
Noncurrent liabilities:						
Compensated absences payable	183,464	64,695	4,394	236,216	488,769	255,941
Advances from other funds - general fund	-	-	2,389,278	244,513	2,633,791	-
Promissory notes payable	2,980,605	-	-	-	2,980,605	-
Total noncurrent liabilities	<u>3,164,069</u>	<u>64,695</u>	<u>2,393,672</u>	<u>480,729</u>	<u>6,103,165</u>	<u>255,941</u>
Total liabilities	<u>3,538,491</u>	<u>440,727</u>	<u>2,942,275</u>	<u>893,658</u>	<u>7,815,151</u>	<u>1,770,696</u>
NET ASSETS						
Invested in capital assets, net of related debt	21,716,620	5,979,948	2,846,246	5,976,083	36,518,897	9,285,729
Restricted for water systems	610,844	-	-	-	610,844	-
Unrestricted	3,683,589	(57,977)	(705,036)	1,193,520	4,114,096	14,750,155
Total net assets	<u>\$ 26,011,053</u>	<u>\$ 5,921,971</u>	<u>\$ 2,141,210</u>	<u>\$ 7,169,603</u>	<u>\$ 41,243,837</u>	<u>\$ 24,035,884</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 ASSETS
PROPRIETARY FUNDS
December 31, 2006

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Two Rivers Convention Center Fund	Parking Fund	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:						
Charges for sales and services	\$ 4,618,907	\$ 2,437,970	\$ 338,286	\$ 6,225,677	\$ 13,620,840	\$ 10,055,545
Other income	511	-	-	-	511	40,031
Total operating revenues	<u>4,619,418</u>	<u>2,437,970</u>	<u>338,286</u>	<u>6,225,677</u>	<u>13,621,351</u>	<u>10,095,576</u>
Operating expenses:						
Personnel services	2,219,345	1,240,292	160,337	2,887,440	6,507,414	4,601,094
Costs of sales and services	1,291,492	1,355,277	488,450	3,372,450	6,507,669	4,487,629
Depreciation and amortization	754,487	210,199	44,594	494,189	1,503,469	1,943,367
Total operating expenses	<u>4,265,324</u>	<u>2,805,768</u>	<u>693,381</u>	<u>6,754,079</u>	<u>14,518,552</u>	<u>11,032,090</u>
Operating income (loss)	<u>354,094</u>	<u>(367,798)</u>	<u>(355,095)</u>	<u>(528,402)</u>	<u>(897,201)</u>	<u>(936,514)</u>
Nonoperating revenues (expenses):						
Intergovernmental	-	-	500,000	176,000	676,000	-
Miscellaneous	51,217	-	-	35,388	86,605	-
Investment income	187,348	-	20,614	46,625	254,587	731,389
Gain (loss) on disposition of property and equipment	-	-	-	-	-	198,331
Interest expense	(84,528)	-	-	(23,735)	(108,263)	-
Total nonoperating revenues (expenses)	<u>154,037</u>	<u>-</u>	<u>520,614</u>	<u>234,278</u>	<u>908,929</u>	<u>929,720</u>
Income (loss) before contributions and transfers						
operating transfers	508,131	(367,798)	165,519	(294,124)	11,728	(6,794)
Capital contributions - tap fees	145,850	-	-	8,320	154,170	-
Transfers in	-	194,993	-	1,899,268	2,094,261	1,158,652
Transfers out	-	-	-	-	-	-
Change in net assets	<u>653,981</u>	<u>(172,805)</u>	<u>165,519</u>	<u>1,613,464</u>	<u>2,260,159</u>	<u>1,151,858</u>
Total net assets - beginning	<u>25,357,072</u>	<u>6,094,776</u>	<u>1,975,691</u>	<u>5,556,139</u>	<u>38,983,678</u>	<u>22,884,026</u>
Total net assets - ending	<u>\$ 26,011,053</u>	<u>\$ 5,921,971</u>	<u>\$ 2,141,210</u>	<u>\$ 7,169,603</u>	<u>\$ 41,243,837</u>	<u>\$ 24,035,884</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
December 31, 2006

Business-Type Activities - Enterprise Funds						
	Water Fund	Two Rivers Convention Center Fund	Parking Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	\$ 4,584,661	\$ 2,355,763	\$ 337,851	\$ 5,476,469	\$ 12,754,744	\$ 9,544,539
Cash paid to suppliers	(1,283,560)	(1,375,380)	(403,243)	(3,304,282)	(6,366,465)	(5,300,950)
Cash paid to employees	(2,218,521)	(1,223,124)	(157,841)	(2,807,588)	(6,407,074)	(4,540,996)
Miscellaneous nonoperating receipts	51,217	-	-	35,388	86,605	40,031
Net cash provided (used) by operating activities	<u>1,133,797</u>	<u>(242,741)</u>	<u>(223,233)</u>	<u>(600,013)</u>	<u>67,810</u>	<u>(257,376)</u>
Cash flows from noncapital financing activities:						
Transfers from another fund	-	194,993	-	1,899,268	2,094,261	1,158,652
Increase (decrease) in amount due other funds	-	85,140	110,722	(14,178)	181,684	-
Intergovernmental receipts	-	-	500,000	176,000	676,000	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>280,133</u>	<u>610,722</u>	<u>2,061,090</u>	<u>2,951,945</u>	<u>1,158,652</u>
Cash flows from capital and related financing activities:						
Capital contributions	145,850	-	-	8,320	154,170	-
Principal payments:						
Promissory notes	(156,356)	-	-	-	(156,356)	-
Proceeds of interfund capital loans	-	-	2,389,278	-	2,389,278	-
Repayment of interfund capital loans	-	-	-	(43,215)	(43,215)	-
Interest paid	(89,874)	-	-	(23,735)	(113,609)	-
Proceeds from disposition of capital assets	-	-	-	-	-	109,502
Purchase of capital assets	(1,001,449)	(37,392)	(1,215,644)	(1,532,227)	(3,786,712)	(1,862,320)
Net cash used in capital and related financing activities	<u>(1,101,829)</u>	<u>(37,392)</u>	<u>1,173,634</u>	<u>(1,590,857)</u>	<u>(1,556,444)</u>	<u>(1,752,818)</u>
Cash flows from investing activities:						
Investment income received	187,348	-	20,614	46,625	254,587	731,389
Net cash provided by investing activities	<u>187,348</u>	<u>-</u>	<u>20,614</u>	<u>46,625</u>	<u>254,587</u>	<u>731,389</u>
Net increase (decrease) in cash and cash equivalents	219,316	-	1,581,737	(83,155)	1,717,899	(120,154)
Cash and cash equivalents, January 1	4,170,361	-	655,067	1,074,124	5,899,552	15,998,939
Cash and cash equivalents, December 31	<u>\$ 4,389,677</u>	<u>\$ -</u>	<u>\$ 2,236,804</u>	<u>\$ 990,969</u>	<u>\$ 7,617,451</u>	<u>\$ 15,878,785</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 354,094	\$ (367,798)	\$ (355,095)	\$ (528,402)	\$ (897,201)	\$ (936,514)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	754,487	210,199	44,594	494,189	1,503,469	1,943,367
(Increase) decrease in accounts receivable	(34,757)	(82,207)	(435)	(749,208)	(866,607)	(511,006)
(Increase) decrease in inventory	-	-	-	(17,297)	(17,297)	2,229
Increase (decrease) in accounts payable	3,529	(20,103)	430,709	126,451	540,586	90,059
Increase (decrease) in claims payable	-	-	-	-	-	(778,912)
Increase (decrease) in accrued liabilities and compensated absences payable	824	17,168	2,496	79,852	100,340	60,098
(Increase) decrease in accounts payable due to the purchase of capital assets on account	4,403	-	(345,502)	(40,986)	(382,085)	(126,697)
Miscellaneous nonoperating receipts included in operating activities	51,217	-	-	35,388	86,605	-
Total adjustments	<u>779,703</u>	<u>125,057</u>	<u>131,862</u>	<u>(71,611)</u>	<u>965,011</u>	<u>679,138</u>
Net cash provided (used) by operating activities	<u>\$ 1,133,797</u>	<u>\$ (242,741)</u>	<u>\$ (223,233)</u>	<u>\$ (600,013)</u>	<u>\$ 67,810</u>	<u>\$ (257,376)</u>
Noncash Investing, Capital and Financing Activities						
Purchase of capital assets on account	\$ 4,930	\$ -	\$ 345,502	\$ 40,986	\$ 391,418	\$ 126,697
Net book value of capital assets traded in	-	-	-	-	-	75,224
Trade-in value of disposed assets	-	-	-	-	-	152,769

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

City of Grand Junction, Colorado
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2006

	Pension Trust Funds	Private Purpose Trust Funds	Joint Sewer Investment Trust Fund	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 13,072	\$ 1,043,583	\$ 9,819,432	\$ 523,959
Investments				
Short term investments	874,407	-	-	-
U.S. Government securities	1,299,968	-	-	-
Corporate bonds	1,883,246	-	-	-
Domestic equity securities	6,617,576	-	-	-
International securities	2,684,169	-	-	-
Venture capital	925,005	-	-	-
Real estate	648,088	-	-	-
Securities lending investment pool	1,107,800	-	-	-
Accounts receivable, net of allowance	-	14,989	-	-
Total assets	<u>16,053,331</u>	<u>1,058,572</u>	<u>9,819,432</u>	<u>523,959</u>
LIABILITIES				
Due to other governments	-	-	-	523,959
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 523,959</u>
NET ASSETS				
Held in trust for:				
External investment pool participants	-	-	9,819,432	
Pension benefits	16,053,331	-	-	
Individuals, organizations and others	-	1,058,572	-	
Total net assets	<u>\$ 16,053,331</u>	<u>\$ 1,058,572</u>	<u>\$ 9,819,432</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 ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2006

	Pension Trust Funds	Private Purpose Trust Funds	Joint Sewer Investment Trust Fund
ADDITIONS			
Additions by participants	\$ -	\$ 619,531	\$ 10,115,522
Employer contributions	877,985	-	-
Plan members contributions	13,823	-	-
Other Contributions	288,733	-	-
Total contributions	<u>1,180,541</u>	<u>619,531</u>	<u>10,115,522</u>
Investment earnings:			
Interest	692,634	47,308	502,798
Net increase (decrease) in fair value of investments	<u>1,467,550</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>2,160,184</u>	<u>47,308</u>	<u>502,798</u>
Total additions	<u>3,340,725</u>	<u>666,839</u>	<u>10,618,320</u>
DEDUCTIONS			
Distributions to participants	-	336,596	9,897,569
Health insurance premiums paid	-	182,697	-
Benefits and refunds	1,672,297	-	-
Administrative expenses	<u>100,804</u>	<u>10,227</u>	<u>-</u>
Total deductions	<u>1,773,101</u>	<u>529,520</u>	<u>9,897,569</u>
Change in net assets	1,567,624	137,319	720,751
Net assets available - beginning	<u>14,485,707</u>	<u>921,253</u>	<u>9,098,681</u>
Net assets available - ending	<u>\$ 16,053,331</u>	<u>\$ 1,058,572</u>	<u>\$ 9,819,432</u>

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



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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 central stores facility and a communications center. The communications center 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, although legally separate entities, are in substance part of the City's operations. 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 Grand Junction West Water and Sanitation District was annexed into the City and dissolved as a separate district in 1993. The District continues in existence solely to provide for the payment of the District's outstanding debt with a special levy of property taxes and sanitary sewer fees collected only within the District.

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 Assets 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, the effect of the interfund activity has been removed. *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. All assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the Statement of Net Assets. The Statement of Activities presents changes in net assets. 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. 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.

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 *Parkway Project Capital Fund* is a capital projects fund used to account for the financing and construction of the Riverside Parkway. This project consists of constructing a beltway around the City designed to make transportation more efficient, while also alleviating traffic congestion. The Parkway project is being financed by an \$80 million bond issue approved by voters in 2003.

The *Street Assessment Projects Fund* is a capital projects fund used to accumulate resources for future street capacity improvements and to finance the City's share of petitioned street improvement districts.

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 *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 is currently underway and scheduled for completion 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, central stores and printing, 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, pay for health insurance premiums for retired employees 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 assets 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.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this 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.

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

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 5 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 2006 taxes collectible in 2007 and are also shown as deferred 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 deferred 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 revenue 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.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, alleys, traffic signal systems, and storm drainage), 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

7. 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 464 to 608 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.

8. 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.

9. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans for future use of financial resources that are subject to change.

11. 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.

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 Visitors and Convention Bureau (VCB) Special Revenue Fund and the Sales Tax Capital Improvements Fund. The annual budget for the General Fund is prepared on the modified accrual basis of accounting excluding certain basis differences of tax accruals and the effects of payments by the State of Colorado made on-behalf of City employees to a retirement plan (see Note 9). The annual budget for the VCB Special Revenue Fund is prepared on the modified accrual basis of accounting except for certain basis differences of tax accruals and the inclusion of the proceeds and repayments of advances from other funds. The annual budget for the Sales Tax Capital Improvements Fund is prepared on the modified accrual basis of accounting except for certain basis differences of tax accruals and retainages held on construction contracts. 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 Administrative Services Director. 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 through a supplemental appropriation.

Supplemental appropriation ordinances during 2006 resulted in budget amendments as follows:

Fund	Original Amount	Amended Amount
<i>Primary Government - City of Grand Junction:</i>		
<i>Governmental Activities</i>		
General Fund	\$50,653,643	\$52,608,662
Special Revenue Funds:		
Enhanced 911	1,080,288	2,028,879
Visitors and Convention Bureau	1,641,236	1,722,251
Parkland Expansion	584,110	807,000
Conservation Trust	417,348	586,504
Capital Projects Funds:		
Sales Tax Capital Improvement	21,125,988	27,920,881
Storm Drainage Improvement	5,070,000	5,770,378
Parkway Project Capital	27,803,000	35,469,774
Future Street Improvements	1,090,000	3,903,140

Fund	Original Amount	Amended Amount
<i>Business-Type Activities</i>		
Enterprise Funds:		
Water	5,502,658	6,142,233
Solid Waste	2,773,823	2,859,182
Swimming Pools	985,932	1,054,498
Golf Courses	2,196,880	2,764,012
Parking	4,705,270	7,638,820
Ambulance Transport	-	1,500,000
Internal Service Funds:		
Data Processing	2,859,407	3,004,642
Equipment	3,126,252	3,451,752
Self Insurance	1,373,627	2,061,778
Communications Center	5,018,618	6,153,439
<i>Component Unit - Downtown Development Authority:</i>		
Special Revenue Funds:		
DDA Operations	\$ 193,416	\$ 217,912
DDA/TIF Special Revenue	872,463	1,740,463
DDA Capital Improvements	-	1,484,113
DDA Debt Service	811,463	1,661,463

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. The Park Improvement Advisory Board Fund, an agency fund of the City, did have actual expenditures in excess of budget appropriations as of December 31, 2006 due to higher than expected expenditures.

C. DEFICIT FUND EQUITY

No individual funds of the Primary Government or its Component Unit had a deficit fund equity as of December 31, 2006.

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 10 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, 2006, is as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Cash on hand	\$ -	\$ 7,675
Insured deposits	200,000	200,000
Deposits collateralized in single institutional pools	8,803,948	5,002,947
	<u>\$9,003,948</u>	<u>\$5,210,622</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, 2006, 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>
Corporate stock	Not rated	\$64,381	0.00
Commercial Paper	A1+	1,988,647	1.33
Commercial Paper	A1	7,896,230	3.01
U.S. agency notes	AAA	44,653,197	16.03
FHLMC	AAA	7,044,223	85.53
FHLMC	Not rated	7,454,437	107.17
FNMA	AAA	4,689,860	142.52
FNMA	Not rated	6,172,695	75.36
State investment pools	AAA	3,448,434	1.75
Pension trust fund	Not rated	16,053,331	0.00
Total		<u>\$99,465,435</u>	<u>33.01</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.

NOTE 4. ACCOUNTS RECEIVABLE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts receivable of the various funds of the City at December 31, 2006, is as follows:

General Fund	\$5,349
Enterprise Funds:	
Water	\$ 160
Solid Waste Removal	274
Two Rivers Convention Center	259
Ambulance Transport	649,205
	<u>\$649,898</u>
Internal Service Funds:	
Communications Center	\$ 817

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 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	\$156,191,701	\$ 41,738,724	\$ 772,138	\$197,158,287
Construction in progress	12,411,282	32,235,243	166,784	44,479,741
Total capital assets, not being depreciated	<u>168,602,983</u>	<u>73,973,967</u>	<u>938,922</u>	<u>241,638,028</u>
<i>Capital assets, being depreciated:</i>				
Buildings	23,017,289	3,315,405	-	26,589,375
Improvements other than buildings	24,801,788	806,402	-	25,351,509
Equipment	25,186,536	2,701,843	892,379	26,996,000
Infrastructure	132,713,849	27,483,861	-	160,197,710
Total capital assets, being depreciated	<u>205,719,462</u>	<u>34,307,511</u>	<u>892,379</u>	<u>239,134,594</u>
<i>Less accumulated depreciation for:</i>				
Buildings	7,083,139	604,590	-	7,687,729
Improvements other than buildings	7,455,618	1,065,993	-	8,521,611
Equipment	14,822,127	2,347,368	817,155	16,352,340
Infrastructure	59,535,413	4,390,591	-	63,926,004
Total accumulated depreciation	<u>88,896,297</u>	<u>8,408,542</u>	<u>817,155</u>	<u>96,487,684</u>

	Beginning Balance	Increase	Decreases	Ending Balance
Total capital assets, being depreciated, net	116,823,165	25,898,969	75,224	142,646,910
Governmental activities capital assets, net	\$285,426,148	\$99,872,936	\$ 1,014,146	\$384,284,938
Business-type activities				
<i>Capital assets, not being depreciated:</i>				
			\$	
Land	\$ 4,522,826	\$ -	-	\$ 4,522,826
Construction in progress	25,039	1,625,053	10,026	1,640,066
Total capital assets, not being depreciated	4,547,865	1,625,053	10,026	6,162,892
<i>Capital assets, being depreciated:</i>				
Buildings and systems	48,971,210	1,120,490	-	50,091,700
Improvements other than buildings	3,563,872	791,361	-	4,355,233
Equipment	2,001,800	641,919	-	2,643,719
Total capital assets, being depreciated	54,536,882	2,553,772	-	57,090,654
<i>Less accumulated depreciation for:</i>				
Buildings and systems	18,933,173	1,166,926	-	20,100,099
Improvements other than buildings	1,681,275	146,736	-	1,828,011
Equipment	1,473,957	189,809	-	1,663,766
Total accumulated depreciation	22,088,405	1,503,471	-	23,591,876
Total capital assets, being depreciated, net	32,448,477	1,050,300	-	33,498,777
Business-type activities capital assets, net	\$ 36,996,342	\$ 2,675,352	\$ 10,026	\$ 39,661,668

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

Governmental Activities	
General government	\$ 198,312
Public safety	290,129
Public works	4,978,999
Parks and recreation	997,735
Capital assets held by the government's internal service funds are charged to various functions based on their usage of assets	1,943,367
Total depreciation expense – governmental activities	\$8,408,542
Business-Type Activities	
Water	\$ 754,487
Solid waste	44,513
Meeting and convention center	210,199
Golf courses	137,048
Swimming pools	204,355
Parking	44,594
Irrigation	88,119
Ambulance Transport	20,156
Total depreciation expense – business-type activities	\$1,503,471

Land with a basis of \$772,138 was sold for \$654,680, resulting in a loss of \$117,278.

Discretely Presented Component Unit

Activity for the ***Downtown Development Authority*** for the year ended December 31, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 497,498	\$ 57,486	\$ -	\$ 554,984
Construction in progress	1,509,279	250,109	-	1,759,388
Total capital assets, not being depreciated	<u>2,006,777</u>	<u>307,595</u>	<u>-</u>	<u>2,314,372</u>
<i>Capital assets, being depreciated:</i>				
Buildings	2,292,988	-	-	2,292,988
Improvements other than buildings	108,000	-	-	108,000
Equipment	171,750	53,150	-	224,900
Total capital assets, being depreciated	<u>2,572,738</u>	<u>53,150</u>	<u>-</u>	<u>2,625,888</u>
<i>Less accumulated depreciation for:</i>				
Buildings	591,604	75,226	-	666,830
Improvements other than buildings	40,500	5,400	-	45,900
Equipment	166,241	7,176	-	173,417
Total accumulated depreciation	<u>798,345</u>	<u>87,802</u>	<u>-</u>	<u>886,147</u>
Total capital assets, being depreciated, net	<u>1,774,393</u>	<u>(34,652)</u>	<u>-</u>	<u>1,739,741</u>
DDA capital assets, net	<u>\$ 3,781,170</u>	<u>\$ 272,943</u>	<u>\$ -</u>	<u>\$ 4,054,113</u>

Construction Commitments

The City and its component unit have several ongoing construction projects as of December 31, 2006 composed of the following:

	Spent to <u>12/31/2006</u>	Projected cost <u>of completion</u>
Primary Government		
Riverside Parkway	\$ 58,103,307	\$ 84,979,784
Other street projects	5,128,261	16,293,000
Drainage projects	867,289	10,500,000
Park development	-	455,000
Facilities/other	2,235,373	10,088,000
Component Unit		
Development projects	\$ 1,759,388	\$ 3,100,000

\$80 million of the Riverside Parkway construction project is funded with general fund revenue bond proceeds while the remaining primary government projects will be funded through accumulated proceeds from dedicated sales tax and appropriated fund balance.

The development projects for the Downtown Development Authority Component Unit are funded with tax increment financing bonds.

NOTE 6. LONG-TERM DEBT

The following is a summary of long-term liability activity of the City for the year ended December 31, 2006:

Primary Government - City of Grand Junction:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds:					
<i>Ridges</i>	\$1,380,000	\$ -	\$ 140,000	\$1,240,000	\$ 150,000
<i>GJWWS</i>	288,792	-	138,842	149,950	149,950
Revenue bonds:					
<i>Parkway</i>	56,075,000	-	1,250,000	54,825,000	1,750,000
<i>Premium</i>	3,284,892	-	242,822	3,042,070	238,459
Promissory notes:					
<i>Sales Tax Capital Improvement Fund</i>	104,447	-	31,555	72,892	34,711
Capital leases:					
<i>Certificates of Participation</i>	270,000	-	270,000	-	-
<i>Lease Purchase Agreement</i>	385,635	-	385,635	-	-
Intergovernmental Agreement:					
<i>Bookcliff Middle School</i>	-	665,572	-	665,572	500,000
Net pension obligation:					
<i>Police Defined Benefit Plan</i>	253,186	624,563	135,184	742,565	-
<i>Fire Defined Benefit Plan</i>	242,140	50,151	94,512	197,779	-
Claims payable	1,786,347	-	778,912	1,007,435	1,007,435
Compensated absences	2,820,513	2,013,904	1,758,111	3,076,306	225,773
Governmental activity long-term liabilities	<u>\$66,890,952</u>	<u>\$3,354,190</u>	<u>\$5,225,573</u>	<u>\$65,019,569</u>	<u>\$4,056,328</u>
Business-Type Activities					
Promissory notes:					
<i>Water Systems</i>	\$ 98,811	\$ -	\$ 8,961	\$ 89,850	\$ 9,409
Loan payable					
<i>Water Systems</i>	3,259,435	-	150,850	3,108,585	156,237
Less deferred amounts:					
For loan discount	(59,119)	3,455	-	(55,664)	(3,480)
Compensated absences	501,343	482,488	456,350	527,481	38,712
Business-type activity long-term liabilities	<u>\$3,800,470</u>	<u>\$485,943</u>	<u>\$616,161</u>	<u>\$3,670,252</u>	<u>\$200,878</u>

Component Unit – Downtown Development Authority:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax increment bonds	\$1,575,000	\$2,180,500	\$1,575,000	\$2,180,500	\$2,180,500
Compensated absences	9,686	9,734	8,374	11,046	811

Total	<u>\$ 1,584,686</u>	<u>\$2,190,234</u>	<u>\$1,583,374</u>	<u>\$2,191,546</u>	<u>\$2,181,311</u>
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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 \$276,212 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, 2006, 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 \$995,000 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, 2003, 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 \$1,240,000 unpaid principal at December 31, 2006, payable over the following term:

Year	Principal	Interest	Total
2007	\$ 150,000	\$ 75,490	\$ 225,490
2008	155,000	66,490	221,490
2009	165,000	57,035	222,035
2010	175,000	46,970	221,970
2011	185,000	36,295	221,295
2012-2013	410,000	37,820	447,820
	<u>\$1,240,000</u>	<u>\$320,100</u>	<u>\$1,560,100</u>

\$1,590,000 Grand Junction West Water and Sanitation District General Obligation Refunding Bonds Series 1987A and 1987B payable September 1 annually through September 1, 2007. The bonds are dated September 1, 1987, and bear interest at 8% to September 1, 1992. From September 1, 1992, the bonds will bear interest at a rate equal to 90% of the then current yield to maturity of U.S. Treasury Bonds maturing November 15, 2007. The bond interest rate will be adjusted in this manner every fifth year on September 1 until maturity. The interest rate was adjusted to 1.6% effective September 1, 2002. The bonds are callable at par at the District’s option, at any interest payment date. Series 1987A \$91,479 unpaid principal at December 31, 2006, payable over the following term:

Year	Principal	Interest	Total
2007	\$91,479	\$5,397	\$96,876
	<u>\$91,479</u>	<u>\$5,397</u>	<u>\$96,876</u>

Series 1987B \$58,471 unpaid principal at December 31, 2006, payable over the following term:

Year	Principal	Interest	Total
2007	\$58,471	\$3,450	\$61,921
	<u>\$58,471</u>	<u>\$3,450</u>	<u>\$61,921</u>

REVENUE BONDS:

\$57,075,000 of the approved \$80,000,000 General Fund Revenue Bonds Series 2004 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. No amounts outstanding at the end of the current fiscal year related to bonds issued in prior years. There was \$54,825,000 unpaid principal at December 31, 2006, payable over the following term:

Year	Principal	Interest	Total
2007	\$ 1,750,000	\$ 2,596,388	\$ 4,346,388
2008	-	2,561,387	2,561,387
2009	-	2,561,387	2,561,387
2010	-	2,561,387	2,561,387
2011	-	2,561,387	2,561,387
2012-2016	11,790,000	11,942,438	23,732,438
2017-2021	23,940,000	7,076,275	31,016,275
2022-2024	17,345,000	1,261,956	18,606,956
	<u>\$54,825,000</u>	<u>\$33,122,605</u>	<u>\$87,947,605</u>

PROMISSORY NOTES:

\$351,327, 10% promissory note issued in 1989, payable in annual installments of \$42,000 including interest through 2008, unsecured. There was \$72,892 unpaid principal at December 31, 2006, payable over the following term:

Year	Principal	Interest	Total
2007	\$34,711	\$ 7,289	\$42,000
2008	38,181	3,819	42,000
	<u>\$72,892</u>	<u>\$11,108</u>	<u>\$84,000</u>

\$195,930, 5% promissory note issued in 1989, to the Colorado Water Conservation Board, payable in 25 annual installments of \$13,902 including interest, collateralized by a portion of the water supply flow line. There was \$89,850 unpaid principal at December 31, 2006, payable over the following term:

Year	Principal	Interest	Total
2007	\$ 9,409	\$ 4,493	\$ 13,902
2008	9,880	4,022	13,902
2009	10,374	3,528	13,902
2010	10,892	3,010	13,902
2011	11,437	2,465	13,902
2012-2014	37,858	3,847	41,705
	<u>\$89,850</u>	<u>\$21,365</u>	<u>\$111,215</u>

INTERGOVERNMENTAL AGREEMENT:

The City of Grand Junction entered into an intergovernmental agreement dated August 9, 2005 with Mesa County Valley School District No. 51 to construct a gymnasium on land owned by the District as part of the Bookcliff Middle School project. The City has agreed to reimburse the District for the cost of constructing the gymnasium the sum of \$1,134,200, plus any markups for additional or extra work. The gymnasium was completed in 2006 and the first installment of \$525,000 was paid to the District. There was \$665,572 unpaid principal and additional markups at December 31, 2006. The agreement provides for interest on the unpaid balance at the rate of 4% per annum from the date of completion. A principal payment of \$500,000, plus

interest, is due and payable on July 1, 2007, with the final remaining unpaid balance being due, together with interest, on July 1, 2008.

LOAN 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, 2006 was \$3,108,585 payable over the following term from *Business activities*:

Year	Principal	Interest	Total
2007	\$ 156,237	\$ 120,355	\$ 276,592
2008	156,237	116,835	273,072
2009	161,625	112,954	274,579
2010	167,012	108,751	275,763
2011	172,400	104,213	276,613
2012-2016	942,811	446,140	1,388,951
2017-2021	1,093,663	286,455	1,380,118
2022	258,600	19,225	277,825
	<u>\$3,108,585</u>	<u>\$1,314,928</u>	<u>\$4,423,513</u>

Component Unit – Downtown Development Authority:

TAX INCREMENT BONDS

During 2006, The Downtown Development Authority issued \$2,180,500 Tax Increment Financing Bonds and defeased, using monies presently on hand, the 2003 Tax Increment Financing Bonds. The 2006 Tax Increment Financing Bonds bear an interest rate of 3.9% and are payable December 22, 2007.

There was \$2,180,500 unpaid principal at December 31, 2006, payable over the following term:

Year	Principal	Interest	Total
2007	\$2,180,500	\$85,040	\$2,265,540
	<u>\$2,180,500</u>	<u>\$85,040</u>	<u>\$2,265,540</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 7. 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 from GAAP basis expenses.

	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				
<i>Enterprise Funds:</i>						
Water	\$5,502,658	6,142,233	\$4,349,852	\$ 404,472	\$4,754,324	\$ 1,387,909
Solid Waste Removal Two Rivers	2,773,823	2,859,182	2,632,219	154,610	2,786,829	72,353
Convention Center	2,927,526	2,927,526	2,805,768	(172,804)	2,632,964	294,562
Swimming Pools	985,932	1,054,498	1,015,665	(47,311)	968,354	86,144
Lincoln Park Golf	945,049	1,474,852	663,681	782,343	1,446,024	28,828
Tiara Rado Golf	1,251,831	1,289,160	1,302,672	(50,306)	1,252,366	36,794
Parking Authority	4,705,270	7,638,820	693,381	1,456,459	2,149,840	7,488,980
Irrigation	218,279	218,279	298,439	(88,119)	210,320	7,959
Ambulance Transport	-	1,500,000	865,138	335,259	1,200,397	299,603
<i>Internal Service Funds:</i>						
Data Processing	2,859,407	3,004,642	2,788,682	(6,263)	2,782,419	222,223
Equipment	3,126,252	3,451,752	3,392,731	(188,032)	3,204,699	247,053
Stores	101,266	101,266	100,991	(1,997)	98,994	2,272
Self-Insurance	1,373,627	2,061,778	1,243,401	10,350	1,253,751	808,027
Communications Center	5,018,618	6,153,439	3,506,285	253,225	3,759,510	2,393,929

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2006, is as follows:

Due to/from other funds:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 400,337	\$ -
Parking Enterprise Fund to cover the cost of operations	-	110,722
Two River Convention Center Enterprise Fund to cover the cost of operations	-	243,948
Swimming Pools Enterprise Fund to cover the cost of operations	-	2,453
Lincoln Park Golf Course Enterprise Fund to pay current portion of advance	-	19,520
Tiara Rado Golf Course Enterprise Fund to pay current portion of advance	-	23,694
Total	\$ 400,337	\$400,337

Advances to/from other funds:

	Advance to Other Funds	Advance from Other Funds
--	---------------------------	-----------------------------

General Fund	\$2,633,791	\$ -
Lincoln Park Golf Enterprise Fund to cover the cost of new pump house	-	20,691
Tiara Rado Golf Enterprise Fund to cover the cost of new driving range	-	223,822
Parking Enterprise fund to cover partial cost of new parking garage	-	2,389,278
Total	<u>\$2,633,791</u>	<u>\$ 2,633,791</u>

Interfund Transfers:

Transfers out:	Transfers In:						Total
	General Fund	Sales Tax CIP	Two Rivers Convention Center	Nonmajor Governmental	Internal Service	Nonmajor Proprietary	
General Fund	\$ -	\$2,140,072	\$151,586	\$ -	\$ -	\$968,414	\$3,260,072
Sales Tax CIP	-	-	43,407	5,236,038	-	925,337	6,204,782
Parkway Fund	-	600,000	-	-	-	-	600,000
Street Assessment Projects Fund	-	3,903,140	-	-	-	-	3,903,140
Nonmajor governmental funds	<u>72,204</u>	<u>1,270,437</u>	<u>-</u>	<u>51,043</u>	<u>1,158,652</u>	<u>5,517</u>	<u>2,557,853</u>
Total transfers out	<u>\$72,204</u>	<u>\$7,913,649</u>	<u>\$194,993</u>	<u>\$5,287,081</u>	<u>\$1,158,652</u>	<u>\$1,899,268</u>	<u>\$16,525,847</u>

Transfers into the General Fund were to assist with cemetery operations (\$46,000) and to reimburse administrative costs of the Community Development Block Grant (\$26,204).

Transfers into the Sales Tax CIP fund were for various capital construction projects. The CIP fund also transferred \$3,936,038 to the Debt Service Fund to cover the costs of current principal and interest payments.

The transfer from the General Fund to the Two Rivers Convention Center fund was to subsidize operations and the transfer from the Sales Tax CIP Fund was for the purchase of various capital upgrades.

The Street Assessment Fund transferred \$3,903,140 to the Sales Tax Capital Improvements Fund for street improvement projects. In addition, a \$1,158,652 transfer from the E-911 Special Revenue Fund was made to the Communications Center Internal Service fund for equipment replacement. The remaining transfers were made to finance various programs in accordance with authorized budget appropriations.

NOTE 9. 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 Wells Fargo Bank, N.A. 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, 2006, was \$36,213,073. Covered wages and contributions in 2006 were as follows:

<u>General Employee Plan</u>	
Covered wages	\$19,741,565
City contribution	1,184,494
Employee contribution	1,184,494

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 at Wells Fargo Bank, N.A. Vesting is accomplished over a seven-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 2006 were as follows:

<u>New Hire – Police & Fire</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Covered wages	\$5,426,297	\$4,855,927
City contribution	577,901	517,156
Employee contribution	577,901	517,156

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). 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 2006, there were no police officers participating in the defined benefit plans. Covered wages of fire fighters in 2006 were as follows:

<u>Old Hire Rank Escalation</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Covered wages	\$ -	\$138,230
City contribution	-	8,878
Employee contribution	-	868

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

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 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 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.

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 2006, there were no active policemen covered by the Police Old Hire Plan and 22 retirees and beneficiaries receiving benefits. The City's payroll for firefighters covered by the system was \$138,230 out of a total payroll of \$36,213,073 for the year ended December 31, 2006. There were 2 active firefighters contributing to the Fire Old Hire Plan and 39 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, 2006, were as follows:

	Police Old Hire Plan	Fire Old Hire Plan	Total
City contribution	\$462,366	\$415,619	\$877,985
Employee contributions	-	13,823	13,823
State contribution	288,733	-	288,733
Total	<u>\$751,099</u>	<u>\$429,442</u>	<u>\$1,180,541</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 2006, the Fire Old Hire Plan was fully funded and the State of Colorado was no longer required to make contributions to the plan.

The City's annual pension cost 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)	\$715,531	\$341,859
Interest on net pension obligation (NPO)	70,220	23,383
Adjustment to ARC	<u>(169,836)</u>	<u>(30,312)</u>
Annual pension cost	615,915	334,930
Contributions made	<u>751,099</u>	<u>429,442</u>
Decrease in NPO	<u>(135,184)</u>	<u>(94,512)</u>
NPO – January 1, 2006	<u>877,749</u>	<u>292,291</u>
NPO – December 31, 2006	<u>\$742,565</u>	<u>\$197,779</u>

Actuarial valuation date	1/1/06	1/1/06
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent of pay, closed	Level percent of pay, closed
Remaining amortization period	16 years	16 years
Asset valuation method	3-Year Smoothed, FMV	3-Year Smoothed, FMV
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	4.75 – 13.25%	4.75 – 13.25%
Includes inflation at	3.50%	3.50%
Cost of living adjustment	3.00% - 4.00%	3.00% - 4.00%

Three-year trend information is as follows:

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police Old Hire Plan	12/31/04	690,919	61.77%	610,848
	12/31/05	658,134	64.85%	877,749
	12/31/06	615,915	121.95%	742,565
Fire Old Hire Plan	12/31/04	47,534	120.93%	298,591
	12/31/05	327,436	119.90%	292,291
	12/31/06	334,930	128.22%	197,779

Listed below is the required disclosure for the most recent actuarial valuation and the two preceding valuations:

Actuarial Valuation Date	Actuarial value of plan assets (a)	Actuarial accrued liability (b)	Unfunded actuarial liability (or funding excess) (c)	Funded ratio (a)/(b)
<i>Police Old Hire Plan</i>				
1/1/06	\$ 2,407,072	\$ 6,524,614	\$ 4,117,542	37%
1/1/04	2,373,408	6,870,885	4,497,477	35%
1/1/02	2,503,638	6,635,865	4,132,227	38%
<i>Fire Old Hire Plan</i>				
1/1/06	\$11,668,292	\$14,497,968	\$ 2,829,676	80%
1/1/04	11,041,517	14,415,150	3,373,633	77%
1/1/02	14,023,374	14,410,033	386,659	97%

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 2009. 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 10. 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, 2006 and for the year then ended, are as follows:

<u>Statement of Net Assets</u>	
Assets:	
Current assets	\$ 10,694,048
Noncurrent assets	1,507,364
Net property, plant, and equipment	<u>54,121,542</u>
Total assets	<u>\$66,322,954</u>
Liabilities:	
Current liabilities	\$ 1,318,000
Long-term debt	<u>10,642,009</u>
Total liabilities	<u>11,960,009</u>
Net Assets	
Invested in capital assets, net of related debt	42,909,719
Unrestricted	<u>11,453,226</u>
Total net assets	<u>\$ 54,362,945</u>
<u>Statement of Revenue and Expenses</u>	
Operating revenue	\$ 6,720,000
Operating expenses	<u>7,252,938</u>
Operating income	(532,938)
Net nonoperating revenue and expenses	403,226
Capital contributions	<u>3,636,562</u>
Change in net assets	3,506,850
Total net assets - beginning	<u>50,856,095</u>
Total net assets - ending	<u>\$ 54,362,945</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 \$9,819,432 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 \$1,885,407 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.

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, 2006 was \$10,765,000 payable over the following term from *Business activities*:

Year	Principal	Interest	Total
2007	\$ 730,000	\$ 446,339	\$ 1,176,339
2008	755,000	422,343	1,177,343
2009	775,000	397,525	1,172,525
2010	805,000	372,050	1,177,050
2011	830,000	345,529	1,175,529
2012-2016	2,930,000	1,380,095	4,310,095
2017-2021	2,250,000	1,012,395	3,262,395
2022-2024	1,690,000	267,115	1,957,115
	<u>\$10,765,000</u>	<u>\$4,643,391</u>	<u>\$15,408,391</u>

B. 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, 2006, and for the year then ended are as follows:

<u>Balance Sheet</u>	
Assets:	
Cash	\$374,005
Loans receivable	<u>32,712</u>
Total assets	<u>\$406,717</u>
Liabilities and fund equity:	
Liabilities	
Accounts payable	\$ <u>555</u>
Total liabilities	<u>555</u>
Fund equity:	
Fund balance:	
Reserved for interest and loans receivable	61,460
Unreserved, undesignated	<u>344,702</u>
Total fund equity	<u>406,162</u>
Total liabilities and fund equity	<u>\$406,717</u>
<u>Statement of Revenues and Expenditures</u>	
Interest and other income	\$ 16,798
Expenditures	<u>(3,472)</u>
Excess of revenues over expenditures	<u>\$ 13,326</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.

NOTE 11. CONTINGENCIES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to 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 \$500,000 per occurrence on each worker's compensation claim 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. Settled claims have not exceeded these coverages in any of the past three 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 \$1,007,435 in the Self-Insurance Internal Service Fund at December 31, 2006, 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. Retained earnings of the fund in the amount of \$4,631,972 would be used in the event of a future catastrophic loss. Changes in the Self-Insurance Internal Service Fund's claims liability amount in 2005 and 2006 were:

	January 1 Claims Payable	Claims and Changes in Estimates	Claim Payments	December 31 Claims Payable
2005	\$1,628,715	\$ 785,443	\$(627,811)	\$1,786,347
2006	\$1,786,347	\$(20,493)	\$(758,419)	\$1,007,435

B. 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.

C. 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 12. 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, 2006, 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 13. 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 14. 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, \$1,092,563 has been reserved for payment of the debt as of December 31, 2006.

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, 2006, 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. The City's emergency reserve is budgeted as part of the contingencies under general government in the general fund.

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.



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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 to expenditures for specified purposes.

Visitors and Convention Bureau ~ to accumulate resources from a lodging tax and other taxes to operate a visitor and convention bureau that promotes conventions and tourism.

Enhanced 911 Fund ~ to account for the resources from municipal telephone charges and their expenditure for improvements to the emergency 911 communication center.

Parkland Expansion Fund ~ to accumulate resources from the state lottery and land developers within the City to acquire and maintain parks and green space.

Golf Course Expansion Fund ~ to account for resources accumulated from golf course fees for golf course improvements and expansion.

Economic Development Fund ~ to account for resources accumulated to further economic development efforts in the City of Grand Junction and the Grand Valley area.

Conservation Trust Fund ~ to account for lottery proceeds received from the State Government 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.

Parkway Project Capital Fund ~ to account for the construction of the Riverside Parkway. Financed primarily through revenue bonds.

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

Storm drainage Development Fund ~ to account for storm drainage development 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.

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 West Water and Sanitation District (GJWWSA) Debt Service Fund ~ to account for those assets received by the City upon the dissolution of the Grand Junction West Water and Sanitation District restricted to the payment of GJWWSA long-term debt, the collection of property taxes and other fees levied within the District for the payment of long-term debt and the payment of GJWWSA 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, 2006

Special Revenue

	Visitors and Convention Bureau	Enhanced 911	Parkland Expansion	Golf Course Expansion	Economic Development	Conservation Trust	Community Development	Total
ASSETS								
Cash and investments	\$ 1,059,494	\$ 1,568,987	\$ 1,672,879	\$ -	\$ 742,664	\$ -	\$ 738	\$ 5,044,762
Accounts receivable	-	556,183	50	-	-	-	-	556,233
Taxes receivable	153,966	-	-	-	-	-	-	153,966
Intergovernmental receivable	-	-	-	-	-	-	32,644	32,644
Total assets	<u>\$ 1,213,460</u>	<u>\$ 2,125,170</u>	<u>\$ 1,672,929</u>	<u>\$ -</u>	<u>\$ 742,664</u>	<u>\$ -</u>	<u>\$ 33,382</u>	<u>\$ 5,787,605</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 108,613	\$ 9,900	\$ 114	\$ -	\$ -	\$ -	\$ 214	\$ 118,841
Accrued liabilities	26,020	-	-	-	2,696	-	-	28,716
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>134,633</u>	<u>9,900</u>	<u>114</u>	<u>-</u>	<u>2,696</u>	<u>-</u>	<u>214</u>	<u>147,557</u>
Fund balances:								
Reserved for perpetual care	-	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-	-	-
Unreserved:								
Designated for subsequent year's expenditures	268,137	-	-	-	165,106	-	-	433,243
Undesignated	810,690	2,115,270	1,672,815	-	574,862	-	33,168	5,206,805
Total fund balances	<u>1,078,827</u>	<u>2,115,270</u>	<u>1,672,815</u>	<u>-</u>	<u>739,968</u>	<u>-</u>	<u>33,168</u>	<u>5,640,048</u>
Total liabilities and fund balances	<u>\$ 1,213,460</u>	<u>\$ 2,125,170</u>	<u>\$ 1,672,929</u>	<u>\$ -</u>	<u>\$ 742,664</u>	<u>\$ -</u>	<u>\$ 33,382</u>	<u>\$ 5,787,605</u>

Debt Service					Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
General	Ridges	GJWWSD	GJ Public Finance	Total	Storm Drainage Development	Facilities Capital Projects	Total	Cemetery Perpetual Care	
\$ 150	\$ 253,613	\$ 210,774	\$ 510	\$ 465,047	\$ 2,052,459	\$ 3,226,398	\$ 5,278,857	\$ 1,151,859	\$ 11,940,525
-	8,746	3,666	-	12,412	21,698	-	21,698	4,537	594,880
-	133,745	-	-	133,745	-	-	-	-	287,711
-	-	-	-	-	-	-	-	-	32,644
<u>\$ 150</u>	<u>\$ 396,104</u>	<u>\$ 214,440</u>	<u>\$ 510</u>	<u>\$ 611,204</u>	<u>\$ 2,074,157</u>	<u>\$ 3,226,398</u>	<u>\$ 5,300,555</u>	<u>\$ 1,156,396</u>	<u>\$ 12,855,760</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,359	\$ -	\$ 17,359	\$ -	\$ 136,200
-	-	-	-	-	7,628	-	7,628	-	36,344
-	-	-	-	-	-	-	-	-	-
-	142,491	3,666	-	146,157	-	-	-	-	146,157
-	142,491	3,666	-	146,157	24,987	-	24,987	-	318,701
-	-	-	-	-	-	-	-	1,156,396	1,156,396
-	253,613	210,774	510	464,897	-	-	-	-	464,897
-	-	-	-	-	5,091,700	2,650,100	7,741,800	-	8,175,043
150	-	-	-	150	(3,042,530)	576,298	(2,466,232)	-	2,740,723
<u>150</u>	<u>253,613</u>	<u>210,774</u>	<u>510</u>	<u>465,047</u>	<u>2,049,170</u>	<u>3,226,398</u>	<u>5,275,568</u>	<u>1,156,396</u>	<u>12,537,059</u>
<u>\$ 150</u>	<u>\$ 396,104</u>	<u>\$ 214,440</u>	<u>\$ 510</u>	<u>\$ 611,204</u>	<u>\$ 2,074,157</u>	<u>\$ 3,226,398</u>	<u>\$ 5,300,555</u>	<u>\$ 1,156,396</u>	<u>\$ 12,855,760</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, 2006

Special Revenue

	Visitors and Convention Bureau	Enhanced 911	Parkland Expansion	Golf Course Expansion	Economic Development	Conservation Trust	Community Development	Total
REVENUES								
Taxes	\$ 1,737,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,737,519
Intergovernmental	-	-	-	-	-	533,598	145,504	679,102
Charges for services	25,916	1,542,380	-	-	-	-	-	1,568,296
Miscellaneous	-	(65)	991,271	-	-	-	-	991,206
Investment income	40,650	87,089	81,596	-	-	10,882	-	220,217
Total revenues	<u>1,804,085</u>	<u>1,629,404</u>	<u>1,072,867</u>	<u>-</u>	<u>-</u>	<u>544,480</u>	<u>145,504</u>	<u>5,196,340</u>
EXPENDITURES								
Current:								
General government	1,518,290	-	10,737	-	229,376	-	-	1,758,403
Urban development and housing	-	-	-	-	-	-	98,802	98,802
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>1,518,290</u>	<u>-</u>	<u>10,737</u>	<u>-</u>	<u>229,376</u>	<u>-</u>	<u>98,802</u>	<u>1,857,205</u>
Excess (deficiency) of revenues over (under) expenditures	285,795	1,629,404	1,062,130	-	(229,376)	544,480	46,702	3,339,135
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	450,000	-	-	450,000
Transfers out	-	(1,158,652)	(777,000)	(5,518)	-	(544,480)	(26,204)	(2,511,854)
Total other financing sources (uses)	<u>-</u>	<u>(1,158,652)</u>	<u>(777,000)</u>	<u>(5,518)</u>	<u>450,000</u>	<u>(544,480)</u>	<u>(26,204)</u>	<u>(2,061,854)</u>
Net change in fund balance	285,795	470,752	285,130	(5,518)	220,624	-	20,498	1,277,281
Fund balances - beginning	793,032	1,644,518	1,387,685	5,518	519,344	-	12,670	4,362,767
Fund balances - ending	<u>\$ 1,078,827</u>	<u>\$ 2,115,270</u>	<u>\$ 1,672,815</u>	<u>\$ -</u>	<u>\$ 739,968</u>	<u>\$ -</u>	<u>\$ 33,168</u>	<u>\$ 5,640,048</u>

Debt Service					Capital Projects			Permanent Fund	Total Nonmajor Governmental Funds
General	Ridges	GJWWSD	GJ Public Finance	Total	Storm Drainage Development	Facilities Capital Projects	Total	Cemetery Perpetual Care	
\$ -	\$ 160,530	\$ 8	\$ -	\$ 160,538	\$ -	\$ -	\$ -	\$ -	\$ 1,898,057
-	-	-	-	-	-	-	-	-	679,102
-	-	-	-	-	-	-	-	24,057	1,592,353
-	-	44,934	-	44,934	92,163	-	92,163	-	1,128,303
-	16,967	12,665	510	30,142	70,163	142,201	212,364	53,888	516,611
-	177,497	57,607	510	235,614	162,326	142,201	304,527	77,945	5,814,426
-	3,009	1,000	949	4,958	-	-	-	-	1,763,361
-	-	-	-	-	-	-	-	-	98,802
1,281,555	140,000	138,842	270,000	1,830,397	-	-	-	-	1,830,397
2,654,333	83,890	4,650	6,272	2,749,145	-	-	-	-	2,749,145
-	-	-	-	-	601,296	49,900	651,196	-	651,196
3,935,888	226,899	144,492	277,221	4,584,500	601,296	49,900	651,196	-	7,092,901
(3,935,888)	(49,402)	(86,885)	(276,711)	(4,348,886)	(438,970)	92,301	(346,669)	77,945	(1,278,475)
3,936,038	-	-	51,043	3,987,081	600,000	250,000	850,000	-	5,287,081
-	-	-	-	-	-	-	-	(46,000)	(2,557,854)
3,936,038	-	-	51,043	3,987,081	600,000	250,000	850,000	(46,000)	2,729,227
150	(49,402)	(86,885)	(225,668)	(361,805)	161,030	342,301	503,331	31,945	1,450,752
-	303,015	297,659	226,178	826,852	1,888,140	2,884,097	4,772,237	1,124,451	11,086,307
\$ 150	\$ 253,613	\$ 210,774	\$ 510	\$ 465,047	\$ 2,049,170	\$ 3,226,398	\$ 5,275,568	\$ 1,156,396	\$ 12,537,059

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,497,345	\$ 1,701,000	\$ 1,737,519	\$ 36,519
Charges for services	6,600	6,600	25,916	19,316
Miscellaneous	100	100	-	(100)
Investment income	20,000	28,000	40,650	12,650
Total revenues	<u>1,524,045</u>	<u>1,735,700</u>	<u>1,804,085</u>	<u>68,385</u>
EXPENDITURES				
Current:				
General government:	<u>1,641,236</u>	<u>1,722,251</u>	<u>1,518,290</u>	<u>203,961</u>
Excess of revenues over expenditures	(117,191)	13,449	285,795	272,346
Fund balances - beginning	793,032	793,032	793,032	-
Fund balances - ending	<u>\$ 675,841</u>	<u>\$ 806,481</u>	<u>\$ 1,078,827</u>	<u>\$ 272,346</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,150,000	\$ 1,150,000	\$ 1,542,380	\$ 392,380
Miscellaneous	-	-	(65)	(65)
Investment income	50,000	70,000	87,089	17,089
Total revenues	<u>1,200,000</u>	<u>1,220,000</u>	<u>1,629,404</u>	<u>409,404</u>
EXPENDITURES				
Current:				
General government:	-	-	-	-
Excess of revenues over expenditures	1,200,000	1,220,000	1,629,404	409,404
OTHER FINANCING USES				
Transfers out	(1,080,288)	(2,028,879)	(1,158,652)	870,227
Net change in fund balance	119,712	(808,879)	470,752	1,279,631
Fund balances - beginning	1,644,518	1,644,518	1,644,518	-
Fund balances - ending	<u>\$ 1,764,230</u>	<u>\$ 835,639</u>	<u>\$ 2,115,270</u>	<u>\$ 1,279,631</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 318,000	\$ 318,000	\$ 991,271	\$ 673,271
Investment income	30,000	50,000	81,596	31,596
Total revenues	<u>348,000</u>	<u>368,000</u>	<u>1,072,867</u>	<u>704,867</u>
EXPENDITURES				
Current:				
General government:	<u>30,000</u>	<u>30,000</u>	<u>10,737</u>	<u>19,263</u>
Excess of revenues over expenditures	318,000	338,000	1,062,130	724,130
OTHER FINANCING USES				
Transfers out	<u>(554,110)</u>	<u>(777,000)</u>	<u>(777,000)</u>	<u>-</u>
Net change in fund balance	(236,110)	(439,000)	285,130	724,130
Fund balances - beginning	1,387,685	1,387,685	1,387,685	-
Fund balances - ending	<u>\$ 1,151,575</u>	<u>\$ 948,685</u>	<u>\$ 1,672,815</u>	<u>\$ 724,130</u>

City of Grand Junction, Colorado
GOLF COURSE EXPANSION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 181,678	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Total revenues	<u>181,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Excess of revenues over expenditures	181,678	-	-	-
OTHER FINANCING USES				
Transfers out	<u>(127,000)</u>	<u>(8,928)</u>	<u>(5,518)</u>	<u>3,410</u>
Net change in fund balance	54,678	(8,928)	(5,518)	3,410
Fund balances - beginning	5,518	5,518	5,518	-
Fund balances - ending	<u>\$ 60,196</u>	<u>\$ (3,410)</u>	<u>\$ -</u>	<u>\$ 3,410</u>

City of Grand Junction, Colorado
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government:	450,000	450,000	229,376	220,624
Deficiency of revenues under expenditures	(450,000)	(450,000)	(229,376)	220,624
OTHER FINANCING SOURCES				
Transfers in	450,000	450,000	450,000	-
Net change in fund balance	-	-	220,624	220,624
Fund balances - beginning	519,344	519,344	519,344	-
Fund balances - ending	\$ 519,344	\$ 519,344	\$ 739,968	\$ 220,624

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 415,000	\$ 575,000	\$ 533,598	\$ (41,402)
Investment income	2,348	9,000	10,882	1,882
Total revenues	<u>417,348</u>	<u>584,000</u>	<u>544,480</u>	<u>(39,520)</u>
EXPENDITURES				
	-	-	-	-
Excess of revenues over expenditures	417,348	584,000	544,480	(39,520)
OTHER FINANCING SOURCES				
Transfers out	<u>(417,348)</u>	<u>(586,504)</u>	<u>(544,480)</u>	<u>42,024</u>
Net change in fund balance	-	(2,504)	-	2,504
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ (2,504)</u>	<u>\$ -</u>	<u>\$ 2,504</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 450,000	\$ 450,000	\$ 145,504	\$ (304,496)
EXPENDITURES				
Current:				
Urban development and housing	430,000	430,000	98,802	331,198
Excess of revenues over expenditures	20,000	20,000	46,702	26,702
OTHER FINANCING SOURCES				
Transfers out	(20,000)	(20,000)	(26,204)	(6,204)
Net change in fund balance	-	-	20,498	20,498
Fund balances - beginning	12,670	12,670	12,670	-
Fund balances - ending	\$ 12,670	\$ 12,670	\$ 33,168	\$ 20,498

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, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Debt service:			
Principal retirement	1,281,555	1,281,555	-
Interest and fiscal charges	2,654,333	2,654,333	-
Total expenditures	<u>3,935,888</u>	<u>3,935,888</u>	<u>-</u>
Deficiency of revenues under expenditures	(3,935,888)	(3,935,888)	-
OTHER FINANCING SOURCES			
Transfers in	<u>3,935,888</u>	<u>3,936,038</u>	<u>150</u>
Net change in fund balance	-	150	150
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 150</u>

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 156,000	\$ 156,000	\$ 160,530	\$ 4,530
Miscellaneous	-	-	-	-
Investment income	9,600	12,000	16,967	4,967
Total revenues	<u>165,600</u>	<u>168,000</u>	<u>177,497</u>	<u>9,497</u>
EXPENDITURES				
Current:				
General government	4,100	4,100	3,009	1,091
Debt service:				
Principal retirement	140,000	140,000	140,000	-
Interest and fiscal charges	83,890	83,890	83,890	-
Total expenditures	<u>227,990</u>	<u>227,990</u>	<u>226,899</u>	<u>1,091</u>
Excess (deficiency) of revenues over (under) expenditures	(62,390)	(59,990)	(49,402)	10,588
Fund balances - beginning	303,015	303,015	303,015	-
Fund balances - ending	<u>\$ 240,625</u>	<u>\$ 243,025</u>	<u>\$ 253,613</u>	<u>\$ 10,588</u>

City of Grand Junction, Colorado
GRAND JUNCTION WEST WATER AND SANITATION DISTRICT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
For the year ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 8	\$ 8
Miscellaneous	35,000	35,000	44,934	9,934
Investment income	10,000	10,000	12,665	2,665
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>57,607</u>	<u>12,607</u>
EXPENDITURES				
Current:				
General government	2,000	2,000	1,000	1,000
Debt service:				
Principal retirement	138,842	138,842	138,842	-
Interest and fiscal charges	4,650	4,650	4,650	-
Total expenditures	<u>145,492</u>	<u>145,492</u>	<u>144,492</u>	<u>1,000</u>
Deficiency of revenues under expenditures	(100,492)	(100,492)	(86,885)	13,607
Fund balances - beginning	297,659	297,659	297,659	-
Fund balances - ending	<u>\$ 197,167</u>	<u>\$ 197,167</u>	<u>\$ 210,774</u>	<u>\$ 13,607</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 510	\$ 510
EXPENDITURES				
Current:				
General government	1,500	1,500	949	551
Debt service:				
Principal retirement	270,000	270,000	270,000	-
Interest and fiscal charges	15,390	15,390	6,272	9,118
Total expenditures	<u>286,890</u>	<u>286,890</u>	<u>277,221</u>	<u>9,669</u>
Deficiency of revenues under expenditures	(286,890)	(286,890)	(276,711)	10,179
OTHER FINANCING SOURCES				
Transfers in	<u>66,348</u>	<u>60,712</u>	<u>51,043</u>	<u>(9,669)</u>
Net change in fund balance	(220,542)	(226,178)	(225,668)	510
Fund balances - beginning	226,178	226,178	226,178	-
Fund balances - ending	<u>\$ 5,636</u>	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ 510</u>

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, 2006

	Budgeted Amounts		Actual	Adjustment	Actual	Variance with
	Original	Final	GAAP Basis Amounts	to Budgetary Basis	on Budgetary Basis	Final Budget - Positive (Negative)
REVENUES						
Taxes	\$ 10,103,272	\$ 11,179,818	\$ 11,592,893	\$ (141,908)	\$ 11,450,985	\$ 271,167
Intergovernmental	864,427	1,184,956	2,278,845	(1,393,895)	884,950	(300,006)
Special assessments	434,000	111,000	75,103	-	75,103	(35,897)
Investment income	175,000	350,000	412,687	(52,721)	359,966	9,966
Miscellaneous	-	-	199,817	-	199,817	199,817
Total revenues	<u>11,576,699</u>	<u>12,825,774</u>	<u>14,559,345</u>	<u>(1,588,524)</u>	<u>12,970,821</u>	<u>145,047</u>
EXPENDITURES						
Capital outlay:						
Construction	<u>11,546,642</u>	<u>15,804,193</u>	<u>12,382,605</u>	<u>(702,265)</u>	<u>11,680,340</u>	<u>4,123,853</u>
Total expenditures	<u>11,546,642</u>	<u>15,804,193</u>	<u>12,382,605</u>	<u>(702,265)</u>	<u>11,680,340</u>	<u>4,123,853</u>
Excess (deficiency) of revenues over (under) expenditures	30,057	(2,978,419)	2,176,740	(886,259)	1,290,481	4,268,900
OTHER FINANCING SOURCES (USES)						
Transfers in	3,995,110	8,808,425	7,913,649	500,000	8,413,649	(894,776)
Transfers out	<u>(9,579,346)</u>	<u>(9,864,762)</u>	<u>(6,204,782)</u>	<u>-</u>	<u>(6,204,782)</u>	<u>3,659,980</u>
Total other financing sources (uses)	<u>(5,584,236)</u>	<u>(1,056,337)</u>	<u>1,708,867</u>	<u>500,000</u>	<u>2,208,867</u>	<u>2,765,204</u>
Net change in fund balance	(5,554,179)	(4,034,756)	3,885,607	(386,259)	3,499,348	7,034,104
Fund balances - beginning	<u>9,570,286</u>	<u>9,570,286</u>	<u>9,570,286</u>	<u>-</u>	<u>9,570,286</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,016,107</u>	<u>\$ 5,535,530</u>	<u>\$ 13,455,893</u>	<u>\$ (386,259)</u>	<u>\$ 13,069,634</u>	<u>\$ 7,034,104</u>

City of Grand Junction, Colorado
PARKWAY PROJECT CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the year ended December 31, 2006

	Budgeted Amounts		Actual GAAP Basis Amounts	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Intergovernmental	\$ 1,700,000	\$ 3,100,000	\$ 400,000	\$ (400,000)	\$ -	\$ (3,100,000)
Charges for Services	1,490,000	1,950,000	1,964,057	-	1,964,057	14,057
Investment income	340,000	720,000	1,003,629	(18,682)	984,947	264,947
Miscellaneous	-	-	3,809	-	3,809	3,809
Total revenues	<u>3,530,000</u>	<u>5,770,000</u>	<u>3,371,495</u>	<u>(418,682)</u>	<u>2,952,813</u>	<u>(2,817,187)</u>
EXPENDITURES						
Capital outlay:						
Construction	<u>27,803,000</u>	<u>34,869,774</u>	<u>33,893,651</u>	<u>(1,165,129)</u>	<u>32,728,522</u>	<u>2,141,252</u>
Total expenditures	<u>27,803,000</u>	<u>34,869,774</u>	<u>33,893,651</u>	<u>(1,165,129)</u>	<u>32,728,522</u>	<u>2,141,252</u>
Excess (deficiency) of revenues over (under) expenditures	(24,273,000)	(29,099,774)	(30,522,156)	746,447	(29,775,709)	(675,935)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(600,000)	(600,000)	-	(600,000)	-
Sale of Capital assets	-	655,000	654,860	-	654,860	(140)
Total other financing sources (uses)	<u>-</u>	<u>55,000</u>	<u>54,860</u>	<u>-</u>	<u>54,860</u>	<u>(140)</u>
Net change in fund balance	(24,273,000)	(29,044,774)	(30,467,296)	746,447	(29,720,849)	(676,075)
Fund balances - beginning	<u>35,505,255</u>	<u>35,505,255</u>	<u>35,505,255</u>	<u>-</u>	<u>35,505,255</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,232,255</u>	<u>\$ 6,460,481</u>	<u>\$ 5,037,959</u>	<u>\$ 746,447</u>	<u>\$ 5,784,406</u>	<u>\$ (676,075)</u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Development fees	\$ 1,050,000	\$ 2,150,000	\$ 2,753,507	\$ 603,507
Investment income	45,000	113,000	163,267	50,267
Total revenues	<u>1,095,000</u>	<u>2,263,000</u>	<u>2,916,774</u>	<u>653,774</u>
EXPENDITURES				
-	-	-	-	-
Excess of revenues over expenditures	1,095,000	2,263,000	2,916,774	653,774
OTHER FINANCING USES				
Transfers out	<u>(1,090,000)</u>	<u>(3,903,140)</u>	<u>(3,903,140)</u>	<u>-</u>
Net change in fund balance	5,000	(1,640,140)	(986,366)	653,774
Fund balances - beginning	1,639,199	1,639,199	1,639,199	-
Fund balances - ending	<u>\$ 1,644,199</u>	<u>\$ (941)</u>	<u>\$ 652,833</u>	<u>\$ 653,774</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous:				
Development fees	\$ 50,000	\$ 85,000	\$ 92,163	\$ 7,163
Investment income	35,000	70,000	70,163	163
Total revenues	<u>85,000</u>	<u>155,000</u>	<u>162,326</u>	<u>7,326</u>
EXPENDITURES				
Capital outlay:				
Construction	<u>5,070,000</u>	<u>1,913,000</u>	<u>601,296</u>	<u>1,311,704</u>
Deficiency of revenues under expenditures	(4,985,000)	(1,758,000)	(438,970)	1,319,030
OTHER FINANCING SOURCES				
Transfers in	<u>4,000,000</u>	<u>4,000,000</u>	<u>600,000</u>	<u>(3,400,000)</u>
Net change in fund balance	(985,000)	2,242,000	161,030	(2,080,970)
Fund balances - beginning	1,888,140	1,888,140	1,888,140	-
Fund balances - ending	<u>\$ 903,140</u>	<u>\$ 4,130,140</u>	<u>\$ 2,049,170</u>	<u>\$ (2,080,970)</u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 85,560	\$ 100,000	\$ 142,201	\$ 42,201
Total revenues	<u>85,560</u>	<u>100,000</u>	<u>142,201</u>	<u>42,201</u>
EXPENDITURES				
Capital outlay:	-	-	-	-
Construction	<u>1,000,000</u>	<u>1,000,000</u>	<u>49,900</u>	<u>950,100</u>
Excess of revenues over expenditures	(914,440)	(900,000)	92,301	992,301
OTHER FINANCING SOURCES				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balance	(664,440)	(650,000)	342,301	992,301
Fund balances - beginning	2,884,097	2,884,097	2,884,097	-
Fund balances - ending	<u>\$ 2,219,657</u>	<u>\$ 2,234,097</u>	<u>\$ 3,226,398</u>	<u>\$ 992,301</u>

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Perpetual care revenue	\$ 18,200	\$ 18,200	\$ 24,057	\$ 5,857
Investment income	46,000	46,000	53,888	7,888
Total revenues	<u>64,200</u>	<u>64,200</u>	<u>77,945</u>	<u>13,745</u>
EXPENDITURES				
	-	-	-	-
Excess revenues over expenditures	64,200	64,200	77,945	13,745
OTHER FINANCING USES				
Transfers out	(46,000)	(46,000)	(46,000)	-
Net change in fund balance	18,200	18,200	31,945	13,745
Fund balances - beginning	1,124,451	1,124,451	1,124,451	-
Fund balances - ending	<u>\$ 1,142,651</u>	<u>\$ 1,142,651</u>	<u>\$ 1,156,396</u>	<u>\$ 13,745</u>



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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.

Swimming Pools Fund ~ to account for the revenues and expenses associated with the maintenance of all municipally-owned swimming pools.

Lincoln Park Golf Course Fund ~ to account for the revenues and expenses associated with the operations of the Lincoln Park Golf Course.

Tiara Rado Golf Course Fund ~ to account for the revenues and expenses associated with the operations of the Tiara RAdo Golf Course.

Cemetery Fund ~ to account for the revenues and expenses associated with the operations of municipally-owned cemeteries.

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.

Ambulance Transport Fund ~ to account for the revenues and expenses associated with the operation of ambulance transport services within Mesa County.

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.

Stores Fund ~ to account for the expenses of purchasing and maintaining an inventory of frequently used or essential materials and supplies, as well as the related charges for these materials and supplies.

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.



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City of Grand Junction, Colorado
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
December 31, 2006

	Business-Type Activities - Enterprise Funds			
	Solid Waste Removal	Swimming Pools	Lincoln Park Golf Course	Tiara Rado Golf Course
ASSETS				
Current assets:				
Cash and investments	\$ 539,650	\$ -	\$ 56,022	\$ 160,191
Accounts receivable, net of allowance	232,827	61,032	-	1,865
Intergovernmental receivable	-	-	-	-
Inventory	-	-	27,602	51,095
Total current assets	<u>772,477</u>	<u>61,032</u>	<u>83,624</u>	<u>213,151</u>
Noncurrent assets:				
Capital assets:				
Land	-	-	19,370	871,986
Buildings, improvements, plant and system	36,299	4,296,835	1,724,099	2,096,625
Equipment	848,372	267,915	53,561	118,468
Construction in progress	-	-	-	-
Less accumulated depreciation	<u>(687,847)</u>	<u>(3,098,510)</u>	<u>(796,174)</u>	<u>(1,508,162)</u>
Total capital assets (net of accumulated depreciation)	<u>196,824</u>	<u>1,466,240</u>	<u>1,000,856</u>	<u>1,578,917</u>
Total noncurrent assets	<u>196,824</u>	<u>1,466,240</u>	<u>1,000,856</u>	<u>1,578,917</u>
Total assets	<u>969,301</u>	<u>1,527,272</u>	<u>1,084,480</u>	<u>1,792,068</u>
LIABILITIES				
Current liabilities:				
Accounts payable	53,462	47,476	52,851	25,579
Accrued liabilities	35,223	12,444	7,946	16,950
Compensated absences payable	9,591	626	1,703	4,953
Due to other funds	-	2,453	19,520	23,694
Total current liabilities	<u>98,276</u>	<u>62,999</u>	<u>82,020</u>	<u>71,176</u>
Noncurrent liabilities:				
Compensated absences payable	121,095	7,900	21,502	62,536
Advances from other funds - general fund	-	-	20,691	223,822
Total noncurrent liabilities	<u>121,095</u>	<u>7,900</u>	<u>42,193</u>	<u>286,358</u>
Total liabilities	<u>219,371</u>	<u>70,899</u>	<u>124,213</u>	<u>357,534</u>
NET ASSETS				
Invested in capital assets, net of related debt	196,824	1,466,240	1,000,856	1,578,917
Unrestricted	553,106	(9,867)	(40,589)	(144,383)
Total net assets	<u>\$ 749,930</u>	<u>\$ 1,456,373</u>	<u>\$ 960,267</u>	<u>\$ 1,434,534</u>

<u>Irrigation</u>	<u>Ambulance Transport</u>	<u>Total</u>
\$ 162,981	\$ 72,125	\$ 990,969
24,775	697,013	1,017,512
-	-	-
-	-	78,697
<u>187,756</u>	<u>769,138</u>	<u>2,087,178</u>
-	-	891,356
3,375,059	-	11,528,917
-	388,415	1,676,731
-	-	-
<u>(2,010,072)</u>	<u>(20,156)</u>	<u>(8,120,921)</u>
1,364,987	368,259	5,976,083
<u>1,364,987</u>	<u>368,259</u>	<u>5,976,083</u>
<u>1,552,743</u>	<u>1,137,397</u>	<u>8,063,261</u>
6,517	27,317	213,202
3,054	59,734	135,351
510	1,326	18,709
-	-	45,667
<u>10,081</u>	<u>88,377</u>	<u>412,929</u>
6,436	16,747	236,216
-	-	244,513
<u>6,436</u>	<u>16,747</u>	<u>480,729</u>
<u>16,517</u>	<u>105,124</u>	<u>893,658</u>
1,364,987	368,259	5,976,083
171,239	664,014	1,193,520
<u>\$ 1,536,226</u>	<u>\$ 1,032,273</u>	<u>\$ 7,169,603</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the year ended December 31, 2006

	Business-Type Activities - Enterprise Funds			
	Solid Waste Removal	Swimming Pools	Lincoln Park Golf Course	Tiara Rado Golf Course
Operating revenues:				
Charges for sales and services	\$ 2,500,954	\$ 515,810	\$ 610,255	\$ 1,310,941
Operating expenses:				
Personal services	889,200	462,389	314,503	604,949
Costs of sales and services	1,698,507	348,921	283,717	602,402
Depreciation and amortization	44,512	204,355	61,943	75,104
Total operating expenses	<u>2,632,219</u>	<u>1,015,665</u>	<u>660,163</u>	<u>1,282,455</u>
Operating income (loss)	<u>(131,265)</u>	<u>(499,855)</u>	<u>(49,908)</u>	<u>28,486</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	176,000	-	-
Miscellaneous	-	-	6,786	28,602
Investment income	35,365	-	(1,266)	3,978
Interest expense	-	-	(3,518)	(20,217)
Total nonoperating revenues (expenses)	<u>35,365</u>	<u>176,000</u>	<u>2,002</u>	<u>12,363</u>
Income (loss) before contributions and transfers	<u>(95,900)</u>	<u>(323,855)</u>	<u>(47,906)</u>	<u>40,849</u>
Capital contributions - tap fees	-	-	-	-
Transfers in	-	276,375	829,694	3,668
Transfers out	-	-	-	-
Change in net assets	<u>(95,900)</u>	<u>(47,480)</u>	<u>781,788</u>	<u>44,517</u>
Total net assets - beginning	845,830	1,503,853	178,479	1,390,017
Total net assets - ending	<u>\$ 749,930</u>	<u>\$ 1,456,373</u>	<u>\$ 960,267</u>	<u>\$ 1,434,534</u>

<u>Irrigation</u>	<u>Ambulance Transport</u>	<u>Total</u>
\$ <u>179,837</u>	\$ <u>1,107,880</u>	\$ <u>6,225,677</u>
96,180	520,219	2,887,440
114,140	324,763	3,372,450
88,119	20,156	494,189
<u>298,439</u>	<u>865,138</u>	<u>6,754,079</u>
<u>(118,602)</u>	<u>242,742</u>	<u>(528,402)</u>
-	-	176,000
-	-	35,388
8,548	-	46,625
-	-	(23,735)
<u>8,548</u>	<u>-</u>	<u>234,278</u>
<u>(110,054)</u>	<u>242,742</u>	<u>(294,124)</u>
8,320	-	8,320
-	789,531	1,899,268
<u>-</u>	<u>-</u>	<u>-</u>
<u>(101,734)</u>	<u>1,032,273</u>	<u>1,613,464</u>
<u>1,637,960</u>	<u>-</u>	<u>5,556,139</u>
\$ <u><u>1,536,226</u></u>	\$ <u><u>1,032,273</u></u>	\$ <u><u>7,169,603</u></u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the year ended December 31, 2006

	Business-Type Activities - Enterprise Funds			
	Solid Waste Removal	Swimming Pools	Lincoln Park Golf Course	Tiara Rado Golf Course
Cash flows from operating activities:				
Cash received from customers and users	\$ 2,476,286	\$ 498,180	\$ 610,255	\$ 1,310,908
Cash paid to suppliers	(1,690,937)	(315,801)	(284,963)	(607,145)
Cash paid to employees	(878,239)	(460,773)	(321,125)	(606,880)
Miscellaneous nonoperating receipts	-	-	6,786	28,602
Net cash provided (used) by operating activities	<u>(92,890)</u>	<u>(278,394)</u>	<u>10,953</u>	<u>125,485</u>
Cash flows from noncapital financing activities:				
Transfers (to) from other funds	-	276,375	829,694	3,668
Increase (decrease) in amount due other funds	-	(16,936)	1,105	1,653
Intergovernmental receipts	-	176,000	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>435,439</u>	<u>830,799</u>	<u>5,321</u>
Cash flows from capital and related financing activities:				
Tap fees	-	-	-	-
Proceeds of interfund capital loans	-	-	-	-
Repayment of interfund capital loans	-	-	(19,521)	(23,694)
Interest paid	-	-	(3,518)	(20,217)
Purchase of capital assets	(199,123)	(157,045)	(784,887)	(2,757)
Net cash used in capital and related financing activities	<u>(199,123)</u>	<u>(157,045)</u>	<u>(807,926)</u>	<u>(46,668)</u>
Cash flows from investing activities:				
Investment income received	35,365	-	(1,266)	3,978
Net cash provided (used) by investing activities	<u>35,365</u>	<u>-</u>	<u>(1,266)</u>	<u>3,978</u>
Net increase (decrease) in cash and cash equivalents	(256,648)	-	32,560	88,116
Cash and cash equivalents, January 1	796,298	-	23,462	72,075
Cash and cash equivalents, December 31	<u>\$ 539,650</u>	<u>\$ -</u>	<u>\$ 56,022</u>	<u>\$ 160,191</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (131,265)	\$ (499,855)	\$ (49,908)	\$ 28,486
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	44,512	204,355	61,943	75,104
(Increase) decrease in accounts receivable	(24,668)	(17,630)	-	(33)
(Increase) decrease in inventory	-	-	(2,444)	(14,853)
Increase (decrease) in accounts payable	7,570	33,120	42,184	10,110
Increase (decrease) in accrued liabilities and compensated absences payable	10,961	1,616	(6,622)	(1,931)
(Increase) decrease in accounts payable due to the purchase of fixed assets on account	-	-	(40,986)	-
Miscellaneous nonoperating receipts included in operating activities	-	-	6,786	28,602
Total adjustments	<u>38,375</u>	<u>221,461</u>	<u>60,861</u>	<u>96,999</u>
Net cash provided (used) by operating activities	<u>\$ (92,890)</u>	<u>\$ (278,394)</u>	<u>\$ 10,953</u>	<u>\$ 125,485</u>
Noncash Investing, Capital and Financing Activities				
Purchase of capital assets on account	\$ -	\$ -	\$ 40,986	\$ -

	Irrigation	Ambulance Transport	Total
\$	169,973	\$ 410,867	\$ 5,476,469
	(107,990)	(297,446)	(3,304,282)
	(98,159)	(442,412)	(2,807,588)
	-	-	35,388
	<u>(36,176)</u>	<u>(328,991)</u>	<u>(600,013)</u>

	-	789,531	1,899,268
	-	-	(14,178)
	-	-	176,000
	<u>-</u>	<u>789,531</u>	<u>2,061,090</u>

	8,320	-	8,320
	-	-	-
	-	-	(43,215)
	-	-	(23,735)
	-	(388,415)	(1,532,227)
	<u>8,320</u>	<u>(388,415)</u>	<u>(1,590,857)</u>

	8,548	-	46,625
	<u>8,548</u>	<u>-</u>	<u>46,625</u>

	(19,308)	72,125	(83,155)
	182,289	-	1,074,124
\$	<u>162,981</u>	<u>72,125</u>	<u>990,969</u>

\$	(118,602)	\$ 242,742	\$ (528,402)
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	88,119	20,156	494,189
	(9,864)	(697,013)	(749,208)
	-	-	(17,297)
	6,150	27,317	126,451
	(1,979)	77,807	79,852
	-	-	(40,986)
	-	-	35,388
	<u>82,426</u>	<u>(571,733)</u>	<u>(71,611)</u>
\$	<u>(36,176)</u>	<u>(328,991)</u>	<u>(600,013)</u>

\$	-	\$ -	\$ 40,986
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City of Grand Junction, Colorado
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2006

	Data Processing	Equipment	Stores	Self- Insurance	Communications Center	Total
ASSETS						
Current assets:						
Cash and investments	\$ 2,457,963	\$ 7,525,400	\$ 132,178	\$ 5,670,564	\$ 92,681	\$ 15,878,786
Accounts receivable, net of allowance	343	3,035	-	9,233	-	12,611
Intergovernmental receivable	2,667	421	237	-	522,325	525,650
Inventory	-	-	103,804	-	-	103,804
Total current assets	<u>2,460,973</u>	<u>7,528,856</u>	<u>236,219</u>	<u>5,679,797</u>	<u>615,006</u>	<u>16,520,851</u>
Noncurrent assets:						
Capital assets:						
Buildings and improvements	-	-	-	-	347,690	347,690
Equipment	752,718	16,684,409	22,995	-	4,921,527	22,381,649
Less accumulated depreciation	(721,200)	(10,525,973)	(17,045)	-	(2,179,392)	(13,443,610)
Total capital assets (net of accumulated depreciation)	<u>31,518</u>	<u>6,158,436</u>	<u>5,950</u>	<u>-</u>	<u>3,089,825</u>	<u>9,285,729</u>
Total assets	<u>2,492,491</u>	<u>13,687,292</u>	<u>242,169</u>	<u>5,679,797</u>	<u>3,704,831</u>	<u>25,806,580</u>
LIABILITIES						
Current liabilities:						
Accounts payable	71,408	181,644	1,237	2,464	45,229	301,982
Accrued liabilities	61,839	19,666	3,120	6,494	93,948	185,067
Compensated absences payable	8,354	2,387	426	2,307	6,797	20,271
Claims payable	-	-	-	1,007,435	-	1,007,435
Total current liabilities	<u>141,601</u>	<u>203,697</u>	<u>4,783</u>	<u>1,018,700</u>	<u>145,974</u>	<u>1,514,755</u>
Noncurrent liabilities						
Compensated absences payable	105,475	30,141	5,383	29,125	85,817	255,941
Total liabilities	<u>247,076</u>	<u>233,838</u>	<u>10,166</u>	<u>1,047,825</u>	<u>231,791</u>	<u>1,770,696</u>
NET ASSETS						
Invested in capital assets	31,518	6,158,436	5,950	-	3,089,825	9,285,729
Unrestricted	2,213,897	7,295,018	226,053	4,631,972	383,215	14,750,155
Total net assets	<u>\$ 2,245,415</u>	<u>\$ 13,453,454</u>	<u>\$ 232,003</u>	<u>\$ 4,631,972</u>	<u>\$ 3,473,040</u>	<u>\$ 24,035,884</u>

City of Grand Junction, Colorado
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the year ended December 31, 2006

	Data Processing	Equipment	Stores	Self- Insurance	Communications Center	Total
Operating revenues:						
Charges for sales and services:	\$ 2,703,515	\$ 3,291,256	\$ 92,640	\$ 987,948	\$ 2,980,186	\$ 10,055,545
Miscellaneous	-	695	-	39,336	-	40,031
Total operating revenues	<u>2,703,515</u>	<u>3,291,951</u>	<u>92,640</u>	<u>1,027,284</u>	<u>2,980,186</u>	<u>10,095,576</u>
Operating expenses:						
Personal services	1,554,926	503,928	83,573	161,677	2,296,990	4,601,094
Costs of sales and services	1,217,747	1,412,942	15,421	1,081,724	759,795	4,487,629
Depreciation and amortization	16,009	1,475,861	1,997	-	449,500	1,943,367
Total operating expenses	<u>2,788,682</u>	<u>3,392,731</u>	<u>100,991</u>	<u>1,243,401</u>	<u>3,506,285</u>	<u>11,032,090</u>
Operating income (loss)	<u>(85,167)</u>	<u>(100,780)</u>	<u>(8,351)</u>	<u>(216,117)</u>	<u>(526,099)</u>	<u>(936,514)</u>
Nonoperating revenues (expenses):						
Miscellaneous	-	-	-	-	-	-
Investment income	106,499	335,827	6,000	283,063	-	731,389
Gain (loss) on disposition of property and equipment	-	198,331	-	-	-	198,331
Total nonoperating revenues (expenses)	<u>106,499</u>	<u>534,158</u>	<u>6,000</u>	<u>283,063</u>	<u>-</u>	<u>929,720</u>
Income (loss) before transfers	21,332	433,378	(2,351)	66,946	(526,099)	(6,794)
Transfers in	-	-	-	-	1,158,652	1,158,652
Change in net assets	21,332	433,378	(2,351)	66,946	632,553	1,151,858
Total net assets - beginning	2,224,083	13,020,076	234,354	4,565,026	2,840,487	22,884,026
Total net assets - ending	<u>\$ 2,245,415</u>	<u>\$ 13,453,454</u>	<u>\$ 232,003</u>	<u>\$ 4,631,972</u>	<u>\$ 3,473,040</u>	<u>\$ 24,035,884</u>

City of Grand Junction, Colorado
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the year ended December 31, 2006

	Data Processing	Equipment	Stores	Self Insurance	Communications Center	Total
Cash flows from operating activities:						
Cash received from customers and users	\$ 2,700,660	\$ 3,290,693	\$ 95,095	\$ 980,625	\$ 2,477,466	\$ 9,544,539
Cash paid to suppliers	(1,160,948)	(1,411,580)	(36,086)	(1,884,917)	(807,419)	(5,300,950)
Cash paid to employees	(1,526,134)	(500,965)	(85,436)	(158,193)	(2,270,268)	(4,540,996)
Miscellaneous nonoperating receipts	-	695	-	39,336	-	40,031
Net cash provided (used) by operating activities	<u>13,578</u>	<u>1,378,843</u>	<u>(26,427)</u>	<u>(1,023,149)</u>	<u>(600,221)</u>	<u>(257,376)</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	-	-	-	-	1,158,652	1,158,652
Transfers to other funds	-	-	-	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,158,652</u>	<u>1,158,652</u>
Cash flows from capital and related financing activities:						
Proceeds from disposition of capital assets	-	109,502	-	-	-	109,502
Purchase of capital assets	(9,747)	(1,166,144)	-	-	(686,429)	(1,862,320)
Net cash used in capital and related financing activities	<u>(9,747)</u>	<u>(1,056,642)</u>	<u>-</u>	<u>-</u>	<u>(686,429)</u>	<u>(1,752,818)</u>
Cash flows from investing activities:						
Investment income received	106,499	335,827	6,000	283,063	-	731,389
Net cash provided by investing activities	<u>106,499</u>	<u>335,827</u>	<u>6,000</u>	<u>283,063</u>	<u>-</u>	<u>731,389</u>
Net increase in cash and cash equivalents	110,330	658,027	(20,427)	(740,086)	(127,998)	(120,154)
Cash and cash equivalents, January 1	2,347,633	6,867,372	152,605	6,410,650	220,679	15,998,939
Cash and cash equivalents, December 31	<u>\$ 2,457,963</u>	<u>\$ 7,525,399</u>	<u>\$ 132,178</u>	<u>\$ 5,670,564</u>	<u>\$ 92,681</u>	<u>\$ 15,878,785</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (85,167)	\$ (100,780)	\$ (8,351)	\$ (216,117)	\$ (526,099)	\$ (936,514)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	16,009	1,475,861	1,997	-	449,500	1,943,367
(Increase) decrease in accounts receivable	(2,855)	(563)	2,455	(7,323)	(502,720)	(511,006)
(Increase) decrease in inventory	-	-	2,229	-	-	2,229
Increase (decrease) in accounts payable	56,799	111,763	(22,894)	(24,281)	(31,328)	90,059
Increase (decrease) in claims payable	-	-	-	(778,912)	-	(778,912)
Increase (decrease) in accrued wages and compensated absences payable	28,792	2,963	(1,863)	3,484	26,722	60,098
(Increase) decrease in accounts payable due to purchase of capital assets on account	-	(110,401)	-	-	(16,296)	(126,697)
Total adjustments	<u>98,745</u>	<u>1,479,623</u>	<u>(18,076)</u>	<u>(807,032)</u>	<u>(74,122)</u>	<u>679,138</u>
Net cash provided (used) by operating activities	<u>\$ 13,578</u>	<u>\$ 1,378,843</u>	<u>\$ (26,427)</u>	<u>\$ (1,023,149)</u>	<u>\$ (600,221)</u>	<u>\$ (257,376)</u>
Noncash Investing, Capital and Financing Activities						
Purchase of capital assets on account	\$ -	\$ 110,401	\$ -	\$ -	\$ 16,296	\$ 126,697
Net book value of capital assets traded in on capital assets acquired	-	75,224	-	-	-	75,224
Trade in value of disposed assets	-	152,769	-	-	-	152,769

CITY OF GRAND JUNCTION, COLORADO



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.

Employee Retirement Health Benefit Fund ~ to account for revenues and expenditures associated with health insurance premiums for retired employees.

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 ASSETS
PENSION TRUST FUNDS
December 31, 2006

	<u>Police Old Hire</u>	<u>Fire Old Hire</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ <u>3,025,638</u>	\$ <u>13,027,693</u>	\$ <u>16,053,331</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS HELD IN TRUST FOR:			
Pension benefits	\$ <u><u>3,025,638</u></u>	\$ <u><u>13,027,693</u></u>	\$ <u><u>16,053,331</u></u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
For the year ended December 31, 2006

	Police Old Hire	Fire Old Hire	Total
ADDITIONS			
Contributions:			
City	\$ 462,366	\$ 415,619	\$ 877,985
Plan member	-	13,823	13,823
State government	288,733	-	288,733
Total contributions	<u>751,099</u>	<u>429,442</u>	<u>1,180,541</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	266,534	1,201,016	1,467,550
Interest	126,146	566,488	692,634
Net investment income	<u>392,680</u>	<u>1,767,504</u>	<u>2,160,184</u>
Total additions	<u>1,143,779</u>	<u>2,196,946</u>	<u>3,340,725</u>
DEDUCTIONS			
Benefits	624,146	1,048,151	1,672,297
Administrative expense	18,400	82,404	100,804
Total deductions	<u>642,546</u>	<u>1,130,555</u>	<u>1,773,101</u>
Change in net assets	501,233	1,066,391	1,567,624
Net assets - beginning	<u>2,524,405</u>	<u>11,961,302</u>	<u>14,485,707</u>
Net assets - ending	<u>\$ 3,025,638</u>	<u>\$ 13,027,693</u>	<u>\$ 16,053,331</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
December 31, 2006

	Mesa County Valley School District 51 SLD Fee	General Trust	Employee Retirement Health Benefit	Total
ASSETS				
Cash and investments	\$ 153,266	\$ 468	\$ 889,849	\$ 1,043,583
Accounts receivable, net of allowance	6,440	-	8,549	14,989
Total assets	<u>159,706</u>	<u>468</u>	<u>898,398</u>	<u>1,058,572</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS HELD IN TRUST FOR				
Individuals, organizations and others	<u>\$ 159,706</u>	<u>\$ 468</u>	<u>\$ 898,398</u>	<u>\$ 1,058,572</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
For the year ended December 31, 2006

	Mesa County Valley School District 51 SLD Fee	General Trust	Employee Retirement Health Benefit	Total
ADDITIONS				
Additions by participants	\$ 361,597	\$ -	\$ 257,934	\$ 619,531
Investment income	8,204	-	39,104	47,308
Total additions	<u>369,801</u>	<u>-</u>	<u>297,038</u>	<u>666,839</u>
DEDUCTIONS				
Distributions to participants	329,810	6,786	-	336,596
Health insurance premiums paid	-	-	182,697	182,697
Administrative expense	10,227	-	-	10,227
Total deductions	<u>340,037</u>	<u>6,786</u>	<u>182,697</u>	<u>529,520</u>
Change in net assets	29,764	(6,786)	114,341	137,319
Net assets - beginning	129,942	7,254	784,057	921,253
Net assets - ending	<u>\$ 159,706</u>	<u>\$ 468</u>	<u>\$ 898,398</u>	<u>\$ 1,058,572</u>

City of Grand Junction, Colorado
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
For the year ended December 31, 2006

	Balance Beginning	Additions	Deletions	Balance Ending
<u>PARK IMPROVEMENT ADVISORY BOARD</u>				
ASSETS				
Cash and investments	\$ 150,651	\$ 120,092	\$ 93,249	\$ 177,494
Accounts receivable, net of allowance	-	93,700	93,700	-
Total assets	<u>\$ 150,651</u>	<u>\$ 213,792</u>	<u>\$ 186,949</u>	<u>\$ 177,494</u>
LIABILITIES				
Due to other governments	<u>\$ 150,651</u>	<u>\$ 269,982</u>	<u>\$ 243,139</u>	<u>\$ 177,494</u>
<u>RIMROCK MARKETPLACE GENERAL IMPROVEMENT DISTRICT</u>				
ASSETS				
Cash and investments	\$ 185,485	\$ 252,062	\$ 206,224	\$ 231,323
LIABILITIES				
Due to other governments	<u>\$ 185,485</u>	<u>\$ 251,312</u>	<u>\$ 205,474</u>	<u>\$ 231,323</u>
<u>SEWER AND WATER DISTRICTS CLEARING</u>				
ASSETS				
Cash and investments	\$ 72,447	\$ 1,052,902	\$ 1,053,652	\$ 71,697
LIABILITIES				
Due to other governments	<u>\$ 72,447</u>	<u>\$ 1,052,902</u>	<u>\$ 1,053,652</u>	<u>\$ 71,697</u>
<u>DOWNTOWN BUSINESS IMPROVEMENT DISTRICT</u>				
ASSETS				
Cash and investments	\$ -	\$ 285,271	\$ 241,826	\$ 43,445
LIABILITIES				
Due to other governments	<u>\$ -</u>	<u>\$ 285,271</u>	<u>\$ 241,826</u>	<u>\$ 43,445</u>
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 408,583	\$ 1,710,327	\$ 1,594,951	\$ 523,959
Accounts receivable, net of allowance	-	93,700	93,700	-
Total assets	<u>\$ 408,583</u>	<u>\$ 1,804,027</u>	<u>\$ 1,688,651</u>	<u>\$ 523,959</u>
LIABILITIES				
Due to other governments	408,583	1,859,467	1,744,091	523,959
Total liabilities	<u>\$ 408,583</u>	<u>\$ 1,859,467</u>	<u>\$ 1,744,091</u>	<u>\$ 523,959</u>



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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 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.



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DOWNTOWN DEVELOPMENT AUTHORITY
A Component Unit of the City of Grand Junction, Colorado
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	DDA Tax Increment	DDA Operations Special Revenue Fund	DDA Debt Service Fund	TIF Capital Improvements Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 949,685	\$ 340,453	\$ 12,330	\$ 2,201,238	\$ 3,503,706
Property taxes receivable	1,116,186	136,372	-	-	1,252,558
Accounts receivable	-	10,611	-	55,000	65,611
Total assets	<u>2,065,871</u>	<u>487,436</u>	<u>12,330</u>	<u>2,256,238</u>	<u>4,821,875</u>
LIABILITIES					
Accounts payable	-	2,930	12,129	207	15,266
Accrued liabilities	-	3,789	-	-	3,789
Deferred revenue	1,116,186	136,372	-	-	1,252,558
Compensated absences payable	-	811	-	-	811
Total liabilities	<u>1,116,186</u>	<u>143,902</u>	<u>12,129</u>	<u>207</u>	<u>1,272,424</u>
FUND BALANCES					
Reserved for debt service	-	-	201	-	201
Unreserved:					
Designated for subsequent year's expenditures	799,040	-	-	2,371,000	3,170,040
Unreserved, undesignated	150,645	343,534	-	(114,969)	379,210
Total fund balances	<u>949,685</u>	<u>343,534</u>	<u>201</u>	<u>2,256,031</u>	<u>3,549,451</u>
Total liabilities and fund balances	<u>\$ 2,065,871</u>	<u>\$ 487,436</u>	<u>\$ 12,330</u>	<u>\$ 2,256,238</u>	

Amounts reported for the Component Unit - Downtown Development Authority on the statement of net assets (page 29) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 4,054,113

Long-term liabilities such as bonds 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	\$ (2,180,500)	
	Compensated absences	(10,235)	(2,190,735)

Total net assets -Component Unit - Downtown Development Authority. (page 33) \$ 5,412,829

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, 2006

	DDA Tax Increment	DDA Operations Special Revenue Fund	DDA Debt Service Fund	TIF Capital Improvements Capital Project Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 1,284,502	\$ 161,354	\$ -	\$ -	\$ 1,445,856
Intergovernmental	207,687	-	-	-	207,687
Charges for services	-	4,497	-	-	4,497
Miscellaneous	-	95,233	-	8,000	103,233
Investment income	78,851	13,280	-	60,019	152,150
Total revenues	<u>1,571,040</u>	<u>274,364</u>	<u>-</u>	<u>68,019</u>	<u>1,913,423</u>
EXPENDITURES					
Current:					
Urban development and housing	21,816	212,164	12,129	1,000,000	1,246,109
Debt service:					
Principal retirement	-	-	1,575,000	-	1,575,000
Interest and fiscal charges	-	-	39,463	-	39,463
Capital outlay	-	-	-	365,985	365,985
Total expenditures	<u>21,816</u>	<u>212,164</u>	<u>1,626,592</u>	<u>1,365,985</u>	<u>3,226,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,549,224</u>	<u>62,200</u>	<u>(1,626,592)</u>	<u>(1,297,966)</u>	<u>(1,313,134)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	68,340	1,626,592	-	1,694,932
Transfers out	(1,694,932)	-	-	-	(1,694,932)
Revenue bond proceeds	-	-	-	2,180,500	2,180,500
Total other financing sources (uses)	<u>(1,694,932)</u>	<u>68,340</u>	<u>1,626,592</u>	<u>2,180,500</u>	<u>2,180,500</u>
Net change in fund balances	(145,708)	130,540	-	882,534	867,366
Fund balances - beginning	1,095,393	212,994	201	1,373,497	2,682,085
Fund balances - ending	<u>\$ 949,685</u>	<u>\$ 343,534</u>	<u>\$ 201</u>	<u>\$ 2,256,031</u>	<u>\$ 3,549,451</u>

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

Net change in fund balances - total governmental funds (above) \$ 867,366

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 \$360,745 exceeded depreciation (\$87,802) in the current period. 272,943

The issuance of long-term debt (\$2,180,500) provides current financial resources to governmental funds, while repayment of the principal of long-term debt \$1,575,000 consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. (605,500)

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. (318)

Change in net assets of the Component Unit - Downtown Development Authority (page 35) \$ 534,491

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,200,500	\$ 1,260,500	\$ 1,284,502	\$ 24,002
Intergovernmental	158,000	163,000	207,687	44,687
Investment income	32,000	50,000	78,851	28,851
Total revenues	<u>1,390,500</u>	<u>1,473,500</u>	<u>1,571,040</u>	<u>97,540</u>
EXPENDITURES				
Current:				
Urban development and housing	<u>29,000</u>	<u>29,000</u>	<u>21,816</u>	<u>7,184</u>
Excess of revenues over expenditures	1,361,500	1,444,500	1,549,224	104,724
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(843,463)</u>	<u>(1,711,463)</u>	<u>(1,694,932)</u>	<u>16,531</u>
Total other financing sources (uses)	<u>(843,463)</u>	<u>(1,711,463)</u>	<u>(1,694,932)</u>	<u>16,531</u>
Net change in fund balance	518,037	(266,963)	(145,708)	121,255
Fund balances - beginning	1,095,393	1,095,393	1,095,393	-
Fund balances - ending	<u>\$ 1,613,430</u>	<u>\$ 828,430</u>	<u>\$ 949,685</u>	<u>\$ 121,255</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 153,000	\$ 156,000	\$ 161,354	\$ 5,354
Charges for services	4,000	2,500	4,497	1,997
Miscellaneous	63,750	87,500	95,233	7,733
Investment income	5,000	8,000	13,280	5,280
Total revenues	<u>225,750</u>	<u>254,000</u>	<u>274,364</u>	<u>20,364</u>
EXPENDITURES				
Current:				
Urban development and housing	<u>193,416</u>	<u>217,912</u>	<u>212,164</u>	<u>5,748</u>
Total expenditures	<u>193,416</u>	<u>217,912</u>	<u>212,164</u>	<u>5,748</u>
Excess (deficiency) of revenues over (under) expenditures	32,334	36,088	62,200	26,112
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>32,000</u>	<u>50,000</u>	<u>68,340</u>	<u>18,340</u>
Total other financing sources (uses)	<u>32,000</u>	<u>50,000</u>	<u>68,340</u>	<u>18,340</u>
Net change in fund balance	64,334	86,088	130,540	44,452
Fund balances - beginning	212,994	212,994	212,994	-
Fund balances - ending	<u>\$ 277,328</u>	<u>\$ 299,082</u>	<u>\$ 343,534</u>	<u>\$ 44,452</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
General government	2,000	47,000	12,129	34,871
Debt service:				
Principal retirement	770,000	1,575,000	1,575,000	-
Interest and fiscal charges	39,463	39,463	39,463	-
Total expenditures	<u>811,463</u>	<u>1,661,463</u>	<u>1,626,592</u>	<u>34,871</u>
Deficiency of revenues under expenditures	(811,463)	(1,661,463)	(1,626,592)	34,871
OTHER FINANCING SOURCES				
Transfers in	<u>811,463</u>	<u>1,661,463</u>	<u>1,626,592</u>	<u>(34,871)</u>
Net change in fund balance	-	-	-	-
Fund balances - beginning	201	201	201	-
Fund balances - ending	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ 201</u>	<u>\$ -</u>

DOWNTOWN DEVELOPMENT AUTHORITY
A Component Unit of the City of Grand Junction, Colorado
DDA TIF CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL
(NON-GAAP BUDGETARY BASIS)
For the year ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 8,000	\$ 8,000
Investment income	25,000	35,000	60,019	25,019
Total revenues	<u>25,000</u>	<u>35,000</u>	<u>68,019</u>	<u>33,019</u>
EXPENDITURES				
Current:				
Urban development and housing	-	-	1,000,000	(1,000,000)
Capital projects	-	1,484,113	365,985	1,118,128
Total expenditures	<u>-</u>	<u>1,484,113</u>	<u>1,365,985</u>	<u>118,128</u>
Excess (deficiency) of revenues over (under) expenditures	25,000	(1,449,113)	(1,297,966)	151,147
OTHER FINANCING SOURCES (USES):				
Revenue bonds issued	-	2,180,000	2,180,500	500
Total other financing sources (uses)	<u>-</u>	<u>2,180,000</u>	<u>2,180,500</u>	<u>500</u>
Net change in fund balance	25,000	730,887	882,534	151,647
Fund balances - beginning	1,373,497	1,373,497	1,373,497	-
Fund balances - ending	<u>\$ 1,398,497</u>	<u>\$ 2,104,384</u>	<u>\$ 2,256,031</u>	<u>\$ 151,647</u>



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Statistical Section

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- Table 2 ~ Changes in Net Assets
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TABLE 1

City of Grand Junction, Colorado
NET ASSETS
Last Five Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in capital assets, net of related debt	\$ 181,892,248	\$ 201,219,442	\$ 224,544,344	\$ 256,934,469	\$ 326,336,540
Restricted	3,741,227	5,303,737	3,837,095	3,944,221	5,379,428
Unrestricted	35,339,502	33,760,361	40,263,463	50,448,036	61,797,292
Total governmental activities net assets	<u>\$ 220,972,977</u>	<u>\$ 240,283,540</u>	<u>\$ 268,644,902</u>	<u>\$ 311,326,726</u>	<u>\$ 393,513,260</u>
Business-type Activities					
Invested in capital assets, net of related debt	\$ 34,219,616	\$ 33,495,032	\$ 34,071,610	\$ 33,697,216	\$ 36,518,897
Restricted	3,500,000	1,787,120	905,137	-	610,844
Unrestricted	68,770	3,044,687	3,350,735	5,286,462	4,114,096
Total business-type activities net assets	<u>\$ 37,788,386</u>	<u>\$ 38,326,839</u>	<u>\$ 38,327,482</u>	<u>\$ 38,983,678</u>	<u>\$ 41,243,837</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 216,111,864	\$ 234,714,474	\$ 258,615,954	\$ 290,631,685	\$ 362,855,437
Restricted	7,241,227	7,090,857	4,742,232	3,944,221	5,990,272
Unrestricted	35,408,272	36,805,048	43,614,198	55,734,498	65,911,388
Total primary governmental net assets	<u>\$ 258,761,363</u>	<u>\$ 278,610,379</u>	<u>\$ 306,972,384</u>	<u>\$ 350,310,404</u>	<u>\$ 434,757,097</u>
Component Unit:					
Invested in capital assets, net of related debt	\$ 3,118,738	\$ 2,312,416	\$ 877,836	\$ 2,196,484	\$ 1,873,613
Restricted	142,971	-	170,000	32,000	32,000
Unrestricted	(5,950)	262,880	2,628,949	2,649,854	3,507,216
Total component unit net assets	<u>\$ 3,255,759</u>	<u>\$ 2,575,296</u>	<u>\$ 3,676,785</u>	<u>\$ 4,878,338</u>	<u>\$ 5,412,829</u>

Note: The City of Grand Junction implemented GASB 34 as of December 31, 2002

Source: Current and prior years' financial statements

TABLE 2

City of Grand Junction, Colorado
CHANGES IN NET ASSETS
 Last Five Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government	\$ 10,397,825	\$ 8,276,802	\$ 9,548,713	\$ 9,596,763	\$ 8,775,975
Public Safety	17,966,339	19,871,283	23,823,248	22,904,850	24,638,801
Public Works	12,220,526	12,780,174	10,223,079	15,386,497	19,400,979
Parks and Recreation	4,740,433	5,318,756	6,684,183	5,175,343	4,743,303
Urban Development and Housing	720,043	622,802	347,218	415,306	110,694
Interest of Long-Term Debt	295,421	234,037	2,301,710	2,571,874	2,503,750
Total Governmental Activities Expense	46,340,587	47,103,854	52,928,151	56,050,633	60,173,502
Business-Type Activities:					
Water	3,826,901	4,009,508	4,158,777	4,222,594	4,349,852
Convention Center	1,828,188	1,988,176	2,130,427	2,641,066	2,805,768
Solid Waste Removal	2,160,155	2,190,000	2,302,588	2,340,292	2,632,219
Swimming Pools	829,676	815,682	826,992	919,684	1,015,665
Golf	1,896,274	1,919,148	2,040,033	1,898,642	1,966,353
Cemeteries	333,865	339,191	-	-	-
Parking	220,257	272,728	244,869	321,282	693,381
Irrigation Systems	248,603	250,073	279,556	273,642	298,439
Ambulance Transport	-	-	-	-	865,138
Total Business-Type Activities Expense	11,343,919	11,784,506	11,983,242	12,617,202	14,626,815
Total Primary Government Expenses	\$ 57,684,506	\$ 58,888,360	\$ 64,911,393	\$ 68,667,835	\$ 74,800,317
Total Component Unit Expenses	\$ 569,356	\$ 1,213,309	\$ 464,709	\$ 386,262	\$ 1,378,932
Program Revenues					
Governmental Activities:					
Charge for Service:					
General Government	\$ 4,040,068	\$ 1,707,755	\$ 2,072,365	\$ 2,201,868	\$ 2,350,160
Public Safety	2,806,777	4,194,882	4,270,121	4,636,026	4,503,743
Public Works	344,444	668,873	1,137,608	1,100,555	2,595,528
Parks and Recreation	750,033	799,011	1,187,450	1,294,737	1,070,852
Operating Grants and Contributions	1,104,192	733,500	492,464	718,425	565,044
Capital Grants and Contributions	24,345,898	16,358,934	20,628,819	34,104,271	66,735,306
Total Governmental Activities Program Revenues	33,391,412	24,462,955	29,788,827	44,055,882	77,820,633
Business-Type Activities:					
Water	4,673,955	4,746,675	4,397,730	4,476,728	4,670,635
Convention Center	1,171,731	1,315,342	1,603,083	2,114,443	2,437,970
Solid Waste Removal	2,218,985	2,234,155	2,260,492	2,427,094	2,500,954
Swimming Pools	440,721	431,336	394,625	628,073	691,810
Golf	1,606,520	1,641,313	1,648,009	1,802,903	1,956,584
Cemeteries	167,763	173,935	-	-	-
Parking	326,772	384,785	355,546	326,381	338,286
Irrigation Systems	170,415	170,378	172,016	178,709	179,837
Ambulance Transport	-	-	-	-	1,107,880
Operating Grants and Contributions	106,727	109,551	159,346	-	-
Capital Grants and Contributions	87,870	201,921	110,044	237,705	654,170
Total Business-Type Activities Program Revenues	10,971,459	11,409,391	11,100,891	12,192,036	14,538,126
Total Primary Government Program Revenues	\$ 44,362,871	\$ 35,872,346	\$ 40,889,718	\$ 56,247,918	\$ 92,358,759
Total Component Unit Program Revenues	\$ 397,380	\$ 319,453	\$ 298,779	\$ 247,614	\$ 315,417
Net (Expense)/ Revenue					
Governmental Activities	\$ (12,949,175)	\$ (22,640,899)	\$ (23,139,324)	\$ (11,994,751)	\$ 17,647,131
Business-Type Activities	(372,460)	(375,115)	(882,351)	(425,166)	(88,689)
Total Primary Government Net Expense	\$ (13,321,635)	\$ (23,016,014)	\$ (24,021,675)	\$ (12,419,917)	\$ 17,558,442
Total Component Unit Net Expense	\$ (171,976)	\$ (893,856)	\$ (165,930)	\$ (138,648)	\$ (1,063,515)

TABLE 2 (Continued)

City of Grand Junction, Colorado
CHANGES IN NET ASSETS
 Last Five Fiscal Years

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities:					
Taxes					
Sales & Use Taxes	\$ 35,463,226	\$ 37,422,678	\$ 39,298,456	\$ 42,825,135	\$ 50,373,971
Property Taxes	4,397,354	4,351,646	4,619,651	4,722,839	5,618,112
Franchise Taxes	1,379,459	1,595,864	1,804,821	2,008,706	2,159,287
Highway Users Tax	1,519,438	1,436,453	1,537,963	1,519,215	1,763,231
Other Taxes	1,268,484	954,621	2,930,290	2,525,925	3,544,629
Investment Income	1,606,784	824,981	2,000,765	1,961,415	3,093,381
Gain (Loss) on Sale of Capital Assets	-	-	54,451	26,713	81,053
Transfers	(1,116,803)	(832,468)	(745,711)	(913,373)	(2,094,261)
Total Governmental Activities	<u>44,517,942</u>	<u>45,753,775</u>	<u>51,500,686</u>	<u>54,676,575</u>	<u>64,539,403</u>
Business-Type Activities:					
Investment Income	194,767	81,100	142,378	167,989	254,587
Gain (Loss) on Sale of Capital Assets	16,181	-	(5,095)	-	-
Transfers	1,116,803	832,468	745,711	913,373	2,094,261
Total Business-Type Activities	<u>1,327,751</u>	<u>913,568</u>	<u>882,994</u>	<u>1,081,362</u>	<u>2,348,848</u>
Total Primary Government Activities	<u>\$ 45,845,693</u>	<u>\$ 46,667,343</u>	<u>\$ 52,383,680</u>	<u>\$ 55,757,937</u>	<u>\$ 66,888,251</u>
Component Unit Activities:					
Property Taxes	1,121,855	1,172,239	1,167,670	1,327,496	1,445,856
Investment Income	54,205	42,640	99,749	58,474	152,150
Gain (Loss) on Sale of Capital Assets	-	-	-	(45,769)	-
Total Component Unit Activities	<u>\$ 1,176,060</u>	<u>\$ 1,214,879</u>	<u>\$ 1,267,419</u>	<u>\$ 1,340,201</u>	<u>\$ 1,598,006</u>
Change In Net Assets					
Governmental Activities	\$ 31,568,767	\$ 23,112,876	\$ 28,361,362	\$ 42,681,824	\$ 82,186,534
Business-Type Activities	955,291	538,453	643	656,196	2,260,159
Total Primary Government	<u>\$ 32,524,058</u>	<u>\$ 23,651,329</u>	<u>\$ 28,362,005</u>	<u>\$ 43,338,020</u>	<u>\$ 84,446,693</u>
Total Component Unit: Downtown Development Authority	<u>\$ 1,004,084</u>	<u>\$ 321,023</u>	<u>\$ 1,101,489</u>	<u>\$ 1,201,553</u>	<u>\$ 534,491</u>

Note: The City of Grand Junction implemented GASB 34 as of December 31, 2002.

Source: Current and prior year's financial statements

TABLE 3

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 488,060	\$ 2,064,060	\$ 2,146,185	\$ 2,105,728	\$ 6,391,927
Unreserved	11,345,770	11,175,753	13,084,091	17,146,236	20,157,996
Total General Fund	<u>11,833,830</u>	<u>13,239,813</u>	<u>15,230,276</u>	<u>19,251,964</u>	<u>26,549,923</u>
All Other Governmental Funds					
Reserved	\$ 3,741,227	\$ 3,803,737	\$ 54,425,376	\$ 37,456,559	\$ 6,659,252
Unreserved, reports in:					
Special Revenue Funds	3,972,738	4,089,208	3,447,242	4,362,767	5,640,048
Capital Projects Funds	5,186,322	6,525,614	12,818,435	15,981,722	19,384,444
Total All Other Governmental Funds	<u>12,900,287</u>	<u>14,418,559</u>	<u>70,691,053</u>	<u>57,801,048</u>	<u>31,683,744</u>
Total Governmental Funds	<u>\$ 24,734,117</u>	<u>\$ 27,658,372</u>	<u>\$ 85,921,329</u>	<u>\$ 77,053,012</u>	<u>\$ 58,233,667</u>

Note: The City of Grand Junction implemented GASB 34 as of December 31, 2002.

Source: Current and prior year's financial statements.

TABLE 4

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Taxes	\$ 43,675,042	\$ 45,761,262	\$ 50,191,182	\$ 53,601,820	\$ 63,459,234
Licenses, Fees, and Permits	111,935	118,616	111,452	114,921	101,165
Intergovernmental	1,983,885	1,961,442	3,065,737	2,002,220	3,535,141
Charges for Services	4,810,031	5,488,457	5,884,254	6,077,290	11,513,267
Fines and Forfeitures	486,548	564,294	701,941	546,162	1,001,569
Special Assessments	101,142	34,230	148,289	65,949	75,103
Investment Earnings	938,331	488,268	1,547,469	1,622,584	2,982,954
Other Income	1,463,642	2,012,121	1,237,322	2,646,942	1,185,987
Other Contributions	82,571	11,891	192,283	49,232	70,874
Total Revenues	<u>53,653,127</u>	<u>56,440,581</u>	<u>63,079,929</u>	<u>66,727,120</u>	<u>83,925,294</u>
Expenditures					
General Government	\$ 8,332,174	\$ 8,288,652	\$ 8,716,681	\$ 9,207,102	\$ 10,404,115
Public Safety	17,350,391	18,553,410	19,977,861	20,490,870	22,930,060
Public Works	7,333,200	7,564,156	8,049,960	8,185,303	8,865,640
Parks and Recreation	4,385,230	4,731,828	5,378,915	5,302,211	5,795,820
Urban Development and Housing	720,042	622,802	347,218	593,786	249,847
Debt Service					
Principal Retirement	788,891	826,281	869,787	1,914,672	2,216,032
Interest	304,665	239,118	1,538,367	2,829,739	2,757,618
Bond Issuance Costs	-	-	723,626	-	-
Capital Outlay: Construction	8,860,186	10,555,511	19,983,688	25,615,550	46,927,452
Total Expenditures	<u>48,074,779</u>	<u>51,381,758</u>	<u>65,586,103</u>	<u>74,139,233</u>	<u>100,146,584</u>
Other Financing Sources (Uses)					
Transfers In	3,071,622	3,787,288	8,278,967	7,907,490	13,272,934
Transfers Out	(5,296,866)	(5,921,856)	(7,949,841)	(9,651,371)	(16,525,848)
Revenue Bonds Issued	-	-	57,075,000	-	654,860
Bond Premium	-	-	3,652,683	-	-
Total Other Financing Sources(Uses)	<u>(2,225,244)</u>	<u>(2,134,568)</u>	<u>61,056,809</u>	<u>(1,743,881)</u>	<u>(2,598,054)</u>
Net Change In Fund Balances	<u>\$ 3,353,104</u>	<u>\$ 2,924,255</u>	<u>\$ 58,550,635</u>	<u>\$ (9,155,994)</u>	<u>\$ (18,819,344)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.8%	2.6%	5.6%	10.8%	10.3%

Notes: The City of Grand Junction implemented GASB 34 as of December 31, 2002.

Source: Current and prior year's financial statements.

TABLE 5

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

Fiscal Year	Auto and 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
2002	3,384,024	2,708,008	7,347,604	185,425	813,360	681,550	518,996	829,077	9,667,415	2,965,515	255,338	29,356,312	2.75%
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%

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

Note: The City of Grand Junction implemented GASB 34 as of December 31, 2002.

Source: City Administrative Services Department Sales Tax Reports

TABLE 6

City of Grand Junction, Colorado
DIRECT AND OVERLAPPING SALES TAX RATES
Last Five 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	
2002	2.75%	2.75%	2.00%	2.90%	7.65%
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%

Notes: The City of Grand Junction implemented GASB 34 as of December 31, 2002.
The City's sales tax rate may be increased only by a majority vote of the City's residents.

Source: City Administrative Services Department Sales Tax Reports

TABLE 7

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Aggregate Top Ten Filers ^{1,2}	\$ 8,778,808	\$ 8,081,004	\$ 8,587,499	\$ 9,200,730	\$ 10,330,320
Aggregate All Other Filers ²	20,577,504	22,195,998	23,906,474	25,710,079	30,676,780
Total Sales Tax	<u>\$ 29,356,312</u>	<u>\$ 30,277,002</u>	<u>\$ 32,493,973</u>	<u>\$ 34,910,809</u>	<u>\$ 41,007,100</u>
Top Ten Filers as a Percentage of Total Sales Tax	29.90%	26.69%	26.43%	26.35%	25.19%

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: Hergergers, Home Depot, JC Penney Corporation, Lowes, Mesa County Colorado, Sams Club, Target Stores, Walmart, 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.

Note: The City of Grand Junction implemented GASB 34 as of December 31,2002.

Source: City Administrative Services 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
1997	\$ 19,756,772	\$ 761,677	\$ 3,026,837	\$ 605,756	\$ 24,151,042
1998	21,813,807	841,047	3,393,851	660,512	26,709,217
1999	24,096,240	839,390	3,611,934	643,697	29,191,261
2000	25,769,700	1,056,721	3,925,730	679,814	31,431,965
2001	27,605,624	1,002,862	4,191,997	716,990	33,517,473
2002	29,356,312	920,312	4,401,660	784,942	35,463,226
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

Source: City Administrative Services Department Sales Tax Reports

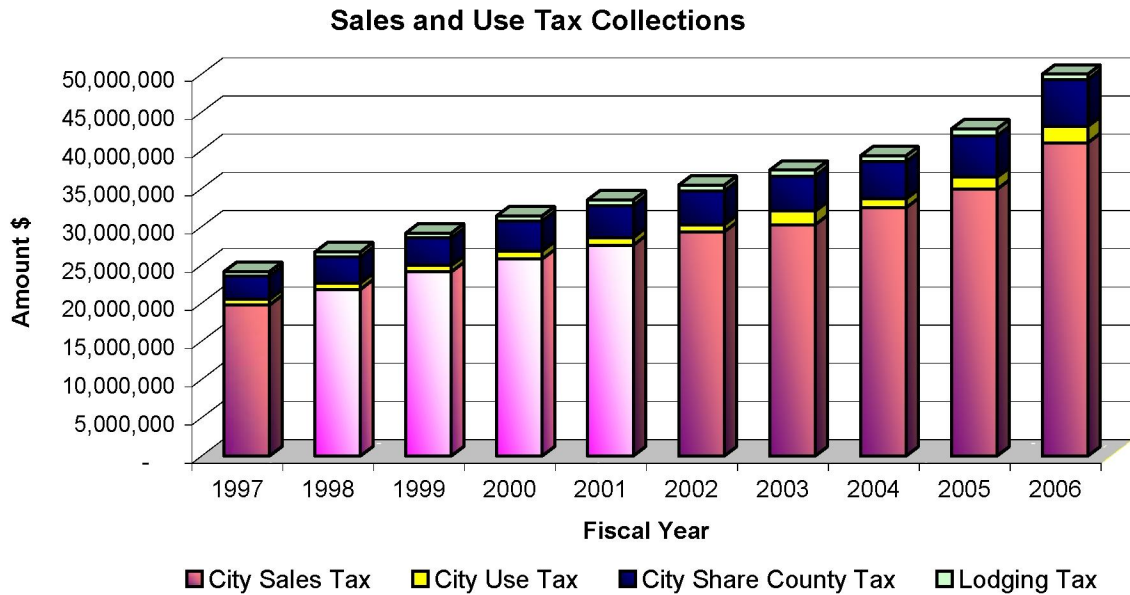


TABLE 9

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

Fiscal Year	Popu- lation ^A	Personal Income ^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				
2002	45,675	1,164,438	\$ 2,396,600	\$ -	\$ 182,921	\$ 2,460,093	\$ 123,215	\$ 3,500,233	\$ 8,663,062	0.54%	137	
2003	46,850	1,208,824	2,171,383	-	159,213	1,882,737	115,474	3,490,034	7,818,841	0.47%	121	
2004	48,314	1,318,103	1,927,348	60,604,780	133,134	1,283,063	107,346	3,347,672	67,403,343	4.97%	1,355	
2005	49,422	1,426,022	1,668,791	59,359,891	104,448	655,636	98,812	3,200,316	65,087,894	4.45%	1,283	
2006	51,012 ^B	1,559,998 ^D	1,389,950	57,867,070	72,893	-	89,850	3,052,921	62,472,684	3.92%	1,197	

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.

Note: The City of Grand Junction implemented GASB 34 as of December 31, 2002.

Source: Current and prior year's financial statements

- ^A Colorado Demography Section DOLA - All other City Administrative Services Department
- ^B Estimate, based on prior year data and growth trend
- ^C Bureau of Economic Analysis
- ^D Estimate, based on prior year data and growth trend

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	Gross Bonded Debt ¹	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
1997	43,987	940,970	595,000	-	595,000	-	0.00%	-
1998	45,165	1,019,148	-	-	-	-	0.00%	-
1999	43,354	1,014,744	-	-	-	-	0.00%	-
2000	42,879	1,068,545	-	-	-	-	0.00%	-
2001	44,788	1,137,481	-	-	-	-	0.00%	-
2002	45,675	1,164,438	-	-	-	-	0.00%	-
2003	46,850	1,208,824	-	-	-	-	0.00%	-
2004	48,314	1,318,103	60,727,683	52,948,731	-	7,778,952	0.59%	161
2005	49,422	1,426,022	59,359,891	36,917,477	-	22,442,414	1.57%	454
2006	51,012 ^B	1,559,998 ^D	57,867,070	6,240,215	-	51,626,855	3.31%	1,012

Notes:

¹ The Ridges Metropolitan District debt and the Grand Junction West Water and Sanitation District debt are excluded because they are to be paid with special property tax levys on property within these Districts only.

Source:

- ^A Colorado Demography Section DOLA - All other City Administrative Services Department
- ^B Estimate, based on prior year data and growth trend
- ^C Bureau of Economic Analysis
- ^D Estimate, based on prior year data and growth trend

TABLE 11

City of Grand Junction, Colorado
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2006

Estimated actual value as determined by Assessor [^]		\$	<u>4,574,058,302</u>
Debt limit - 3% of actual value		\$	137,221,749
Total General Obligation Debt ^B	\$	1,389,950	
Less: Ridges Metropolitan District bonds supported by a special tax levy paid only within the District ^B		(1,240,000)	
Grand Junction West Water and Sanitation District bonds supported by a special tax levy paid only within the District ^B		<u>(149,950)</u>	
Total amount of debt applicable to debt limit			<u>-</u>
Legal debt margin		\$	<u>137,221,749</u>

Source:

^A Mesa County Assessor

^B City Administrative Services Department

TABLE 12

City of Grand Junction, Colorado
COMPUTATION OF DIRECT AND OVERLAPPING DEBT ¹
 December 31, 2006

<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	\$ 54,825,000	100.00%	\$ 54,825,000
Overlapping:			
Mesa County Valley School District No. 51 ^B	135,570,000	0.00%	-
Mesa County ^{2, C}	-		-
Total			<u>\$ 54,825,000</u>

Notes:

¹ Computation of overlapping debt includes only the three major governmental units and excludes several special districts that partially overlap the City.

² Mesa County has outstanding sales tax revenue bonds which are payable from sales tax revenues and are not a general obligation of the property taxpayers of the County. The County also has outstanding jail lease purchase certificates which are not general obligations.

Source:

^A City Administrative Services Department

^B Mesa County Valley School District No. 51 Finance Department

^C Mesa County Finance 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
1997	4,581,913	3,058,132	1,523,781	175,000	48,185	223,185	6.83
1998	5,216,605	3,040,233	2,176,372	595,000	24,778	619,778	3.51
1999	4,438,162	2,862,601	1,575,561	-	-	-	-
2000	4,861,061	2,970,243	1,890,818	-	-	-	-
2001	5,052,597	3,285,854	1,766,743	-	-	-	-
2002	4,833,602	3,252,288	1,581,314	-	-	-	-
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	-	-	-	-

Source: City Administrative Services Department

TABLE 14

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

Fiscal Year	City ^A Population	County ^A Population	School ^B Enrollment	Unemployment Rate ^{D,E}	
				City of Grand Junction	State of Colorado
1997	43,987	109,762	19,148	4.5%	3.4%
1998	45,165	112,327	19,323	4.6%	3.5%
1999	43,354	114,573	19,567	3.9%	3.0%
2000	42,879 ^C	116,255 ^C	19,633	3.2%	2.7%
2001	44,788	120,122	19,768	3.5%	3.8%
2002	45,675	122,463	20,035	4.9%	5.7%
2003	46,850	125,072	20,170	5.6%	6.1%
2004	48,314	127,808	20,207	5.4%	5.6%
2005	49,422	130,662	20,660	5.0%	5.1%
2006	51,012 ^F	N/A	20,877	3.9%	4.3%

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 Demography Office (Colorado Dept. Of Local Affairs)
- B Mesa County Valley School District No. 51 - District wide enrollment
- C 2000 Census
- D US Department of Labor, Bureau of Labor Statistics
- 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 Estimate, based on prior year data and growth trend
- N/A Data not yet available

TABLE 15

City of Grand Junction, Colorado
MISCELLANEOUS STATISTICS
 Year ended December 31, 2006

Date of incorporation:	July 19, 1882 ^A		
Date charter adopted:	September 14, 1909 ^A		
Form of government:	Council/Manager ^A		
Area:	35.47 square miles ^B		
Lane miles of streets: ^B			
Paved		1050.33	
Unpaved		<u>8.5</u>	
Total		<u><u>1058.83</u></u>	
Miles of sewer lines (within 201 system): ^B			
Storm		135.24	
Sanitary		502.57	
Building permits: ^C	<u>Year</u>	<u># Issued</u>	<u>Value</u>
	1996	1,150	65,324,351
	1997	1,296	94,704,317
	1998	1,320	86,909,340
	1999	1,348	94,347,767
	2000	1,390	98,100,868
	2001	1,844	120,629,112
	2002	2,012	143,644,397
	2003	2,068	163,176,153
	2004	2,080	158,746,233
	2005	2,250	234,133,308
	2006	2,205	286,484,081
Police protection: ^U			
Number of employees (FTE):	Sworn	91	
	Non-sworn	<u>70</u>	
	Total	<u><u>161</u></u>	
Vehicular patrol units		31	
Canine units		3	
Motorcycle units		6	
Bicycle patrol units (attached to vehicular patrol units)		23	

(Continued)

TABLE 15

City of Grand Junction, Colorado
MISCELLANEOUS STATISTICS
 Year ended December 31, 2006

Fire protection: ^e

Number of employees	98
Number of stations	5

Recreation: ^f

Parks:

Developed	434.69	acres
Undeveloped	581.68	acres
Total	1,016.37	acres

Swimming pools	1 indoor and 1 outdoor with water slide	
Tennis courts	16	
Shelters	19	
Baseball stadium	1 lighted and 1 unlighted	
Football/track stadium	1	lighted
Softball field	8	lighted
Golf courses	2	156 acres
Outdoor basketball court	1 lighted and 7 unlighted	
Multi-purpose fields	1 lighted and 10 unlighted	
Auditorium	1	
Senior Recreation Center	1	
Riverfront trail	14.8	miles
Skatepark	2	
Activity Center	1	

Education:

Mesa County Valley School District No. 51: ^g

Type	Number	Enrollment
Elementary	23	10,153
Middle	9	4,751
High	4	5,973
K - 12	1	N/A (included in above)
Alternative/Other	4	N/A (included in above)

	Enrollment
Mesa State College: ^h	5,938

Full Time Employees in the City of Grand Junction : ⁱ	609
--	-----

(Continued)

TABLE 15

City of Grand Junction, Colorado
MISCELLANEOUS STATISTICS
Year ended December 31, 2006

Elections: ^A

(As of the last regular municipal election, April 3, 2007)

Number of registered voters	21,677
Number of registered voters voting in last general municipal election	8,756
Percentage	40.39%

Source:

- A City Clerk
- B City Public Works Department
- C City Community Development Department/Mesa County Building Department
- D City Police Department
- E City Fire Department
- F City Parks and Recreation Department
- G Mesa County Valley School District No. 51, 2007 May Count
- H Mesa State College (Fall 2006 enrollment data)
- I City Personnel Department

(Concluded)

TABLE 16

City of Grand Junction, Colorado
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
 Year ended December 31, 2006

<u>Name of Official</u> ^A	<u>Title</u> ^A	<u>Annual Salary</u> ^B
James J. Doody	Mayor	\$ 8,250
Other Councilmembers in Aggregate		38,375
Kelly E. Arnold	City Manager	126,352
John P. Shaver	City Attorney	116,387
David A. Palmer	Municipal Court Administrator through 7/6/2006	14,712
Stephanie A. Tuin	City Clerk	74,044
Ronald M. Lappi	Administrative Services and Finance Director	106,726
Sheryl A. Davis Trent	Community Development Director	95,168
Ricky D. Beaty (Retired 5/1/2006)	Fire Chief	38,741
James C. Bright	Interim, Fire Chief	61,544
Erik Joe Stevens	Parks and Recreation Director	100,813
William P. Gardner	Police Chief	64,906
Mark J. Relph	Public Works Director	109,028
Deborah A. Kovalik	Visitors and Convention Bureau Director	89,595

Note: All employees including the Administrative Services and Finance Director are covered by a blanket bond in the amount of \$2,000,000 in excess of the City's retention of \$150,000. ^B

Source:

^A City Clerk
^B City Administrative Services Department



INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 15, 2007

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, 2006, and have issued our report thereon dated June 15, 2007. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Grand Junction, Colorado taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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City of Grand Junction, Colorado

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2006

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Award Amount	2006 Amount of Award ~ended
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 3,389,000	\$ 296,601
U.S. DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT			
Waterwise Program	15.504	15,000	14,604
U.S. DEPARTMENT OF JUSTICE			
Edward Byrne Memorial Justice Asst. Grant	16.579	26,331	26,331
Bulletproof Vest Partnership Program	16.607	13,513	11,863
Public Safety Partnership and Community Policing Grants	16.710	3,000	3,000
Passed Through the Colorado Office of Justice Programs			
Juvenile Accountability Incentive Block Grants	16.523	197,794	70,327
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	18,882	11,250
Total U. S. Department of Justice			122,771
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Colorado Department of Transportation			
Highway Planning and Construction	20.205	359,051	332,416
Total Federal Award Expenditures			<u>\$ 766,392</u>

City of Grand Junction, Colorado

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2006

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>
Juvenile Accountability Incentive Block Grant	16.523	\$ 70,327



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 15, 2007

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, 2006, and have issued our report thereon dated June 15, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

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To the City Council
City of Grand Junction, Colorado
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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*.

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



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

June 15, 2007

To the City council
City of Grand Junction, Colorado

Compliance

We have audited the compliance of the City of Grand Junction, Colorado with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City of Grand Junction, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Grand Junction, Colorado's management. Our responsibility is to express an opinion on the city of Grand Junction, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 of grand Junction, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Grand Junction, Colorado's compliance with those requirements.

In our opinion, the City of Grand Junction, Colorado complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

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To the City Council
City of Grand Junction, Colorado
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Internal Control Over Compliance

The management of the City of Grand Junction, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Grand Junction, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

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

City of Grand Junction, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unqualified Opinion</u>		
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-B3, Section .510(a)?	yes	/	no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	<u>Community Development Block Grants</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?	/	yes	no
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City of Grand Junction, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006

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, 2006

Prior year findings:

There were no prior year findings.



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
REQUIRED SUPPLEMENTAL INFORMATION

June 15, 2007

To the City Council
City of Grand Junction, Colorado

We have audited the basic financial statements of the City of Grand Junction, Colorado for the year ended December 31, 2006, and have issued our report thereon dated June 15, 2007. Our audit of such financial statements was made in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplemental Local Highway Finance Report is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



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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, Colorado
		YEAR ENDING : December 2006
This Information From The Records Of City of Grand Junction , CO	Prepared By: Sonya Stockert	Phone: (970)244-1536

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)	38,255,316
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,959,767
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	893,421
2. General fund appropriations	31,764,107	b. Snow and ice removal	195,324
3. Other local imposts (from page 2)	1,033,528	c. Other	
4. Miscellaneous local receipts (from page 2)	3,285,671	d. Total (a. through c.)	1,088,745
5. Transfers from toll facilities		4. General administration & miscellaneous	523,265
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	41,827,093
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	2,643,888
7. Total (1 through 6)	36,083,306	b. Redemption	1,250,000
B. Private Contributions		c. Total (a. + b.)	3,893,888
C. Receipts from State government (from page 2)	1,965,333	2. Notes:	
D. Receipts from Federal Government (from page 2)	769,220	a. Interest	
E. Total receipts (A.7 + B + C + D)	38,817,859	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	3,893,888
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	45,720,981

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	56,075,000	0	1,250,000	54,825,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
6,903,122	38,817,859	45,720,981	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2006	
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	74,388	a. Interest on investments	501,469
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	4,025
5. Specific Ownership &/or Other	959,140	g. Other Misc. Receipts	
6. Total (1. through 5.)	959,140	h. Other	2,780,177
c. Total (a. + b.)	1,033,528	i. Total (a. through h.)	3,285,671
	(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	1,763,231	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	202,102	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	769,220
f. Total (a. through e.)	202,102	g. Total (a. through f.)	769,220
4. Total (1. + 2. + 3.f)	1,965,333	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		3,357,527	3,357,527
b. Engineering Costs		2,012,523	2,012,523
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		30,523,743	30,523,743
(3). System Preservation		2,361,523	2,361,523
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	32,885,266	32,885,266
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	38,255,316	38,255,316
			(Carry forward to page 1)
Notes and Comments:			