



City of Montrose

**Colorado
Budget 2014**

2014 Budget

Table of contents

Introduction.....	1-3
Appropriating Ordinance	4-5
Resolution 2013-15.....	6
Budget Message	7-10
Certification of mill levy for DDA.....	11
Budget Development and Overview	12-18
Financial Policies.....	19-25
Revenues	26-32
Operating Expenses	33-37
Capital Expenses	38-43
Debt Service.....	44-47
Fund Types.....	48-60
Demographic	61-73
Glossary	74-80

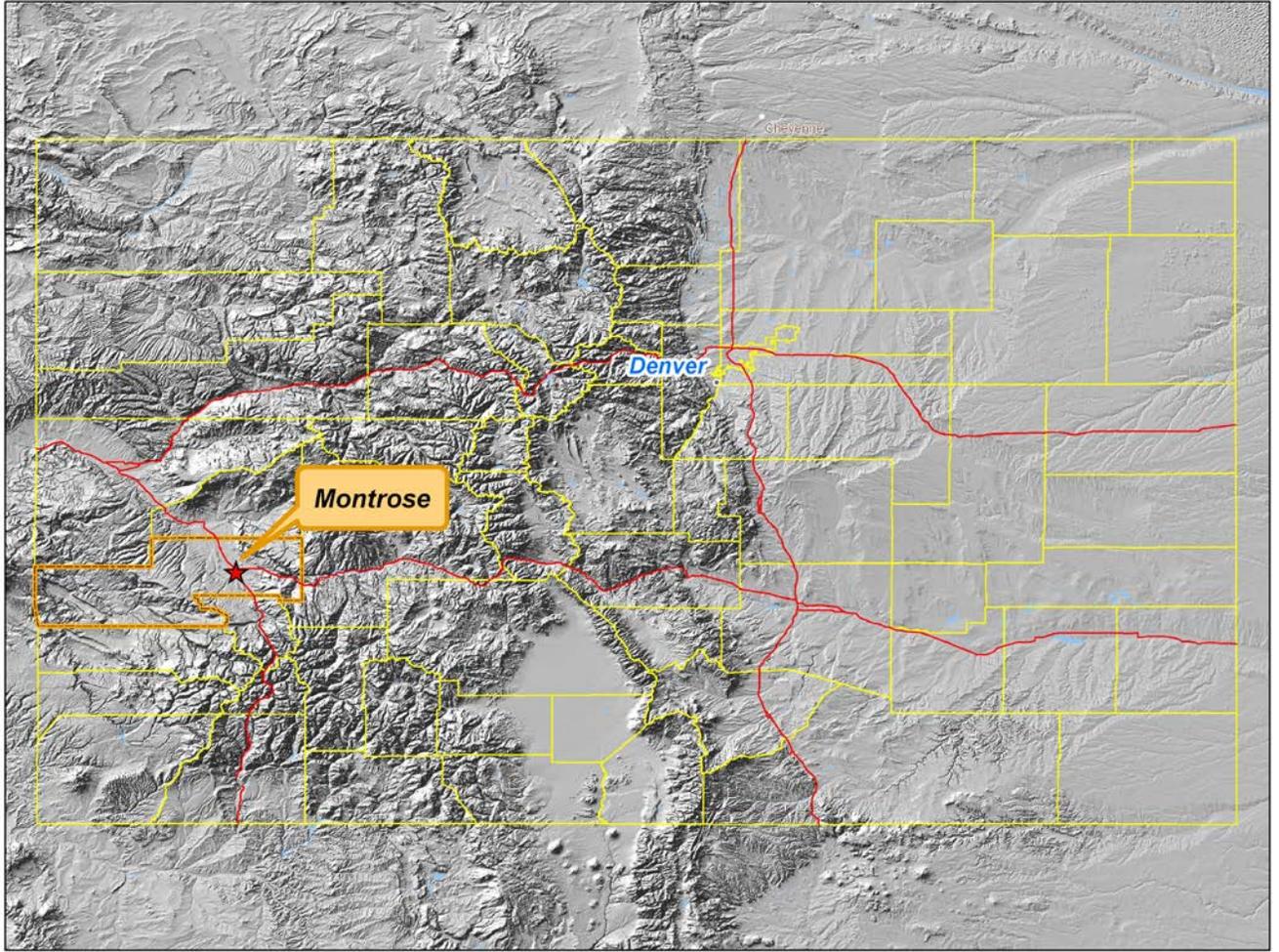
MISSION STATEMENT

The mission of the City of Montrose is to provide the best possible public facilities and services with the resources available, and to work in concert with individuals, public and private entities to constantly maintain and develop the Montrose Community as a healthy, diverse, and attractive place to live, work and play.



Mayor Pro Tem, Carol A. McDermott; Council Member, Robert Nicholson; Mayor, Judy Ann Files; Council Member, David Romero; Council Member, Kathy L. Ellis

“Quality of Life is Our Commitment”

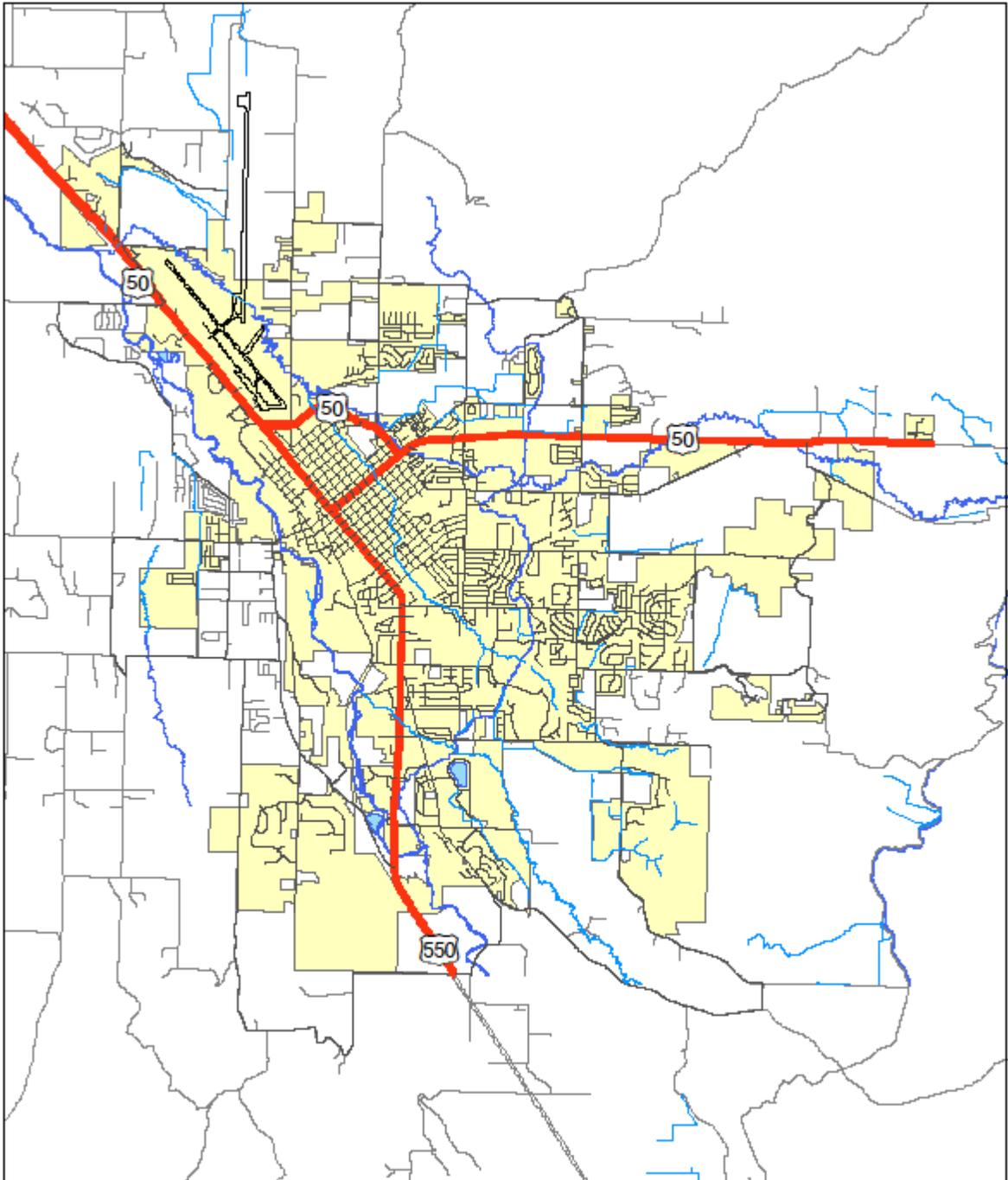


ACKNOWLEDGEMENTS

The preparation of the 2014 Annual Budget was made possible by the combined efforts of City Council, City Manager, Finance Director, Department Heads, Supervisors and City employees. All employees contributing to this document have our sincere appreciation.

**Judy Ann Files, Mayor
Carol A. McDermott, Mayor Pro Tem
Kathy L. Ellis, Council Member
Robert Nicholson, Council Member
David Romero, Council Member
William E. Bell, City Manager
Shani M. Wittenberg, Finance Director**

Carolyn Bellavance – Cover Photography



Montrose City Limits

September, 2010
17.55 Sq. Miles

ORDINANCE NO. 2328

AN ORDINANCE OF THE CITY OF MONTROSE, COLORADO PROVIDING AND APPROPRIATING FUNDS FOR DEFRAYING THE EXPENSES AND LIABILITIES OF THE CITY OF MONTROSE, COLORADO DURING THE FISCAL YEAR BEGINNING JANUARY 1, 2014

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MONTROSE, COLORADO, as follows:

SECTION 1:

That for the purpose of paying the expenses and liabilities of the City of Montrose for the fiscal year beginning January 1, 2014, there is hereby appropriated the following amounts from the various funds:

<u>FUND</u>	<u>AMOUNT</u>
100 General Fund	\$17,253,747
200 Retail Sales Enhancement	314,480
207 7 th Judicial Drug Taskforce	301,566
210 Competitive Youth Sports	42,231
220 Downtown Development Authority	124,876
222 DDA Revolving Loan Fund	50,000
225 Public/Education/Government	20,000
235 Capital Improvements Fund	2,302,000
250 Conservation Trust Fund	230,000
255 Pavilion Senior Center	3,400
270 Special Benefit Fund	16,000
290 Tourism Promotional	450,501
370 2010 Excise Tax Revenue Bonds	374,525
375 Energy Impact Assistance Fire flow Loan	12,190
420 Cemetery Perpetual Care	500
470 Building Renovations Fund	202,160
500 Water Fund	6,823,895
510 Sewer Fund	5,406,740
550 Sanitation Fund	1,528,424
600 Fleet Management Fund	1,028,229
605 IT Fund	944,871
610 Employee Benefit Fund	2,473,055
Total Appropriation	\$39,903,390

INTRODUCED, READ and PASSED on first reading this 1st day of October, 2013.

Judy Ann Files
Judy Ann Files, Mayor

ATTEST:

Lisa DelPiccolo
Lisa DelPiccolo, City Clerk



You will please take notice that the Montrose City Council will hold a hearing upon the above Ordinance and on the question of its adoption on second reading on Tuesday, the 15th day of October, 2013, at the hour of 6:00 p.m. at the City Council Chambers in the Elks' Civic Building, in Montrose, Colorado.

INTRODUCED, READ AND ADOPTED on second reading this 15th day of October, 2013.

Judy Ann Files
Judy Ann Files, Mayor

ATTEST:

Lisa DelPiccolo
Lisa DelPiccolo, City Clerk



RESOLUTION 2013-15

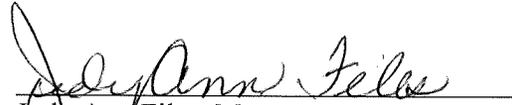
WHEREAS, the City Council of the City of Montrose, Colorado, has held a public hearing and examined the 2014 budget for the City of Montrose, Colorado, and

WHEREAS, said Budget is to be adopted by the Resolution of the Council not less than sixty (60) days prior to the first day of the next fiscal year, which day is January 1, 2014.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTROSE, COLORADO, as follows:

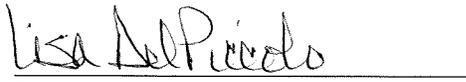
1. The Budget for the year 2014 for the City of Montrose, Colorado, attached thereto, is hereby adopted.

ADOPTED this 15th day of October, 2013, by the City Council of the City of Montrose, Colorado.



Judy Ann Files, Mayor

ATTEST:



Lisa DelPiccolo, City Clerk





Honorable Mayor, Members of the City Council and Montrose Citizens:

The administration of the City of Montrose respectfully submits the 2014 municipal budget for all funds of the City in the amount of \$39,903,390. The 2014 municipal budget is the result of a comprehensive and collaborative effort by the City staff, elected officials, and members of the Montrose citizenry, to establish a budget designed to meet the current and long term needs of the City organization as well as those of the Montrose community.

As we analyze tax revenues and visitor spending here in Montrose, it is somewhat apparent that the local economy has not quite caught up to that of the Front Range. However, we have recognized some significant indicators that should give us all hope moving into next year. Our community has experienced an increase in overall sales tax revenues over the past two years, especially in the areas of vehicle sales and visitor spending. We have also received approximately double the number of building permits this year as compared to 2012.

Our primary goal over the past year was to streamline our city operations through strategic staff reductions and/or job reassignments, and to work together as a team to increase the efficiency and effectiveness of our service delivery. As to be expected, this is an ongoing and difficult task, but we are proud to say that we are accomplishing our mission in a steady and productive fashion. The City of Montrose is currently at a staffing level of 147 full-time employees, which is down from 188 in 2008 or a reduction of 27.8%.

We are a City that wants to understand and respond to the needs of our residents and visitors alike, and we are learning more each and every day in this regard. We have received many great ideas for moving our community and city organization forward from both the employees and our citizens over the past year, and we look forward to more constructive dialogue in 2014.

The City of Montrose is very interested in partnering with outside agencies and non-profit organizations to further the community's interests in economic and community development. In 2013, the City of Montrose was able to assist in the efforts of Region 10, Black Canyon Golf Course, Colorado Flights Alliance (formerly TMRAO), Montrose Economic Development Corporation (MEDC), Montrose Association of Commerce and Tourism (MACT), Montrose Hospice & Palliative Care, Montrose Downtown Development Authority (DDA), Colorado Mesa University (CMU), Montrose Recreation District, CASA, Rotary, and others; to develop and maintain effective programming to provide services that our residents and visitors find necessary to their quality of life. We are especially proud of our participation in the efforts of Region 10 to create a Small Business Resource Center; the DDA to implement a Small Business Revolving Loan Fund; and CMU to expand their downtown Montrose Campus! This has been a very exciting year for us and our community partners.

Financial Condition

Sales tax is a prominent revenue source for the General Fund. In 2013, sales tax revenue appears to be on the slight upswing; therefore 2014 sales tax revenue is budgeted with a 4.0% increase from the 2013 budget and 2.2% 2012 actual collections. The remaining revenues generated from use taxes and service

fees were calculated using various forecasting methods and historical data. General Fund revenues for 2014 are projected to be \$17,253,747, which is an increase of \$357,938, or 2% from the 2013 budget of \$16,895,809.

The General Fund undesignated fund balance at December 31, 2013 is estimated to be \$9.4 million. Per the City's Regulations Manual, the City shall maintain reserves equal to 50% of the City's budgeted General Fund operating expenditures. An adequate minimum reserve would be approximately \$8.6 million.

Each year the City transfers funds from the General Fund into the Capital Improvement Fund. The transfer amount is always contingent upon revenue projections, but historically it has been approximately \$400,000 as prescribed by People's Ordinance 1986-1 and \$40,329 for the energy performance contract. In 2012, the City Council adopted a new policy requiring an inflationary adjustment to this figure, thus bringing the recommended minimum annual transfer into the Capital Improvement Fund to approximately \$800,000. The 2013 budget included a transfer of just over \$1.3 million for a variety of projects, including sidewalk and street reconstruction, and other necessary infrastructure improvements. Our goal is to increase the capital improvements made throughout the community as much as possible every year moving forward because we have suffered from many deferred maintenance items from years past due to difficult times and our infrastructure is beginning to show its age. We are pleased with the 2014 estimated Capital transfer of \$1.9 million.

In addition to the General Fund, the 2014 budget is also made up of Special Revenue Funds, Capital Improvement Funds, Debt Service Funds, Permanent Funds and Enterprise Funds. Additional detail for these funds is given below.

Fee Changes

The water, sewer, and sanitation funds of the city are enterprise funds that are funded by user charges rather than taxes. A rate increase was not requested for any of these funds in recent years. Due to the increasing cost of capital construction and equipment, some discussion will take place in 2014 related to future inflationary adjustments to our enterprise funds, but no decision has been made at this time.

Capital Highlights of 2014 Budget

The status of the current economy leads to a very competitive purchasing process. The process ensures that the City is getting the best possible price for items that are bid out and the process helps to reinvest tax dollars into the local economy through the routine use of local contractors and vendors.

General Fund –

Development of a Community Garden area at Niagara Rd/James Street intersection with fenced growing area and leveled parking area \$12,000.

Construction of a Fox Park Equipment Storage Building to stage grounds maintenance equipment to reduce routine hauling and transfer \$20,000.

Capital Improvement Fund - The Capital Improvement Fund budgeted \$2,302,000 for next year's capital projects. The following projects are planned for 2014:

S. 8th Street and S. 10th Cul-de-sac \$270,000 – Includes curb, gutter, sidewalk & paving of gravel street.

N. Selig Avenue \$375,000 – Includes curb, gutter, sidewalk & paving of a gravel street in the downtown business district.

West Main Sidewalk from the bridge to Chipeta Rd \$80,000 – Includes a 10' wide concrete trail & retaining wall to complete the trail system leading from downtown to Cerise Park area.

South Townsend Sidewalks \$375,000 (CDOT grant, City's portion is \$75,000) – The city has received a transportation enhancement grant in the amount of \$300,000 from the state for sidewalk construction on S. Townsend Avenue from roughly Woodgate Road to Oxbow Crossing Shopping Center. This project will greatly facilitate pedestrian traffic through this corridor. This project is a carry-over from the 2013 budget due to CDOT permitting delays.

Uncompahgre River Water Sports Park \$490,000 – This project will begin with the fish mitigation portion of the project taking place up river from the park location and actual sports park construction will begin fall of 2014, with an estimated completion early summer of 2015. Funding for this project includes monies from GOCO grant award, City's Conservation Trust Fund, and outside agency/organization contributions.

Pomona Elementary/Columbine Middle School Safe Routes to School Project \$250,000 – This sidewalk and pedestrian safety project is 100% grant funded with no City or school match.

Sidewalk Extension along Safe Routes to School Project along Miami Rd \$67,000 – This will complete the previously constructed pedestrian path for school children along the area formerly known as the Mike's Market building on Miami Road.

Landscaping and drainage around the Ogden/Woodgate roundabout \$45,000

Completion of the right-of-way acquisition on E. Oak Grove Road \$350,000

Building Improvement Fund – In 2011, a facility condition assessment was completed and several areas were identified within city facilities that need to be upgraded. \$202,160 has been budgeted to address the priority projects from the study.

Water Fund - \$150,000 has been budgeted in 2014 for valve replacements and \$100,000 for hydrant replacement (carry over from 2013). In 2013, a pilot program to convert the radios on the water meters to an automatic meter reading infrastructure. In 2014, \$585,000 has been budgeted to complete this project. If necessary a flow control valve will be installed on Miami for an estimated amount of \$104,000.

Sewer Fund – The Sunnyside/Mesa Sewer line connection project will be finished in 2014 and \$900,000 has been budgeted. Ten to Thirteen manholes will be refurbished at a cost of approximately \$20,000 and some of the sewer line pipe will be slip lined to resolve leaking and infiltration issues for approximately \$500,000.

Fleet Fund - \$125,000 is budgeted in 2014 to replace the sign truck (carryover from 2013 due to loss of State bid pricing) and purchase a WWTP tractor. The city's fleet management goal is to maintain no more than 20% of the fleet beyond its life cycle.

IT Service Fund - An internal service fund for Information Technology was established in 2007 to provide a dedicated level of service for the technology needs of every city department. In 2014, capital purchases include replacing several personal computers and 800 MHz radios throughout the city departments.

Conclusion

The Montrose community is on the verge of greatness and our citizens have shown a dedication to success over the years. It is an exciting time to be a community leader in Montrose because we have the chance to be part of something special as our City transitions from a stand-alone entity to an eager partner with our community's residents, businesses, and visitors. After a thorough analysis of the organization's needs and a critical look at each line item with the assistance of staff, elected officials and citizen advisors, I am confident that this 2014 budget reflects our commitment to responsible financial management and to maintaining an excellent *Quality of Life* for area residents.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Bell', with a long, sweeping underline that extends to the right.

William E. Bell
City Manager

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of Montrose, Colorado.

On behalf of the Montrose Downtown Development Authority,

(taxing entity)^A

the City Council

(governing body)^B

of the City of Montrose, Colorado

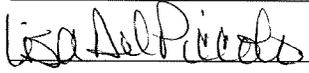
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 23,107,960 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of: \$ 23,107,960 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/12/2013 for budget/fiscal year 2014.
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	5.0000 mills	\$ 115,539.80
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<input type="text"/> mills	\$ <input type="text"/>
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<input style="width: 100px;" type="text" value="5.0000"/> mills	<input style="width: 100px;" type="text" value="\$115,539.80"/>

Contact person: (print) Lisa DelPiccolo Daytime phone: (970)240-1435
Signed:  Title: City Clerk

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's final certification of valuation).

BUDGET DEVELOPMENT AND OVERVIEW

An annual budget is adopted for all governmental and proprietary funds. After several years of sales tax decreases, moderate increases have been experienced in 2012 and 2013. This upward trend has resulted in a year to date increase in sales tax revenues through July, 2013 of 2.1% and a budget variance of +7.4%. Revenues related to growth and construction has started to make an upward move with single family home building permits up considerably over 2012. Efforts to reduce and find efficiencies in each of the funds have continued to be a priority in the preparation of the 2014 budget. The 2014 budget continues to be a challenge to provide outstanding services to the citizens of Montrose with the resources currently available.

The budget shall be construed as a policy document, identifying the priorities, goals and objectives of the City. Once adopted, it shall serve as a guide to expenditures, and a communicative device to explain to the citizenry, the State and all who are concerned how the goals of the City are being realized. The budget serves as an expenditure plan formulating actions to be taken in the future year. The document is available in the City Clerk's office for public inspection.

Key Trends and Challenges Impacting the City of Montrose

The City's financial strength and long-range financial planning strategies will continue to be the focus in 2014.

- Sales tax is the city's main revenue source for the general fund; it has seen a slight increase in 2013 from prior year 2012 in six out of the seven reported months.
- Although there is a need for alternative and diversified funding sources, **no property tax** is collected by the City of Montrose
- Growth is still minimal in the Montrose area and revenues related to growth have declined, while needs related to prior growth still need to be addressed.
- Management continues to search for ways to improve efficiencies to maintain operating expenditures at a reduced level.
- Additional transfers above the required \$400,000 in Ordinance 1986-1 will be made to the Capital Improvement Fund.
- Capital projects from the Capital Improvement fund will be minor.
- Capital projects from Enterprise Funds will lower fund reserves.
- Fleet and IT Internal Service funds remain strong.
- Increasing costs of medical benefits.

In the midst of these trends, the City Council and staff remain committed to the mission of the City of Montrose to provide the best possible public facilities and services with the resources that are available, to work in concert and cooperation with individuals, public and private entities, to constantly maintain and develop the Montrose community as a healthy, diverse, and attractive place to live, work and play.

Required Minimum Balance

Resolution 2012-14 was adopted by the City Council which recommends a minimum fund balance that equals six (6) months of operating expenditures each year. The proprietary funds minimum target reserve is 90 days of operating expenditures.

Basis of Budgeting

The budget document is prepared in conformity with generally accepted accounting principles and complies with the budget provisions in Article V of the Montrose City Charter. The city uses fund accounting as its budgetary basis of accounting. All funds are appropriated. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The City uses a department line item method for budgeting in each fund. This is a comprehensive method that allows for expenditures to be properly categorized by department. Department heads can look at each department as a whole, or by line item to identify expenditure standing within the year. An actual expenditure to budget report is sent to department heads monthly. Revenues are budgeted by source.

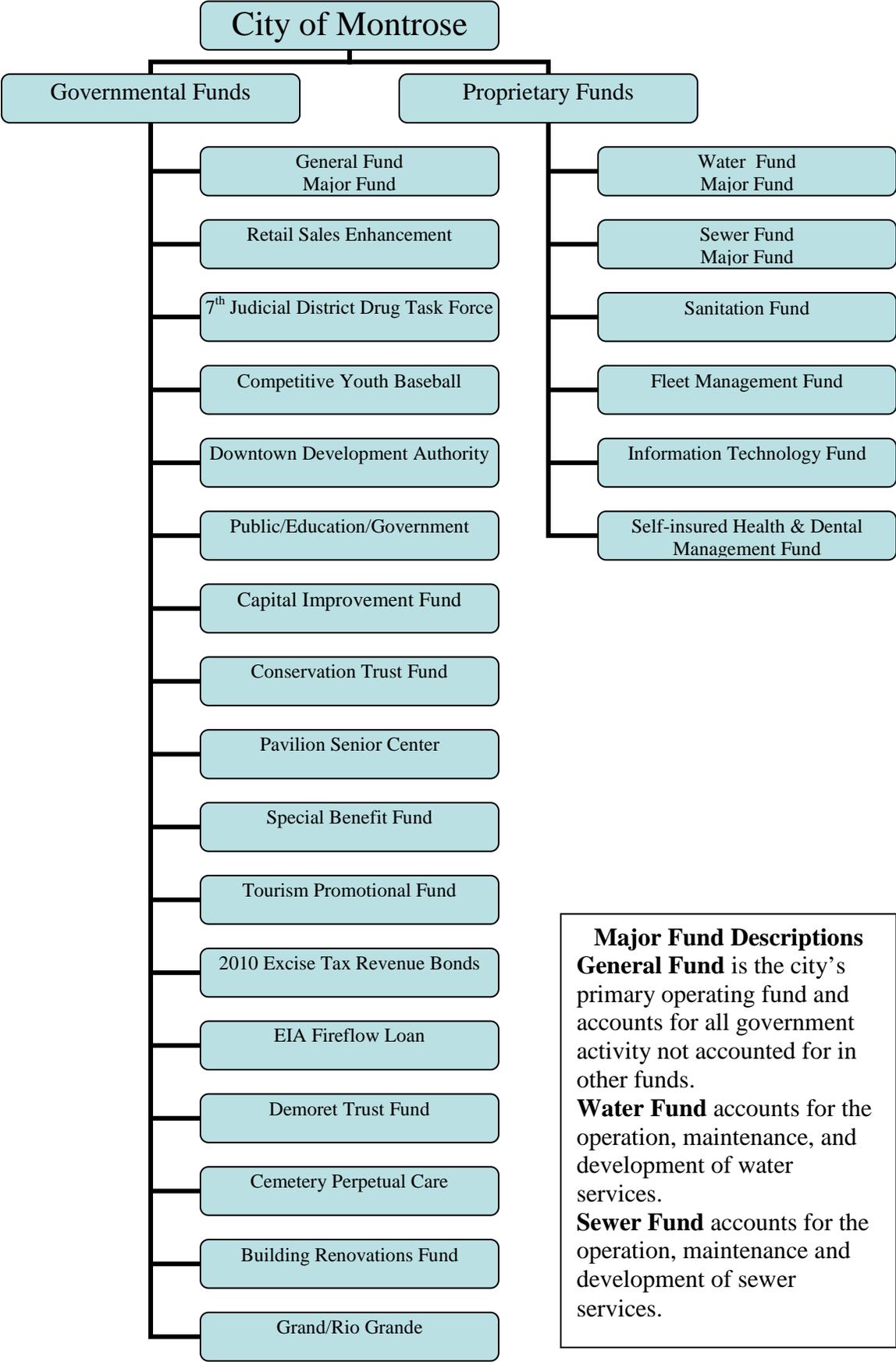
The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Within the fund level control basis, management may transfer appropriations without Council approval. Budget revisions at the fund level are subject to approval by ordinance from the City Council. Appropriations lapse at the end of each year. City Council may adopt supplemental appropriations during the year.

Budgets are adopted on a basis consistent with the accounting basis of all funds except for proprietary-type funds. In the proprietary funds, the City budgets for capital outlays, transfers to and from reserve funds and bond principal and interest payments and does not budget for depreciation.

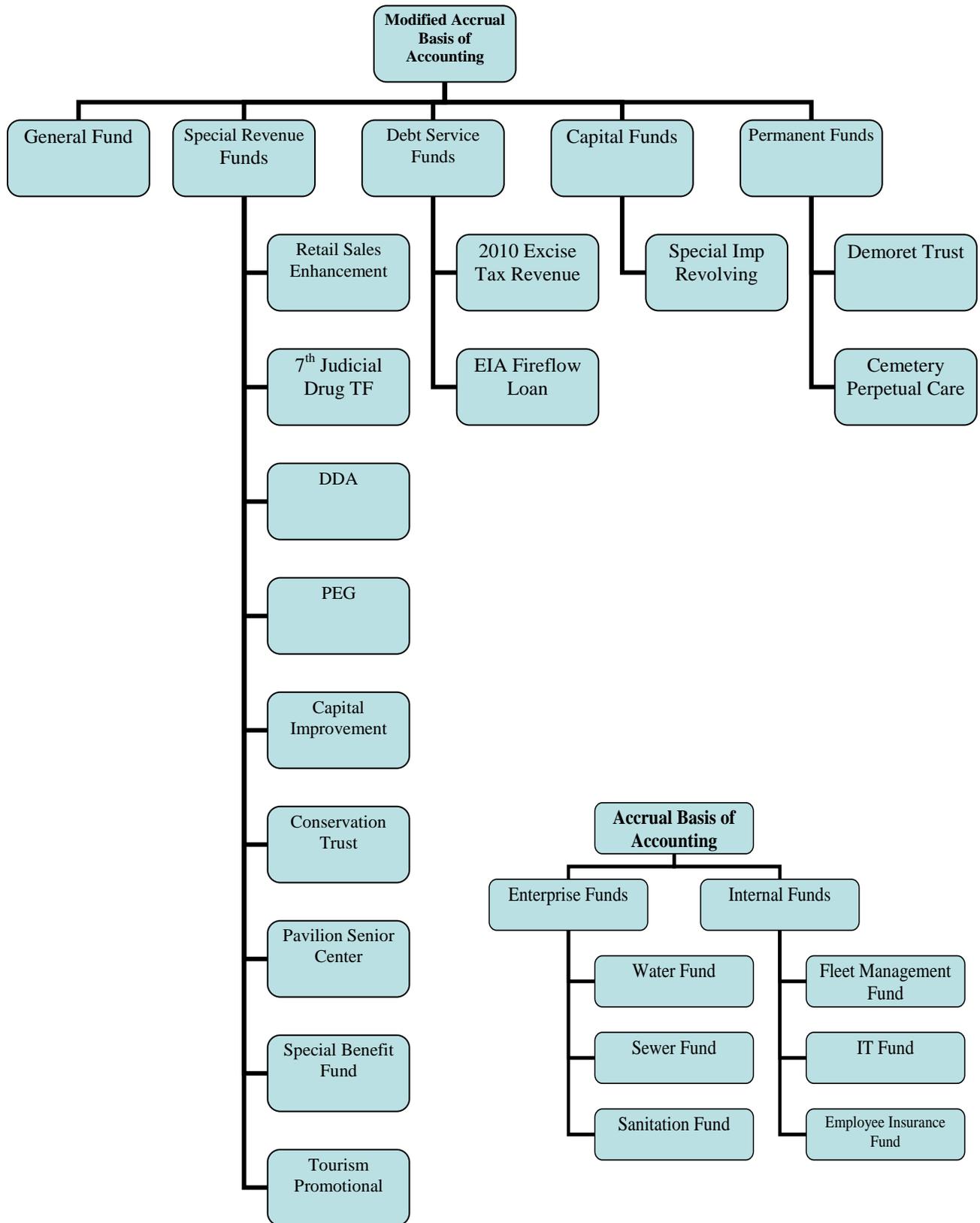
Basis of Accounting

The modified accrual basis of accounting is used for all governmental fund types and expendable permanent funds. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they became available and measurable. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales taxes, franchise taxes, licenses, and interest are susceptible to accrual. Expenditures are recognized in the accounting period when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary fund types, pension trust funds and non-expendable trust funds utilize the accrual basis of accounting. City of Montrose proprietary funds are the water, sewer, sanitation, fleet management, information technology management, and self-insured health and dental management. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.



Major Fund Descriptions
General Fund is the city’s primary operating fund and accounts for all government activity not accounted for in other funds.
Water Fund accounts for the operation, maintenance, and development of water services.
Sewer Fund accounts for the operation, maintenance and development of sewer services.



Documents Utilized in Budget Process

Capital Improvement Program Six-Year Plan 2010-2015

A structured capital improvement process began in January 2008. The Capital Improvements Six-Year Plan was developed by the Montrose Improvement Team (MIT) committee which has city staff and citizen involvement and is referenced during budget development. A detailed listing of capital projects is included in the Capital Expenditures Section of the budget document. The City Council adopted the Capital Improvement Program Six-Year Plan 2010-2015 by Resolution 2008-33 on August 7, 2008. The MIT reconvened in 2011 and made a recommendation to the City Council. Documents used in the development of the capital improvement plan were the *City of Montrose Comprehensive Plan, Downtown Development Plan, 2003, Traffic Issues Task Force reports, Parks and Recreation Needs Assessment Survey.*

Traffic Task Force Report to City Council

The Traffic Issues Task Force was convened in 2005 with the primary goals of identifying problem traffic areas, vehicular transportation needs with the City of Montrose, alleviating vehicular congestion on Townsend Avenue in compliance with the CDOT Memorandum of Understanding, and improving traffic safety. The Montrose Task Force compiled a report of the most needed transportation projects and the recommendations from this report will be used to determine the priority of transportation projects.

City of Montrose Comprehensive Plan

Beginning in 2007, the City undertook a complex process in conjunction with Winston Associates, Inc. to develop an updated Comprehensive Plan which was adopted on March 6, 2008. The final version of the plan was adopted by Resolution 2008-8 and proves to be a welcome addition to the development of the budget.

The budget process must address how the recommendations from each of the above documents could be addressed with the resources available.

The budget process determines these factors: 1) the level and stability of revenue sources, 2) the services needed to “best fit” the recommendations in the Capital Improvement Program Six-Year Plan, Traffic Task Force Review, and the City of Montrose Comprehensive Plan, and City Council goals 3) funds available for infrastructure, 4) become effective and efficient in providing those services to the citizens of Montrose.

Budget Timeline

By city charter, a proposed budget is presented to City Council by September 15 of each year. The proposed budget provides a financial plan for each fund. A public hearing is held in conjunction with the First Reading on the budget appropriations ordinance at the first council meeting in October of each year. The second reading on the appropriations ordinance is done at the second council meeting in October of each year. The annual budget must be adopted by October 31st each year.

The budget timeline is identified below:

January - May	Revenue Projections, Review Fleet & IT replacement schedules, Review Administrative Reimbursement calculation, Review Capital Projects, Update labor plan
June - July	Department budget requests are due to Finance. Department meetings start with the City Manager, Finance Director and each department supervisor. Meetings are set up to review the proposed budget with the Citizen Budget Advisory Committee. Review status of capital improvement projects for carryover to the next year.
August	Conduct budget planning sessions with the City Council
September 15	Proposed Future year Budget to Council per City Charter Public Notice Published for Public Hearing
October	First Reading and Public Hearing on the next year's Budget Appropriations Ordinance Second Reading on next year's Appropriations Ordinance
December	First Reading on current year Supplemental Appropriations Ordinance Public Hearing, Second Reading on current year Supplemental Appropriations Ordinance

Budget Changes

A supplemental appropriation ordinance is generally approved in December of each year. The City Council may increase or decrease the budget and appropriations during the year within restrictions imposed by the City Charter and the Laws of the State of Colorado. The Council may make additional appropriations by ordinance during the fiscal year for unanticipated expenditures required of the City, but such additional expenses shall not exceed the amount by which actual and anticipated revenues of the year are exceeding the revenues as anticipated in the budget, unless the Council determines appropriations are necessary in emergency situations which endanger the public health, peace or safety. Budget amounts included in the financial statements are based on the final, legally amended budget.

City of Montrose

Budget Calendar for the development of the 2014 Annual Budget

JANUARY 2013

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

FEBRUARY 2013

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

MARCH 2013

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

APRIL 2013

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

MAY 2013

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

JUNE 2013

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

January	
31	- 2013 Budget due to DOLA
March	
15	- Debt Service Bond and Lease Payments
April	
1	- General Fund Revenue Projections
10	- Administrative Reimbursement
15	- Insurance Analysis
18	- Labor Plan - Current Staff
May	
9	- Revenue Review - General Fund
16	- Revenue Review - Enterprise Funds
23	- IT Interfund Lease Review
30	- Fleet Replacement Review & Additional Purchases
June	
10	- Capital Project Review
12	- Budget Worksheets Due
18	- Overview Budget w/Department Heads
24-27	- Individual Department Meetings w/ CM & FD
July	
22	- Publish Proposed Budget Worksheets on the Web
25	- Meet with Citizen Budget Advisory Committee
30	- Budget Planning Session with City Council
August	
1, 8, 12, 15, 27 & 28	- Budget Planning Sessions with City Council 4 p.m. - 6 p.m. in City Council Chambers
September	
13	- 2014 Budget to Council
24	- Public Notice Published for Public Hearing
October	
1	- First Reading and Public Hearing on Budget
15	- Second Reading and Public Hearing on Budget
November	
Review current actual expenditures and prepare a supplemental appropriation report	
18	- Prepare 2013 Supplemental Budget Ordinance
December	
3	- First reading on 2013 Supplemental
17	- Second reading on 2013 Supplemental

JULY 2013

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

AUGUST 2013

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER 2013

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

OCTOBER 2013

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER 2013

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

DECEMBER 2013

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FINANCIAL POLICIES

BUDGET

Colorado state law requires budgets for all governmental and proprietary funds. In addition, annual budgets are required according to the Montrose City Charter. Article V of the City of Montrose Charter defines the budgetary and financial requirements for the City of Montrose. The annual accounting period is defined as a calendar year, beginning on January 1, and ending on December 31.

The budget was developed in accordance with the strategic plan and goals developed by Council and Department Heads, the City of Montrose Comprehensive Plan, the Capital Improvements Program Six-Year Plan, and the Traffic Issues Task Force Report. A prudent financial leadership has led to a conservative approach in determining the level of working capital that the City believes is necessary to maintain the various funds. An emphasis on basic City services is seen throughout the budget to maintain a healthy General Fund balance during the economic downturn.

Financial policies were revised and adopted by City Council in May of 2012 to increase the recommended fund balance for the General Fund to a minimum balance that equals six (6) months of operating expenditures as a carryover for each year. The most important variable used in determining the required minimum balance for the General Fund is the stability of the major revenue source (sales and use taxes). The City does not collect property tax.

The City shall have as many funds as may be administratively necessary for the efficient operation of the City. However, funds shall be established only by ordinance or formal resolution of the City Council. Final consent will be accomplished through approval of the Supplemental Budget in December. New funds created at budget time will be addressed for approval through the budgeting ordinance in October of each year.

As a measure to keep Council informed of budgeted revenues and expenditures, a quarterly budget report will be presented to Council outlining year-to-date total revenues and expenditures for the City compared to the annual budget. Treasurer's Cash Report is also provided as well as other accounting information, which may be requested by Council. A sales and use tax report is to be provided to Council on a monthly basis to keep Council informed of the sales and use tax revenues received with a comparison of previous year's revenue received and budgeted projections. Since this is a major revenue source for the General Fund, it is important that Council be apprised of revenue trends, which may affect funds available for operational purposes of the City. As sales and use tax revenues fluctuate and are affected by economic conditions, this report provides insight on the future impacts of current financial decisions and lends itself to modifications necessary in this ever-changing environment.

BALANCED BUDGET

A balanced budget is revenues and/or fund balance equaling or greater than expenditures for all funds. A balanced budget should be accomplished with anticipated revenues and estimated expenditures, not using the fund balance to balance the budget unless there is a large excess of funds carried over, or fund balance necessary to close out a fund such as a grant.

AUDIT

The Council shall provide for an independent annual audit of all city accounts. Such audits shall be made by a certified public accountant or firm of certified public accountants, selected by Council. The City is currently contracted with the auditing firm Holscher, Mayberry & Company, P.C. Audited financial statements include all appropriated funds.

INVESTMENT POLICIES

Resolution 2012-15 was adopted by the City Council on July 3, 2012. This resolution updated the City's investment policy. The City of Montrose consolidates cash balances from all funds to maximize investment earnings. Monies that will not be disbursed for a period of 90 days may be invested in one or more of the securities permitted by the Statutes of Colorado governing investing of public funds. The primary objectives of the investment policy are:

- Safety – to mitigate credit risk and interest rate risk.
- Liquidity – remain sufficiently liquid to meet all operating requirements.
- Yield – designed to attain a market rate of return throughout budgetary and economic cycles.

To limit credit risk, the City of Montrose shall limit investment to the safest types of securities, pre-qualifying financial institutions, and diversifying the investment portfolio. Interest rate risk is minimized by structuring the investment portfolio so that securities mature to meet cash requirements and investing in shorter-term securities. Core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

The standards of care incorporated in the policy are:

- Prudence – investment officials shall comply with the “prudent person” standard.
- Ethics and conflicts of interest – investment officials shall be ethical in investment decisions and refrain from personal business activity conflicting with the proper execution of the investment program.

- Delegation of authority – responsibility for the operation of the investment program is delegated to the City Manager, who shall carry out established written procedures and internal controls for the operation of the investment program consistent with the investment policy.

Investment parameters include:

- Diversification – limit investments to avoid overconcentration from a specific issuer.
- Maximum maturities – no more than five years (unless authorized by City Council) with an attempt to match investments with anticipated cash flow requirements.
- Competitive selection of investment instruments – selection of instruments shall be on a competitive basis to ensure best rates.

The City of Montrose personnel responsible for investments are dedicated to the aforementioned policies in order to maintain a stable investment portfolio.

DEBT MANAGEMENT

By City of Montrose Charter, the city may borrow money and issue the following securities: short-term notes; general obligation bonds and other like securities, revenue bonds and other like securities, and local improvement bonds and other like securities. Bonded debt for the City of Montrose is issued only when needed and cost-effective, and in amounts necessary for meeting such needs, unless financial market conditions and/or projections indicate that it is to the City's best interest to deviate from this practice.

The City of Montrose Charter establishes a legal debt limitation of 5% of the assessed valuation of taxable property in the City, as shown by the last preceding assessment. The assessed valuation of taxable property in the City as of August 22, 2013, was \$263,341,610. The legal debt limit of 5% is \$13,167,081. Certain debt is excluded from this calculation such as water, storm sewer, sanitary sewer, sewage disposal, short-term notes (< 3 years), and local improvement securities. Debt applicable to the limit is as follows:

Energy Impact Loan	\$61,868
--------------------	----------

PROCUREMENT

Policies regarding procurement are established in the Procurement Manual, June 2000, revised in October 2009 and again in October 2012. The manual serves as a source of information and detailed procedures for centralized purchasing and as a tool for maximizing quality and value for the tax dollar. Ordinance 2323 was modified in August of 2013 which increased the threshold for spending by the City Manager from \$20,000 to \$50,000. The department head may authorize direct purchases up to \$2,000. A request for quote process is completed by the purchasing agent for purchases between \$2,001 and \$10,000. A formal competitive solicitation is completed for goods and services over

\$10,001 with city manager approval up to \$50,000. City Council approval is obtained for purchases over \$50,001.

ASSET MANAGEMENT

The City Council adopted Resolution No. 2009-9 on April 16, 2009 setting forth a capital asset policy for the City of Montrose. This policy was added to the finance regulations within the City of Montrose Regulations Manual and reads as follows:

5-11-1 Capital Asset Policy

(A) Capital assets, including but not limited to property, plant, equipment, and infrastructure assets (e.g., land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer infrastructure), shall be reported in the applicable governmental or business-type activities columns in the City government-wide financial statements. Capital assets shall be defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated life in excess of three (3) years. Such assets shall be recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets shall be valued at their estimated fair market value on the date donated.

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

(C) Improvements shall be capitalized and depreciated over the remaining useful lives of the capital asset, as applicable. Depreciation shall be calculated using the straight-line method over the estimated useful life, and no depreciation shall be recorded in the year of acquisition or construction of such assets. Infrastructure assets shall be capitalized as a separate category.

(D) Estimated useful life of assets shall be as follows:

Infrastructure	10-25 years
Equipment	3-20 years
Transmission and distribution lines and meters	12-30 years
Treatment and filtration plants	20-40 years
Reservoirs and storage facilities	50-100 years
Buildings	30 years

(E) Lower-cost assets: Assets having a value between \$500 and \$4,999 shall not be classified as capital assets. These assets shall be tagged with an asset number and control over the asset shall be vested within the department to which the asset is assigned. All other asset items having a value less than \$500 shall not be tagged with an asset number and control over the asset shall be vested with the department to which the asset is assigned.

(F) The department head for the department to which an asset is assigned shall take appropriate actions to protect the asset from damage and theft. A periodic review of minimal assets shall be conducted at the department level. At the end of an asset's useful life, the asset shall be disposed of according to approved guidelines for disposal of assets.

TAXPAYER'S BILL OF RIGHTS

The Taxpayer's Bill of Rights (TABOR) was enacted by the "People of the State of Colorado", which took effect December 31, 1992. This amendment has limited fiscal year spending and restrains most of the growth of government. TABOR allows the maximum annual percentage change in each local district's fiscal year spending to equal inflation in accordance with the Consumer Price Index for Denver-Boulder in the prior calendar year plus annual local growth, adjusted for revenue changes approved by voters after 1991. If revenue from sources not excluded from fiscal year spending exceeds the limits in dollars for that fiscal year, the excess has to be refunded in the next fiscal year to taxpayers unless voters approve a revenue change as an offset. TABOR was adhered to in preparation of the 2013 budget.

At the City of Montrose general municipal election of April 2, 1996, the electors voted to allow the City of Montrose to retain and expend the full proceeds of the City's existing sales and use tax, non-federal grants, permits and other fees attributable to building and land use development and regulation, and revenues attributable to improvement districts, not withstanding any State restriction on fiscal year spending. Resolution 1996-1 submitted this ballot question to a vote of the electors.

In 2006, the voters approved a measure to allow the city to keep any revenues that exceed the limits set by TABOR in each future year and restrict them to be used on transportation projects. Resolution 2006-27 submitted this ballot question to a vote of the electors.

GUIDING PRINCIPLES OF THE COMPREHENSIVE PLAN

The City Council adopted the City of Montrose Comprehensive Plan by Resolution 2008-8 on March 6, 2008. Eight guiding principles identified in the City of Montrose Comprehensive Plan are:

1. Plan long range, implement consistently in the short-term.
2. Strengthen our role as a regional center and attract quality jobs to sustain us.
3. Grow efficiently.
4. Develop convenient "centers".
5. Provide a broad range of housing choice.
6. Protect, and provide access to, important environmental resources.
7. Connect roads and be transit-friendly.
8. Provide public services and facilities necessary for health, safety and welfare.

Each department's services are linked to the guiding principles.

CITY COUNCIL GOALS

City staff has set action items to be accomplished in line with the City Council goals. Goals established by the Council in 2012 are as follows:

GOAL #1: Complete review & revision of Municipal Code

- *Clarification of City Regulations v. City Code
- *Administrative Policies v. Council Policies
- *Streamline & simplify regulatory process
- *Gain input on potential policy changes from all city staff

GOAL #2: Establish a formal economic development policy

- *Clear & precise application process for business financial assistance
- *Transparency and early notification to City Council required
- *Primary focus on business retention, expansion, and entrepreneurship

GOAL #3: Perform multi-level analysis to enhance use of the Pavilion

- *Develop targeted marketing and events promotion strategy
- *Maintain and upgrade facilities to enhance marketability

GOAL #4: Examine processes related to city budget policy document

- *Include review of timelines, financial benchmarks, priorities, & input

GOAL #5: Appraise and revise employee performance evaluation and total compensation systems

- *Revise employee evaluation processes to include pay-for-performance elements
- *Review & revise employee benefits policy based upon comparable employers

GOAL #6: Enhance regional cooperation and shared services

- *Implement quarterly meetings with other government agencies & special districts
- *Implement quarterly planning retreats with Montrose County Commissioners

GOAL #7: Explore property acquisition opportunities

- *Uncompahgre River Corridor
- *Removal and/or adaptive reuse of blighted or underutilized buildings
- *Brownfields redevelopment

GOAL #8: Increase availability and public access to high-speed broadband Internet

FINANCIAL PLAN

This budget document is meant to be an all-inclusive financial plan for the City of Montrose. The financial challenge was to maintain operations of the city with limited revenues. An overview of the city's fund structure representing fund appropriation is included in the Fund Summary section of the document. Descriptions of major funds are included. The Fund Summary provides an overview of revenues and expenditures, along with a three-year comparison.

Major revenue sources have been compiled in the Revenue section of the document, documenting projection methods. A projected fund balance for each fund is included in

the Fund Summary section. The document includes an Operating Expenses section and Capital Expenditures Section with comparisons to prior years. Discussions of capital expenditure impact are included in the Capital Expenditure section. The Debt Service section provides a breakdown of current debt obligations.

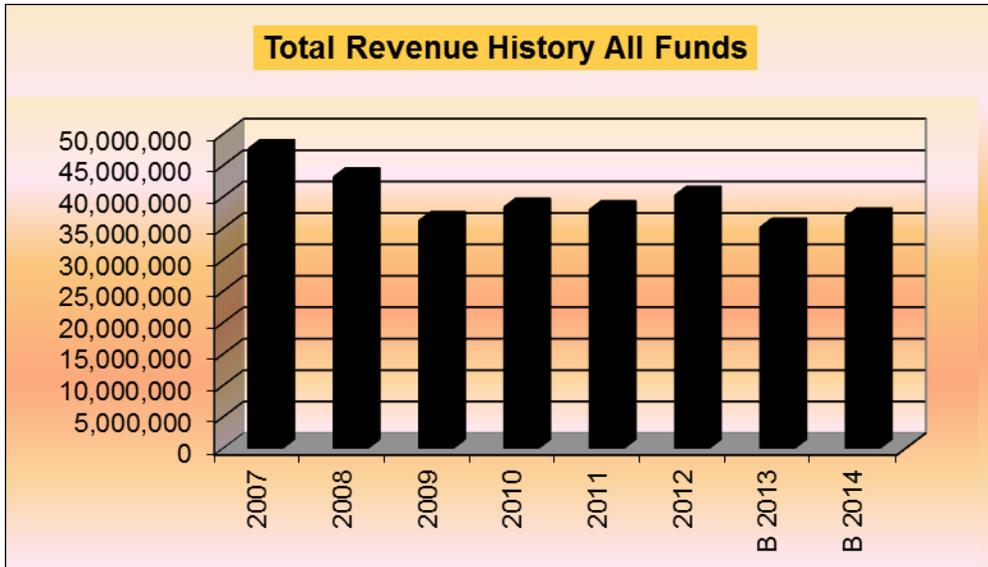
A discussion of the basis of budgeting for all funds is found in the Budget Policies and Development section of the document.

OPERATIONS GUIDE

The City provides a full range of services. These services include police protection; water, sewer and sanitation service; the construction and maintenance of highways, streets and infrastructure; parks, recreation trails and cemetery operations and maintenance; recreational activities and cultural events; performing arts/community/senior center operations; administrative services and most recently the Office of Business and Tourism. Growth has presented significant challenges for the City. With a slow-down in growth, revenues related to growth have declined.

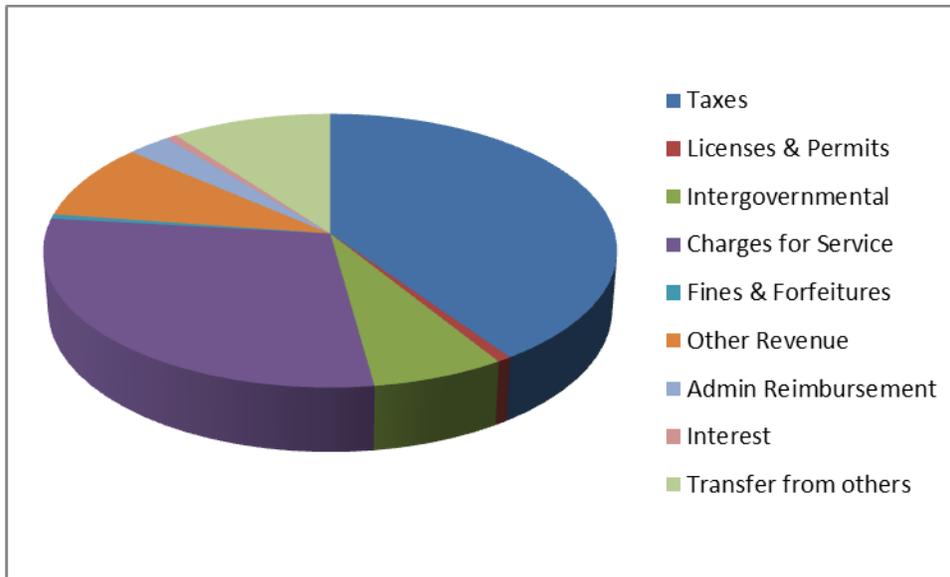
REVENUES

Total operating revenue for all funds for the City of Montrose is projected at \$36,574,621. Reserves in the amount of \$3,328,769 will be utilized to build capital projects in the water and sewer funds as well as replace equipment in the information services fund. Sales Tax is the city's main source of revenue, which comprises 71% of general fund revenues. Revenue loss continues with a 1.4% year-to-date decrease from prior year through July 2011 in sales tax collected. Currently, the City of Montrose is experiencing a slight increase in auto use tax, construction use tax, use tax, and restaurant excise tax. Revenues related to growth and development such as building permits, annexation and developer fees continue to be sluggish.



The chart below includes revenues for all city funds.

Revenue by Category	2009 Actual	2010 Actual	2011 Actual	2012 Budget	2013 Budget	2014 Budget	% of 2014 Budget
Taxes	14,640,812	14,540,376	14,594,436	13,890,300	14,896,211	14,927,087	41.96%
Licenses & Permits	257,775	226,774	179,778	210,100	231,800	224,500	0.65%
Intergovernmental	2,424,680	2,076,858	4,037,089	4,607,800	1,573,400	2,506,800	4.43%
Charges for Service	10,492,915	10,680,929	12,179,421	10,769,690	12,211,492	10,483,563	34.39%
Fines & Forfeitures	194,452	163,896	187,150	163,500	244,000	224,050	0.69%
Other Revenue	3,274,395	3,417,103	1,064,653	2,581,950	464,297	483,665	1.31%
Admin Reimbursement	1,005,312	1,174,498	1,342,338	1,448,946	1,024,193	912,000	2.88%
Interest	242,697	2,784,344	51,321	14,210	33,100	76,503	0.09%
Transfer from others	3,691,610	3,331,255	4,339,772	4,549,301	4,825,514	6,983,043	13.59%
Total Revenue	36,224,648	38,396,033	37,975,958	38,235,797	35,504,007	36,821,211	100.00%
% Change	-16.13%	5.99%	-1.09%	0.68%	-7.14%	3.71%	



GENERAL FUND

SALES TAX

The sales and use tax rate for the City of Montrose is 3%. The city anticipates collecting \$12,262,917 from retail sales tax in 2014. Sales tax is the largest revenue source for the General Fund. Sales tax partially funds the operating costs associated with providing services associated with the General Fund. In 2014, \$400,000 will be transferred to the Capital Improvement Fund as dictated by People's Ordinance No. 1986-1 as well as an additional \$1,804,314.

Projection Method:

Because sales tax is a prominent revenue source for the general fund, extensive efforts are undertaken to project this revenue. Forecasting method used is trend analysis using past actual data. The projection is then analyzed and compared with current revenues to determine accuracy. This revenue was budgeted with a 2.2% increase from 2012 Actual collections.

HIGHWAY USERS TAX

The Highway Users Tax is statutorily defined, state-collected, locally shared revenue that is distributed monthly. The municipality share is based on the number of vehicles registered and the center line miles of streets in each municipality. The municipality share is recalculated annually. The City of Montrose estimated share for 2014 is \$676,298.

Projection Method:

This Revenue is budgeted based on Colorado Municipal League projections.

USE TAX

This revenue is anticipated to be the third largest revenue source for the general fund; however it has declined from a high point of \$1.1 million in 2007. Use tax includes the use tax on a vehicle purchase. This tax rate is 3% for 2014. The city anticipates collecting \$757,500 from this revenue source.

Projection Method:

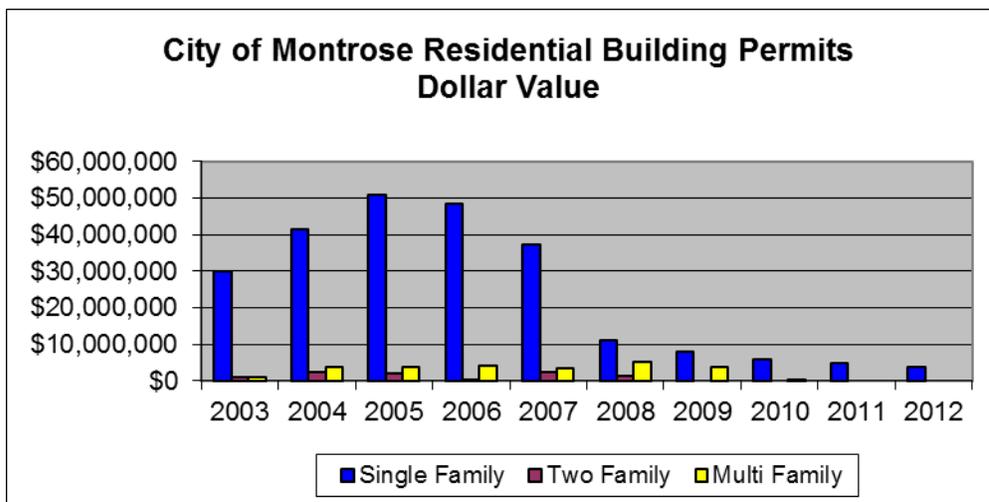
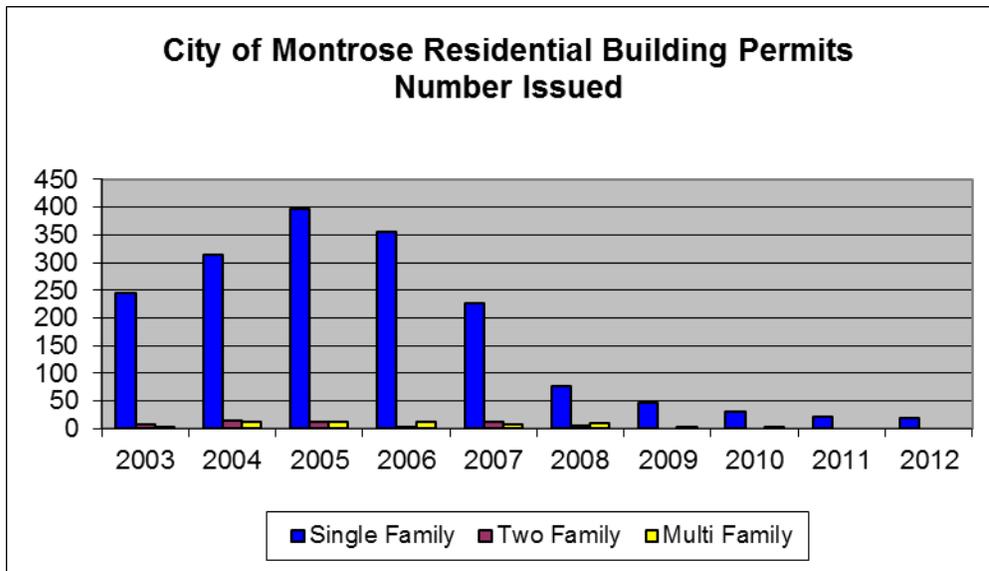
Forecasting method is trend analysis utilizing past actual data with a comparison to the current stream of revenue in 2013. This tax base is affected by growth in commercial business and is a less stable source of revenue. The Sales of vehicles as well as some new business activity has increased somewhat over 2012 collections.

CONSTRUCTION USE TAX

Construction use tax is paid when a building permit is issued. This revenue source is highly subject to growth and development in the area. This revenue is projected to be \$150,000 for 2014.

Projection Method:

An analysis is done on the number of building permits issued, area annexations and subdivision permits. This revenue is volatile and is subject to economic conditions. Building permits in 2013 increased from permits issued in 2012.



FRANCHISE FEE TAX

Franchise fees are taxes collected by ordinance or contract agreements and paid by local electrical, gas, telephone and cable television companies. These companies are given the right to locate, build, construct, acquire, purchase, extend, maintain, and operate within the city streets, alleys, and public ways to furnish services to the City of Montrose residents. Anticipated revenue from this source is \$987,000.

Projection Method:

Use of historical actual fees collected to project future revenues.

INTERGOVERNMENTAL REVENUES

Intergovernmental revenues are received from other governmental agencies and include motor vehicle registration, cigarette tax, severance tax, and grant revenue.

Projection Method:

Use of trend analysis is used where applicable. Other processes include contractual obligations; statute defined; and grants awards.

SPECIAL REVENUE FUNDS

RETAIL SALES ENHANCEMENT

City of Montrose Ordinance 1410 created a Retail Sales Enhancement Program to enhance retail sales within the city limits. It is funded by retention of 2% of the 3.33% allowable vendor's fee when a sales tax return is filed on time.

Projection Method:

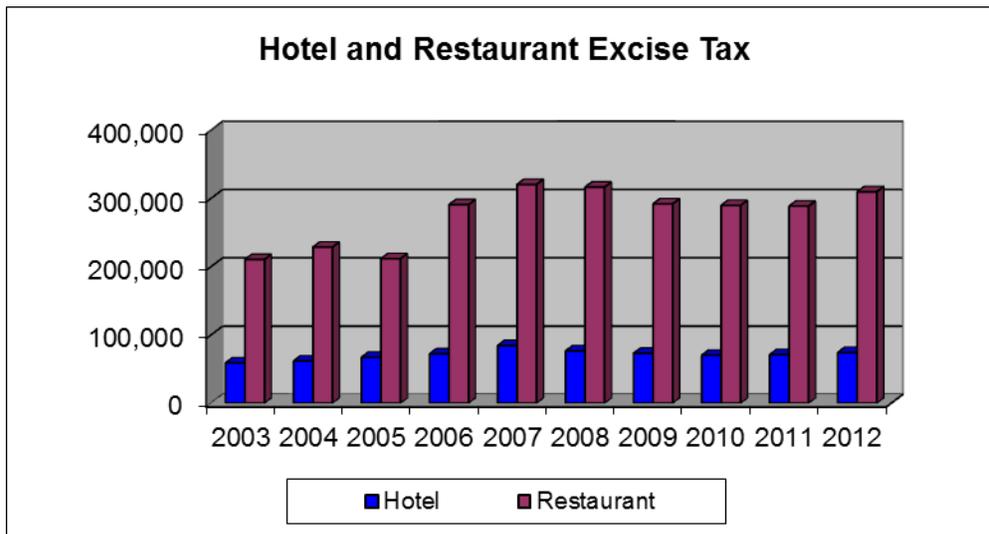
Revenue amount from sales tax multiplied by the allotted 2%.

TOURISM PROMOTIONAL SALES TAX

Revenues from the hotel and restaurant excise tax are earmarked for tourism promotion. Expenditures from the fund shall be for the purpose of promoting tourism, advertising the community, attracting conferences, conventions, and meetings, or for other purposes relating to attracting tourist and visitor business to the city.

Projection Method:

Historical analysis of prior ten years of revenue coupled with trend analysis. National and regional economic conditions factor into this revenue.



DEBT SERVICE FUNDS

TRANSFERS FROM OTHERS

The General Fund transfers revenues to the Debt Service for payment of the 2010 Sales, Use and Excise Revenue bonds which refunded the 1998 bond issue. Transfer is made based on principal/interest payment due in that year.

PERMANENT FUNDS

Revenues in these funds are minimal at this time. Sale of cemetery lots is the largest revenue estimated to be \$3,200 in 2014.

ENTERPRISE FUNDS

CHARGES FOR SERVICES

The Water Fund, Sewer Fund, and Sanitation Fund all provide services for which there are charges. The Water Fund will generate the largest portion of revenue from charges for services at approximately \$6.2 million, Sewer Fund at \$3.1 million, and Sanitation Fund at \$1.5 million in revenues. There will not be any rate increases for 2014.

Projection Method:

These revenues are largely based on consumption and change in customer base. Revenues are projected using trend analysis coupled with rate increases in the water, sewer, and sanitation funds.

INTERNAL SERVICE FUNDS

EQUIPMENT USAGE

Equipment usage in both the Fleet Fund and the IT Fund represents the largest source of income for these internal service funds. Fleet Fund revenue is based on actual usage of fuel, parts replacement, shop labor and equipment replacement charges for 2014. IT Fund revenue is based on equipment replacement charges, copy charges and labor costs.

Projection Method:

Fleet equipment usage is projected based on average of prior 18 months of actual fuel usage, parts costs and labor. Depreciation schedules are utilized for replacement costs. IT equipment usage is based on a schedule of replacement for computer equipment, software maintenance agreements, phone usage, and copy usage.

ALL OTHER REVENUES

There are many other revenues not outlined above that are intricate in covering the cost of services and operations offered by the city. All revenues contribute to the financial well being of the operations of the city.

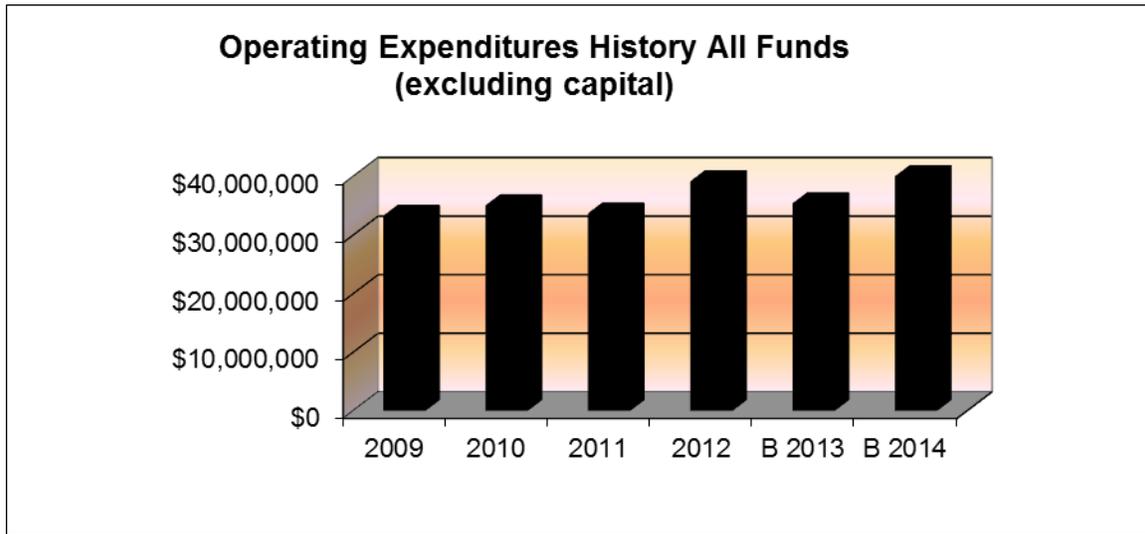
Projection Method:

Analysis of other revenues included trend analysis, review of historical data, expected development activity, local and national economic factors, consumptions, growth factors (building permits, annexations, and subdivisions), cost reimbursement factors, or rate structures.

OPERATING EXPENSES

Total operating expenditures for all funds total \$39,903,390 for 2014 representing an increase of 13.08% from the 2013 budget. Transfers to the capital improvement fund will be \$2,204,314 which includes the annual payback amount of \$40,329 for the energy performance project. Continuous rigorous efforts have been taken by departments to reduce operating expenses and find efficiencies to better serve the Montrose community. Operating transfers in and out are included; therefore over-all expenditures would be overstated by that transfer.

Capital items are included in the Capital Expenditures section.



The chart below includes operating expenditures for all funds.

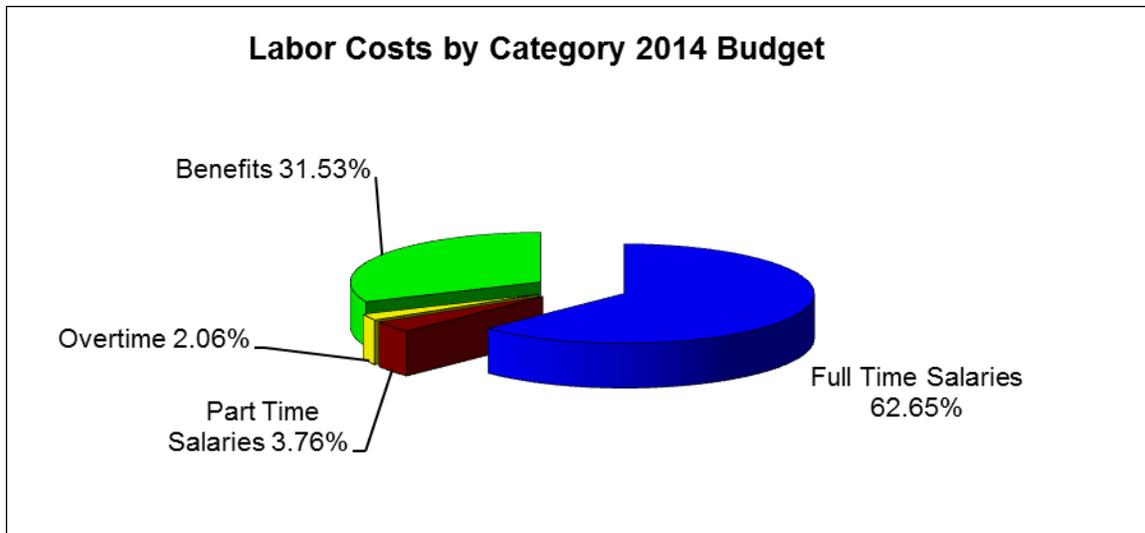
Operating Exp. By Category (excluding capital)	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Budget 2014	% of 2014 Budget Operating Expense
Labor and Benefits	\$ 12,433,548	\$ 12,435,020	\$ 12,208,833	\$ 11,903,990	\$ 12,000,126	\$ 12,487,695	36%
Non-Personnel Operating	19,607,032	21,426,293	20,802,033	21,360,067	17,078,099	17,465,210	51%
Debt Service	1,129,392	1,082,925	561,657	575,798	828,350	4,356,752	13%
Total Operating Expenditures	\$ 33,169,972	\$ 34,944,238	\$ 33,572,523	\$ 33,839,855	\$ 29,906,575	\$ 34,309,657	100%
% Change	-7.87%	5.35%	-3.93%	0.80%	-11.62%	14.72%	

LABOR AND BENEFITS COST

Labor and benefits represents 36% of the operating expenses and debt service is a minimum at 13%. Benefits for full-time employees include Medicare, social security, 401a contributions, medical insurance, dental insurance, life insurance, disability insurance, and an HSA contribution. Employees requiring cellular phone service for business reasons receive a stipend.

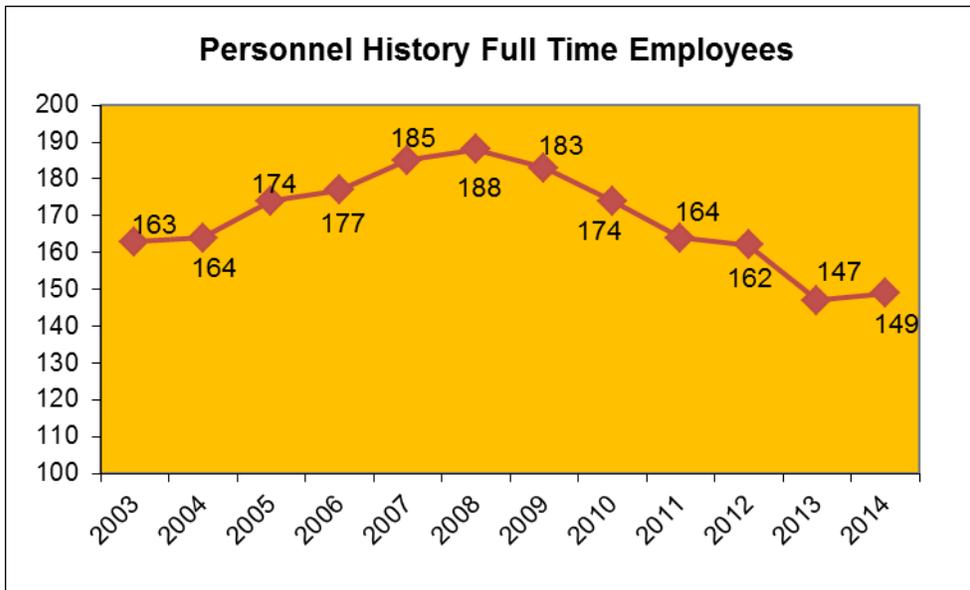
In 2014, a pay for performance evaluation process will be implemented and bonuses will be awarded to those employees that are performing. All eligible may participate in a high deductible health plan (HDHP). Employees contribute approximately 15% of the premium to fund their medical insurance. In 2014, the City's Premiums increased 1% for all categories of medical insurance. As positions are vacated, there is an analysis that takes place between the Department Head and City Manager to decide whether or not the position needs to be filled.

Labor by Category	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Budget 2014	% of 2014 Budget
Full Time Salaries	8,641,528	8,233,384	8,049,162	7,814,198	7,462,654	7,753,404	62.65%
Part Time Salaries	238,019	214,049	222,914	320,572	453,531	465,949	3.76%
Overtime	222,477	249,210	301,324	274,185	251,200	254,500	2.06%
Benefits	3,331,524	3,423,751	3,635,433	3,495,035	3,832,741	3,902,793	31.53%
Total	\$ 12,433,548	\$ 12,120,394	\$ 12,208,833	\$ 11,903,990	\$ 12,000,126	\$ 12,376,646	100.00%
% Change	-1.73%	-2.52%	0.73%	-2.50%	0.81%	3.14%	



PERSONNEL REDUCTIONS:

2011	2012	2013	2014
Deputy City Clerk	Finance Admin. Clerk	Parks Planner	Building Maintenance Worker
Utility Worker	Court Administrator	Budget Analyst	PW Building Maintenance Worker
Procurement Agent	Code Enforcement Officer	Public Works Manager	
Senior Planner	Street Maint. Worker (2)	Animal Shelter Technician	
Assistant Pavilion Director	Utility Worker (2)	Animal Control Officer	
Mechanic	Assistant City Manager	Customer Service Tech.	
Police Officers (2)			

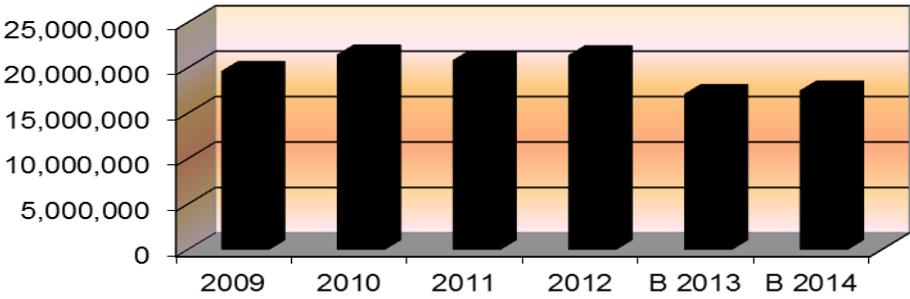


NON-PERSONNEL COSTS

Non-personnel operating expenses represent the largest portion of the 2014 operating expenses at 51%. The four largest line items in the non-personnel operating expenses are contract services, treated water purchases, transfers to other funds, and expenses related to the health & dental self- insurance fund. Contract services include items such as electrical, plumbing, roofing, cleaning, dispatch services and technical services. The transfer line item includes the transfers made from the General Fund to the Capital Projects Fund, the 7th Judicial District Drug Task Force, and the Debt Service Fund. Health & Dental expenses include claims payments as well as premiums paid to handle the claims. Prior year actual depreciation expenses are shown in the chart, but are not a budgeted amount.

Non-Personnel Operating (excluding capital)	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Budget 2014	% of 2014 Budget Operating Expense
Office Supplies	\$ 45,915	\$ 43,684	\$ 40,987	\$ 35,302	\$ 49,050	\$ 52,625	0.24%
Postage	64,421	62,973	59,121	62,028	83,550	79,465	0.36%
Supplies/Equip	773,030	765,528	646,507	1,158,175	911,120	1,116,755	5.12%
Asphalt/fuel/oil	470,565	357,866	416,102	444,154	524,000	527,500	2.42%
Water Purchase	1,899,364	1,906,070	1,946,499	2,018,824	2,050,735	2,050,735	9.40%
Equip Repairs	205,230	175,953	225,475	213,267	299,272	219,200	1.00%
Advertising	23,774	17,401	37,454	76,959	251,665	296,400	1.36%
Dues/Subs	77,985	83,351	87,364	99,046	93,672	92,719	0.42%
Utilities/phone	1,129,905	1,221,419	1,114,658	1,185,451	1,112,024	1,147,320	5.26%
Contract Serv	2,030,184	1,471,211	1,994,240	1,888,152	1,564,618	1,489,542	6.83%
Landfill Fees	487,165	478,127	491,474	488,123	573,718	549,000	2.52%
Building Repair	10,003	14,460	43,977	56,362	55,600	59,000	0.27%
Travel/Mtg Exp	88,680	100,443	137,312	132,224	165,260	192,220	0.88%
Depreciation	3,301,620	3,587,359	3,440,607	3,439,319			0.00%
Claims/Ins	259,387	221,039	216,066	228,018	305,850	244,500	1.12%
Radio Repair/Rep	31,912	9,797	12,491	8,283	5,000	9,000	0.04%
Aid to Others	364,457	360,840	-	-			0.00%
Transfer to Other	1,934,416	874,099	2,074,605	2,760,607	2,336,578	2,922,321	13.39%
Adm Reimburse	1,005,319	1,174,498	1,342,338	1,396,167	1,024,193	912,000	4.18%
Interfund Lease	1,517,676	1,629,537	1,663,015	1,621,770	1,560,700	1,527,600	7.00%
Radio/IT Lease	753,677	883,285	732,777	976,403	783,490	670,898	3.08%
Emp Bene Fees	2,491,508	2,731,340	3,486,730	2,486,624	2,666,200	2,473,055	11.34%
Escrow Payment		2,681,594	-	-			0.00%
Community Support				12,144	30,900	94,850	0.43%
Debt Payments	729,579	665,506	594,816	572,269	828,350	4,356,752	19.97%
Other Operating	640,839	485,464	531,313	514,353	626,104	733,505	3.36%
Total	\$ 20,336,611	\$ 22,002,844	\$ 21,335,928	\$ 21,874,024	\$ 17,901,649	\$ 21,816,962	100.00%
% Change	-11.14%	8.19%	-3.03%	2.52%	-18.16%	21.87%	

**Historical Non-Personnel Expenditures All Funds
(includes transfers & depreciation)**



CAPITAL EXPENDITURES

An extensive capital improvement process was completed at the beginning of 2008. The Montrose Improvement Team consisting of five citizens, a city council representative, a planning commission representative, and key City of Montrose staff, reviewed 57 requests for capital improvements. The committee reviewed projects for community enhancement, parks, trails and sidewalks, and public facilities. A task force dedicated to transportation made recommendations on traffic issues. The Capital Improvement Program Six-Year Plan was compiled for years 2010-2015 in the areas of review. In 2011, the MIT reconvened to update the capital improvement document. The committee held 23 community outreach meetings and held an open house in April of 2011. The 2012-2016 Capital Improvement document has been completed.

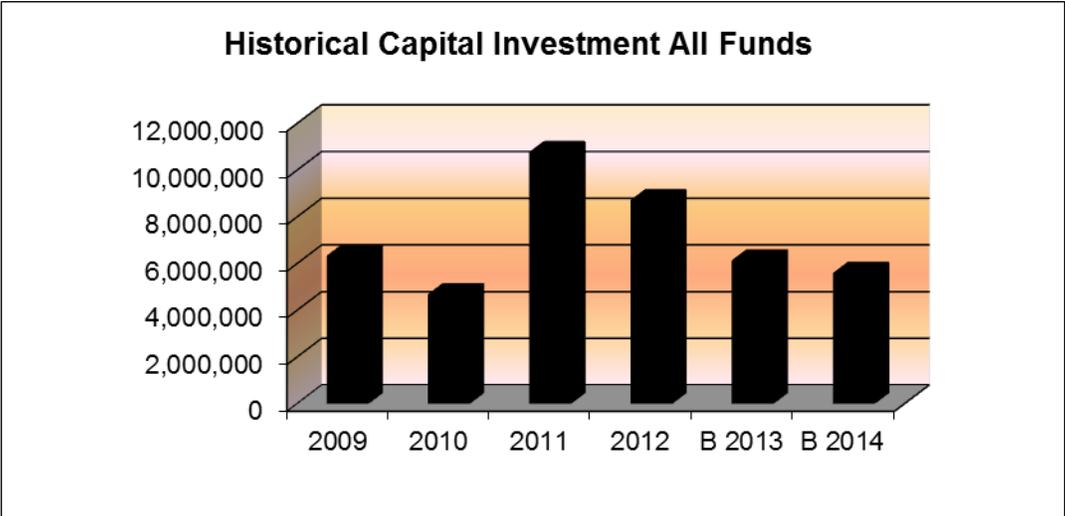
The City of Montrose contracted with independent engineering firms to complete an analysis of both the water and sewer systems. Master plans have been completed for both systems with recommendations on capital projects. The Airport Trunk Sewer line project was identified as the most important sewer project and construction began in 2011; with the final phase completed in 2013.

Capital expenditures in 2014 are budgeted in the amount of \$5,569,445. Only 2% of capital improvement expenditures planned for 2014 will be expensed through the General Fund. Water fund and Sewer fund capital expenditures comprise 48% of the total. Capital projects will reduce the reserves in the water and sewer funds. In-house labor supplied by City of Montrose employees is included in the labor line item and is not included in the budgeted capital projects line item.

Capital expenditures are those items that are non-routine with a cost threshold of \$5,000 or more. Departments reimburse the fleet fund for replacement of vehicles and equipment through the interfund lease line item. Those capital purchases are then made from the Fleet Fund. Fleet age has been greatly reduced and the number of vehicles beyond useful life is low.

The chart below includes capital outlay for all funds of the City.

Capital by Category	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Budget 2014	% of 2014 Budget
Land & Building	\$331,250	\$190,750	\$313,635	\$0		\$150,000	3%
Vehicles and Equipment	1,225,798	1,471,444	1,193,779	579,032	807,801	622,285	11%
Capital Improvement Projects	4,753,125	2,997,599	9,240,010	8,108,538	5,300,877	4,797,160	86%
Total Capital Expenditures	\$6,310,173	\$4,659,793	\$10,747,424	\$8,687,570	\$6,108,678	\$5,569,445	100%
% Change	-47.99%	-26.15%	130.64%	-19.17%	-29.68%	-8.83%	



GENERAL FUND - 100

The General Fund has the following projects planned for 2014:

- Operating Equipment for the S.W.A.T. team.
- Plotter/Scanner for engineering department.
- Improvements to a city lot @ Niagara & James Street for a community garden.
- Fox Park storage building for parks maintenance.

Impact on Fund Balance

Projected Beginning Fund Balance	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Fund Balance
\$9,471,512	\$17,253,747	\$17,112,562	\$141,185	\$9,471,512

The fund will continue to maintain a Fund Balance in excess of six (6) months.

CAPITAL IMPROVEMENT FUND - 235

A \$300,000 Transportation Enhancement Grant for construction of sidewalks, curb, and gutter was received. This project will extend a concrete, multi-use sidewalk on the east side of South Townsend Avenue from Woodgate Road to Oxbow Shopping Center where sidewalk doesn't currently exist. The proposed sidewalk/trail will be part of a comprehensive recreational trail system that, when complete, will provide trail connections throughout the community. Extend the sidewalk on Miami Road to make it safer for Centennial Middle School children to walk to school. Construct a sidewalk from the West Main Bridge to Chipeta Road.

Street infrastructure improvements in 2014 include paving and curb, gutter and sidewalk on S. 8th & S. 10th Streets. Curb, gutter and sidewalk replacements throughout the city are also budgeted in 2014.

Acquire right of way on East Oak Grove Road from Townsend Ave. to Bear Lake. Improve the roundabout at Ogden & Woodgate Road and construct the Uncompahgre River Water Park.

Impact on Fund Balance

Projected Beginning Fund Balance	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Fund Balance
\$712,529	\$2,893,314	0	\$2,302,000	\$1,303,843

Capital fund balance will increase.

CIVIC CAMPUS UPGRADES - 470

In 2012, a facilities condition assessment was done to identify areas in need of upgrading or improving within the City owned facilities. In 2014, several projects have been identified to improve city owned facilities.

Impact on Fund Balance

Projected Beginning Fund Balance	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Fund Balance
\$402,767	\$80,000	0	\$202,160	\$280,607

WATER FUND - 500

In 2014, the following projects are budgeted in this fund:

- Valve and hydrant replacement
- Flow Control Valve on Miami
- AMI Project will install infrastructure necessary to convert the current meter reading system to an automatic meter reading system.
- Replace AC Pipe when appropriate.

Impact on Reserves:

Projected Beginning Reserves	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Reserves
\$8,484,660	\$6,238,895	\$5,888,895	\$935,000	\$6,911,698

The fund will continue to maintain reserves in excess of the 90 day target reserve.

SEWER FUND - 510

In 2008, the Airport Trunk Sewer Line Project was identified as the most urgently needed system improvement. Phase II of this project was completed in 2012 and the moratorium on sewer taps were lifted. Phase III will be the final phase and was completed in 2013. Improvements to Sunnyside/Mesa Sewer Line began in 2013 and will be finished in 2014. The WWTP will continue to upgrade equipment and make safety improvements which will reduce impacts to the operating budget.

Impact on Reserves:

Projected Beginning Reserves	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Reserves
\$3,653,021	\$5,403,935	\$3,657,740	\$1,749,000	\$1,562,383

The fund will continue to maintain reserves in excess of the 90 day target reserve.

FLEET MANAGEMENT FUND - 600

The Fleet Management Fund is an internal service fund which means that a transfer is made on a monthly basis from other city departments into the fleet fund to pay for replacement of equipment and vehicles. The fleet manager establishes a listing of vehicles and equipment to be replaced each year based on the FASTER database. Some years require more extensive purchases than other years. In 2014, the WWTP tractor will be replaced as well as the sign truck.

Impact on Fund Balance

Projected Beginning Fund Balance	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Fund Balance
\$2,255,872	\$1,526,600	\$903,229	\$125,000	\$2,754,243

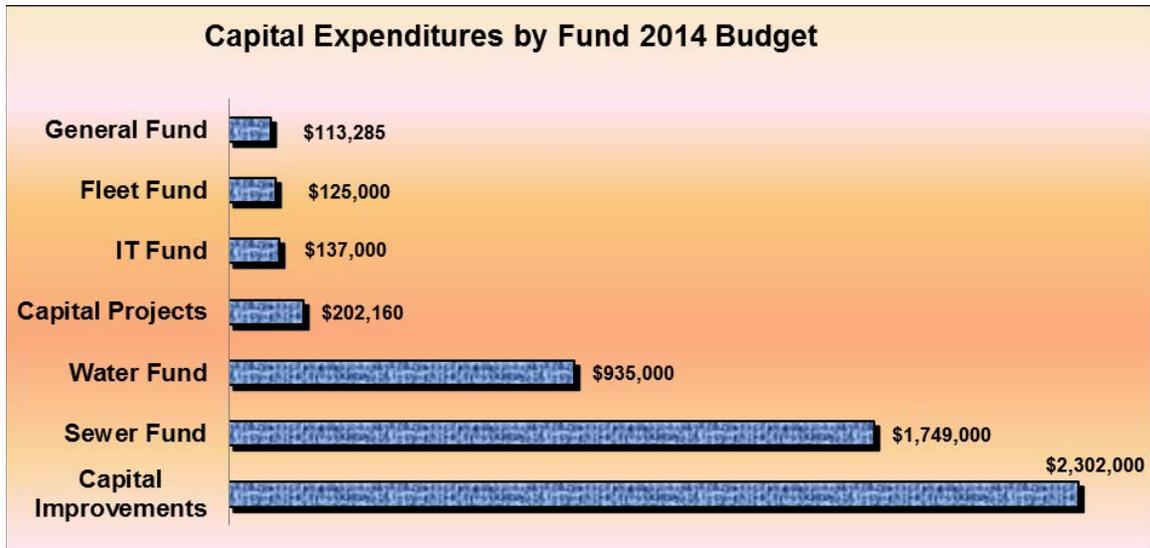
The fund will continue to maintain reserves in excess of the 90 day target reserve.

IT FUND - 605

The Information Technology (IT) Fund is an internal service fund which means that a transfer is made on a monthly basis from other city funds into the IT fund to pay for replacement of computer and phone equipment. The IT fund maintains a listing of computer equipment to be replaced. Most purchases are recorded in the equipment/furniture less than \$5,000 line item. The capital purchases are items over \$5,000. For 2014, capital purchases include upgrades to computer equipment and 800 MHZ radios. Restricted funds ending 2012 are \$387,037. These reserves are restricted for the purchase of 800 MHz radios used by the police and public works departments.

Impact on Fund Balance

Projected Beginning Fund Balance	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Fund Balance
\$1,045,215	\$944,871	\$807,871	\$137,000	\$802,350



CAPITAL EXPENDITURE LISTING

Vehicle Listing	Replacement Unit	Department	Amount	Fund Source
Sign Truck	60	Streets	\$55,000	Fleet
WWTP Tractor		WWTP	\$70,000	General Fund
TOTAL			\$125,000	

Operating Equipment Listing	Department	Amount	Fund Source
PD Equipment	Police	\$63,285	General Fund
Plotter/Scanner	Engineering	\$18,000	General Fund
Sewer Line Collection Equipment	Sewer	\$55,000	Sewer
Sewer Treatment Equipment	Sewer Treatment	\$224,000	Sewer
IT Computer Equipment	All departments	\$137,000	IT
TOTAL		\$497,285	

Capital Improvement Projects	Department	Amount	Fund Source
Community Garden & Storage bldg	Parks	\$32,000	General Fund
Street Improvements	Streets	\$990,000	Capital Fund
Priority Projects from Facility Assessment	Municipal Complex	\$202,160	Civic Campus Improvements
Uncompahgre River Water Park	Engineering	\$490,000	Capital Fund
Curb/Gutter/Sidewalk/ADA, South Townsend Sidewalks	Engineering/ Streets	\$822,000	Capital Fund/Grant
Infrastructure Improvements - DDA	DDA	\$6,000	DDA Funds
AMI Project for meter reading	Water Dist	\$585,000	Water
Valve & hydrant replacement; FCV	Water Dist	\$350,000	Water
Sunnyside/Mesa Sewer line	Sewer Line Maint	\$900,000	Sewer
Pipe Slip Lining & Refurbish manholes	Sewer Line Maint	\$520,000	Sewer
Oxidation ditch railing	Sewer Treatment	\$50,000	Sewer
TOTAL		\$4,947,160	

DEBT SERVICE

Combined Debt Summary

The City of Montrose Charter establishes a legal debt limitation of 5% of the assessed valuation of taxable property in the City, as shown by the last preceding assessment. The assessed valuation of taxable property in the City as of August 22, 2013, was \$263,341,610. Based on this valuation, the legal debt limit is \$13,167,081. Certain debt is excluded from the calculation for water, storm sewer, sanitary sewer, sewage disposal, short-term notes (< 3 years), and local improvement securities. This limitation does not apply to revenue bonds as addressed in Article VI, Section 5 of the City of Montrose Charter.

Assessed taxable property valuation	\$263,341,610
5% Debt Limitation	\$13,167,081
Energy Impact Loan	\$61,868
Total subject to debt limitation	\$61,868
2010 General Fund Revenue Bonds	\$1,355,000
2004 Water and Sewer Revenue Bonds	\$3,805,000
Total not subject to limitation	\$5,160,000
TOTAL DEBT	\$5,221,868

Energy Impact Assistance Loan

The Energy Impact Assistance Loan in the amount of \$151,900 was received November 1999 to help construct an independent pumped storage system to provide fire protection to the Aerospace Research Industrial Park. This is a 20-year loan at 5% interest. Montrose Economic Development Council is to provide the City of Montrose with funds to make these payments.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Yearly Payment</u>
9/1/14	9,096	3,094	12,190
9/1/15	9,551	2,639	12,190
9/1/16	10,028	2,162	12,190
9/1/17	10,530	1,660	12,190
9/1/18	11,055	1,134	12,189
9/1/19	11,608	581	12,189
Total	\$61,868	\$11,270	\$73,138

General Fund Excise Tax Revenue Bonds, Series 2010

The City previously issued General Fund Excise Tax Revenue Bonds, Series 1998, in the amount of \$5,000,000 on July 1, 1998. Proceeds of the bond were used for the construction, installation and improvement of streets relating to the San Juan Avenue and other streets including, but not limited to, Grand/Rio Grande Avenues. Ordinance 2248 approved the issuance of sales and use tax revenue refunding bonds, Series 2010, for the purpose of generating savings to the city through the refunding of outstanding series 1998 bonds. Bond underwriter is George K. Baum & Company with a net interest cost 2.5641% payable semi-annually.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Yearly Payment</u>
04/01/14		24,662.50	
10/01/14	325,000	24,662.50	374,325
04/01/15		20,600.00	
10/01/15	330,000	20,600.00	371,200
04/01/16		14,000.00	
10/01/16	340,000	14,000.00	368,000
04/01/17		7,200.00	
10/01/17	360,000	7,200.00	374,400
Total	<u>\$1,355,000</u>	<u>\$132,925.00</u>	<u>\$1,487,925</u>

**Water and Sewer Revenue Refunding
and Improvement Bonds Series 2004**

Revenue Bonds in the amount of \$6,045,000 were issued on March 15, 2004 for the purpose of refunding City's outstanding 1993 water and sewer revenue refunding bonds and financing \$4,000,000 in improvements to the City's water and sewer systems. The debt is paid from the net revenue derived from the operation and use of the City's water and sewer enterprise system. Interest rate on bonds is 2.0% - 4.3% payable semi-annually. The paying agent is UMB Bank. The following debt payment schedule is for the Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004.

Date	Principal	Interest	Yearly Payment
04/01/14		82,493	
10/01/14	275,000	82,493	439,986
04/01/15		75,962	
10/01/15	290,000	75,962	441,924
04/01/16		69,075	
10/01/16	300,000	69,075	438,150
04/01/17		61,950	
10/01/17	315,000	61,950	438,900
04/01/18		55,335	
10/01/18	330,000	55,335	440,670
04/01/19		48,405	
10/01/19	345,000	48,405	441,810
04/01/20		41,160	
10/01/20	360,000	41,160	442,320
04/01/21		33,600	
10/01/21	375,000	33,600	442,200
04/01/22		25,725	
10/01/22	390,000	25,725	441,450
04/01/23		17,535	
10/01/23	405,000	17,535	440,070
04/01/24		9,030	
10/01/24	420,000	9,030	438,060
Total	\$3,805,000	\$1,040,540	\$4,845,540

FUND TYPES

General Fund is the chief operating fund of a government. The fund is used to account for all financial resources except those required to be accounted for in another fund. All of a government's activities are reported in the general fund unless there is a compelling reason to report an activity in some other fund type.

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditure for specified purposes

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

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

Enterprise Funds are used to account for functions presented as business-type activities, where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or received primarily through user charges or determination of net income is appropriate for accountability purposes.

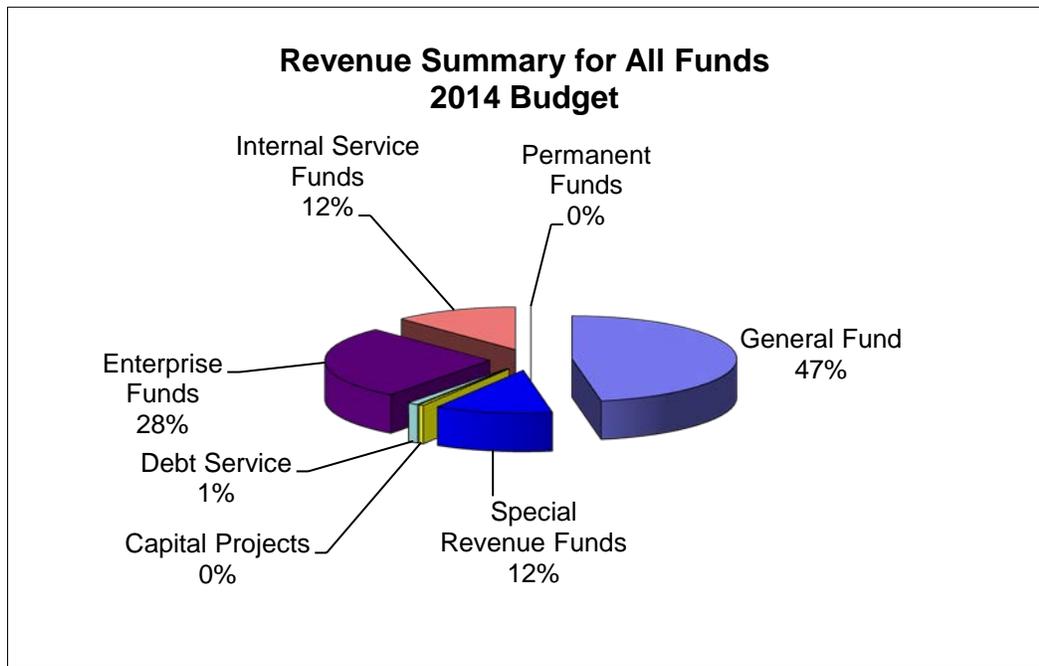
Internal Service Funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, on a cost-reimbursement basis.

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the city or its citizenry.

City of Montrose - Revenue Summary

	ACTUAL 2012	BUDGET 2013	BUDGET 2014
GENERAL FUND			
Tax Revenue	\$14,242,098	\$13,825,266	\$14,311,097
License and Permits	222,037	231,800	224,500
Intergovernmental Revenues	1,278,731	1,151,000	1,205,400
Charges for Services	275,781	337,200	260,950
Fines & Forfeitures	191,684	244,000	222,050
Other Revenues	238,398	73,950	91,750
Transfer Cost Allocation	1,222,503	1,024,193	912,000
Interest Income	23,275	8,200	25,500
Transfer from Others	628,611	200	500
TOTAL GENERAL FUND	\$18,323,117	\$16,895,809	17,253,747
SPECIAL REVENUE FUNDS			
Tax Revenue	631,408	594,750	615,990
Intergovernmental Revenues	316,057	530,000	960,000
Charges for Services	2,982	3,000	40,600
Fines & Forfeitures	872	1,000	2,000
Other Revenue	102,407	34,590	53,925
Interest Income	3,811	2,800	5,800
Transfer from Others	985,483	1,590,839	2,533,713
TOTAL SPECIAL REVENUE FUNDS	\$2,043,020	\$2,756,979	\$4,212,028
CAPITAL PROJECTS			
Intergovernmental Revenues	\$1,694,101	\$0	\$0
Other Revenues	\$0	\$0	\$80,000
Interest Income	\$14,411	\$0	\$1,200
Transfer from Others	\$0	\$0	\$80,000
TOTAL CAPITAL PROJECTS	\$1,708,512	\$0	\$161,200
DEBT SERVICE			
Charges for Services	\$12,189	\$12,189	\$12,190
Interest Income	\$0	\$0	\$10
Transfers from Others	\$375,075	\$377,475	\$374,525
TOTAL DEBT SERVICE FUNDS	\$387,264	\$389,664	\$386,725
ENTERPRISE FUNDS			
Intergovernmental Revenues	\$426,575	\$8,000	\$308,000
Charges for Services	\$9,774,903	\$9,523,609	\$9,515,667
Other Revenues	\$254,402	\$189,700	\$241,490
Transfer Cost Allocat	\$173,664	\$0	\$0
Interest Income	\$35,857	\$20,050	\$38,503
Transfer from Others	\$173,664	\$0	\$0
TOTAL ENTERPRISE FUNDS	\$10,839,065	\$9,741,359	\$10,103,660

	ACTUAL 2012	BUDGET 2013	BUDGET 2014
INTERNAL SERVICE FUNDS			
Intergovernmental Revenues	\$20,248	\$8,400	\$33,400
Charges for Services	\$388	\$0	\$652,156
Other Revenues	\$1,992,476	\$1,667,000	\$1,548,550
Interest Income	\$5,284	\$1,500	\$5,500
Transfers from Others	\$0	\$0	\$0
Operating Transfers In	\$2,309,108	\$2,577,000	\$2,217,155
TOTAL INTERNAL SERVICE FUNDS	\$4,327,505	\$4,253,900	\$4,456,761
PERMANENT FUNDS			
Charges for Services	\$0	\$0	\$0
Other Revenues	\$0	\$0	\$0
Interest Income	\$3,362	\$400	\$500
TOTAL PERMANENT FUNDS	\$3,362	\$400	\$500
TOTAL REVENUE	\$37,631,844	\$34,038,111	\$36,574,621

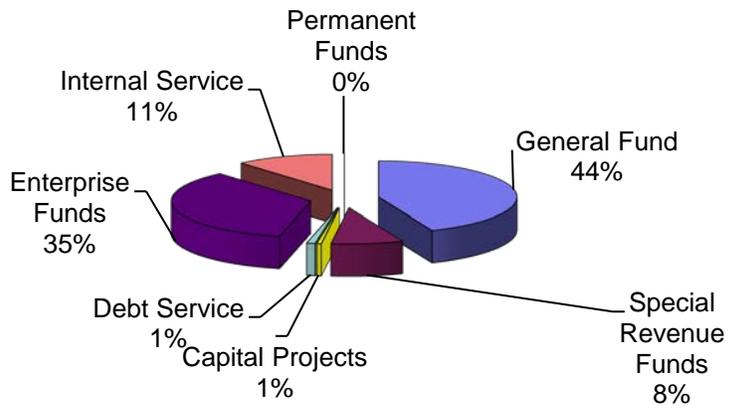


TOTAL FUNDS EXPENDITURE SUMMARY

2013 BUDGET

Department	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Permanent
City Council	103,490						
Economic Development	292,000						
City Attorney	301,349						
City Manager	324,851						
Human Resources	225,894						
Pavilion	516,181						
G.I.S.	268,620						
Finance	618,470						
Municipal and Teen Court	194,247						
Community Development	408,263						
Admin. Services	132,530						
City Clerk	260,587						
Municipal Building	300,964						
Police and Animal Control	5,792,096						
Code Compliance	212,941						
Engineer	277,737						
Public Works Admin	280,803						
Street Maintenance	2,121,999						
Street Cleaning	317,630						
Parks	1,151,454						
Tree Program	15,000						
Cemetery	120,697						
Transfers to Others	2,691,821						
Property Casualty Insurance	210,000						
Retail Sales Enhancement		314,480					
7th Judicial District Drug Tsk		301,566					
DDA		121,988					
Downtown Opportunity Fund		50,000					
Public/Education/Government		20,000					
Curb, Gutter, Sidewalk		447,000					
General Capital Improvements		645,000					
Arterial Construction		345,000					
South Townsend Sidewalks		375,000					
Conservation Trust		230,000					
Pavilion Senior Center		3,400					
Special Benefit Fund		16,000					
Tourism Promotional Fund		403,501					
Facilities Fund			202,160				
2010 Revenue Bonds				374,525			
EIA Fireflow Loan				12,190			
Utility - Water					6,823,895		
Utility - Sewer					5,406,740		
Sanitation					1,528,424		
Fleet Management						1,028,229	
IT Equipment Replacement						944,871	
Health/Dental Insurance						2,473,055	
Demoret Trust							-
Cemetery Care							500
Total Expenditures	17,139,624	3,272,935	202,160	386,715	13,759,059	4,446,155	500
TOTAL EXPENDITURES							39,207,148

Expenditure Summary for All Funds 2013 Budget



TOTAL FUNDS EXPENDITURE SUMMARY
Prior Year Comparison

	2012 Actual	2013 Budget	2014 Budget
GENERAL FUND			
City Council	75,330	93,870	103,490
Economic Development	251,500	287,500	292,000
City Attorney	354,712	373,647	301,349
City Manager	232,086	226,723	324,851
Website/Communications	-	-	109,123
Human Resources	268,768	273,416	225,894
Pavilion	573,251	550,051	516,181
G.I.S.	230,796	233,295	268,620
Finance	569,781	566,456	618,470
Municipal and Teen Court	170,168	185,609	194,247
Community Development	563,778	466,518	408,263
Admin. Services	282,317	287,736	132,530
City Clerk	201,928	179,325	260,587
Municipal Building	401,111	336,743	300,964
Police and Animal Control	5,518,225	5,751,592	5,792,096
Code Compliance	191,005	209,191	212,941
Engineer	338,587	274,629	277,737
Public Works Admin	504,298	381,859	280,803
Street Maintenance	2,640,475	2,132,015	2,121,999
Street Cleaning	349,751	323,876	317,630
Parks	1,200,720	1,085,434	1,151,454
Tree Program	8,998	15,000	15,000
Cemetery	85,523	125,646	120,697
Transfers to Others	1,465,206	2,336,428	2,691,821
Property Casualty Insurance	231,996	199,250	215,000
TOTAL GENERAL FUND	16,710,310	16,895,809	17,253,747
SPECIAL REVENUE FUNDS			
Retail Sales Enhancement	246,118	209,900	314,480
7th Judicial District Drug Tsk	93,539	300,618	301,566
DDA	175,820	195,000	131,488
Downtown Improvement	-	80,000	50,000
Public/Education/Government	2,695	21,000	20,000
Curb, Gutter, Sidewalk	133,383	150,000	447,000
General Capital Improvements	120,985	761,339	645,000
Arterial Construction	261,409	400,000	345,000
South Townsend Sidewalks	13,581	360,000	375,000
Conservation Trust	27,998	-	230,000
Pavilion Senior Center	1,775	4,650	3,400
Special Benefit Fund	6,884	22,685	16,000

TOTAL FUNDS EXPENDITURE SUMMARY

Prior Year Comparison

Tourism Promotional Fund	383,694	349,630	450,501
TOTAL SPECIAL REVENUE FUNDS	1,467,881	2,854,822	3,329,435
CAPITAL IMPROVEMENT FUNDS			
Grand/Rio Grande Project	2,510,547	24,432	-
Facilities Fund	-	80,000	202,160
TOTAL CAPITAL IMP. FUNDS	2,510,547	104,432	202,160
DEBT SERVICE FUNDS			
2010 Revenue Bonds	375,275	377,525	374,525
EIA Fireflow Loan	12,189	12,189	12,190
TOTAL DEBT SERVICE FUNDS	387,464	389,714	386,715
ENTERPRISE FUNDS			
Utility - Water	4,334,685	5,168,973	6,823,895
Utility - Sewer	4,106,242	4,007,000	5,406,740
Sanitation	1,873,094	1,533,300	1,528,424
TOTAL ENTERPRISE FUNDS	10,314,021	10,709,273	13,759,059
INTERNAL SERVICE FUNDS			
Fleet Management	2,269,390	1,432,700	1,028,229
IT Equipment Replacement	1,007,561	880,653	944,871
Health/Dental Insurance	2,215,311	2,671,200	2,473,055
TOTAL INTERNAL SERVICE FUNDS	5,492,261	4,984,553	4,446,155
PERMANENT FUNDS			
Demoret Trust	7,056	63,500	-
Cemetery Care	104	150	500
TOTAL PERMANENT FUNDS	7,160	63,650	500
 TOTAL ALL FUNDS	 36,889,644	 36,002,253	 39,377,771

SUMMARY OF TRANSFERS

	Transfer from Account	Transfer to Account	2014
Special Revenue Funds			
7th Judicial District Drug Taskforce	100-5180-750-000	207-4900-900-000	\$220,000
Capital Projects	100-5180-750-000	235-4900-900-000	\$1,891,967
Repayment of Energy Perf	100-5180-750-000	235-4900-900-000	\$40,329
Greater Montrose Opportunity Fund	100-5180-750-000	470-4900-900-000	\$50,000
PAX signage	100-5180-750-000	220-4900-900-000	\$1,000
Competitive Youth Sports	100-5180-750-000	210-4900-900-000	\$34,000
Debt Service Fund			
Excise Tax Revenue Bonds	100-5180-750-000	370-4900-900-000	\$374,525
Permanent Fund			
Cemetery Perpetual Care	420-9020-750-000	100-4900-900-000	\$200
Capital Improvement Fund			
Facility Fund	100-5180-750-000	470-4900-900-000	\$80,000
TOTAL OF TRANSFERS			\$2,692,021
ADMINISTRATIVE REIMBURSEMENT			
Water Fund Transfer	500-7020-751-000	100-4700-701-000	323,000
Sewer Fund Transfer	510-7035-751-000	100-4700-701-000	355,000
Sanitation Fund Transfer	550-7100-751-000	100-4700-701-000	234,000
TOTAL ADMINISTRATIVE REIMBURSEMENT			912,000

City of Montrose Revenues, Expenditures and Fund Balance

	2012 Actuals	2013 Actual through 7/31/13	Actual Projected through 12/31/13	2013 Original Budget	2014 Budget
GENERAL FUND					
Unreserved FUND BALANCE 1/1	\$ 6,531,688		\$ 8,161,607		\$ 9,013,004
TAXES	\$ 14,242,098	\$ 7,075,798	\$ 14,282,590	\$ 13,825,266	\$ 14,311,097
LICENSES & PERMITS	\$ 222,037	\$ 129,101	\$ 258,203	\$ 231,800	\$ 224,500
INTERGOVERNMENTAL	\$ 1,278,731	\$ 468,509	\$ 1,175,395	\$ 1,151,000	\$ 1,205,400
CHARGES FOR SERVICES	\$ 275,781	\$ 165,748	\$ 315,389	\$ 337,200	\$ 260,950
FINES & FORFEITURES	\$ 191,684	\$ 133,373	\$ 228,639	\$ 244,000	\$ 222,050
OTHER REVENUES	\$ 238,398	\$ 77,394	\$ 111,133	\$ 73,950	\$ 91,750
TRANSFER COST ALLOCATION	\$ 1,222,503	\$ 597,446	\$ 1,024,193	\$ 1,024,193	\$ 912,000
INTEREST INCOME	\$ 23,275	\$ 8,616	\$ 15,380	\$ 8,200	\$ 25,500
TRANSFERS FROM OTHERS	\$ 628,611	\$ 41	\$ 200	\$ 200	\$ 500
TOTAL REVENUES	\$ 18,323,117	\$ 8,656,024	\$ 17,411,123	\$ 16,895,809	\$ 17,253,747
EXPENDITURES					
CITY COUNCIL	\$ 75,275	\$ 56,379	\$ 73,396	\$ 93,870	\$ 103,490
ECONOMIC DEVELOPMENT	\$ 251,500	\$ 120,568	\$ 252,768	\$ 287,500	\$ 292,000
CITY ATTORNEY	\$ 354,712	\$ 301,441	\$ 453,919	\$ 373,647	\$ 301,349
CITY MANAGER	\$ 232,086	\$ 142,998	\$ 262,323	\$ 226,723	\$ 324,851
WEBSITE/COMMUNICATIONS:	\$ -	\$ -	\$ -	\$ -	\$ 109,123
HUMAN RESOURCES	\$ 268,768	\$ 188,943	\$ 271,225	\$ 273,416	\$ 225,894
PAVILION	\$ 573,251	\$ 267,123	\$ 512,003	\$ 550,051	\$ 516,181
GEOGRAPHIC INFORMATION SYSTEMS	\$ 230,796	\$ 124,105	\$ 215,897	\$ 233,295	\$ 268,620
FINANCE	\$ 569,781	\$ 326,554	\$ 548,704	\$ 566,456	\$ 618,470
MUNICIPAL COURT	\$ 163,938	\$ 89,618	\$ 218,437	\$ 179,609	\$ 188,247
TEEN COURT	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
COMMUNITY DEVELOPMENT	\$ 553,028	\$ 228,176	\$ 403,345	\$ 466,518	\$ 408,263
INNOVATION & CITIZEN ENGAGEMENT	\$ 282,266	\$ 152,283	\$ 284,958	\$ 287,736	\$ 132,530
CITY CLERK	\$ 201,818	\$ 105,702	\$ 183,889	\$ 179,325	\$ 260,587
FACILITY MANAGEMENT	\$ 395,215	\$ 196,634	\$ 407,020	\$ 336,743	\$ 300,964
POLICE PATROL	\$ 3,218,145	\$ 1,932,309	\$ 3,586,172	\$ 3,625,433	\$ 3,717,458
POLICE ADMINISTRATION	\$ 1,736,335	\$ 856,718	\$ 1,391,539	\$ 1,561,381	\$ 1,527,147
ANIMAL CONTROL	\$ 563,745	\$ 268,615	\$ 578,501	\$ 564,778	\$ 547,491
CODE COMPLIANCE	\$ 191,005	\$ 108,196	\$ 236,274	\$ 209,191	\$ 212,941
ENGINEER	\$ 338,587	\$ 111,595	\$ 245,246	\$ 274,629	\$ 277,737
PUBLIC WORKS ADMIN	\$ 504,298	\$ 181,011	\$ 316,248	\$ 381,859	\$ 280,803
STREET MAINTENANCE	\$ 2,640,475	\$ 1,120,186	\$ 2,074,815	\$ 2,132,015	\$ 2,121,999
STREET CLEANING	\$ 349,751	\$ 175,329	\$ 294,862	\$ 323,876	\$ 317,630
PARKS	\$ 1,200,715	\$ 588,135	\$ 1,068,516	\$ 1,085,434	\$ 1,151,454
TREE PROGRAM	\$ 8,998	\$ 1,775	\$ 13,500	\$ 15,000	\$ 15,000
CEMETERY	\$ 85,508	\$ 72,512	\$ 111,380	\$ 125,646	\$ 120,697
TRANSFER TO OTHERS	\$ 1,465,206	\$ 1,298,134	\$ 2,336,428	\$ 2,336,428	\$ 2,691,821
INSURANCE & CIVIC CAMPUS VEHICLES	\$ 231,996	\$ 159,270	\$ 212,360	\$ 199,250	\$ 215,000
TOTAL EXPENDITURES	\$ 16,693,198	\$ 9,180,485	\$ 16,559,725	\$ 16,895,809	\$ 17,253,747
REVENUES OVER (UNDER) EXPENDITURES	\$ 1,629,919		\$ 851,397	\$ -	\$ -
FUND BALANCE 12/31	\$ 8,161,607		\$ 9,013,004		\$ 9,013,004
RETAIL SALES ENHANCEMENT					
FUND BALANCE 1/1	\$ 42,475		\$ 43,247		\$ 79,400
REVENUES	\$ 246,890	\$ 128,991	\$ 247,900	\$ 235,000	\$ 245,240
EXPENDITURES	\$ 246,118	\$ 61,000	\$ 201,747	\$ 209,900	\$ 314,480
REVENUES OVER (UNDER) EXPENDITURES	\$ 772		\$ 46,153	\$ 25,100	\$ (69,240)
FUND BALANCE 12/31	\$ 43,247		\$ 79,400		\$ 10,160
7TH JUDICIAL DRUG TASKFORCE					
FUND BALANCE 1/1	\$ 50,055		\$ 56,725		\$ 25,167
REVENUES	\$ 100,209	\$ 49,262	\$ 251,500	\$ 221,000	\$ 276,399
EXPENDITURES	\$ 93,539	\$ 159,798	\$ 283,058	\$ 300,618	\$ 301,566
REVENUES OVER (UNDER) EXPENDITURES	\$ 6,670	\$ (110,536)	\$ (31,558)	\$ (79,618)	\$ (25,167)
FUND BALANCE 12/31	\$ 56,725		\$ 25,167		\$ -
COMPETITIVE YOUTH SPORTS					
FUND BALANCE 1/1	\$ -		\$ -		\$ 11,978
REVENUES	\$ -	\$ 23,830	\$ 23,830	\$ -	\$ 56,100
EXPENDITURES	\$ -	\$ 11,851	\$ 11,852	\$ -	\$ 42,231
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 11,978	\$ 11,978	\$ -	\$ 13,869
FUND BALANCE 12/31	\$ -		\$ 11,978		\$ 25,847

	2012 Actuals	2013 Actual through 7/31/13	Actual Projected through 12/31/13	2013 Original Budget	2014 Budget
HUD/SBA GRANTS					
FUND BALANCE 1/1	\$ -		\$ -		\$ -
REVENUES	\$ 468,488	\$ -	\$ -		\$ -
EXPENDITURES	\$ 468,488	\$ -	\$ -	\$ -	\$ -
FUND BALANCE 12/31	\$ -		\$ -		\$ -
DOWNTOWN DEVELOPMENT AUTHORITY					
FUND BALANCE 1/1	\$ 130,164		\$ 95,999		\$ 98,851
REVENUES	\$ 141,655	\$ 147,577	\$ 174,292	\$ 151,000	\$ 175,000
DDA EXPENDITURES	\$ 175,820	\$ 81,089	\$ 156,977	\$ 149,070	\$ 115,376
MAIN IN MOTION EXPENDITURES	\$ -	\$ 14,269	\$ 14,463	\$ -	\$ 9,500
TOTAL EXPENDITURES	\$ 175,820	\$ 95,358	\$ 171,440	\$ 149,070	\$ 124,876
REVENUES OVER (UNDER) EXPENDITURES	\$ (34,165)		\$ 2,852	\$ 1,930	\$ 50,124
FUND BALANCE 12/31	\$ 95,999		\$ 98,851		\$ 148,975
DOWNTOWN OPPORTUNITY FUND					
FUND BALANCE 1/1	\$ -		\$ 75,500		\$ 42,792
REVENUES	\$ 75,500	\$ 31,133	\$ 46,042	\$ 31,954	\$ 46,600
DOWNTOWN IMPROVEMENT	\$ -	\$ 58,750	\$ 78,750	\$ 40,000	\$ 50,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 75,500		\$ (32,708)	\$ (8,046)	\$ (3,400)
FUND BALANCE 12/31	\$ 75,500		\$ 42,792		\$ 39,392
GREATER MONTROSE LOAN FUND					
FUND BALANCE 1/1	\$ -		\$ 50,000		\$ 100,000
REVENUES					
TRANSFER FROM OTHERS	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
FUND BALANCE 12/31	\$ 50,000		\$ 100,000		\$ 150,000
PUBLIC/EDUCATION/GOVERNMENT					
FUND BALANCE 1/1	\$ -		\$ 26,968		\$ 26,309
REVENUES	\$ 29,663	\$ 10,541	\$ 20,341	\$ 21,000	\$ 20,000
EXPENDITURES	\$ 2,695	\$ -	\$ 21,000	\$ 21,000	\$ 20,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 26,968		\$ (659)	\$ -	\$ -
FUND BALANCE 12/31	\$ 26,968		\$ 26,309		\$ 26,309
SURPLUS & DEFICIENCY					
FUND BALANCE 1/1	\$ 153,980		\$ 154,196		\$ 154,496
REVENUES					
INTEREST INCOME	\$ 217	\$ 78	\$ 300	\$ 300	\$ 300
FUND BALANCE 12/31	\$ 154,196		\$ 154,496		\$ 154,796
CAPITAL IMPROVEMENT FUND					
FUND BALANCE 1/1	\$ 381,681		\$ 1,021,559		\$ 712,529
REVENUES	\$ 999,237	\$ 816,037	\$ 1,388,839	\$ 1,671,339	\$ 2,893,314
EXPENDITURES	\$ 359,359	\$ 81,760	\$ 1,697,869	\$ 1,671,339	\$ 2,302,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 639,878	\$ 734,277	\$ (309,030)	\$ -	\$ 591,314
FUND BALANCE 12/31	\$ 1,021,559		\$ 712,529		\$ 1,303,843
CONSERVATION TRUST FUND					
FUND BALANCE 1/1	\$ 236,974		\$ 306,863		\$ 387,863
REVENUES	\$ 97,886	\$ 50,286	\$ 81,000	\$ 81,000	\$ 81,000
EXPENDITURES	\$ 27,998	\$ -	\$ -	\$ -	\$ 230,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 69,888		\$ 81,000	\$ 81,000	\$ (149,000)
FUND BALANCE 12/31	\$ 306,863		\$ 387,863		\$ 238,863
PAVILION SENIOR CENTER					
FUND BALANCE 1/1	\$ 13,833		\$ 15,278		\$ 15,578
REVENUES	\$ 3,220	\$ 1,543	\$ 3,400	\$ 3,410	\$ 3,325
EXPENDITURES	\$ 1,775	\$ 2,803	\$ 3,100		\$ 3,400
REVENUES OVER (UNDER) EXPENDITURES	\$ 1,445		\$ 300	\$ 3,410	\$ (75)
FUND BALANCE 12/31	\$ 15,278		\$ 15,578		\$ 15,503
SPECIAL BENEFIT FUND					
FUND BALANCE 1/1	\$ 162,465		\$ 172,758		\$ 300,408
REVENUES	\$ 16,777	\$ 13,336	\$ 140,300	\$ 11,000	\$ 14,000
EXPENDITURES	\$ 6,484	\$ 1,049	\$ 12,650		\$ 16,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 10,293		\$ 127,650	\$ 11,000	\$ (2,000)
RESTRICT FEE IN LEU OF LAND	\$ 125,528		\$ 257,828		\$ 263,828
FUND BALANCE 12/31	\$ 47,230		\$ 42,580		\$ 34,580

	2012 Actuals	2013 Actual through 7/31/13	Actual Projected through 12/31/13	2013 Original Budget	2014 Budget
TOURISM PROMOTIONAL FUND					
FUND BALANCE 1/1	\$ (45)		\$ 779		\$ 100,199
EXCISE TAX	\$ 384,518	\$ 208,764	\$ 388,631	\$ 338,750	\$ 350,750
TOURISM EXPENDITURES	\$ 383,694	\$ 97,823	\$ 256,211	\$ 306,630	\$ 403,501
VISITOR CENTER OPERATION EXPENDITURES	\$ -	\$ -	\$ 33,000	\$ 43,000	\$ 47,000
TOTAL EXPENDITURES	\$ 383,694	\$ 97,823	\$ 289,211	\$ 349,630	\$ 450,501
REVENUES OVER (UNDER) EXPENDITURES	\$ 824		\$ 99,420	\$ (10,880)	\$ (99,751)
FUND BALANCE 12/31	\$ 779		\$ 100,199		\$ 448
2010 EXCISE TAX REVENUE BONDS					
FUND BALANCE 1/1	\$ 59,693		\$ 59,693		\$ 59,643
REVENUES	\$ 375,075	\$ 293,592	\$ 377,475	\$ 377,475	\$ 374,525
EXPENDITURES	\$ 375,075	\$ 28,863	\$ 377,525	\$ 377,475	\$ 374,525
REVENUES OVER (UNDER) EXPENDITURES	\$ -		\$ (50)	\$ -	\$ -
FUND BALANCE 12/31	\$ 59,693		\$ 59,643		\$ 59,643
EIA FIRELFWO LOAN					
FUND BALANCE 1/1	\$ -		\$ -		\$ -
REVENUES	\$ 12,189	\$ -	\$ 12,189	\$ 12,189	\$ 12,190
EXPENDITURES	\$ 12,189	\$ 12,189	\$ 12,189	\$ 12,189	\$ 12,190
FUND BALANCE 12/31	\$ -		\$ -		\$ -
DEMORET TRUST FUND					
FUND BALANCE 1/1	\$ 71,231		\$ 67,537		\$ 49,453
REVENUES	\$ 3,362	\$ -	\$ 400	\$ 400	\$ 500
EXPENDITURES	\$ 7,056	\$ 18,483	\$ 18,484	\$ 32,500	\$ -
REVENUES OVER (UNDER) EXPENDITURES	\$ (3,694)		\$ (18,084)	\$ (32,100)	\$ 500
FUND BALANCE 12/31	\$ 67,537		\$ 49,453		\$ 49,953
CEMETERY PERPETUAL CARE					
FUND BALANCE 1/1	\$ 106,511		\$ 109,518		\$ 111,718
TOTAL REVENUES	\$ 3,111	\$ 1,843	\$ 2,200	\$ 2,504	\$ 2,200
EXPENDITURES	\$ 104	\$ 41	\$ -	\$ 150	\$ 500
REVENUES OVER (UNDER) EXPENDITURES	\$ 3,007		\$ 2,200	\$ 2,354	\$ 1,700
FUND BALANCE 12/31	\$ 109,518		\$ 111,718		\$ 113,418
SPECIAL IMPROVEMENTS REVOLVING					
FUND BALANCE 1/1	\$ 187,063		\$ 154,263		\$ 224,763
REVENUES	\$ (32,800)	\$ 1,896	\$ 70,500	\$ 99,237	\$ 80,500
EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES OVER (UNDER) EXPENDITURES	\$ (32,800)		\$ 70,500	\$ 99,237	\$ 80,500
FUND BALANCE 12/31	\$ 154,263		\$ 224,763		\$ 305,263
GRAND/RIO GRANDE					
FUND BALANCE 1/1	\$ 2,056,539		\$ 1,261,071		\$ 1,668,840
REVENUES	\$ 1,708,512	\$ 431,201	\$ 431,201	\$ -	\$ -
EXPENDITURES	\$ 2,503,980	\$ 23,432	\$ 23,432	\$ -	\$ -
REVENUES OVER (UNDER) EXPENDITURES	\$ (795,468)	\$ 407,769	\$ 407,769	\$ -	\$ -
FUND BALANCE 12/31	\$ 1,261,071		\$ 1,668,840		\$ 1,668,840
CIVIC CAMPUS UPGRADES					
FUND BALANCE 1/1	\$ 137,885		\$ 137,885		\$ 402,767
REVENUES	\$ -	\$ 168,156	\$ 288,314	\$ 288,114	\$ 80,000
EXPENDITURES	\$ -	\$ -	\$ 23,432	\$ 80,000	\$ 202,160
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 168,156	\$ 264,882	\$ 208,114	\$ (122,160)
FUND BALANCE 12/31	\$ 137,885		\$ 402,767		\$ 280,607

	2012 Actuals	2013 Actual through 7/31/13	Actual Projected through 12/31/13	2013 Original Budget	2014 Budget
WATER FUND					
CASH & CASH EQUIVALENTS 1/1	\$ 8,744,231		\$ 7,982,152		\$ 8,487,068
INTERGOVERNMENTAL REV	\$ 362,106	\$ -	\$ 138,721	\$ 8,000	\$ 8,000
CHARGES FOR WATER	\$ 5,365,103	\$ 2,914,534	\$ 4,996,199	\$ 5,199,240	\$ 5,170,312
RENTALS	\$ -	\$ -	\$ 200	\$ -	\$ 200
CAPITAL CONT WTR CAPACITY FEE	\$ 50,182	\$ 38,894	\$ 66,675	\$ 47,500	\$ 54,371
UNCLAIMED FUNDS	\$ 192	\$ 9	\$ 15	\$ -	\$ 50
TRANSFER COST ALLOCATION	\$ 173,664	\$ -	\$ -	\$ -	\$ -
INTEREST INCOME	\$ 18,781	\$ 5,902	\$ 9,092	\$ 10,000	\$ 18,000
TRANSFERS FROM OTHERS	\$ 487,836	\$ -	\$ -	\$ -	\$ -
FUND BALANCE TRANSFER	\$ -	\$ -	\$ -	\$ -	\$ 987,962
TOTAL REVENUES	\$ 6,457,865	\$ 2,959,339	\$ 5,210,902	\$ 5,264,740	\$ 6,238,895
BILLING & COLLECTION	\$ 333,157	\$ 90,839	\$ 161,495	\$ 182,291	\$ 170,405
WATER DIST & ADMIN	\$ 6,642,853	\$ 2,655,816	\$ 4,303,873	\$ 4,746,064	\$ 4,469,997
WATER DEBT SERVICE	\$ 243,934	\$ 48,768	\$ 240,618	\$ 240,618	\$ 2,183,493
TOTAL EXPENDITURES	\$ 7,219,944	\$ 2,795,423	\$ 4,705,986	\$ 5,168,973	\$ 6,823,895
REVENUES OVER (UNDER) EXPENDITURES	\$ (762,079)	\$ 163,916	\$ 504,916	\$ 95,767	\$ (585,000)
CASH & CASH EQUIVALENTS 12/31	\$ 7,982,152		\$ 8,487,068		\$ 6,914,106
SEWER FUND					
CASH & CASH EQUIVALENTS 1/1	\$ 4,611,638		\$ 4,190,530		\$ 3,653,021
SEWER REVENUES	\$ 2,935,187	\$ 1,606,058	\$ 2,748,075	\$ 2,804,233	\$ 3,111,180
SALE OF SUPPLIES	\$ 142	\$ 3,075	\$ 5,271	\$ 1,000	\$ 1,458
RENTALS	\$ 200	\$ -	\$ -	\$ -	\$ 100
COLLINS FARM LEASE PAYMENTS	\$ 20,700	\$ 20,700	\$ 35,486	\$ 20,700	\$ 24,396
INSURANCE DAMAGE REIMBURSEMENT	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITAL CONT SWR CAPACITY FEE	\$ 182,481	\$ 119,370	\$ 204,634	\$ 120,000	\$ 158,615
INTEREST INCOME	\$ 16,900	\$ 1,817	\$ 2,704	\$ 10,000	\$ 20,353
TRANSFERS FROM OTHERS	\$ 48,699	\$ -	\$ -	\$ -	\$ -
FUND BALANCE TRANSFER	\$ -	\$ -	\$ -	\$ -	\$ 2,087,833
TOTAL REVENUES	\$ 3,204,310	\$ 1,751,021	\$ 2,996,170	\$ 2,955,933	\$ 5,403,935
BILLING & COLLECTIONS	\$ -	\$ 21,586	\$ 36,632	\$ 39,331	\$ 32,946
SEWER LINE MAINT & ADMIN	\$ 2,183,895	\$ 1,508,810	\$ 2,086,187	\$ 2,418,090	\$ 2,276,128
SEWER TREATMENT	\$ 1,177,262	\$ 746,381	\$ 1,150,774	\$ 1,072,484	\$ 1,239,498
INDUSTRIAL PRETREATMENT	\$ 64,611	\$ 34,964	\$ 63,217	\$ 71,462	\$ 71,574
SEWER DEBT SERVICE	\$ 199,650	\$ 39,901	\$ 196,869	\$ 196,801	\$ 1,786,594
TOTAL EXPENDITURES	\$ 3,625,418	\$ 2,351,642	\$ 3,533,679	\$ 3,798,168	\$ 5,406,740
REVENUES OVER (UNDER) EXPENDITURES	\$ (421,108)	\$ -	\$ (537,509)	\$ (842,235)	\$ (2,805)
CASH & CASH EQUIVALENTS 12/31	\$ 4,190,530		\$ 3,653,021		\$ 1,562,383
SANITATION FUND					
CASH & CASH EQUIVALENTS 1/1	\$ 377,841		\$ 150,561		\$ 141,084
SANITATION CHARGES	\$ 1,536,867	\$ 894,740	\$ 1,533,840	\$ 1,516,136	\$ 1,530,000
RECYCLE FEE	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000
CHARGES FOR SERVICE	\$ 1,250	\$ 605	\$ 703	\$ 1,000	\$ 900
SALE OF SUPPLIES	\$ 505	\$ 5,059	\$ 8,681	\$ 500	\$ 2,300
INTEREST INCOME	\$ 176	\$ 23	\$ 35	\$ 50	\$ 150
TRANSFERS FROM OTHERS	\$ 109,403	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ 1,648,201	\$ 900,427	\$ 1,543,259	\$ 1,520,686	\$ 1,536,350
BILLING & COLLECTIONS	\$ -	\$ 15,432	\$ 26,918	\$ 29,173	\$ 26,606
TRASH & RECYCLING	\$ 1,875,481	\$ 871,915	\$ 1,525,818	\$ 1,401,209	\$ 1,501,818
TOTAL EXPENDITURES	\$ 1,875,481	\$ 887,347	\$ 1,552,736	\$ 1,430,382	\$ 1,528,424
REVENUES OVER (UNDER) EXPENDITURES	\$ (227,280)	\$ 13,079	\$ (9,477)	\$ 90,304	\$ 7,926
CASH & CASH EQUIVALENTS 12/31	\$ 150,561		\$ 141,084		\$ 149,010
FLEET MANAGEMENT					
CASH & CASH EQUIVALENTS 1/1	\$ 1,950,306.00		\$ 1,840,132.23		\$ 2,255,872.23
REVENUES					
SALES OF SUPPLIES	\$ 330.70	\$ 150.00	\$ 300.00	\$ 30,000.00	\$ 1,000.00
SALE OF EQUIPMENT	\$ 13,623.00	\$ 6,428.00	\$ 8,000.00	\$ -	\$ 5,000.00
INSURANCE DAMAGE REIMBURSEMENT	\$ -	\$ -	\$ -	\$ -	\$ -
DONATIONS	\$ 40,105.00	\$ -	\$ -	\$ -	\$ -
EQUIPMENT USAGE	\$ 1,621,770.49	\$ 899,585.37	\$ 1,554,700.00	\$ 1,554,700.00	\$ 1,517,600.00
INTEREST INCOME	\$ 3,610.31	\$ 1,592.28	\$ 3,000.00	\$ -	\$ 3,000.00
TOTAL REVENUES	\$ 1,679,439.50	\$ 907,755.65	\$ 1,566,000.00	\$ 1,584,700.00	\$ 1,526,600.00
TOTAL EXPENDITURES	\$ 1,789,613.27	\$ 713,791.86	\$ 1,150,260.00	\$ 1,218,177.00	\$ 1,028,229.00
REVENUES OVER (UNDER) EXPENDITURES	\$ (110,173.77)	\$ 193,963.79	\$ 415,740.00	\$ 366,523.00	\$ 498,371.00
CASH & CASH EQUIVALENTS 12/31	\$ 1,840,132.23		\$ 2,255,872.23		\$ 2,754,243.23

	2012 Actuals	2013 Actual through 7/31/13	Actual Projected through 12/31/13	2013 Original Budget	2014 Budget
INFORMATION TECHNOLOGIES					
CASH & CASH EQUIVALENTS	\$ 959,202		\$ 1,064,162		\$ 1,045,215
QUARTERLY WEBSITE MAINTENANCE COPIES	\$ 7,050	\$ 4,876	\$ 8,400	\$ 8,400	\$ 8,400
IT SERVICES FOR OTHER ENTITIES	\$ 26	\$ -	\$ -	\$ -	\$ -
EQUIPMENT USAGE	\$ 9,482	\$ 7,426	\$ 1	\$ 25,000	\$ 25,000
SALE OF EQUIPMENT	\$ 921,218	\$ 417,545	\$ 715,791	\$ 726,190	\$ 652,156
CLAIMS	\$ 444	\$ 545	\$ 1,000	\$ -	\$ 500
DONATIONS	\$ -	\$ -	\$ -	\$ -	\$ -
MISCELLANEOUS REVENUE	\$ 70,282	\$ -	\$ -	\$ -	\$ -
EQUIPMENT USAGE RADIO RENT	\$ (2)	\$ 59	\$ 100	\$ -	\$ -
INTEREST INCOME	\$ 55,188	\$ 30,508	\$ 52,300	\$ 52,300	\$ 14,450
FUND BALANCE TRANSFER	\$ 1,455	\$ 765	\$ 1,500	\$ 1,500	\$ 1,500
TOTAL REVENUES	\$ 1,065,143	\$ 461,723	\$ 779,092	\$ 813,390	\$ 944,871
TOTAL EXPENDITURES	\$ 960,183	\$ 351,035	\$ 798,039	\$ 859,153	\$ 944,871
REVENUES OVER (UNDER) EXPENDITURES	\$ 104,960		\$ (18,947)	\$ (45,763)	\$ -
CASH & CASH EQUIVALENTS 12/31	\$ 1,064,162		\$ 1,045,215		\$ 802,350
EMPLOYEE INSURANCE FUND					
CASH & CASH EQUIVALENTS	\$ 153,570		\$ 338,320		\$ 721,959
FUND BALANCE TRANSFER	\$ -	\$ -	\$ -	\$ -	\$ 244,900
TOTAL REVENUES	\$ 2,400,061	\$ 1,303,210	\$ 2,260,709	\$ 2,607,000	\$ 2,473,055
TOTAL EXPENDITURES	\$ 2,215,311	\$ 1,094,905	\$ 1,877,071	\$ 2,671,200	\$ 2,473,055
REVENUES OVER (UNDER) EXPENDITURES	\$ 184,750		\$ 383,638	\$ (64,200)	\$ -
CASH & CASH EQUIVALENTS	\$ 338,320		\$ 721,959		\$ 477,059
TOTAL REVENUES	\$39,461,842	\$19,317,566	\$35,765,911	\$35,237,930	\$40,139,396
TOTAL EXPENSES	\$39,043,521	\$18,015,978	\$33,391,383	\$35,285,733	\$39,903,390

PHYSICAL AND DEMOGRAPHIC

LOCATION

Southwest Colorado

Longitude: 38°30'01"N
Latitude: 107°53'40"W
City area: 17.7 square miles
County area: 2,246 square miles

Public lands: 68% of county area
City elevation: 5,794 ft.
County elevation:
Low - 4,700 ft. High - 11,453 ft.

U.S. Highway Distances (miles)

Colorado cities:

Colorado Springs 234
Denver..... 269
Durango 107

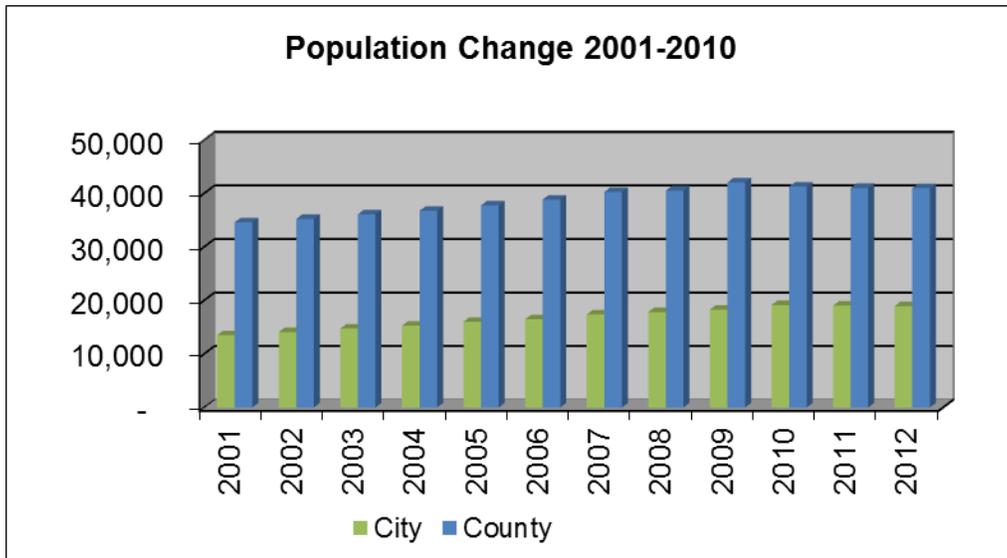
Grand Junction..... 67
Pueblo 226
Telluride..... 68

Source: Rand McNally Atlas

POPULATION

Year	City of Montrose	% Change	Montrose County	% Change
2001	13,498	9.0%	34,614	3.0%
2002	14,075	5.0%	35,239	1.8%
2003	14,740	4.7%	36,101	2.4%
2004	15,272	3.6%	36,744	1.8%
2005	16,025	4.9%	37,774	2.8%
2006	16,470	2.8%	38,865	2.9%
2007	17,369	5.4%	40,263	3.6%
2008	17,834	2.7%	40,539	.6%
2009	18,281	2.5%	42,065	3.8%
2010	19,132	4.6%	41,276	-1.9%
2011	19,056	-.4%	41,025	-.6%
2012	18,938	-.01%	40,986	-.001%

Source: Division of Local Affairs, State Demography Office (www.colorado.gov)



Ethnicity Distribution, (City)		Ethnicity Distribution, (County)	
White	75.2%	White	77.5%
Hispanic	21.6%	Hispanic	19.7%
Black	0.5%	Black	0.4%
Native American	1.2%	Native American	1.1%
Asian	0.7%	Asian	0.6%
Other	0.8%	Other	0.7%

Source: US Census Bureau

POPULATION

Gender Distribution (City)

Male 48.1%
 Female 51.9%

Gender Distribution (County)

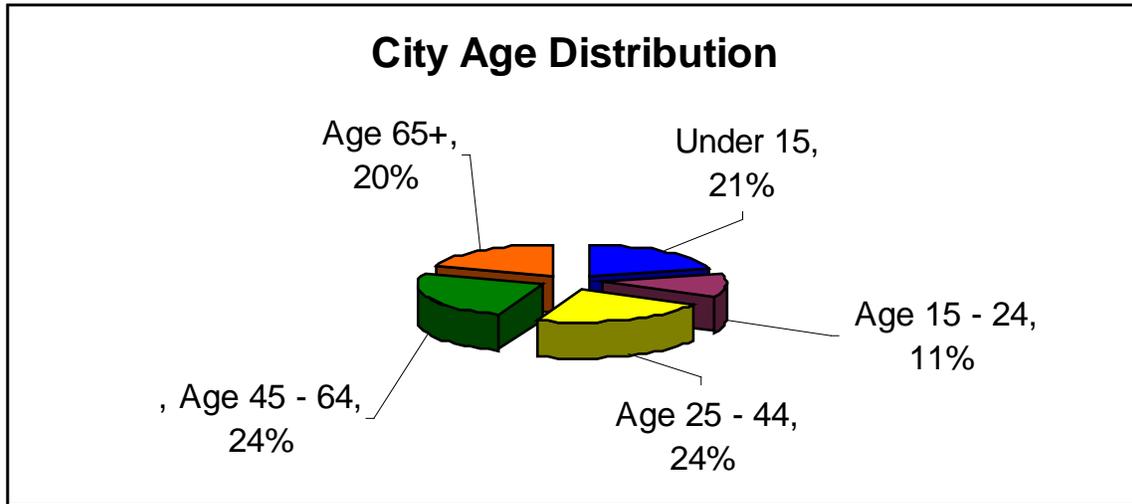
Male 49.2%
 Female 50.8%

Source: US Census Bureau

Age Distribution

2010 Census	Age Distribution City	Age Distribution County
Under 15	20.6%	20.4%
Age 15 - 24	11.2%	10.7%
Age 25 - 44	24.1%	22.5%
Age 45 - 64	24.5%	28.6%
Age 65+	19.5%	17.8%
Median Age	39.9	42

Source: US Census Bureau



POPULATION (cont.)

Educational Attainment

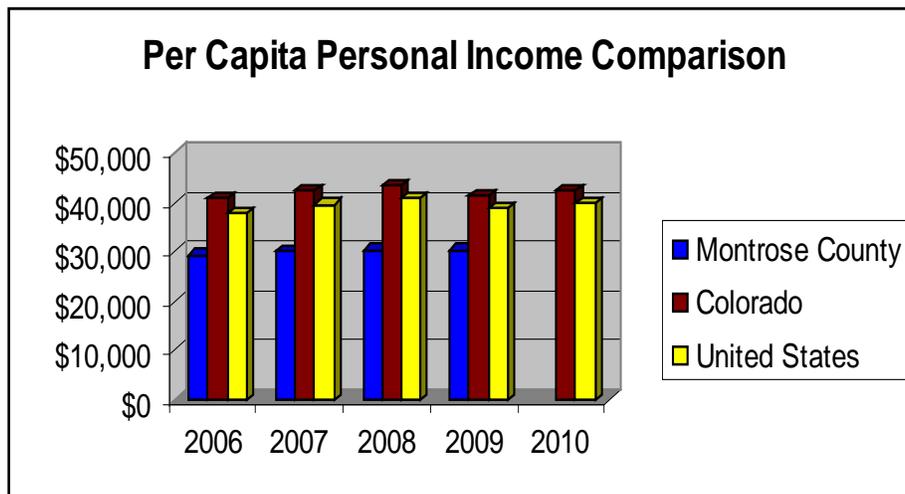
	<u>High School Graduate</u>	<u>Some College – no degree</u>	<u>Associate’s Degree</u>	<u>Bachelor Degree</u>	<u>Graduate or Prof Degree</u>
City	82.7%	23.7%	6.4	13.3%	7.2%
County	84.6%	22.3%	7.3%	13.8%	6.5%
Colorado*	89.7%	22.1%	7.6%	22.9%	12.6%
U.S.*	29.3%	20.3%	7.4%	17.4%	10.1%

*Percent of Population over 25

Source: US Census Bureau

Per Capita Personal Income	2006	2007	2008	2009	2010	2011
Montrose County	\$29,289	\$30,079	\$30,318	\$30,264	\$29,794	\$30,436
Colorado	\$40,898	\$42,367	\$43,509	\$41,317	\$42,226	\$44,179
United States	\$37,698	\$39,458	\$40,673	\$38,846	\$39,945	\$42,298

Source: Bureau of Economic Analysis, <http://www.bea.gov/regional>

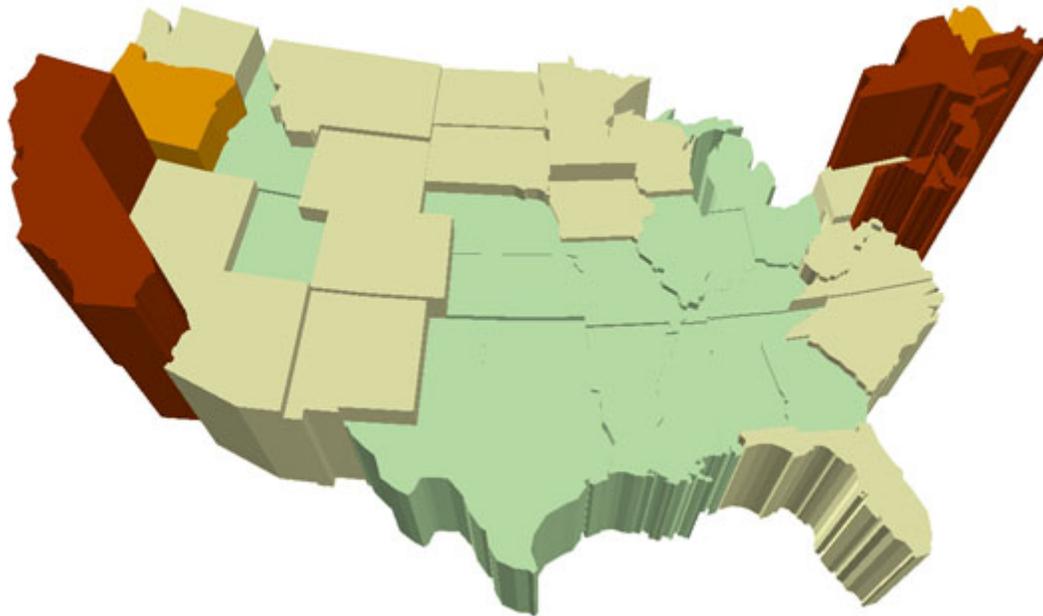


Cost of Living Third Quarter 2013

State	Index	Rank	State	Index	Rank
Colorado	99.8	31	Arizona	101.70	34
Kansas	92.2	14	Nebraska	90.30	6
New Mexico	92.2	13	Oklahoma	90.10	5
Utah	91.1	7	Wyoming	95.80	22

Source: http://www.missourieconomy.org/indicators/cost_of_living/index.stm

**Composite Cost of Living
3rd Quarter 2012**



Source: http://www.missourieconomy.org/indicators/cost_of_living/index.stm

HOUSING

Real Property Sales – City of Montrose
2nd Quarter 2011

Number of Single Family Residential Sales 2006-2010

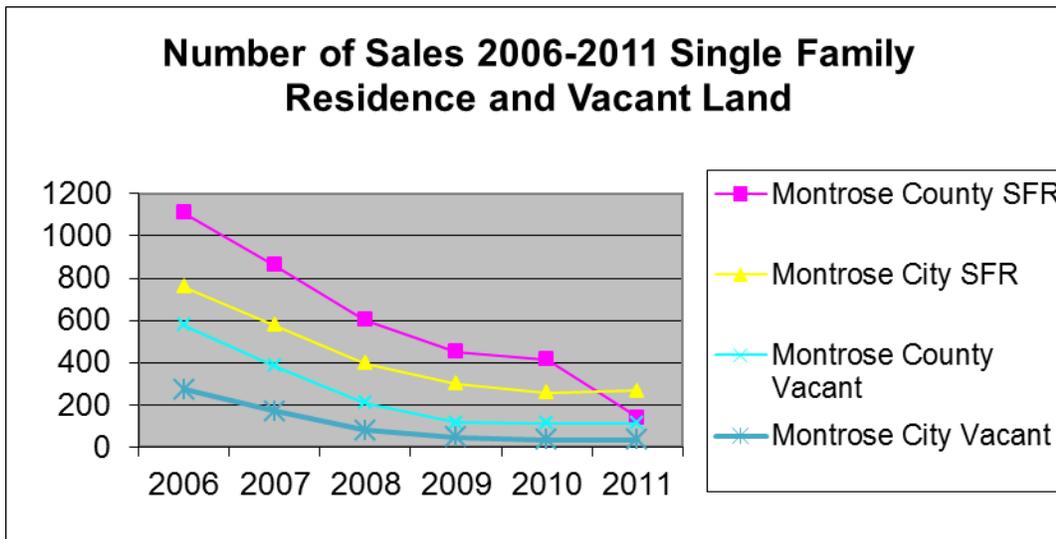
Area	2006	2007	2008	2009	2010	2011
Montrose County Total	1,111	861	601	452	415	140
Montrose City	759	577	396	299	257	265

Source: Lynn Vogel, Comparable Sales Research (970)596-8716, copyright 2011 all rights reserved.

Number of Vacant Land Sales 2006-2010

Area	2006	2007	2008	2009	2010	2011
Montrose County Total	579	385	209	116	113	113
Montrose City	273	169	78	47	34	35

Source: Lynn Vogel, Comparable Sales Research (970)596-8716, copyright 2011 all rights reserved.



Source: Lynn Vogel, Comparable Sales Research (970)596-8716, copyright 2011 all rights reserved.

HOUSING

Real Property Sales – City of Montrose
2nd Quarter 2011

Single Family Residential Median Sales Price 2006-2010

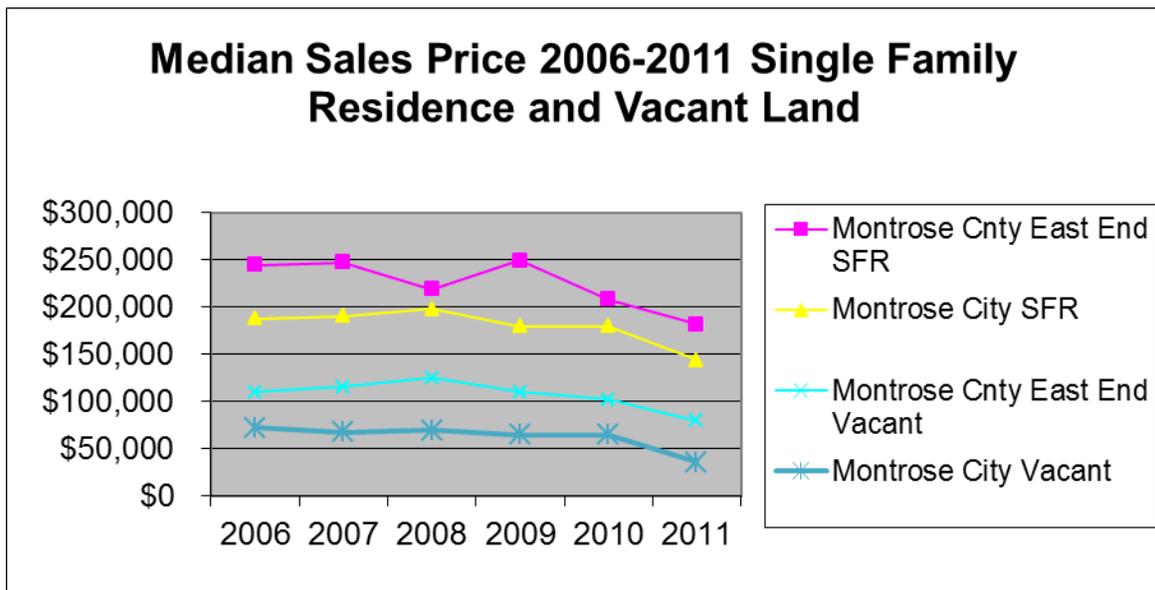
Area	2006	2007	2008	2009	2010	2011
Montrose County (East End)	\$245,000	\$247,350	\$219,000	\$249,500	\$208,500	\$182,000
Montrose City	\$187,750	\$191,000	\$197,938	\$180,000	\$179,900	\$144,000

Source: Lynn Vogel, Comparable Sales Research (970)596-8716, copyright 2011 all rights reserved.

Vacant Land Median Sales Price 2006-2010

Area	2006	2007	2008	2009	2010	2011
Montrose County (East End)	\$110,000	\$115,900	\$125,000	\$110,000	\$102,000	\$80,000
Montrose City	\$72,500	\$67,500	\$70,000	\$65,000	\$64,900	\$36,000

Source: Lynn Vogel, Comparable Sales Research (970)596-8716, copyright 2011 all rights reserved.



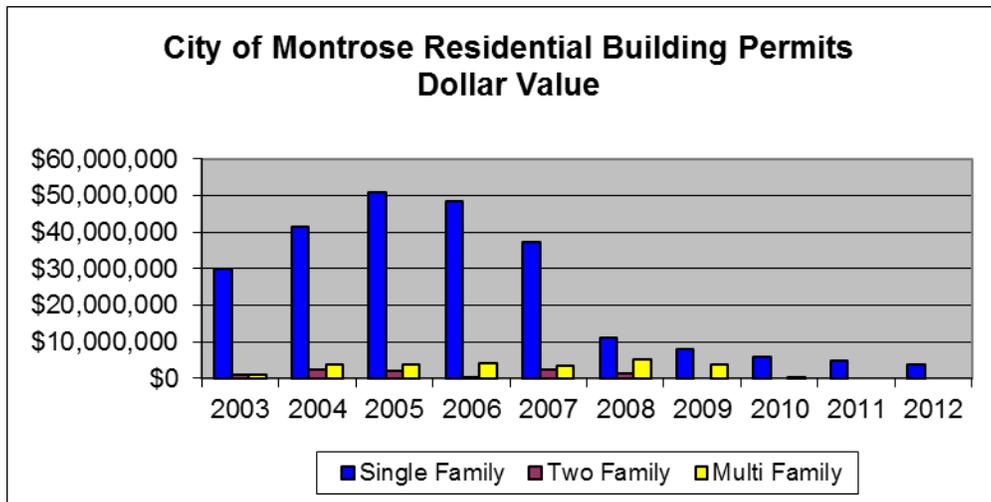
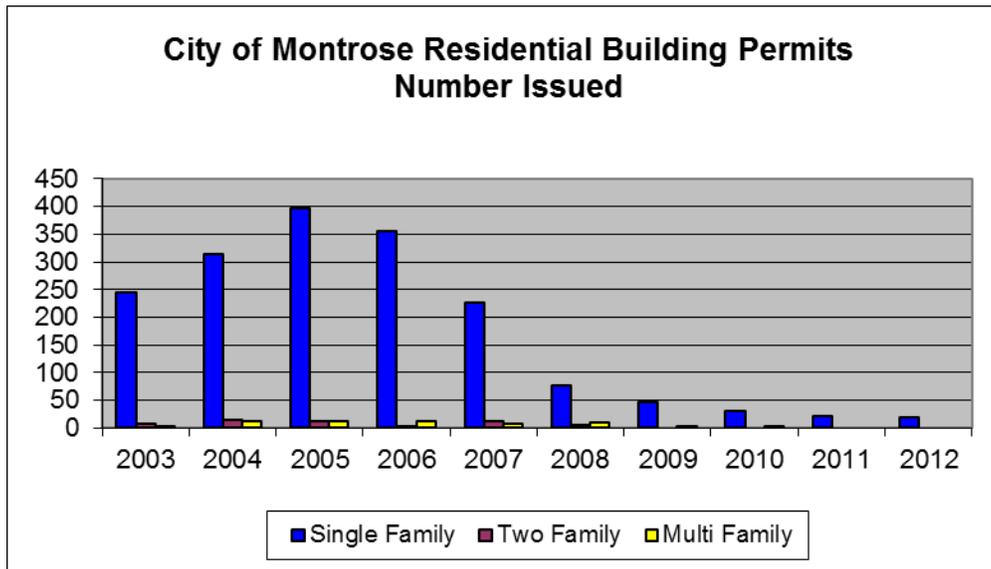
Source: Lynn Vogel, Comparable Sales Research (970)596-8716, copyright 2011 all rights reserved.

HOUSING (cont.)

City of Montrose Residential Building Permits

	<u>Single family</u>	<u>Two family</u>	<u>Multi-family</u>
2001			
Number	194	2	1
Value	\$18,842,298	\$187,400	\$5,856,663
2002			
Number	181	6	1
Value	\$20,823,005	\$816,954	\$250,000
2003			
Number	245	7	3
Value	\$29,905,140	\$1,043,662	\$943,950
2004			
Number	313	14	11
Value	\$41,406,441	\$2,315,620	\$3,649,465
2005			
Number	397	12	12
Value	\$50,906,882	\$2,012,540	\$3,666,873
2006			
Number	356	2	11
Value	\$48,226,232	\$278,180	\$4,170,955
2007			
Number	226	12	8
Value	\$37,097,249	\$2,373,820	\$3,258,169
2008			
Number	76	5	9
Value	\$11,061,661	\$1,190,840	\$5,152,810
2009			
Number	47	0	1
Value	\$7,896,343	0	\$3,668,375
2010			
Number	30	0	2
Value	\$5,789,938	0	\$174,920
2011			
Number	22	0	0
Value	\$4,777,564		
2012			
Number	19	0	0
Value	\$3,790,774	0	0

Source: City of Montrose Community Development Department

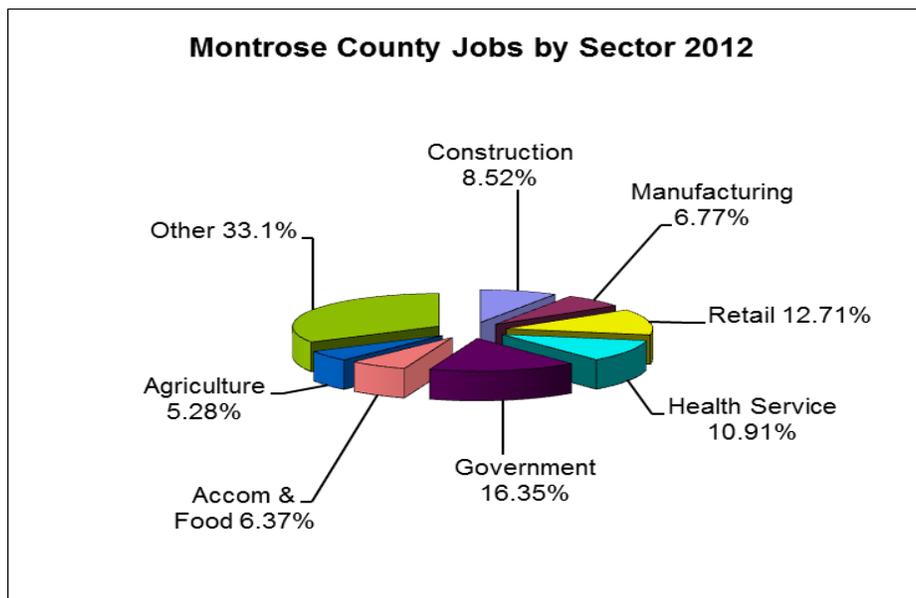


MONTROSE COUNTY EMPLOYMENT

2010 Jobs by Sector (NAICS based)

Agriculture	977	5.28%
Construction	1578	8.52%
Manufacturing	1254	6.77%
Retail	2,354	12.71%
Health Services	2,020	10.91%
Accommodation and Food	1179	6.37%
Government	3,027	16.35%
Mining	198	1.07%
Utilities	225	1.22%
Wholesale	478	2.58%
Transportation	608	3.28%
Information	198	1.07%
Finance	452	2.44%
Real Estate	754	4.07%
Professional Management Companies	831	4.49%
Administrative	62	0.33%
Education	630	3.40%
Arts	106	0.57%
Other	1,310	7.07%
Total	18518	100.00%

Source: Colorado Department of Local Affairs, <http://www.dola.state.co.us>



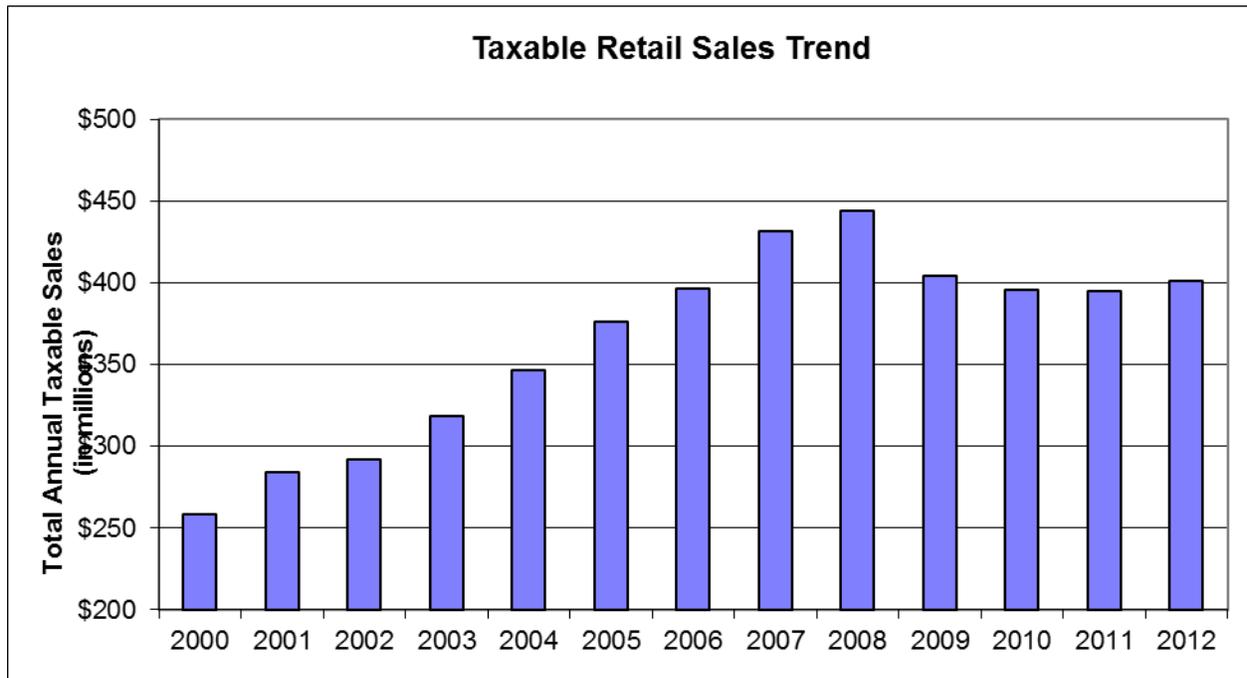
MONTROSE COUNTY EMPLOYMENT

Major Employers - Montrose County	# Emp.	Major Employers - Montrose County	# Emp
Montrose County School District	751	JC Penney	90
Montrose Memorial Hospital	581	Target	85
Montrose County	384	Center for Mental Health	75
Russell Stover Candies	360	3M (Reels/Abrasives combined)	60
Volunteers of America	350	Tri State Generation – Nucla	59
Wal-Mart Supercenter	284	Safeway	53
City Market	225	Hansen Weather Port	50
Community Options	175	West End School District	48
City of Montrose	160	Wells Fargo Bank	47
Home Depot	160	Western Skyways	45
Gordon Composites	123	Best Sign Systems	42
Delta Montrose Electric Association	104	Rocky Mountain Steel	35

Updated: 6-4-12

Source: www.montroseedc.com

TAXABLE RETAIL SALES

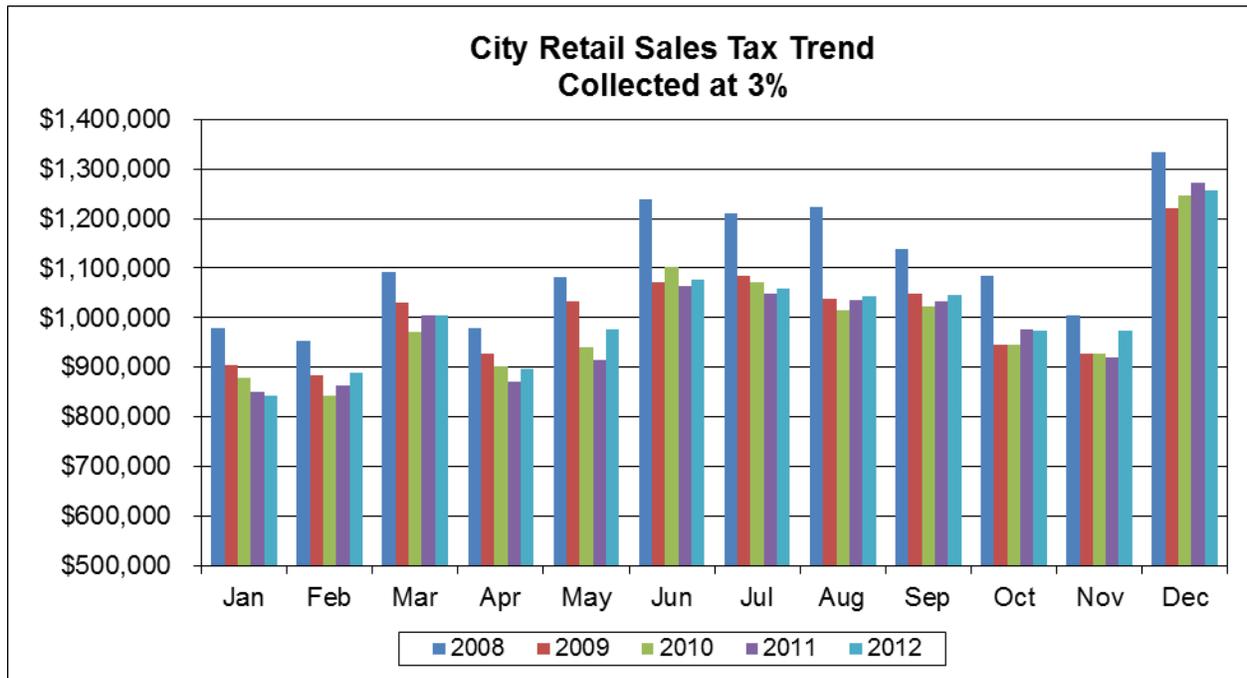


This chart represents taxable retail sales for the City of Montrose.

City Taxable Retail Sales, 2001-2011

2001	\$284,308,265
2002	\$291,986,854
2003	\$318,842,740
2004	\$346,739,366
2005	\$375,954,364
2006	\$396,615,900
2007	\$431,898,700
2008	\$443,873,833
2009	\$403,911,467
2010	\$395,452,900
2011	\$395,100,233
2012	\$401,309,067

LOCAL TAXES



Top 10 Tax Filers in 2011 (Listed by business type)

Discount Store
 Grocery
 Lumber/Home Improvements
 Grocery
 Utility
 Discount Store
 Department Store
 Farm Goods
 Grocery
 Utility

Sales and Use Taxes

The City of Montrose levies a 3 percent sales and use tax. Montrose County levies a 1.75 percent sales and use tax. Local sales taxes added to the state sales tax of 2.9 percent bring the sales tax in the City of Montrose to 7.65 percent.

Motel and Restaurant Excise Tax

The City of Montrose levies an additional 0.9 percent hotel room tax and a 0.8 percent restaurant tax to fund tourism promotion, meeting/convention support and special event funding and promotion in the Montrose area.

GLOSSARY

Accounting Policies: Guidelines followed in budget accounting in accordance with governmental accounting standards, City Charter and Colorado State law.

Accrual Basis of Accounting: The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and service are received at the time liabilities are incurred.

Appropriation: Legal authorization granted by the City Council that allows the City to expend funds and incur obligations.

Assessed Valuation: A value placed upon real estate or other property as a basis for levying a tax. The Montrose County Assessor's office determines this value for Montrose County.

Audit: A comprehensive investigation of the manner in which the government's resources were actually utilized. A financial audit is a review of the accounting system and financial information to determine how government funds were spent and whether expenditures are in compliance with the legislative body's appropriations. A performance audit consists of a review of how well the government met its stated goals.

Balanced Budget: A budget is balanced when budgeted expenditures are equal to or less than the amount of budgeted revenues plus other available sources.

Benefits: Employee health insurance, dental insurance, basic life insurance, Social Security and Medicare coverage, long-term disability, worker's compensation, unemployment insurance, wellness monies, and the ICMA retirement plan.

Biennial: Something that happens every two years.

Bond: A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payment and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for construction of large capital projects, such as buildings, streets and bridges.

Budget: Plan of financial operations, embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Upon approval by the City Council, the budget appropriation ordinance is the legal basis for expenditures in the budget year.

Budget Document: The instrument used by the budget-making authority to present a comprehensive financial plan to the appropriate governing body.

Budget Process: The City organization's process of budget preparation from requesting information from Department Heads through Council and public work sessions until Council adopts the budget document.

Budget Year: A consecutive 12-month period for recording financial transactions. The City of Montrose budget and fiscal year is January 1 through December 31.

GLOSSARY

Capital Improvements Plan (CIP): The CIP is a tool to plan, compile, prioritize, and finance capital improvements that are responsive to the needs and demands of the public and city government, and supportive of the long and short range goals of the City of Montrose.

Capital Projects Fund: Funds used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Cash Accounting: A basis of accounting in which transactions are recorded when cash is either received or expended for goods and services.

Cash Management: The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflow and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

CFAWA: Colorado Federation of Animal Welfare Agencies. The agency focuses on State legislation that affects all Colorado animal agencies.

Clearing Account: An account used to accumulate total charges or credits so that they can be distributed later among the accounts to which they are allocable or so that the net differences can be transferred to the proper account.

Contingency: An appropriation of funds to cover unforeseen events that occur during the budget year.

Contracted Services: Contracted Services is compiled from the following items: Professional Contracts, Rental Contracts, Processing, Construction Contracts, Contract Maintenance Service, and Other Contracted Services.

DDA: Downtown Development Authority. A legal authority defined by Colorado Statute Title 31, Article 25, Part 8, designed to halt or prevent deterioration of property values or structures within the central business district. The authority also has the power to develop or redevelop such areas, and may use municipal bonds to finance capital projects.

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

Debt Service: Payment of principal and interest related to long-term debt.

Debt Service Requirements: The amount of revenue that must be provided for a Debt Service Fund so that all principal and interest payments can be made in full and on schedule.

Deficit: The excess of expenditures and encumbrances over revenues during an accounting period; or in the case of Enterprise and Internal Service Funds, the excess of expense over revenue during an accounting period.

GLOSSARY

Defeased Debt: Debt is considered defeased in substance for accounting and financial reporting purposes if the debtor irrevocably places cash or other assets with an escrow agent in a trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt, and the possibility that the debtor will be required to make future payments on that debt is remote.

Department: A major administrative division of the city that has overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation: The process of estimating and recording the lost usefulness expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed asset's lost usefulness is the depreciation or the costs to reserve in order to replace the item at the end of its useful life.

Designated: Equity that is unreserved but set aside by the governing board is *designated*, as opposed to equity that is committed or otherwise tied up beyond the control of the governing board, which is *reserved*.

Disbursement: Payment for goods or services in cash or by check.

Encumbrance: The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund: Funds used to account for functions presented as business-type activities, where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or received primarily through user charges or determination of net income is appropriate for accountability purposes.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year.

Expenditures: Decreases in net financial resources. Included (a) current operating expenses which require the current or future use of net current assets, (b) debt service, and (c) capital outlays.

Expenses: Charges incurred (whether paid immediately or unpaid) for operation, maintenance, interest and other charges.

Financial Audit: Provides an auditor's opinion that financial statements present fairly an entity's financial position and results of operations in conformity with generally accepted accounting principles.

Fiscal Year: The time period designated by the City signifying the beginning and ending period for recording financial transactions. The City of Montrose fiscal year is January 1 to December 31.

Fringe Benefits: Employee compensation that is in addition to wages or salaries. Examples: retirement, health insurance, and life insurance.

GLOSSARY

Fund Balance: Excess of assets over liabilities. A negative fund balance is sometimes called a deficit.

Fund: 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 Montrose uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GAAP Basis of Accounting: General Accepted Accounting Principles (GAAP) basis as primarily defined by the Governmental Accounting Standards Board (GASB)

Government Accounting Standards Board (GASB): The ultimate authoritative accounting and financial reporting standard-setting body for state and local government.

GASB Statement 34: Is a new financial reporting model, as required by the provisions of GASB Statement 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments*, as of January 1, 2002. The new reporting model significantly changed the presentation of the Financial Statements, focused on long-term governmental activities, infrastructure, reporting and narrative analysis by management.

General Obligation Bonds: Bonds that finance a variety of public projects such as streets, buildings, and improvements; the repayment of these bonds is usually made from the General Fund, and these bonds are backed by the full faith and credit of the issuing government.

General Fund: The general fund is the chief operating fund of a government. The fund is used to account for all financial resources except those required to be accounted for in another fund. All of a government's activities are reported in the general fund unless there is a compelling reason to report an activity in some other fund type.

General Ledger: A file that contains a listing of the various accounts necessary to reflect the financial position of the government.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year

Grant: A contribution by a government or other organization to be expended for a specified purpose, activity, or facility.

Improvement Districts Bonds and Notes Payable: Funds that are used to account for the financing of public improvements deemed to benefit the properties against which special assessments are levied.

Interfund Transfers: Amounts transferred from one fund to another.

Intergovernmental Revenue: Revenue received from another government for a specified purpose.

GLOSSARY

Internal Service Fund: Funds used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, on a cost-reimbursement basis.

Lease - Purchase Agreement: Contractual agreements which are termed “leases”, which are used to purchase equipment and machinery on a short-term basis.

Legal Debt Limitation: Amount set by the City of Montrose Charter establishing a legal debt limitation of 5% of the assessed valuation of taxable property in the City of Montrose.

Line - Item Budget: A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each specified category.

Long Term Debt: Debt with a maturity of more than one year after the date of issuance.

MACT: Montrose Association of Commerce and Tourism (Montrose ACT). Montrose ACT serves as the voice for businesses in Montrose, CO. The purpose of Montrose ACT is to promote the Montrose area as a tourism - retail shopping destination.

Major Funds: A fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10 percent of the revenues or expenditures of the appropriated budget.

Mill Levy: Rate applied to Assessed Valuation to determine property taxes. A mill is 1/10th of a penny, or \$1.00 of tax for each \$1,000 of assessed valuation.

Non-major Funds: A fund whose revenues or expenditures, excluding other financing sources and uses, constitute less than 10 percent of the revenues or expenditures of the appropriated budget.

Non - Personnel Services: Operating expenditures for supplies, utilities, training, interfund lease, other professional services and miscellaneous expenses.

Objective: Desired accomplishments that can be measured and achieved within a given time frame. Achievement of the objective advances the activity and organization toward a corresponding goal.

Operating Budget: The portion of the budget that pertains to daily operations that provides basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel.

Operating Expenditure: Costs required for the daily process of providing services, including the administrative and overhead costs to support these services.

Overtime: Hours worked in excess of 40 hours per workweek as defined by Fair Labor Standards.

Performance Measures: Specific quantitative and qualitative measures of work performed as an objective of the department.

Permanent Funds: Funds used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the city or its citizenry.

GLOSSARY

Personnel Services: Salaries and related costs of employees.

Property Tax: An “ad valorem” tax on real property, based upon the value of the property.

Property Tax Assessment: The process of setting the official valuation of property for taxation; the valuation placed upon property as a result of this process.

Projected: Estimation of revenues and expenditures based on past trends, current economic conditions and future financial forecast.

Proprietary Funds: Funds which account for the operation and maintenance of government facilities and services that are entirely self-supported by user charges.

Purchased Water: Water purchased from other agencies.

Requisition: A written request for approval to purchase specific goods or services.

Reserve: An account used to indicate that a portion of a fund’s balance is legally restricted for a specific purpose and is not available for general appropriation.

Resolution: A special or temporary order of a legislative body requiring less legal formality than an ordinance or statute.

Resources: Total amounts available for appropriation.

Revenue: Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.

Retained Earnings: The accumulated earnings of an enterprise or internal service fund that have been retained in the fund and are not reserved for any specific purpose.

Revenue Bonds: Bonds usually sold for constructing a project that will produce revenue for the government. Bonds related to the City of Montrose are: Water and Sewer Revenue Bonds Series 1996, General Fund Excise Tax Revenue Bonds, Series 1998, Water and Sewer Revenue Refunding and Improvement Bonds Series 2004.

Revenue Estimate: A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically a future fiscal year.

Salaries: The amount of money paid to City of Montrose employees for the performance of services.

SCADA: Supervisory control and data acquisition.

Source of Revenue: Revenues are classified according to the source or point of origin.

Special Revenue Fund: Funds used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditure for specified purposes.

Special Assessment: A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Surplus: The excess of assets over liabilities.

GLOSSARY

TABOR: Taxpayer's Bill of Rights. An amendment to the Colorado State Constitution passed on November 3, 1992, limiting state and local government fiscal year spending.

Transfers From: Budget line item used to reflect transfers of financial resources into one fund from another fund.

Transfers To: Budget line item used to reflect transfers of financial resources out of one fund to another fund.

Unappropriated Fund Balance: The excess of a fund's assets and estimated revenue for a period over its liabilities, reserves, and available appropriations for the period.

Unrestricted Net Assets: That portion of net assets that is neither restricted nor invested in capital assets.

User Fees: The payment of a fee for direct receipt of a public service by the party benefiting from the service.

WeCARE: Western Colorado Animal Resource Coalition. A 13 county Western Slope coalition of Animal Welfare agencies organized to provide a network for sharing information and resources with one another.