



City of Montrose 2015 Budget

Quality of life is our commitment.

2015 Budget

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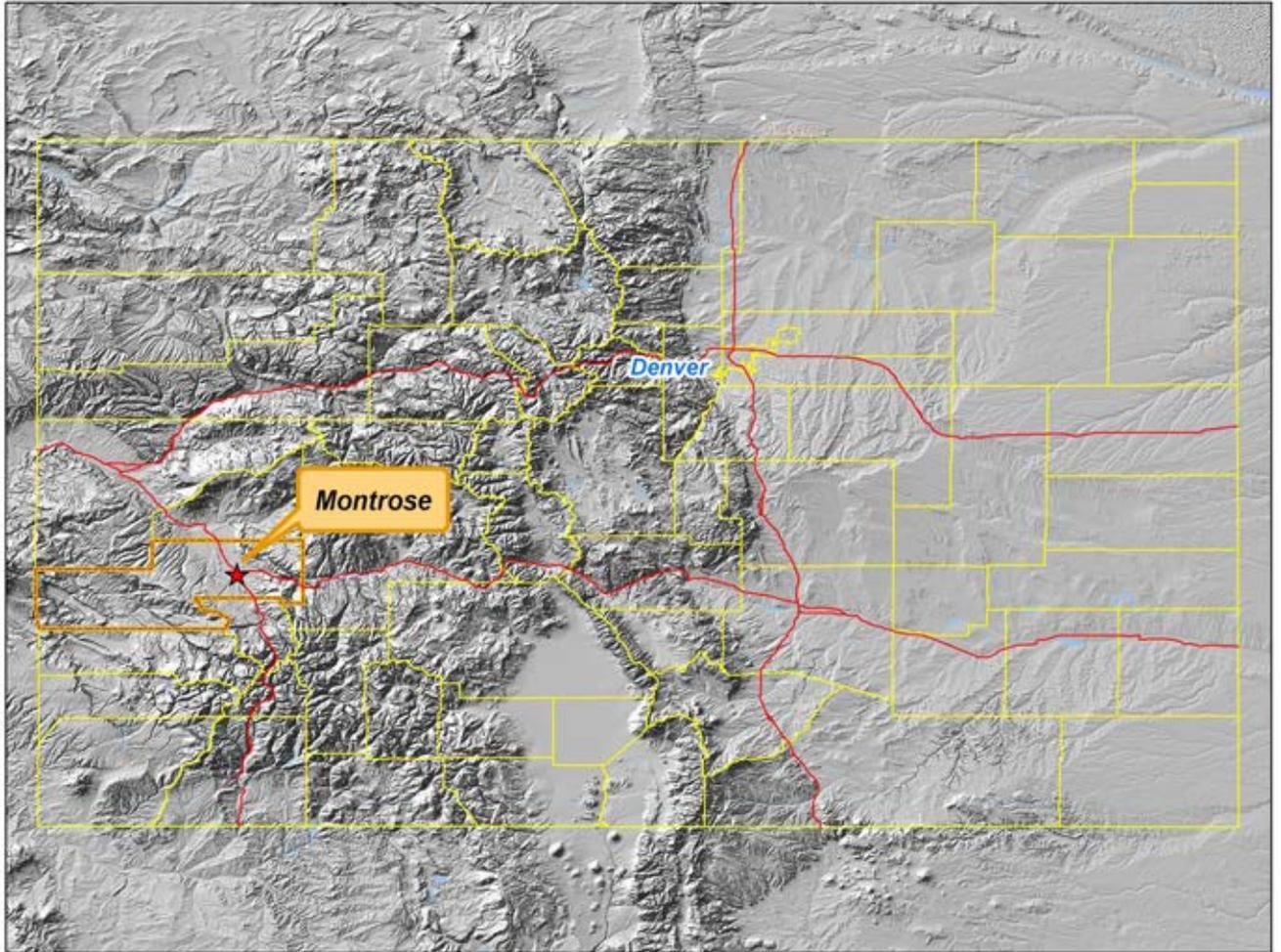
MISSION STATEMENT

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, David Romero; Council Member, Judy Ann Files; Mayor, Robert Nicholson;
Council Member, Kathy L. Ellis; Council Member Rex Swanson*

“Quality of Life is Our Commitment”

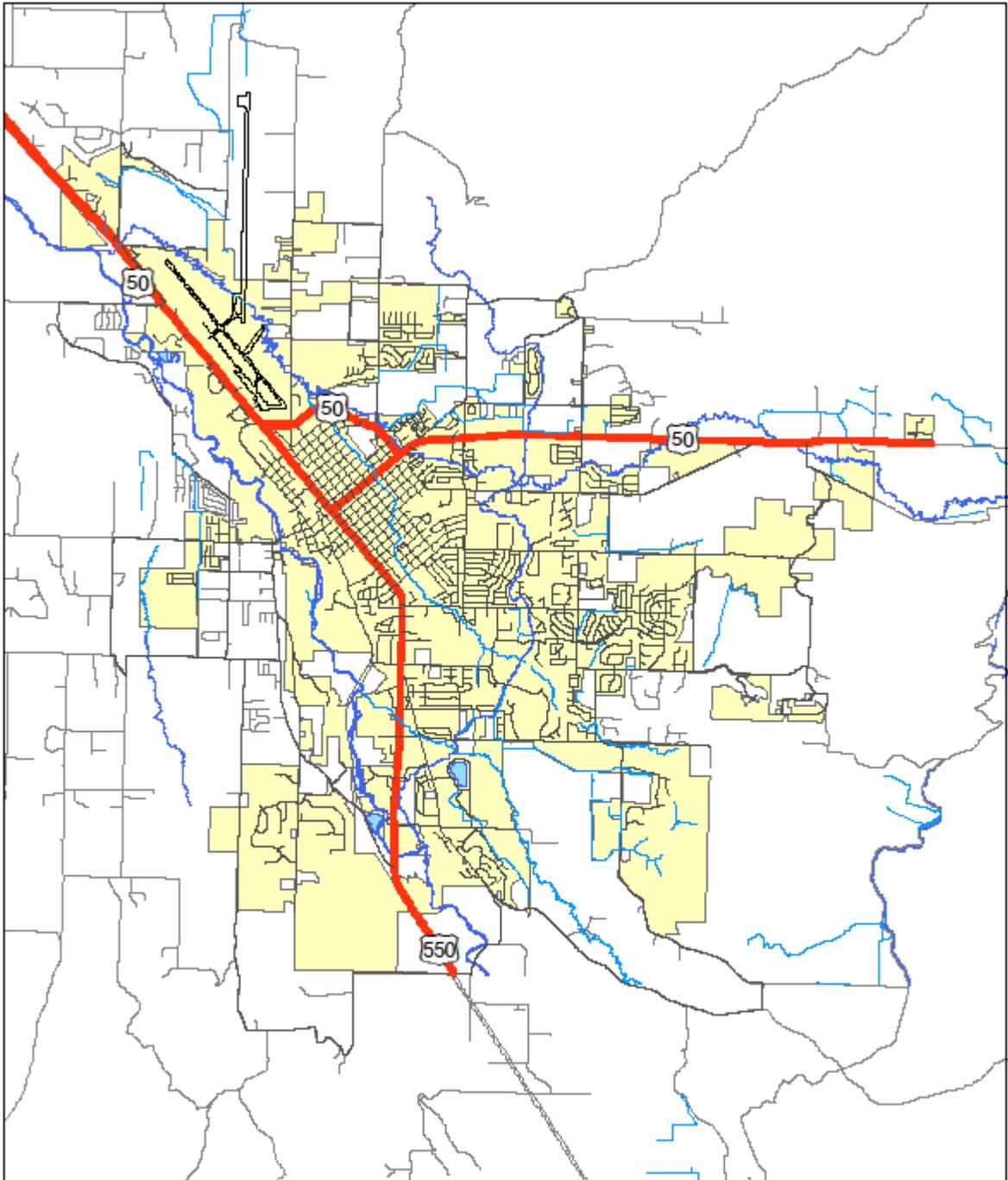


ACKNOWLEDGEMENTS

The preparation of the 2015 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.

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

David Spear – Cover layout



Montrose City Limits

September, 2010
17.55 Sq. Miles

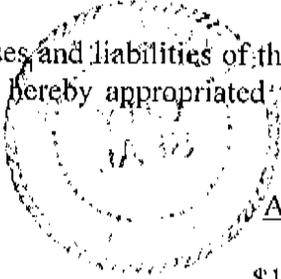
ORDINANCE NO. 2343

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, 2015

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, 2015, there is hereby appropriated the following amounts from the various funds:



<u>FUND</u>	<u>AMOUNT</u>
100 General Fund	\$17,769,341
200 Retail Sales Enhancement	330,000
220 Downtown Development Authority	133,442
222 DDA Revolving Loan Fund	37,300
224 Greater Montrose Loan Fund	80,000
225 Public/Education/Government	20,000
250 Conservation Trust Fund	80,000
255 Pavilion Senior Center	30,000
270 Special Benefit Fund	32,900
290 Tourism Promotional	504,000
370 2010 Excise Tax Revenue Bonds	371,400
375 Energy Impact Assistance Fire flow Loan	12,190
420 Cemetery Perpetual Care	500
440 Special Improvements Revolving Fund	1,000
470 Building Renovations Fund	284,000
500 Water Fund	4,885,000
510 Sewer Fund	4,069,000
550 Sanitation Fund	1,396,000
580 Black Canyon Golf Course	606,000
600 Fleet Management Fund	1,803,400
605 IT Fund	1,066,416
610 Employee Benefit Fund	2,540,000
Total Appropriation for existing funds	\$36,051,889

SECTION 2: Adding the following fund to the City's Chart of Accounts as well as appropriating the amount for 2015:

465 Capital Improvements Fund	\$4,655,800
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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 First reading on Tuesday, the 4th day of November, 2014, at the hour of 6:00 p.m. at the City Council Chambers in the Elks' Civic Building, in Montrose, Colorado.

INTRODUCED, READ and PASSED on first reading this 4th day of Nov, 2014.



Bob Nicholson, Mayor

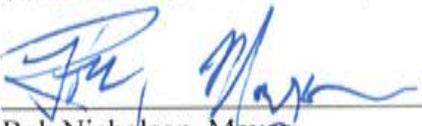
ATTEST:



Lisa DelPiccolo, City Clerk



INTRODUCED, READ AND ADOPTED on second reading this 18th day of November, 2014.



Bob Nicholson, Mayor

ATTEST:



Lisa DelPiccolo, City Clerk
Deputy



RESOLUTION 2014-19

WHEREAS, the City Council of the City of Montrose, Colorado, has held a public hearing and examined the 2015 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, 2015.

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

1. The Budget for the year 2015 for the City of Montrose, Colorado, attached thereto, is hereby adopted.

ADOPTED this 18th day of November, 2014, by the City Council of the City of Montrose, Colorado.

 11/24/14
~~Bob Nicholson, Mayor~~
David Romero, Mayor Pro Tem

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 2015 municipal budget for all funds of the City in the amount of \$40,707,689. The 2015 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.

Our situation heading into 2015 is very similar to what our community faced last year at this time. Sales tax collections have risen slightly, which is most likely a result of the overall statewide economy beginning to rebound. The City also partnered with MuniRevs, a private company based in Durango that assisted us in the transition to electronic filing and remittance for sales tax vendors. Although this change in systems did cause some delays in our audit process, it seems as though this new format is adding some stability and timeliness to our revenue collection. The general public's discretionary spending related to lodging and restaurants has also increased over the past year and is projected to generate approximately \$260,000 for the Retail Sales Enhancement Fund and \$385,000 for the Tourism & Promotion Fund in 2015.

Our primary operational goal this year was to establish a Performance Based Pay System to increase the level of accountability to the taxpayers here in Montrose. Our employees worked together to create a completely new system of wage and compensation that is based partly on the market value of their positions among similarly situated public employers (*analyzed every 2 years using data from the Colorado Municipal League and the Mountain States Employers Council*), and based partly on their individual annual performance evaluations. As part of this process, every job description at the City was reviewed in detail and updated to increase the level of awareness and expectations throughout the organization. The City of Montrose is currently at a staffing level of 149 full-time employees, which is down from 188 in 2008 or a reduction of 20.7%.

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 2014, 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 Chamber of Commerce, Montrose Hospice & Palliative Care, Montrose Downtown Development Authority (DDA), Colorado Mesa University (CMU), Montrose Recreation District, CASA, Rotary, Haven House, Sharing Ministries, Welcome Home Montrose, Montrose Community Foundation, and others; to develop and maintain effective programming to provide services that our residents and visitors find necessary to maintain their quality of life. We are especially proud of our partnerships with **Region 10** to maintain an active **Small Business Resource Center** and to complete a detailed analysis and implementation strategy related to the necessary Broadband infrastructure to serve our region; the Montrose Downtown Development Authority (**DDA**) to provide direct financial assistance to several downtown businesses as part of the Downtown Opportunity Fund, a small business revolving loan fund; Colorado Mesa University (**CMU**) to construct their downtown Montrose campus improvements; **Fast Track and Clear Networks** to install and connect high speed internet fiber to serve several key businesses throughout Montrose; the Horsefly Brewing Company to create the **Brew and Bogey Club** restaurant at the Black Canyon Golf Course; and **Montrose County and San Juan Construction** to demo and remove almost an entire block of blighted and underutilized properties along North Cascade Avenue. We have

enjoyed great success working with our community partners throughout 2014 to improve the Quality of Life here in Montrose!

Financial Condition

Sales tax is a prominent revenue source for the General Fund. In 2014, sales tax revenue experienced another slight upswing; therefore 2015 sales tax revenue is budgeted at a modest 4% increase from the 2014 budget. The remaining revenues generated from use taxes and service fees were calculated using various forecasting methods and historical data. General Fund revenues for 2015 are projected to be \$17.7 million, an increase of \$515,000 or approximately 3% from the 2014 budget of \$17.1 million.

The General Fund Undesignated Fund Balance as of December 31, 2014 is estimated to be \$9.8 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 \$8.8 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 2014 budget included a transfer of just over \$1.9 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 2015 estimated Capital transfer of \$1.9 million.

In addition to the General Fund, the 2015 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 quite a few years. However, in recent years, there have been a rising number of claims by homeowners asking for financial assistance related to clean up costs after experiencing "no fault" sewer backups. To assist in cases such as these, the City Code may be updated to include a 25 cent per month Sewer surcharge for each utility customer beginning in 2015 and we are also considering the inclusion of a regular inflationary increase as part of the Utility sections of our City Code moving forward.

Capital Highlights of 2015 Budget

The City of Montrose has detailed procurement policies that create a very open and competitive purchasing process. This 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. The City of Montrose does have a local bidder preference policy.

General Fund –

Installation of a Ramada shelter & Picnic Tables at West Main Trailhead \$7,000

Taviwach Park trail and Pond habitat improvements \$15,000

Buckhorn Lake park improvements \$2,800

Middle Trail LED lighting installation from Archmont to Rotary Parks \$17,200

Columbine Pointe Park Pump installation \$5,500

Stormceptors Installation as required by EPA water quality regulations \$31,000

Capital Improvement Fund –

East Oak Grove Road Reconstruction from Walgreens to The Bridges \$3,000,000 This full reconstruction road project is to increase the safety of drivers, pedestrians, and cyclists by widening and repaving the entire corridor.

Uncompahgre River Water Sports Park \$510,000 This will complete the Water Sports Park construction project with a planned completion in May 2015. Funding for this project includes monies from GOCO grant award, City's Conservation Trust Fund, and outside agency/organization contributions.

South Townsend Sidewalks \$510,000 (CDOT grant of \$406,400 with a \$101,600 City match) This project will provide a sidewalk along South Townsend Avenue from roughly Woodgate Road to the Oxbow Crossing Shopping Center.

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

Chip Seal maintenance on S. 12th from Mesa to Leeds \$60,000

Demoret Park Alley Repaving \$25,000

Centennial Plaza Public Parking Lot Overlay Repaving \$33,800

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

General Sidewalk Replacement Program to cost share with property owners \$150,000

ADA accessible intersections and ramp installation program \$50,000

Building Improvement Fund – In 2011, a facility condition assessment was completed by an independent professional firm and many areas were identified within city facilities that need to be upgraded. \$283,353 has been budgeted next year to address priority projects from the study, including

items such as a police department roof replacement and necessary structural improvements at the Wastewater Treatment Plant, Pavilion Events Center, City Hall, Elks Building, and Animal Shelter.

Water Fund - **\$816, 875** has been budgeted in 2015 for valve/hydrant replacements, East Oak Grove Road improvements, N. 1st/Junction cast iron replacement, S. 4th Park/Mesa line replacement, Anderson Road line replacement, Master Plan updates, monitoring equipment replacement and municipal properties automatic valve installation pilot project.

Sewer Fund - **\$1,130,000** has been budgeted in 2015 for sewer connection lining of protruding taps, slip lining projects, manhole rehabilitations, Master Plan updates, and Uncompahgre River and LaSalle Lift Stations elimination design/easement acquisitions.

Wastewater Treatment Plant - **\$600,000** has been budgeted in 2015 for the purchase and installation of three replacement Rotors.

Black Canyon Golf Course - **\$40,000** has been budgeted in 2015 for the replacement of 20% of all sprinkler heads and reconstruction of 50% of Back Nine Bunkers. The BCGC will also receive a loan from the City's Fleet Fund to purchase replacement mowers.

Fleet Fund - **\$809,070** has been budgeted in 2015 for the installation of an AVL vehicle tracking system, the replacement of nine police squads with equipment, three trucks for the Water, Sewer, and Engineering divisions, one street sweeper, and one parks mower based upon a formalized age and condition assessment on each. The City's fleet management goal is to maintain no more than 20% of the fleet beyond its useful life cycle.

IT Service Fund - **\$191,000** has been budgeted in 2015 for the replacement of ten handheld and two mobile 800mhz Radios for the Police department, the installation of a communication shed on Sunset Mesa, and the replacement of various IT related items such as switches, firewalls, batteries, SANs and other backup appliances. This 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 the most efficient and cost effective manner.

Conclusion

The Montrose community is a very desirable place in which to live, work and raise a family! We are all very lucky to have the opportunity to call this our home. Our community is currently facing a critical juncture as we move into 2015, but with the construction economy slowly coming back and with positive signs of reinvestment throughout town, it should be a time of hope as we move together into the future.

After a thorough and thoughtful analysis of the organization's needs, and a critical review of each budgeted line item with the assistance of staff, elected officials and citizen advisors, I am confident that this 2015 budget reflects our commitment to responsible financial management and to maintaining an excellent *Quality of Life* for Montrose area residents.

Sincerely,



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 \$ 22,477,700 assessed valuation of: (GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^B)

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: \$ 22,477,700 (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/09/2014 for budget/fiscal year 2015
(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	\$ 112,388.50
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 type="text"/> 5.0000 mills	<input type="text"/> \$112,388.50

Contact person: Lisa DelPiccolo Daytime phone: (970)240-1422
(print)

Signed: Lisa DelPiccolo 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 recent years including 2014. This upward trend has resulted in a year to date increase in sales tax revenues through June, 2014 of 3.2% and a budget variance of +1.6%. Revenues related to growth and construction exceeded the 2014 Budget projection in June by \$25,000 and will finish the year nearly doubling the projected budget.. Efforts to reduce and find efficiencies in each of the funds have continued to be a priority in the preparation of the 2015 budget. The 2015 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 2015.

- Sales tax is the city's main revenue source for the general fund; it has seen a slight increase in 2014 from prior year 2013 in eight out of the ten 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; although building permit revenue doubled from 2013 to 2014. City staff is cognizant of needs related to prior growth that 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 in 2015.
- Capital projects from the Capital Improvement fund will be substantial in 2015 as the construction of East Oak Grove takes place and the Uncompahgre River Park is completed.
- Capital projects in the Enterprise Funds will lower fund reserves, but increase efficiencies.
- Fleet and IT Internal Service funds remain strong.
- Increasing costs of medical benefits has been addressed by bidding out these services, modifying the plan document and raising premiums for both the individual and the city.

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. Currently these reserves are being met in all but the Trash and Recycling Fund. The Trash and Recycling Fund purchased single stream recycle containers with cash and is slowly building their reserves back up.

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.

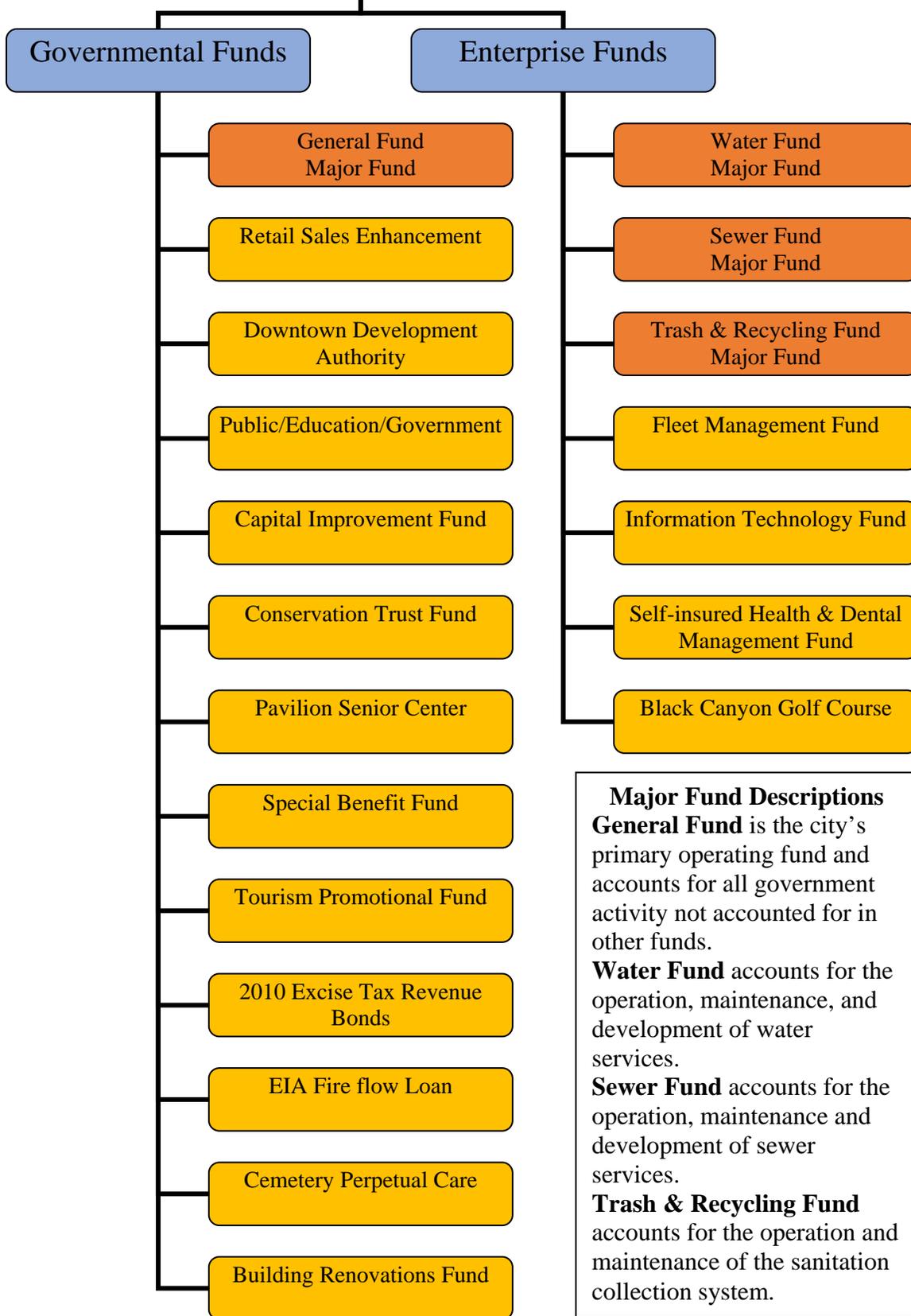
Budgets are adopted on a basis consistent with the accounting basis of all funds except for proprietary-type funds. In the proprietary funds, the City budgets for capital outlays, transfers to and from reserve funds and bond principal and interest payments and does not budget for depreciation.

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 enterprise funds are water, sewer, trash & recycling, golf course, 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.

City of Montrose



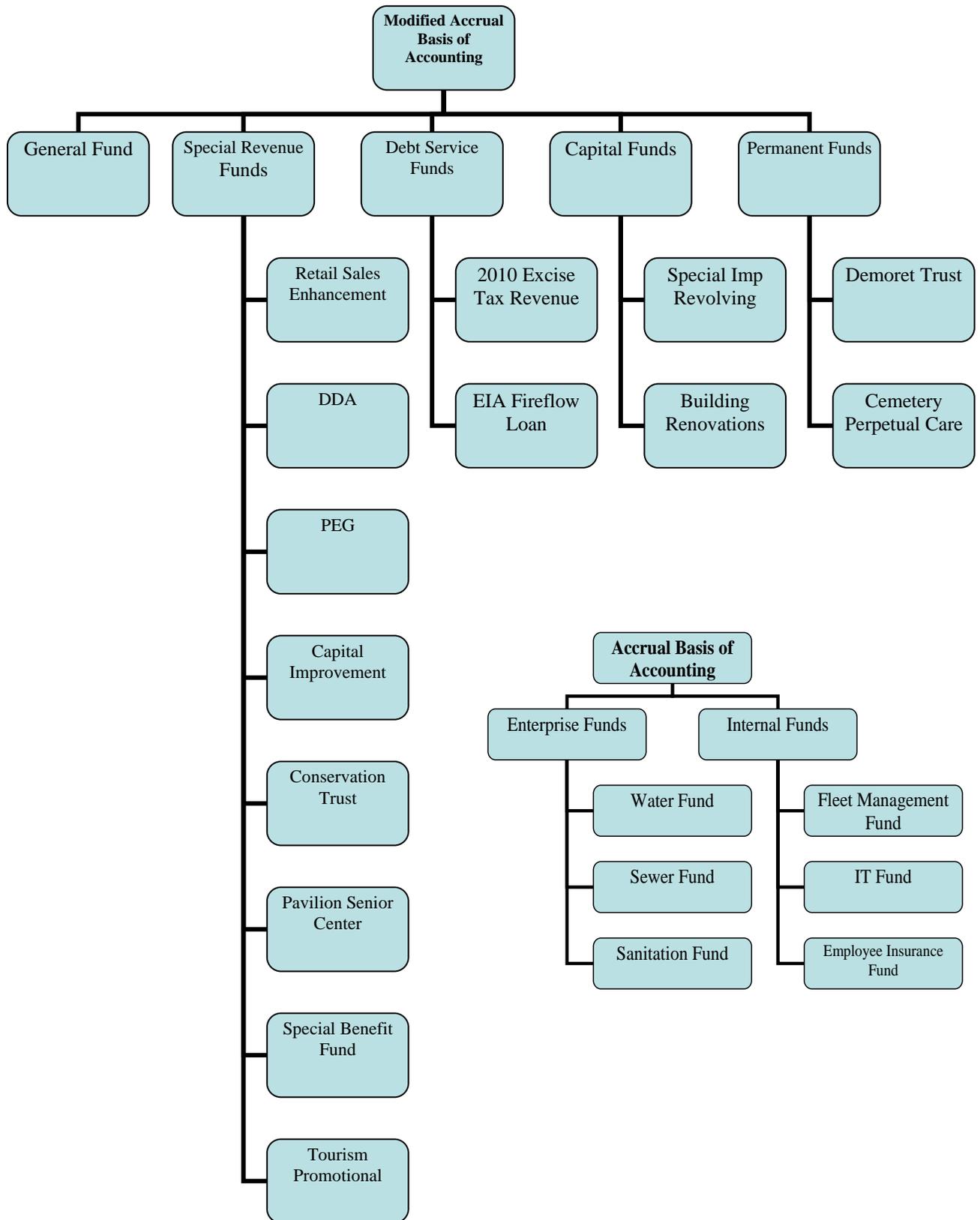
Major Fund Descriptions

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.

Trash & Recycling Fund accounts for the operation and maintenance of the sanitation collection system.



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

The voter's approved changes to the city charter in April of 2014 which affected the budget timeline by extending the presentation of the proposed budget to City Council from September 15th to October 15th of each year. Two hearings of the appropriations ordinance are held in November instead of October with a public hearing being held in conjunction with the First Reading. The annual budget must be adopted by November 30th each year. This deadline was approved by the voter's in April.

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.
September	Conduct budget planning sessions/retreat with the City Council
October 15	Proposed Future year Budget to Council per City Charter Public Notice Published for Public Hearing
November	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 2015 Annual Budget

JANUARY 2014							JULY 2014						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4			1	2	3	4	5
5	6	7	8	9	10	11	6	7	8	9	10	11	12
12	13	14	15	16	17	18	13	14	15	16	17	18	19
19	20	21	22	23	24	25	20	21	22	23	24	25	26
26	27	28	29	30	31		27	28	29	30	31		
FEBRUARY 2014							AUGUST 2014						
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16	17	18	19	20	21	22	17	18	19	20	21	22	23
23	24	25	26	27	28		24	25	26	27	28	29	30
							31						
MARCH 2014							SEPTEMBER 2014						
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16	17	18	19	20	21	22	21	22	23	24	25	26	27
23	24	25	26	27	28	29	28	29	30				
30	31												
APRIL 2014							OCTOBER 2014						
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13	14	15	16	17	18	19	12	13	14	15	16	17	18
20	21	22	23	24	25	26	19	20	21	22	23	24	25
27	28	29	30				26	27	28	29	30	31	
MAY 2014							NOVEMBER 2014						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3							1
4	5	6	7	8	9	10	2	3	4	5	6	7	8
11	12	13	14	15	16	17	9	10	11	12	13	14	15
18	19	20	21	22	23	24	16	17	18	19	20	21	22
25	26	27	28	29	30	31	23	24	25	26	27	28	29
							30						
JUNE 2014							DECEMBER 2014						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7		1	2	3	4	5	6
8	9	10	11	12	13	14	7	8	9	10	11	12	13
15	16	17	18	19	20	21	14	15	16	17	18	19	20
22	23	24	25	26	27	28	21	22	23	24	25	26	27
29	30						28	29	30	31			

January
31- 2013 Budget due to DOLA

March
14 - Debt Service Bond and Lease Payments

April
22 - Administrative Reimbursement
24 - Labor Plan - Current Staff

May
5 - Budget Calendar review w/ City Council
13 - IT Interfund Lease Review
14 - Revenue Review - General Fund & Enterprise Funds
20 - Budget Worksheets sent to all Departments
27 - Health/Dental Analysis
29 - Fleet Replacement Review & Additional Purchases

June
20 - Budget Worksheets Due
26 - Capital Project Review

July
1 - Overview Budget w/Department Heads & Review 2014 Capital Projects
2 - 2015 Capital Project Review
7-10 Budget Retreat with City Staff
17 - Executive Summaries due to Finance

August
12 - Meet with Citizen Budget Advisory Committee
14 - Finalize RFP for Health & Dental Insurance

September
12 - Budget Planning Sessions
with City Council 9 a.m. - 4 p.m. in City Council Chambers

October
15 - Publish Proposed Budget Worksheets on the Web
15 - 2015 Budget to City Council
24 - Public Notice Published for Public Hearing

November
4 - First Reading and Public Hearing on Budget
18 - Second Reading and Public Hearing on Budget
20 - Review current actual expenditures and prepare a supplemental appropriation report w/ CM
24 - Prepare 2014 Supplemental Budget Ordinance

December
2 - First reading on 2014 Supplemental
16 - Second reading on 2014 Supplemental

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 1st and ending on December 31st.

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 November 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 \$263,101,883. The legal debt limit of 5% is \$13,155,094. 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	\$52,772
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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.

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.

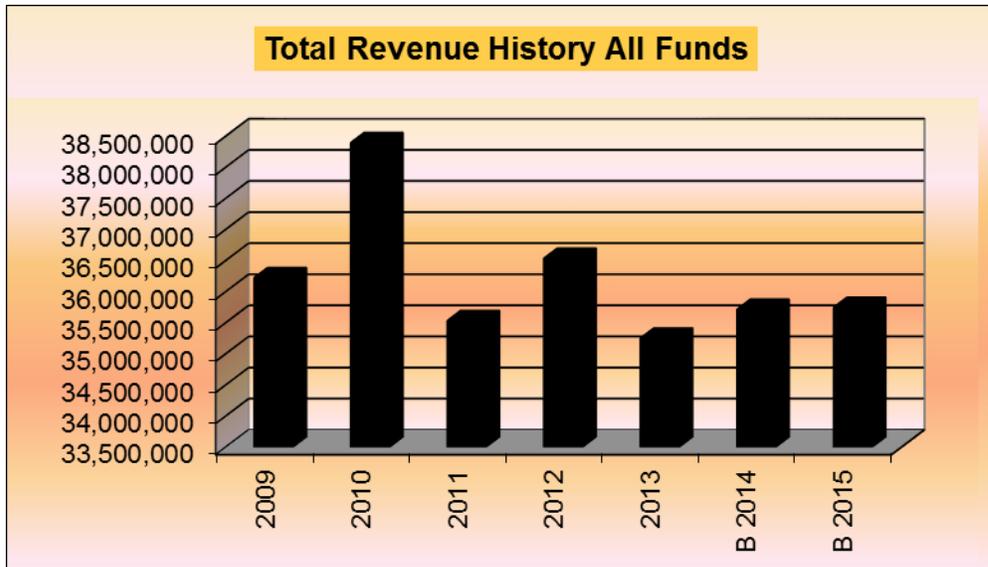
A discussion of the basis of budgeting for all funds is found in the Budget Policies and Development section of the document.

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 and the Black Canyon Golf Course. Growth has presented significant challenges for the City.

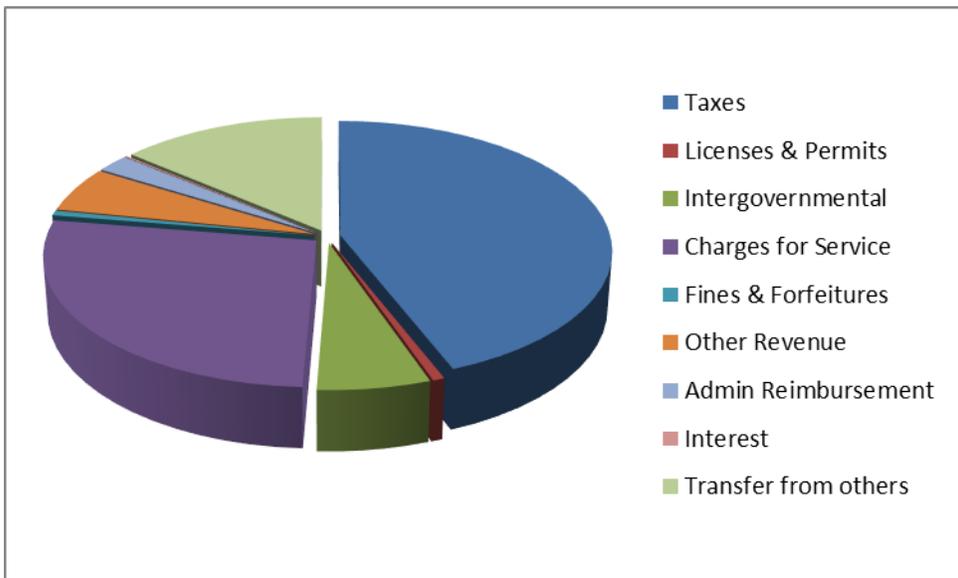
REVENUES

Total operating revenue for all funds for the City of Montrose is projected at \$35,747,791. 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 73% of general fund revenues. Revenues are beginning to level out with a slight increase over the prior year of 2014. Year-to-date through June sales tax increased 3.2% from prior year. Currently, the City of Montrose is experiencing increases in construction use tax and hotel and restaurant excise taxes. Revenues related to growth and development such as building permits, annexation and developer fees have increased in 2014 over 2013; although not nearly to the extent of 2009 revenues.



The chart below includes revenues for all city funds.

Revenue by Category	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget	% of 2015 Budget
Taxes	14,540,376	14,564,436	15,021,062	15,482,587	15,072,087	15,740,674	44.03%
Licenses & Permits	226,774	179,778	222,037	192,008	224,500	223,400	0.62%
Intergovernmental	2,076,858	2,326,768	1,905,880	1,571,629	2,311,800	2,142,784	5.99%
Charges for Service	10,680,929	9,771,545	10,069,458	9,683,392	9,796,807	9,613,320	26.89%
Fines & Forfeitures	163,896	187,150	192,556	240,771	224,050	220,800	0.62%
Other Revenue	3,417,103	2,780,427	2,714,838	2,440,621	1,981,790	2,017,350	5.64%
Admin Reimbursement	1,174,498	1,342,338	1,396,167	1,024,193	912,000	794,917	2.22%
Interest	2,784,344	42,534	68,534	49,006	72,003	54,450	0.15%
Transfer from others	3,331,255	4,339,772	4,945,035	4,569,081	5,121,893	4,940,096	13.82%
Total Revenue	38,396,033	35,534,748	36,535,568	35,253,285	35,716,930	35,747,791	100.00%
% Change	5.99%	-7.45%	2.82%	-3.51%	1.32%	0.09%	



GENERAL FUND

SALES TAX

The sales rate for the City of Montrose is 3%. The city anticipates collecting \$12,850,174 from retail sales tax in 2015. Sales tax is the largest revenue source for the General Fund. Sales tax funds the operating costs associated with providing services associated with the General Fund. In 2015, \$400,000 will be transferred to the Capital Improvement Fund as dictated by People's Ordinance No. 1986-1 as well as an additional \$1,962,396.

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 4.0% increase from 2013 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 2015 is \$700,000.

Projection Method:

This Revenue is budgeted based on Colorado Municipal League projections.

USE TAX

This use tax rate for the City of Montrose is 3%. It is anticipated that this revenue 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. The city anticipates collecting \$750,000 from this revenue source.

Projection Method:

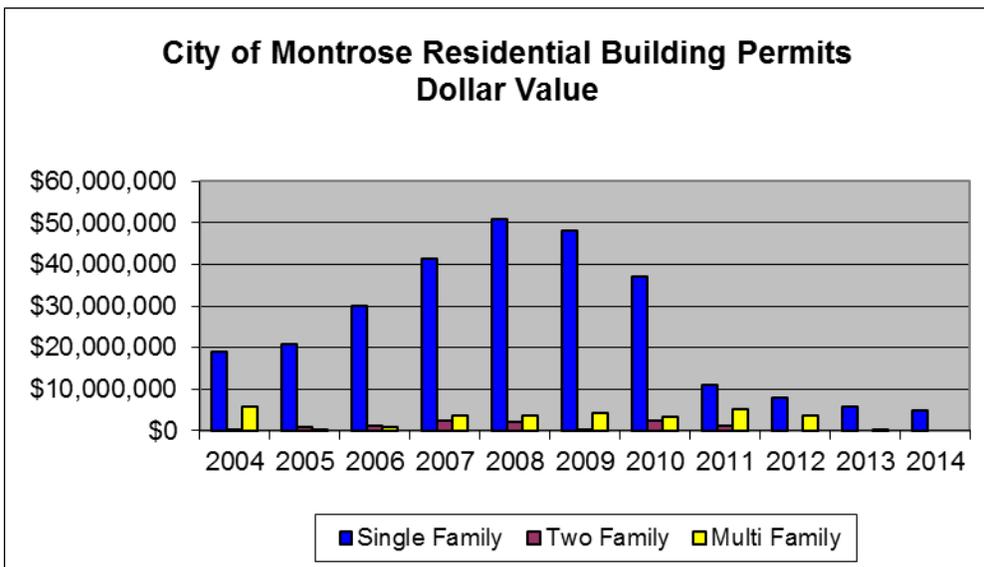
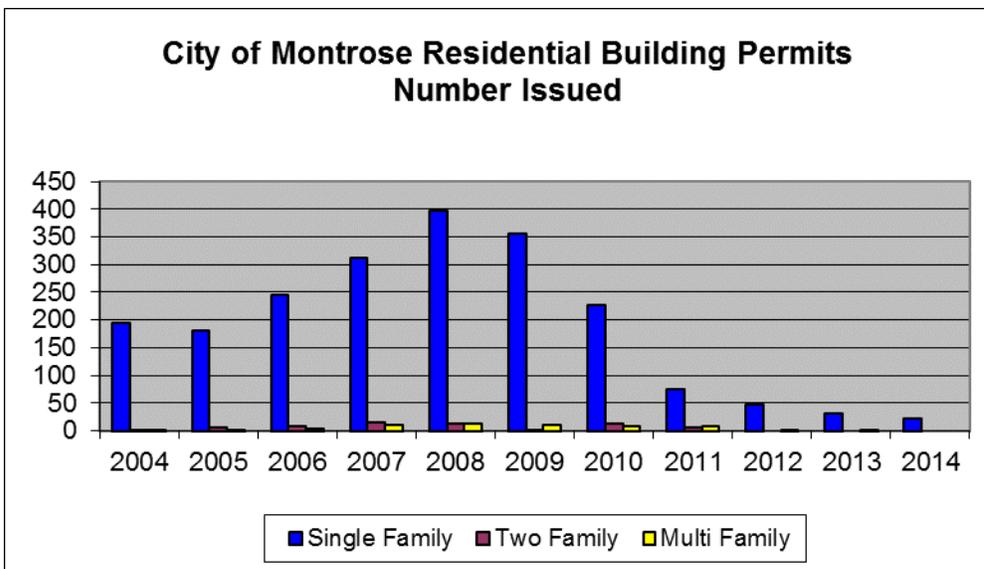
Forecasting method is trend analysis utilizing past actual data with a comparison to the current stream of revenue in 2014. This tax base is affected by growth in commercial business and is a less stable source of revenue. The Sales of vehicles as well as some new business activity has decreased somewhat over 2013 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 2015; although 2014 collections came in approximately 95% than the 2014 projection.

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 2014 increased from permits issued in 2013.



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 \$1,075,000.

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:

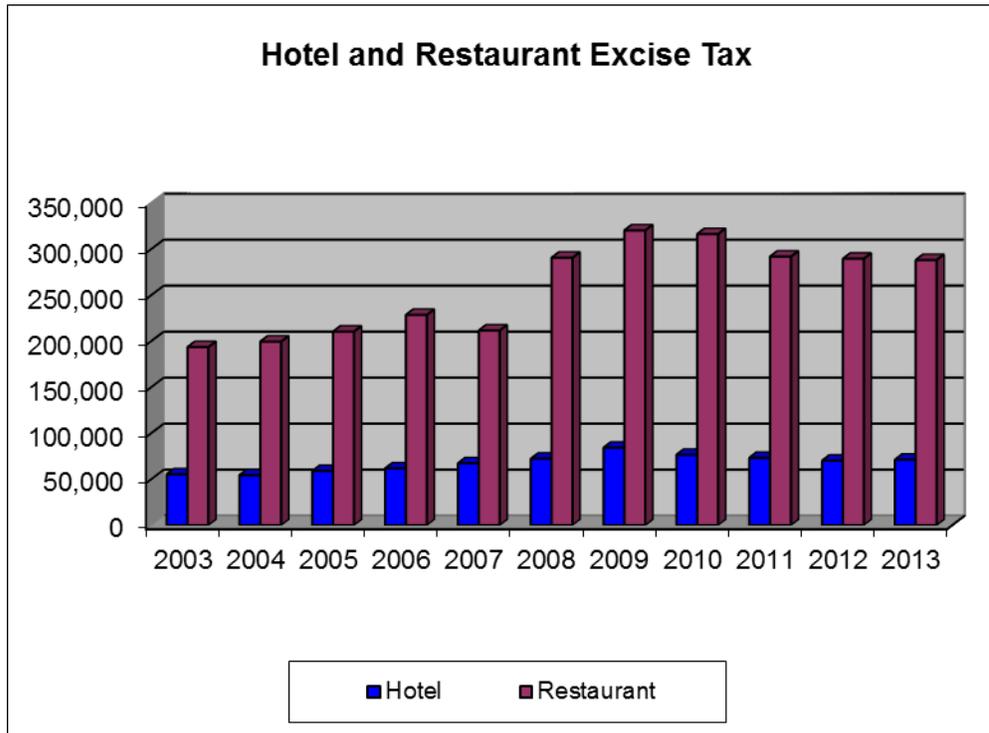
Revenue amount from sales tax multiplied by the allotted 2%.

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 \$2000 in 2015.

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 \$5.0 million, Sewer Fund at \$2.76 million, and Trash & Recycling Fund at \$1.5 million in revenues. There will not be any rate increases for 2015.

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 2015. 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.

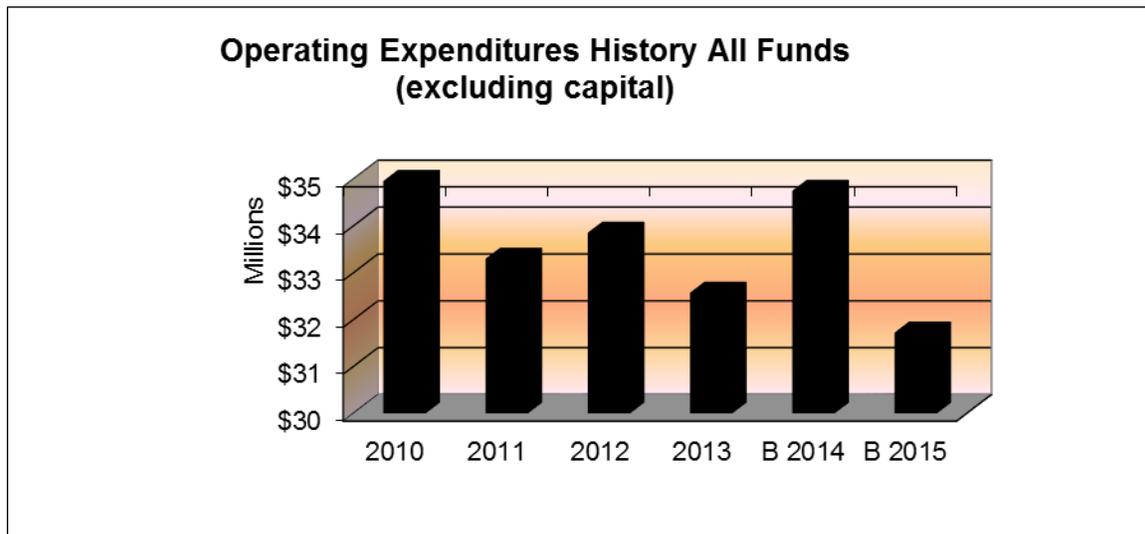
Projection Method:

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 \$31,709,063 for 2015 representing an decrease of 9.5% from the 2014 budget. Transfers to the capital improvement fund will be \$1,932,296 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.

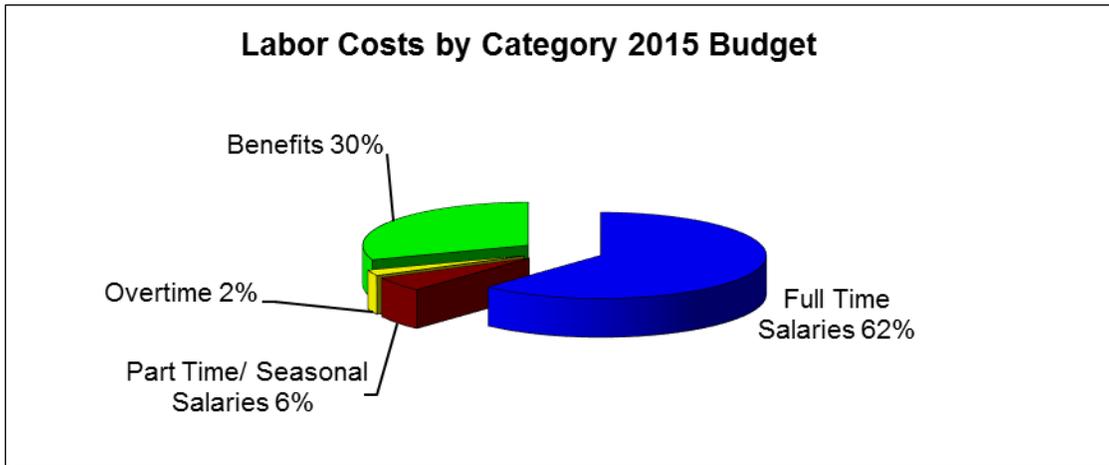
Operating Exp. By Category (excluding)	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Budget 2015	% of 2015 Budget Operating Expense
Labor and	\$12,435,020	\$12,208,833	\$11,903,990	\$11,501,351	\$12,738,995	\$12,991,299	41%
Non-Personnel	21,426,293	20,802,033	21,360,067	20,495,138	17,640,342	17,865,494	56%
Debt	1,082,925	561,657	575,798	565,058	851,480	852,270	3%
Total Operating	\$34,944,238	\$33,572,523	\$33,839,855	\$32,561,547	\$31,230,817	\$31,709,063	100%
% Change	5.35%	-3.93%	0.80%	-3.78%	-4.09%	1.53%	

LABOR AND BENEFITS COST

Labor and benefits represents 41% of the operating expenses and debt service is a minimum at 3%. 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 was implemented and bonuses were awarded to those employees that are performing. All eligible employees may participate in a high deductible health plan (HDHP). Employees contribute approximately 15% of the premium to fund their medical insurance. In 2015, both the employee and employer premium contribution will increase to cover the increase costs 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.

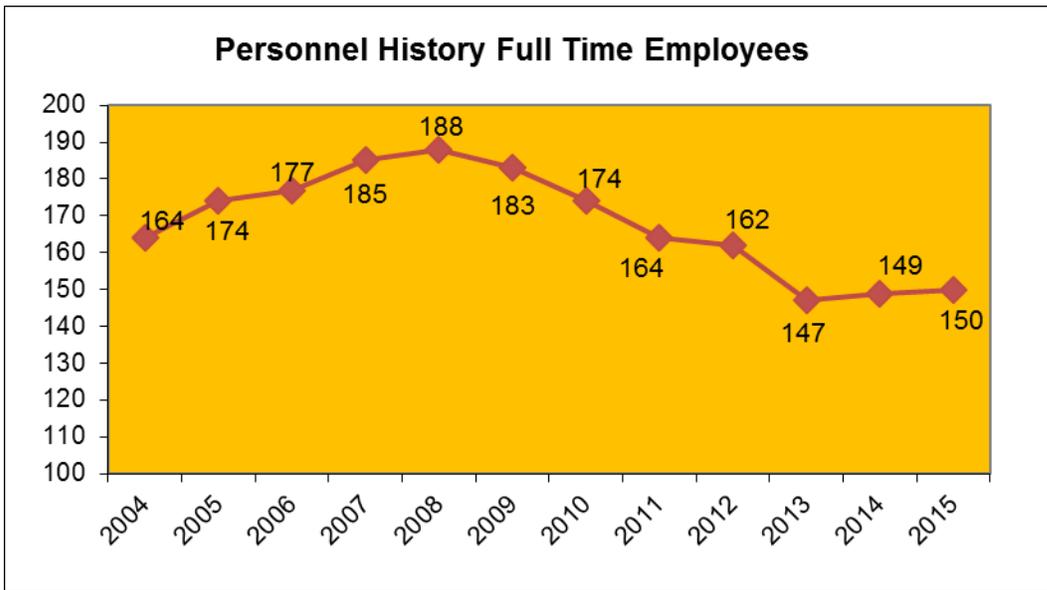
Labor by Category	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Budget 2014	Budget 2015	% of 2015 Budget Labor
Full Time Salaries	8,233,384	8,049,162	7,814,198	7,505,243	7,828,504	7,865,821	62%
Part Time/ Seasonal Salaries	214,049	222,914	320,572	368,324	511,599	705,753	6%
Overtime	249,210	301,324	274,185	258,361	254,500	270,600	2%
Benefits	3,423,751	3,635,433	3,445,235	3,285,781	3,867,219	3,873,221	30%
Total	\$12,120,394	\$12,208,833	\$11,854,190	\$11,417,709	\$12,461,822	\$12,715,395	100%
% Change	-2.52%	0.73%	-2.90%	-3.68%	9.14%	2.03%	



PERSONNEL REDUCTIONS:

2011	2012	2013	2014	2015
Deputy City Clerk	Finance Admin. Clerk	Parks Planner	Building Maintenance Worker	Parks Worker
Utility Worker	Court Administrator	Budget Analyst	PW Building Maintenance Worker	Cemetery Sexton
Procurement Agent	Code Enforcement Officer	Public Works Manager		Emergency Mgmt. Coordinator
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)				

In 2015, four full-time positions were added to the budget. They include an Assistant City Attorney, Facility Maintenance Technician, Fleet Mechanic and a Marketing Manager.

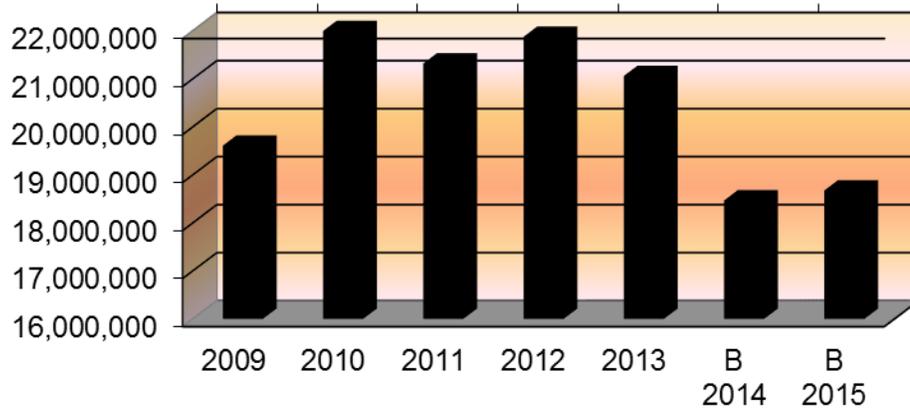


NON-PERSONNEL COSTS

Non-personnel operating expenses represent the largest portion of the 2015 operating expenses at 56%. 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 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 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Budget 2015	% of 2015 Budget Operating Expense
Office Supplies	\$ 43,684	\$ 40,987	\$ 35,302	\$ 51,248	\$ 52,625	\$ 54,275	0.29%
Postage	62,973	59,121	62,028	60,208	79,465	71,735	0.43%
Supplies/Equip	765,528	646,507	1,158,175	865,937	1,141,755	1,252,301	6.18%
Asphalt/fuel/oil	357,866	416,102	444,154	525,576	546,500	493,150	2.96%
Water Purchase	1,906,070	1,946,499	2,018,824	1,797,956	2,050,735	2,086,735	11.11%
Equip Repairs	175,953	225,475	213,267	370,228	239,200	291,350	1.30%
Advertising	17,401	37,454	76,959	216,594	295,900	344,550	1.60%
Dues/Subs	83,351	87,364	99,046	94,439	96,719	99,756	0.52%
Utilities/phone	1,221,419	1,114,658	1,185,451	1,125,119	1,202,320	1,195,940	6.51%
Contract Serv	1,471,211	1,994,240	1,888,152	1,520,112	1,525,570	1,677,632	8.26%
Landfill Fees	478,127	491,474	488,123	546,815	477,000	445,000	2.58%
Programs/ Volunteer				16,713	52,000	87,500	0.28%
Building Repair	14,460	43,977	56,362	66,840	59,000	166,450	0.32%
Travel/Mtg Exp	100,443	137,312	132,224	142,167	192,720	220,060	1.04%
Depreciation	3,587,359	3,440,607	3,439,319	3,652,577			0.00%
Claims/Ins	221,039	216,066	228,018	308,349	244,500	247,300	1.32%
Radio Repair/Rep	9,797	12,491	8,283	6,631	24,000	20,000	0.13%
Aid to Others	360,840	-	-				0.00%
Transfer to Other	874,099	2,074,605	2,760,607	2,382,292	2,922,321	2,578,839	15.83%
Adm Reimburse	1,174,498	1,342,338	1,396,167	1,024,193	912,000	794,917	4.94%
Interfund Lease	1,629,537	1,663,015	1,621,770	1,521,402	1,527,600	1,642,800	8.27%
Radio/IT Lease	883,285	732,777	976,403	773,517	674,897	766,207	3.66%
Emp Bene Fees	2,731,340	3,486,730	2,486,624	2,801,725	2,473,055	2,526,533	13.39%
Escrow Payment	2,681,594	-	-	-	-	-	0.00%
Community Support			12,144	30,900	89,850	83,250	0.49%
Debt Payments	665,506	594,816	572,269	566,871	851,585	852,520	4.61%
Other Operating	477,028	515,534	514,353	590,151	733,505	673,410	3.97%
Total	\$ 21,994,408	\$ 21,320,149	\$ 21,874,024	\$ 21,058,560	\$ 18,464,822	\$ 18,672,210	100.00%
% Change	8.15%	-3.07%	2.60%	-3.73%	-12.32%	1.12%	

**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. In 2015, the budget includes updates to these master plans. 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.

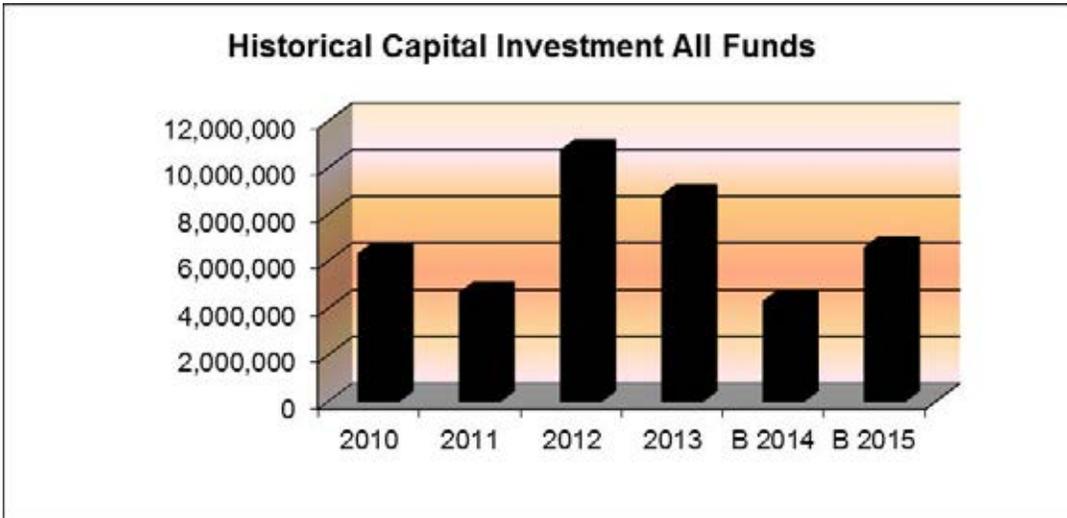
Capital expenditures in 2015 are budgeted in the amount of \$9,089,492. 51% of these expenditures will be out of the capital improvement fund to widen East Oak Grove Road, construct the Uncompahgre River Improvements and improve existing streets and sidewalks. Only 2.5% of capital improvement expenditures planned for 2015 will be expensed through the General Fund. Water fund and Sewer fund capital expenditures comprise 30.7% 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 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Budget 2015	% of 2015 Budget
Land & Building	\$190,750	\$313,635	\$128,094	\$253,278	\$969,061	\$0	15%
Vehicles and Equipment	1,471,444	1,193,779	579,032	758,549	746,444	1,404,964	11%
Capital Improvement Projects	2,997,599	9,240,010	8,108,538	3,286,417	4,864,017	7,684,528	74%
Total Capital Expenditures	\$4,659,793	\$10,747,424	\$8,815,664	\$4,298,244	\$6,579,522	\$9,089,492	100%
% Change	-26.15%	130.64%	-17.97%	-51.24%	53.07%	38.15%	

Early in 2014, the City purchased the Black Canyon Golf Course.



GENERAL FUND - 100

The General Fund has the following projects planned for 2015:

- Operating Equipment for patrol including the S.W.A.T. team.
- Additional disk space for Arbitrator storage
- Replace the Crack Sealer and purchase three snow plow blades
- Additional storm interceptors required by EPA for water quality.
- Trail improvements and habitat improvements for Taviwach ponds.
- West Main Trailhead Ramada & Picnic tables.

Impact on Fund Balance

Projected Beginning Fund Balance	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Fund Balance
\$9,488,760	\$17,769,341	\$17,541,197	\$228,144	\$9,488,760

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

CAPITAL IMPROVEMENT FUND – 465 (In 2014, this was the 235 fund)

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. Safe Route to School grant will improve the intersection of S. 12th and Cascade and reconfigure the three way intersection at Columbine Middle School.

Street infrastructure improvements in 2015 include paving and curb, gutter and sidewalk on S. 12th Mesa Avenue to Leeds, Paving the alley by Demoret Plaza and overlaying the Centennial parking lot.

Right of way acquisition was completed on the East Oak Grove Road project from Townsend Ave. to Bear Lake. In 2015, East Oak Grove Road will be widened making it safer for cars and pedestrians. Construction will be completed on 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
\$1,893,456	\$2,883,280	\$0.00	\$4,655,800	\$120,936

Capital fund balance will decrease.

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 2015, 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
\$399,683	\$80,000	\$0.00	\$283,353	\$195,683

WATER FUND - 500

In 2015, the following projects are budgeted in this fund:

- Valve and hydrant replacement
- Master Plan Update
- PRV Monitoring Equipment
- 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
\$8,302,937	\$5,108,550	\$4,030,125	\$854,875	\$8,526,487

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 was lifted. Phase III was the final phase and was completed in 2013. Improvements to Sunnyside/Mesa Sewer Line began in 2013 and were finished in 2014. The Master Plan will be updated in 2015 as well as elimination of the lift station at LaSalle road and the Uncompahgre River. 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
\$2,342,179	\$2,968,600	\$2,131,500	\$1,937,500	\$1,241,779

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 2015 the vehicles and equipment will be replaced:

- Three PD sedans and six PD SUV's
- Two trucks for water/sewer
- One four door truck for engineering
- One Street Sweeper
- Four golf course mowers

Impact on Fund Balance

Projected Beginning Fund Balance	Projected Revenues	Projected Operating Expenses	Projected Capital Expenses	Projected Ending Fund Balance
\$2,600,062	\$1,652,230	\$994,330	\$809,070	\$2,754,243

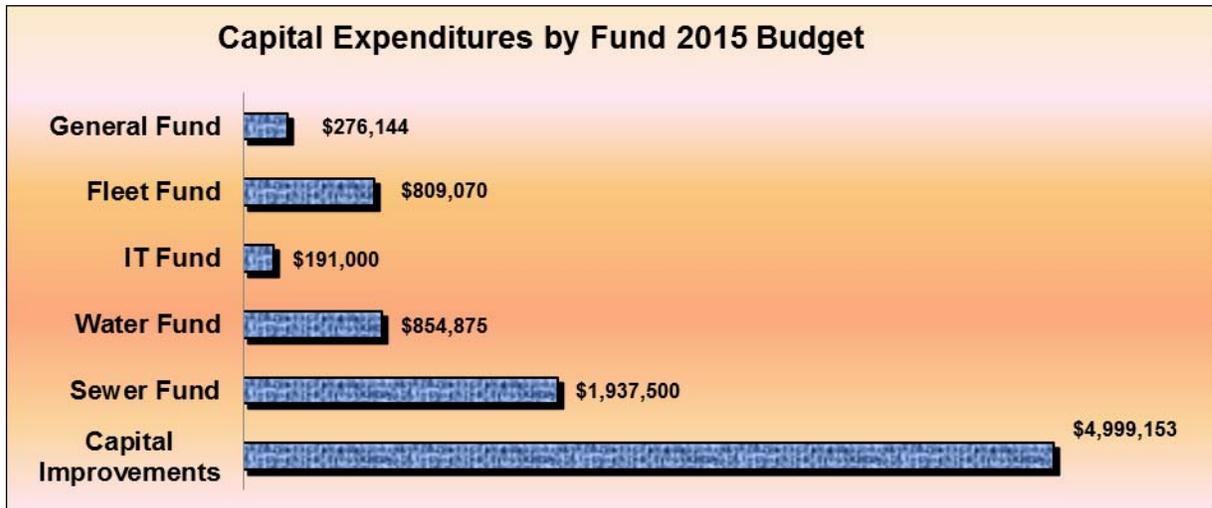
The fund will continue to maintain reserves in excess of the 90 day target reserve.

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
\$874,670	\$852,257	\$875,416	\$191,000	\$660,511



CAPITAL EXPENDITURE LISTING

Vehicle Listing	Replacement Unit	Department	Amount	Fund Source
Three sedans	212,217,218	PD	\$105,000	Fleet
Six SUV's	261-266	PD	\$288,000	Fleet
Two Trucks	129,160	Water/Sewer	\$47,800	Fleet
One Truck	169	Engineering	\$28,140	Fleet
Street Sweeper	333	Streets	\$200,000	Fleet
Mowers	700,702,709,714,231	Parks/BCGC	\$120,130	Fleet
Total			\$789,070	

Operating Equipment Listing	Department	Amount	Fund Source
PD Equipment	Police	\$85,144	General Fund
Crack Sealer	Streets	\$42,000	General Fund
Snow plow blades (3)	Streets	\$22,500	General Fund
Sewer Line Collection Equipment	Sewer	\$117,500	Sewer
Sewer Treatment Equipment	Sewer Treatment	\$90,000	Sewer
IT Computer Equipment	All departments	\$191,000	IT
Water Operating Equipment	Water	\$33,000	Water Fund
Storm Interceptors (EPA required)	Street Cleaning	\$31,000	General Fund
Sprinkler Head replacement	Turf Maint. BCGC	\$15,000	BCGC
Back 9 Bunkers	Turf Maint. BCGC	\$25,000	BCGC
AVL Project	Various	\$20,000	Fleet
Total		\$587,000	

Capital Improvement Projects	Department	Amount	Fund Source
Parks & Trail Improvement	Parks	\$47,500	General Fund
Street Improvements	Streets	\$118,800	Capital Fund
Priority Projects from Facility Assessment	Municipal Complex	\$283,353	Civic Campus Improvements
Uncompahgre River Water Park	Engineering	\$510,000	Capital Fund
East Oak Grove Road Improvements	Engineering	\$3,000,000	Capital Fund
Curb/Gutter/Sidewalk/ADA, South Townsend Sidewalks	Engineering/ Streets	\$1,027,000	Capital Fund/Grant
Infrastructure Improvements - DDA	DDA	\$8,000	DDA Funds
Porch upgrades @ visitor center	OBT	\$10,000	Tourism
Assist with Fairgrounds improvement	CTF	\$50,000	CTF Funds
Improvements on Sunset Mesa	Sunset Mesa Maint.	\$21,750	Tri-State easement
Water Improvement Projects	Water	\$816,875	Water
Sewer Improvement Projects	Sewer	\$1,130,000	Sewer
Three Rotors	Sewer Treatment	\$600,000	Sewer
TOTAL		\$7,623,278	

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 20, 2014, was \$263,101,883. Based on this valuation, the legal debt limit is \$13,155,094. 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	\$263,101,883
5% Debt Limitation	\$13,155,094
Energy Impact Loan - Industrial Park Fire flow	<u>\$52,772</u>
Total subject to debt limitation	<u>\$52,772</u>
2010 General Fund Excise Tax Revenue Bonds	\$1,030,000
2004 Water and Sewer Revenue Refunding and Improvement Bonds	<u>\$3,530,000</u>
Total not subject to limitation	<u>\$4,560,000</u>
Total Debt	<u>\$4,612,772</u>

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.

Date	Principal	Interest	Yearly payment
9/1/2015	9,551	2,639	12,190
9/1/2016	10,028	2,162	12,190
9/1/2017	10,530	1,660	12,190
9/1/2018	11,055	1,134	12,189
9/1/2019	11,608	581	12,189
Total	\$52,772	\$8,176	\$60,948

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.

Date	Principal	Interest	Yearly payment
4/1/2015		20,600	
10/1/2015	330,000	20,600	371,200
4/1/2016		14,000	
10/1/2016	340,000	14,000	368,000
4/1/2017		7,200	
10/1/2017	360,000	7,200	374,400
Total	1,030,000	83,600	1,113,600

**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
4/1/2015		75,962	
10/1/2015	290,000	75,962	441,924
4/1/2016		69,075	
10/1/2016	300,000	69,075	438,150
4/1/2017		61,950	
10/1/2017	315,000	61,950	438,900
4/1/2018		55,335	
10/1/2018	330,000	55,335	440,670
4/1/2019		48,405	
10/1/2019	345,000	48,405	441,810
4/1/2020		41,160	
10/1/2020	360,000	41,160	442,320
4/1/2021		33,600	
10/1/2021	375,000	33,600	442,200
4/1/2022		25,725	
10/1/2022	390,000	25,725	441,450
4/1/2023		17,535	
10/1/2023	405,000	17,535	440,070
4/1/2024		9,030	
10/1/2024	420,000	9,030	438,060
Total	3,530,000	875,554	4,405,554

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.

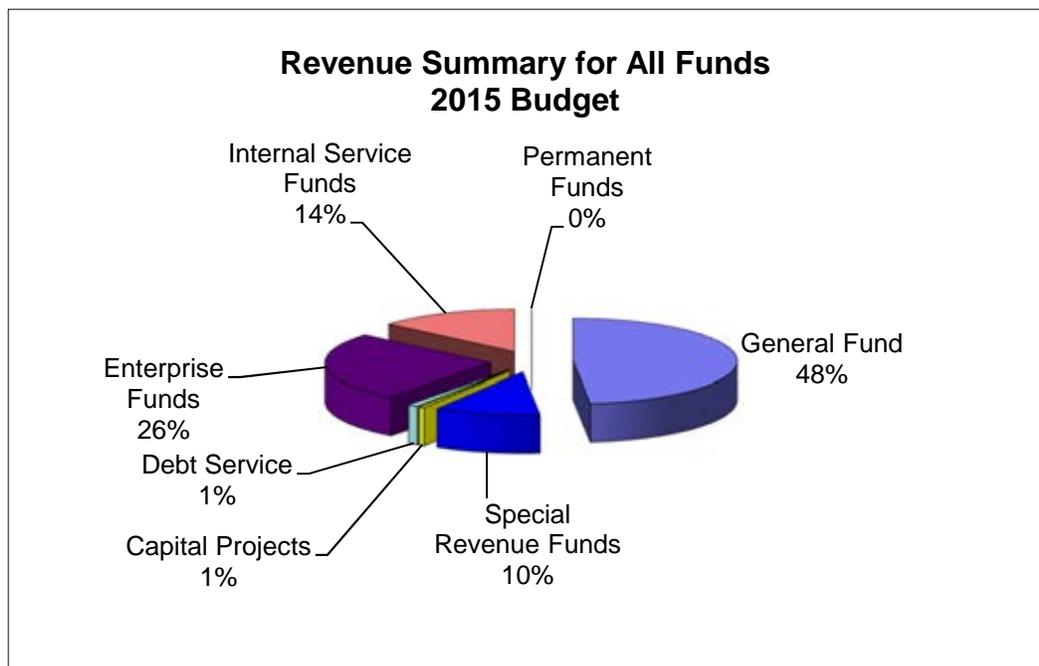
Internal Service Funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, on a cost-reimbursement basis.

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 2013	BUDGET 2014	BUDGET 2015
GENERAL FUND			
Tax Revenue	\$14,685,973	\$14,311,097	\$14,949,924
License and Permits	192,008	224,500	223,400
Intergovernmental Revenues	1,114,928	1,205,400	1,129,000
Charges for Services	317,155	260,950	290,400
Fines & Forfeitures	239,183	222,050	220,800
Other Revenues	106,742	91,750	81,650
Transfer Cost Allocation	1,024,193	912,000	794,917
Interest Income	15,380	25,500	18,250
Transfer from Others	41	500	10,000
TOTAL GENERAL FUND	\$17,695,603	\$17,253,747	17,718,341
SPECIAL REVENUE FUNDS			
Tax Revenue	658,384	615,990	680,750
Intergovernmental Revenues	301,030	935,000	1,129,884
Charges for Services	23,055	6,000	-16,800
Fines & Forfeitures	1,587	2,000	0
Other Revenue	314,479	22,175	13,000
Interest Income	1,590	5,800	5,200
Transfer from Others	1,590,837	2,449,713	1,962,396
TOTAL SPECIAL REVENUE FUNDS	\$2,890,962	\$4,036,678	\$3,774,430
CAPITAL PROJECTS			
Intergovernmental Revenues	\$431,021	\$0	\$0
Other Revenues	\$0	\$0	\$115,000
Interest Income	\$9,947	\$0	\$0
Transfer from Others	\$0	\$0	\$80,000
TOTAL CAPITAL PROJECTS	\$440,967	\$0	\$195,000
DEBT SERVICE			
Charges for Services	\$12,189	\$12,190	\$12,190
Interest Income	\$0	\$0	\$0
Transfers from Others	\$503,300	\$374,525	\$371,400
TOTAL DEBT SERVICE FUNDS	\$515,489	\$386,715	\$383,590
ENTERPRISE FUNDS			
Intergovernmental Revenues	\$229,456	\$308,000	\$8,000
Charges for Services	\$9,328,297	\$9,515,667	\$9,267,000
Other Revenues	\$266,886	\$241,490	\$259,450
Transfer Cost Allocat	\$0	\$0	\$0
Interest Income	\$24,803	\$38,503	\$30,000
Transfer from Others	\$0	\$0	\$0
TOTAL ENTERPRISE FUNDS	\$9,849,442	\$10,103,660	\$9,564,450

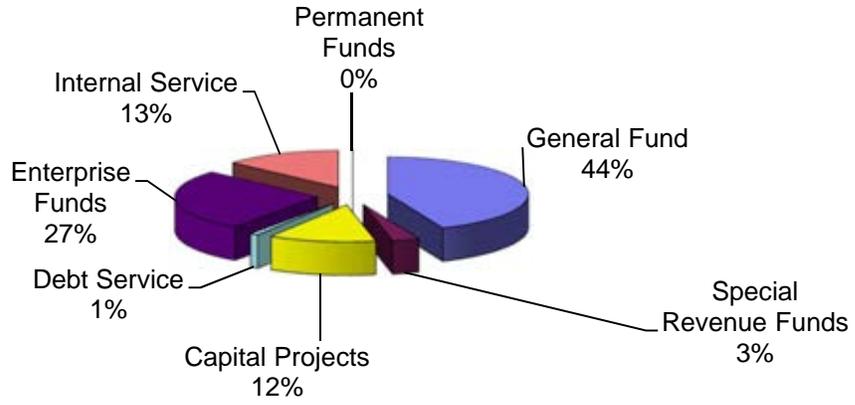
	ACTUAL 2013	BUDGET 2014	BUDGET 2015
INTERNAL SERVICE FUNDS			
Intergovernmental Revenues	\$64,444	\$8,400	\$86,400
Charges for Services	\$936	\$179	\$750,337
Other Revenues	\$1,657,082	\$1,548,550	\$1,663,250
Interest Income	\$4,657	\$5,500	\$5,500
Transfers from Others	\$0	\$0	\$0
Operating Transfers In	\$2,186,789	\$2,217,155	\$2,516,300
TOTAL INTERNAL SERVICE FUNDS	\$3,913,907	\$3,779,784	\$5,021,787
PERMANENT FUNDS			
Charges for Services	\$0	\$0	\$0
Other Revenues	\$0	\$0	\$0
Interest Income	\$3,358	\$500	\$0
TOTAL PERMANENT FUNDS	\$3,358	\$500	\$0
TOTAL REVENUE	\$35,309,728	\$35,561,084	\$36,657,598



**TOTAL FUNDS EXPENDITURE SUMMARY
2015 BUDGET**

Department	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Permanent
City Council	116,220						
Economic Development	363,000						
City Attorney	410,129						
City Manager	510,120						
Human Resources	233,072						
Pavilion	512,516						
G.I.S.	256,552						
Finance	619,015						
Municipal and Teen Court	179,690						
Community Development	419,859						
Admin. Services	162,341						
City Clerk	212,460						
Municipal Building	375,876						
Police and Animal Control	6,175,985						
Building Services	147,741						
Engineer	256,375						
Public Works Admin	280,381						
Street Maintenance	2,207,379						
Street Cleaning	323,836						
Parks	1,008,441						
Tree Program	15,000						
Sunset Mesa Maintenance	132,325						
Cemetery	55,664						
Transfers to Others	2,538,839						
Property Casualty Insurance	256,525						
Retail Sales Enhancement		330,000					
DDA		133,442					
Downtown Opportunity Fund		37,300					
Greater Montrose Loan Fund		80,000					
Public/Education/Government		20,000					
Conservation Trust		80,000					
Pavilion Senior Center		30,000					
Special Benefit Fund		32,900					
Tourism Promotional Fund		504,000					
Curb, Gutter, Sidewalk			517,000				
General Capital Improvements			118,800				
Arterial Construction			3,000,000				
South Townsend Sidewalks			510,000				
Uncompahgre River Improvements			510,000				
Facilities Fund			284,000				
Special Improvements Revolving			1,000				
2010 Revenue Bonds				371,400			
EIA Fireflow Loan				12,190			
Utility - Water					4,885,000		
Utility - Sewer					4,069,000		
Sanitation					1,396,000		
Black Canyon Golf Course					606,000		
Fleet Management						1,803,400	
IT Equipment Replacement						1,066,416	
Health/Dental Insurance						2,540,000	
Cemetery Care							500
Total Expenditures	17,769,341	1,247,642	4,940,800	383,590	10,956,000	5,409,816	500
TOTAL EXPENDITURES - ALL FUNDS							40,707,689

Expenditure Summary for All Funds 2015 Budget



TOTAL FUNDS EXPENDITURE SUMMARY
Prior Year Comparison

GENERAL FUND	2013 Actual	2014 Budget	2015 Budget
City Council	79,435	103,490	116,220
Economic Development	258,294	292,000	363,000
City Attorney	428,509	301,349	410,129
City Manager	279,481	354,990	337,015
Website/Communications	-	109,123	121,112
Competitive Sports	-	-	51,993
Human Resources	286,598	225,894	233,072
Pavilion	521,479	516,181	512,516
G.I.S.	226,451	268,620	256,552
Finance	602,311	618,470	619,015
Municipal and Teen Court	164,238	194,247	179,690
Community Development	424,760	369,816	419,859
Admin. Services	268,058	132,530	162,341
City Clerk	176,067	260,587	212,460
Municipal Building	492,891	300,964	375,876
Police and Animal Control	5,367,643	5,871,669	6,175,985
Code Compliance	215,610	133,027	147,741
Engineer	233,231	277,737	256,375
Public Works Admin	322,592	280,803	280,381
Street Maintenance	2,172,499	2,121,999	2,207,379
Street Cleaning	272,593	317,630	323,836
Parks	1,222,444	1,151,454	1,008,441
Tree Program	19,035	15,000	15,000
Sunset Mesa Maintenance	-	-	132,325
Cemetery	120,647	120,697	55,664
Transfers to Others	2,382,251	2,700,470	2,538,839
Property Casualty Insurance	230,409	215,000	256,525
TOTAL GENERAL FUND	16,767,526	17,253,747	17,769,341
SPECIAL REVENUE FUNDS			
Retail Sales Enhancement	190,563	314,480	330,000
7th Judicial District Drug Tsk	292,905	301,566	-
Competitive Sports	11,911	42,231	-
DDA	185,898	146,853	133,442
Downtown Improvement	70,330	50,000	37,300
Greater Montrose Loan fund	-	-	80,000
Public/Education/Government	2,368	20,000	20,000
Conservation Trust	-	230,000	80,000
Pavilion Senior Center	4,334	3,400	30,000
Special Benefit Fund	9,228	16,000	32,900
Tourism Promotional Fund	324,368	450,501	504,000
TOTAL SPECIAL REVENUE FUNDS	1,091,906	1,575,031	1,247,642

TOTAL FUNDS EXPENDITURE SUMMARY

Prior Year Comparison

CAPITAL IMPROVEMENT FUNDS

Special Improvements Revolving	635	-	1,000
Curb, Gutter, Sidewalk	212,542	447,000	517,000
General Capital Improvements	193,588	645,000	118,800
Arterial Construction	61,360	345,000	3,000,000
South Townsend Sidewalks	-	375,000	510,000
Uncompahgre River Improvements	73,559	490,000	510,000
Grand/Rio Grande Project	22,568	-	-
Facilities Fund	19,442	202,160	284,000

TOTAL CAPITAL IMP. FUNDS

583,692	2,504,160	4,940,800
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DEBT SERVICE FUNDS

2010 Revenue Bonds	377,525	374,525	371,400
EIA Fireflow Loan	12,189	12,190	12,190

TOTAL DEBT SERVICE FUNDS

389,714	386,715	383,590
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ENTERPRISE FUNDS

Utility - Water	4,192,999	6,823,895	4,885,000
Utility - Sewer	3,943,333	5,406,740	4,069,000
Sanitation	1,589,050	1,528,424	1,396,000
Black Canyon Golf Course	-	463,611	606,000

TOTAL ENTERPRISE FUNDS

9,725,382	14,222,670	10,956,000
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INTERNAL SERVICE FUNDS

Fleet Management	1,636,766	1,028,229	1,803,400
IT Equipment Replacement	839,957	944,871	1,066,416
Health/Dental Insurance	1,711,008	2,473,055	2,540,000

TOTAL INTERNAL SERVICE FUNDS

4,187,731	4,446,155	5,409,816
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PERMANENT FUNDS

Demoret Trust	52,297	-	-
Cemetery Care	41	500	500

TOTAL PERMANENT FUNDS

52,338	500	500
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TOTAL ALL FUNDS

32,798,289	40,388,978	40,707,689
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SUMMARY OF TRANSFERS

	Transfer from Account	Transfer to Account	2015
General Fund			
Competitive Tournament Support	290-6010-750-000	100-4900-900-000	\$10,000
Special Revenue Funds			
PAX signage	100-5180-750-000	220-4900-900-000	\$1,000
Conservation Trust Fund	250-6000-750-000	465-4900-900-000	\$30,000
Debt Service Fund			
Excise Tax Revenue Bonds	100-5180-750-000	370-4900-900-000	\$371,400
Permanent Fund			
Cemetery Perpetual Care	420-9020-750-000	100-4900-900-000	\$500
Capital Improvement Fund			
Capital Projects	100-5180-750-000	465-4900-900-000	\$1,921,110
Repayment of Energy Perf	100-5180-750-000	465-4900-900-000	\$40,329
Facility Fund	100-5180-750-000	470-4900-900-000	\$80,000
Black Canyon Golf Course	100-5180-750-000	580-4900-900-000	\$125,000
TOTAL OF TRANSFERS			\$2,579,339
ADMINISTRATIVE REIMBURSEMENT			
Water Fund Transfer	500-7020-751-000	100-4700-701-000	301,650
Sewer Fund Transfer	510-7035-751-000	100-4700-701-000	305,247
Sanitation Fund Transfer	550-7100-751-000	100-4700-701-000	188,020
TOTAL ADMINISTRATIVE REIMBURSEMENT			794,917

City of Montrose Revenues, Expenditures and Fund Balance

	2013 Actuals	2014 Actual through June	Actual Projected through 12/31/14	2014 Original Budget	2015 Budget
GENERAL FUND					
Unreserved FUND BALANCE 1/1	\$ 8,142,005		\$ 9,070,083		\$ 9,488,760
REVENUES					
TAXES	\$ 14,685,973	\$ 5,736,715	\$ 14,736,094	\$ 14,311,097	\$ 14,949,924
LICENSES & PERMITS	\$ 192,008	\$ 113,933	\$ 257,224	\$ 224,500	\$ 223,400
INTERGOVERNMENTAL	\$ 1,114,928	\$ 396,773	\$ 1,193,860	\$ 1,205,400	\$ 1,129,000
CHARGES FOR SERVICES	\$ 317,155	\$ 143,736	\$ 303,330	\$ 260,950	\$ 290,400
FINES & FORFEITURES	\$ 239,183	\$ 128,156	\$ 219,695	\$ 222,050	\$ 220,800
OTHER REVENUES	\$ 106,742	\$ 57,722	\$ 90,415	\$ 91,750	\$ 81,650
TRANSFER COST ALLOCATION	\$ 1,024,193	\$ 456,000	\$ 912,000	\$ 912,000	\$ 794,917
INTEREST INCOME	\$ 15,380	\$ 7,362	\$ 15,345	\$ 25,500	\$ 18,250
TRANSFERS FROM OTHERS	\$ 41	\$ -	\$ 200	\$ 500	\$ 10,000
DRUG TASKFORCE	\$ -	\$ -	\$ 606	\$ -	\$ 51,000
TOTAL REVENUES	\$ 17,695,603	\$ 7,040,398	\$ 17,728,768	\$ 17,253,747	\$ 17,769,341
EXPENDITURES					
CITY COUNCIL	\$ 79,435	\$ 75,588	\$ 117,929	\$ 103,490	\$ 116,220
ECONOMIC DEVELOPMENT	\$ 258,294	\$ 73,030	\$ 240,006	\$ 292,000	\$ 363,000
CITY ATTORNEY	\$ 428,509	\$ 128,980	\$ 284,110	\$ 301,349	\$ 410,129
CITY MANAGER	\$ 279,481	\$ 174,178	\$ 373,636	\$ 354,990	\$ 337,015
WEBSITE/COMMUNICATIONS:	\$ -	\$ 55,740	\$ 112,667	\$ 109,123	\$ 121,112
COMPETITIVE SPORTS	\$ -	\$ -	\$ -	\$ -	\$ 51,993
HUMAN RESOURCES	\$ 286,598	\$ 108,111	\$ 223,426	\$ 225,894	\$ 233,072
PAVILION	\$ 521,479	\$ 245,649	\$ 504,279	\$ 516,181	\$ 512,516
GEOGRAPHIC INFORMATION SYSTEMS	\$ 226,451	\$ 136,174	\$ 264,325	\$ 268,620	\$ 256,552
FINANCE	\$ 602,311	\$ 298,433	\$ 612,536	\$ 618,470	\$ 619,015
MUNICIPAL COURT	\$ 158,238	\$ 81,067	\$ 165,480	\$ 188,247	\$ 173,690
TEEN COURT	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
PLANNING SERVICES	\$ 424,760	\$ 170,724	\$ 381,991	\$ 369,816	\$ 419,859
INNOVATION & CITIZEN ENGAGEMENT	\$ 268,058	\$ 60,264	\$ 134,418	\$ 132,530	\$ 162,341
CITY CLERK	\$ 176,067	\$ 119,065	\$ 218,810	\$ 260,587	\$ 212,460
FACILITY MANAGEMENT	\$ 492,891	\$ 261,795	\$ 413,816	\$ 300,964	\$ 375,876
POLICE PATROL	\$ 3,359,748	\$ 1,818,040	\$ 3,641,771	\$ 3,717,458	\$ 3,819,275
POLICE ADMINISTRATION	\$ 1,501,849	\$ 628,317	\$ 1,244,916	\$ 1,527,147	\$ 1,417,249
DRUG TASKFORCE	\$ -	\$ -	\$ -	\$ -	\$ 326,176
CODE ENFORCEMENT	\$ -	\$ 31,620	\$ 73,017	\$ 79,573	\$ 83,340
ANIMAL CONTROL	\$ 506,046	\$ 231,530	\$ 501,807	\$ 547,491	\$ 529,945
BUILDING SERVICES	\$ 215,610	\$ 72,330	\$ 142,646	\$ 133,027	\$ 147,741
ENGINEER	\$ 233,231	\$ 104,218	\$ 236,237	\$ 277,737	\$ 256,375
PUBLIC WORKS ADMIN	\$ 322,592	\$ 143,964	\$ 288,596	\$ 280,803	\$ 280,381
STREET MAINTENANCE					
STREET MAINTENANCE	\$ 2,172,499	\$ 973,847	\$ 2,042,779	\$ 2,121,999	\$ 2,207,379
STREET CLEANING	\$ 272,593	\$ 104,873	\$ 248,639	\$ 317,630	\$ 323,836
PARKS	\$ 1,222,444	\$ 486,075	\$ 1,159,938	\$ 1,151,454	\$ 1,008,441
TREE PROGRAM	\$ 19,035	\$ 5,992	\$ 13,323	\$ 15,000	\$ 15,000
SUNSET MESA MAINTENANCE	\$ -	\$ 2,885	\$ 11,516	\$ -	\$ 132,325
CEMETERY	\$ 120,647	\$ 58,051	\$ 94,230	\$ 120,697	\$ 55,664
TRANSFER TO OTHERS	\$ 2,382,251	\$ 1,358,610	\$ 2,566,292	\$ 2,700,470	\$ 2,538,839
INSURANCE & CIVIC CAMPUS VEHICLES	\$ 230,409	\$ 131,883	\$ 990,956	\$ 215,000	\$ 256,525
TOTAL EXPENDITURES	\$ 16,767,526	\$ 8,147,032	\$ 17,310,091	\$ 17,253,747	\$ 17,769,341
REVENUES OVER (UNDER) EXPENDITURES	\$ 928,077		\$ 418,677	\$ -	\$ -
FUND BALANCE 12/31	\$ 9,070,083		\$ 9,488,760		\$ 9,488,760
RETAIL SALES ENHANCEMENT					
FUND BALANCE 1/1	\$ 42,475		\$ 111,269		\$ 86,937
REVENUES	\$ 259,357	\$ 77,267	\$ 270,000	\$ 245,240	\$ 260,000
EXPENDITURES	\$ 190,563	\$ 74,313	\$ 294,332	\$ 314,480	\$ 330,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 68,794		\$ (24,332)	\$ (69,240)	\$ (70,000)
FUND BALANCE 12/31	\$ 111,269		\$ 86,937		\$ 16,937
7TH JUDICIAL DRUG TASKFORCE					
FUND BALANCE 1/1	\$ 56,725		\$ 32,590		\$ 625
REVENUES	\$ 268,770	\$ 128,775	\$ 303,692	\$ 276,399	\$ -
EXPENDITURES	\$ 292,905	\$ 166,977	\$ 335,657	\$ 301,566	\$ -
REVENUES OVER (UNDER) EXPENDITURES	\$ (24,135)	\$ (38,202)	\$ (31,965)	\$ (25,167)	\$ -
FUND BALANCE 12/31	\$ 32,590		\$ 625		\$ 625

	2013 Actuals	2014 Actual through June	Actual Projected through 12/31/14	2014 Original Budget	2015 Budget
COMPETITIVE YOUTH SPORTS					
FUND BALANCE 1/1	\$ -		\$ 12,049		\$ 9,728
REVENUES	\$ 23,960	\$ 26,400	\$ 43,430	\$ 56,100	\$ -
EXPENDITURES	\$ 11,911	\$ 23,287	\$ 45,751	\$ 42,231	\$ -
REVENUES OVER (UNDER) EXPENDITURES	\$ 12,049		\$ (2,321)	\$ 13,869	\$ -
FUND BALANCE 12/31	\$ 12,049		\$ 9,728		\$ 9,728
DOWNTOWN DEVELOPMENT AUTHORITY					
FUND BALANCE 1/1	\$ 95,999		\$ 100,588		\$ 97,126
REVENUES	\$ 190,487	\$ 110,920	\$ 152,363	\$ 159,000	\$ 137,700
DDA EXPENDITURES	\$ 161,169	\$ 55,863	\$ 149,047	\$ 141,988	\$ 133,442
MAIN IN MOTION EXPENDITURES	\$ 24,729	\$ 4,865	\$ 4,865	\$ 4,865	\$ -
PUBLIC ART EXPERIENCE	\$ -	\$ 310	\$ 1,913	\$ -	\$ -
TOTAL EXPENDITURES	\$ 185,898	\$ 61,038	\$ 155,824	\$ 146,853	\$ 133,442
REVENUES OVER (UNDER) EXPENDITURES	\$ 4,589		\$ (3,462)	\$ 12,147	\$ 4,258
FUND BALANCE 12/31	\$ 100,588		\$ 97,126		\$ 101,384
DOWNTOWN OPPORTUNITY FUND					
FUND BALANCE 1/1	\$ 75,500		\$ 40,012		\$ 41,630
REVENUES	\$ 34,842	\$ 6,137	\$ 54,348	\$ 46,600	\$ 44,800
EXPENDITURES					
DOWNTOWN IMPROVEMENT	\$ 70,330	\$ 27,230	\$ 52,730	\$ 50,000	\$ 37,300
REVENUES OVER (UNDER) EXPENDITURES	\$ (35,488)		\$ 1,618	\$ (3,400)	\$ 7,500
FUND BALANCE 12/31	\$ 40,012		\$ 41,630		\$ 49,130
GREATER MONTROSE LOAN FUND					
FUND BALANCE 1/1	\$ 50,000		\$ 50,000		\$ 130,000
REVENUES	\$ -	\$ 25,000	\$ 80,000	\$ 50,000	\$ -
EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ 80,000
REVENUE OVER (UNDER) EXPENDITURES	\$ -	\$ 25,000	\$ 80,000	\$ 50,000	\$ (80,000)
FUND BALANCE 12/31	\$ 50,000		\$ 130,000		\$ 50,000
PUBLIC/EDUCATION/GOVERNMENT					
FUND BALANCE 1/1	\$ 26,968		\$ 45,759		\$ 59,044
REVENUES	\$ 21,159	\$ 5,315	\$ 15,817	\$ 20,000	\$ 20,000
EXPENDITURES	\$ 2,368	\$ 2,532	\$ 2,532	\$ 20,000	\$ 20,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 18,790	\$ 2,784	\$ 13,285	\$ -	\$ -
FUND BALANCE 12/31	\$ 45,759		\$ 59,044		\$ 59,044
SURPLUS & DEFICIENCY					
FUND BALANCE 1/1	\$ 154,196		\$ 154,321		\$ 154,479
REVENUES					
INTEREST INCOME	\$ 125	\$ 56	\$ 157	\$ 300	\$ -
FUND BALANCE 12/31	\$ 154,321		\$ 154,479		\$ 154,479
CAPITAL IMPROVEMENT FUND					
FUND BALANCE 1/1	\$ 851,559		\$ 1,800,616		\$ 1,893,456
REVENUES	\$ 1,490,105	\$ 1,216,224	\$ 2,301,147	\$ 2,893,314	\$ 2,883,280
EXPENDITURES	\$ 541,048	\$ 696,235	\$ 2,208,307	\$ 2,302,000	\$ 4,655,800
REVENUES OVER (UNDER) EXPENDITURES	\$ 949,057	\$ 519,988	\$ 92,840	\$ 591,314	\$ (1,772,520)
FUND BALANCE 12/31	\$ 1,800,616		\$ 1,893,456		\$ 120,936
CONSERVATION TRUST FUND					
FUND BALANCE 1/1	\$ 306,863		\$ 410,126		\$ 272,087
REVENUES	\$ 103,263	\$ 47,844	\$ 91,962	\$ 81,000	\$ 81,000
EXPENDITURES	\$ -	\$ 115,000	\$ 230,001	\$ 230,000	\$ 80,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 103,263		\$ (138,039)	\$ (149,000)	\$ 1,000
FUND BALANCE 12/31	\$ 410,126		\$ 272,087		\$ 273,087
PAVILION SENIOR CENTER					
FUND BALANCE 1/1	\$ 15,278		\$ 14,292		\$ 20,498
REVENUES	\$ 3,349	\$ 19,253	\$ 30,304	\$ 3,325	\$ 30,000
EXPENDITURES	\$ 4,334	\$ 8,264	\$ 24,099	\$ 3,400	\$ 30,000
REVENUES OVER (UNDER) EXPENDITURES	\$ (985)	\$ 10,988	\$ 6,206	\$ (75)	\$ -
FUND BALANCE 12/31	\$ 14,292		\$ 20,498		\$ 20,498
SPECIAL BENEFIT FUND					
FUND BALANCE 1/1	\$ 222,358		\$ 357,860		\$ 361,904
REVENUES	\$ 144,731	\$ 13,897	\$ 32,696	\$ 14,000	\$ 18,500
EXPENDITURES	\$ 9,228	\$ 18,029	\$ 28,652	\$ 16,000	\$ 32,900
REVENUES OVER (UNDER) EXPENDITURES	\$ 135,503		\$ 4,044	\$ (2,000)	\$ (14,400)
FUND BALANCE 12/31	\$ 357,860		\$ 361,904		\$ 347,504

	2013 Actuals	2014 Actual through June	Actual Projected through 12/31/14	2014 Original Budget	2015 Budget
TOURISM PROMOTIONAL FUND					
FUND BALANCE 1/1	\$ (45)		\$ 91,981		\$ 152,490
EXCISE TAX REVENUE	\$ 416,215	\$ 152,317	\$ 402,759	\$ 350,750	\$ 403,750
TOTAL EXPENDITURES	\$ 324,189	\$ 136,544	\$ 342,250	\$ 450,501	\$ 504,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 92,026		\$ 60,509	\$ (99,751)	\$ (100,250)
FUND BALANCE 12/31	\$ 91,981		\$ 152,490		\$ 52,240
2010 EXCISE TAX REVENUE BONDS					
FUND BALANCE 1/1	\$ 59,493		\$ 185,268		\$ 59,443
REVENUES	\$ 503,300	\$ 187,263	\$ 248,700	\$ 374,525	\$ 371,400
EXPENDITURES	\$ 377,525	\$ 24,663	\$ 374,525	\$ 374,525	\$ 371,400
REVENUES OVER (UNDER) EXPENDITURES	\$ 125,775		\$ (125,825)	\$ -	\$ -
FUND BALANCE 12/31	\$ 185,268		\$ 59,443		\$ 59,443
EIA FIRELFWO LOAN					
FUND BALANCE 1/1	\$ -		\$ -		\$ -
REVENUES	\$ 12,189	\$ -	\$ 12,189	\$ 12,190	\$ 12,190
EXPENDITURES	\$ 12,189	\$ -	\$ 12,189	\$ 12,190	\$ 12,190
FUND BALANCE 12/31	\$ -		\$ -		\$ -
DEMORET TRUST FUND					
FUND BALANCE 1/1	\$ 67,537		\$ 18,598		\$ 5,345
REVENUES	\$ 3,358	\$ -	\$ 3,360	\$ 500	\$ -
EXPENDITURES	\$ 52,297	\$ 16,613	\$ 16,613	\$ -	\$ -
REVENUES OVER (UNDER) EXPENDITURES	\$ (48,939)		\$ (13,253)	\$ 500	\$ -
FUND BALANCE 12/31	\$ 18,598		\$ 5,345		\$ 5,345
CEMETERY PERPETUAL CARE					
FUND BALANCE 1/1	\$ 109,518		\$ 111,371		\$ 112,490
TOTAL REVENUES	\$ 1,893	\$ 699	\$ 1,240	\$ 2,200	\$ 1,350
EXPENDITURES	\$ 41	\$ -	\$ 120	\$ 500	\$ 500
REVENUES OVER (UNDER) EXPENDITURES	\$ 1,852		\$ 1,120	\$ 1,700	\$ 850
FUND BALANCE 12/31	\$ 111,371		\$ 112,490		\$ 113,340
SPECIAL IMPROVEMENTS REVOLVING					
FUND BALANCE 1/1	\$ 311,166		\$ 472,335		\$ 590,725
REVENUES	\$ 161,803	\$ 39,167	\$ 119,046	\$ 80,500	\$ 116,000
EXPENDITURES	\$ 635	\$ 417	\$ 655	\$ -	\$ 1,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 161,168		\$ 118,391	\$ 80,500	\$ 115,000
FUND BALANCE 12/31	\$ 472,335		\$ 590,725		\$ 705,725
GRAND/RIO GRANDE					
FUND BALANCE 1/1	\$ 1,254,504		\$ 1,672,903		\$ 1,681,681
REVENUES	\$ 440,967	\$ 3,505	\$ 8,777	\$ -	\$ -
EXPENDITURES	\$ 22,568	\$ -	\$ -	\$ -	\$ -
REVENUES OVER (UNDER) EXPENDITURES	\$ 418,399	\$ 3,505	\$ 8,777	\$ -	\$ -
FUND BALANCE 12/31	\$ 1,672,903		\$ 1,681,681		\$ 1,681,681
CIVIC CAMPUS UPGRADES					
FUND BALANCE 1/1	\$ 137,885		\$ 406,750		\$ 399,683
REVENUES	\$ 288,307	\$ 40,108	\$ 80,264	\$ 80,000	\$ 80,000
EXPENDITURES	\$ 19,442	\$ 45,932	\$ 87,331	\$ 202,160	\$ 284,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 268,865	\$ (5,825)	\$ (7,067)	\$ (122,160)	\$ (204,000)
FUND BALANCE 12/31	\$ 406,750		\$ 399,683		\$ 195,683
WATER FUND					
CASH & CASH EQUIVALENTS 1/1	\$ 6,778,708		\$ 7,865,721		\$ 8,302,937
INTERGOVERNMENTAL REV	\$ 97,050	\$ -	\$ 8,000	\$ 8,000	\$ 8,000
TOTAL REVENUES	\$ 5,162,438	\$ 2,289,486	\$ 5,187,290	\$ 5,250,933	\$ 5,108,550
BILLING & COLLECTION	\$ 161,363	\$ 84,239	\$ 178,489	\$ 170,405	\$ 165,992
WATER DIST & ADMIN	\$ 3,674,441	\$ 2,121,614	\$ 4,329,510	\$ 4,469,997	\$ 4,475,840
WATER DEBT SERVICE	\$ 239,621	\$ 45,372	\$ 242,076	\$ 2,183,493	\$ 243,168
TOTAL EXPENDITURES	\$ 4,075,425	\$ 2,251,224	\$ 4,750,075	\$ 6,823,895	\$ 4,885,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 1,087,013	\$ 38,261	\$ 437,215	\$ (1,572,962)	\$ 223,550
CASH & CASH EQUIVALENTS 12/31	\$ 7,865,721		\$ 8,302,937		\$ 8,526,487

	2013 Actuals	2014 Actual through June	Actual Projected through 12/31/14	2014 Original Budget	2015 Budget
SEWER FUND					
CASH & CASH EQUIVALENTS 1/1	\$ 3,474,928		\$ 2,752,778		\$ 2,342,179
SEWER REVENUES	\$ 2,923,033	\$ 1,430,926	\$ 3,056,720	\$ 3,111,180	\$ 2,765,500
SALE OF SUPPLIES	\$ 9,225	\$ 21,525	\$ 32,240	\$ 1,458	\$ 10,000
SALE OF LAND	\$ -	\$ 128,565	\$ 128,565	\$ -	\$ -
RENTALS	\$ 200	\$ -	\$ 200	\$ 100	\$ 100
COLLINS FARM LEASE PAYMENTS	\$ 20,700	\$ 18,075	\$ 18,075	\$ 24,396	\$ 18,000
INSURANCE DAMAGE REIMBURSEMENT	\$ 1,241	\$ 50,763	\$ 50,763	\$ -	\$ -
CAPITAL CONT SWR CAPACITY FEE	\$ 167,198	\$ 151,339	\$ 296,000	\$ 158,615	\$ 160,000
INTEREST INCOME	\$ 13,286	\$ 5,220	\$ 11,018	\$ 20,353	\$ 15,000
TOTAL REVENUES	\$ 3,134,884	\$ 1,677,848	\$ 3,593,581	\$ 3,316,102	\$ 2,968,600
EXPENDITURES					
BILLING & COLLECTIONS	\$ 33,760	\$ 12,799	\$ 27,183	\$ 32,946	\$ 26,487
SEWER LINE MAINT & ADMIN	\$ 2,346,389	\$ 1,986,831	\$ 2,527,455	\$ 2,276,128	\$ 2,080,573
SEWER TREATMENT	\$ 1,211,750	\$ 476,706	\$ 1,181,957	\$ 1,239,498	\$ 1,692,486
INDUSTRIAL PRETREATMENT	\$ 69,081	\$ 32,938	\$ 69,523	\$ 71,574	\$ 70,488
SEWER DEBT SERVICE	\$ 196,053	\$ 37,122	\$ 198,062	\$ 1,786,594	\$ 198,966
TOTAL EXPENDITURES	\$ 3,857,034	\$ 2,546,395	\$ 4,004,180	\$ 5,406,740	\$ 4,069,000
REVENUES OVER (UNDER) EXPENDITURES	\$ (722,150)		\$ (410,599)	\$ (2,090,638)	\$ (1,100,400)
CASH & CASH EQUIVALENTS 12/31	\$ 2,752,778		\$ 2,342,179		\$ 1,241,779
SANITATION FUND					
CASH & CASH EQUIVALENTS 1/1	\$ 56,950		\$ 25,892		\$ 64,751
TOTAL REVENUES	\$ 1,552,120	\$ 741,428	\$ 1,511,291	\$ 1,536,350	\$ 1,487,300
EXPENDITURES					
TOTAL EXPENDITURES	\$ 1,583,178	\$ 714,794	\$ 1,472,431	\$ 1,528,424	\$ 1,396,000
REVENUES OVER (UNDER) EXPENDITURES	\$ (31,058)	\$ 26,634	\$ 38,860	\$ 7,926	\$ 91,300
CASH & CASH EQUIVALENTS 12/31	\$ 25,892		\$ 64,751		\$ 156,051
BLACK CANYON GOLF COURSE					
CASH & CASH EQUIVALENTS 1/1			\$ -		\$ 2,965
TOTAL REVENUES	\$ -	\$ 283,468	\$ 716,244	\$ 423,950	\$ 614,658
TOTAL BCGC - TURF MAINTANANCE OPER.	\$ -	\$ 138,428	\$ 377,490	\$ 291,235	\$ 408,381
TOTAL BCGC - BUSINESS OPER (CLUBHOUSE)	\$ -	\$ 185,418	\$ 335,790	\$ 172,376	\$ 197,619
TOTAL EXPENDITURES	\$ -	\$ 323,846	\$ 713,279	\$ 463,611	\$ 606,000
CASH & CASH EQUIVALENTS 12/31	\$ -		\$ 2,965		\$ 11,623
FLEET MANAGEMENT					
CASH & CASH EQUIVALENTS 1/1	\$ 1,907,348.00		\$ 2,108,510.06		\$ 2,600,062.06
TOTAL REVENUES	\$ 1,569,932.91	\$ 861,595.72	\$ 1,834,610.77	\$ 1,526,600.00	\$ 1,652,230.00
TOTAL EXPENDITURES	\$ 1,368,770.85	\$ 639,225.88	\$ 1,343,058.77	\$ 1,028,229.00	\$ 1,803,400.00
REVENUES OVER (UNDER) EXPENDITURES	\$ 201,162.06		\$ 491,552.00	\$ 498,371.00	\$ (151,170.00)
CASH & CASH EQUIVALENTS 12/31	\$ 2,108,510.06		\$ 2,600,062.06		\$ 2,448,892.06
INFORMATION TECHNOLOGIES					
CASH & CASH EQUIVALENTS	\$ 961,347		\$ 1,025,201		\$ 874,670
TOTAL REVENUES	\$ 880,124	\$ 296,729	\$ 644,727	\$ 702,006	\$ 852,257
TOTAL EXPENDITURES	\$ 816,270	\$ 384,733	\$ 795,259	\$ 944,871	\$ 1,066,416
REVENUES OVER (UNDER) EXPENDITURES	\$ 63,854		\$ (150,531)	\$ (242,865)	\$ (214,159)
CASH & CASH EQUIVALENTS 12/31	\$ 1,025,201		\$ 874,670		\$ 660,511
EMPLOYEE INSURANCE FUND					
CASH & CASH EQUIVALENTS	\$ 311,057		\$ 797,214		\$ 378,112
TOTAL REVENUES	\$ 2,197,165	\$ 1,139,212	\$ 2,247,253	\$ 2,228,155	\$ 2,517,300
TOTAL EXPENDITURES	\$ 1,711,008	\$ 1,129,628	\$ 2,666,355	\$ 2,473,055	\$ 2,540,000
REVENUES OVER (UNDER) EXPENDITURES	\$ 486,157		\$ (419,102)	\$ (244,900)	\$ (22,700)
CASH & CASH EQUIVALENTS	\$ 797,214		\$ 378,112		\$ 355,412
TOTAL REVENUES ALL FUNDS	\$36,560,447	\$16,430,310	\$37,716,017	\$36,983,786	\$37,430,206
TOTAL EXPENSES ALL FUNDS	\$32,296,681	\$17,553,951	\$37,266,298	\$40,388,978	\$40,707,689

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:

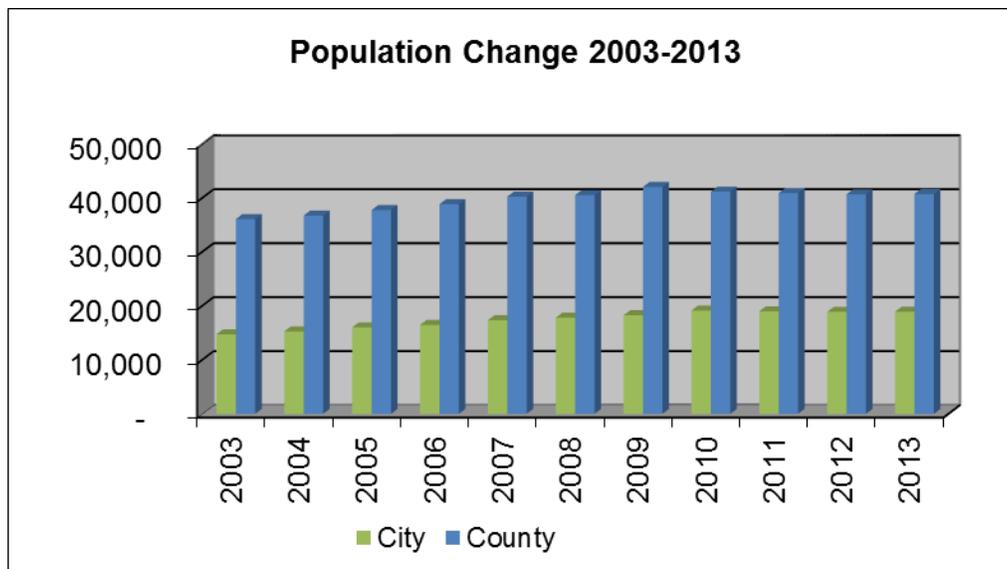
Colorado Springs	234	Grand Junction.....	67
Denver.....	269	Pueblo	226
Durango	107	Telluride.....	68

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%	41,188	-2.1%
2011	19,002	-.6%	40,916	-.6%
2012	18,909	-.5%	40,688	-.6%
2013	18,929	.1%	40,754	.2%

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



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

2012 Census	Age Distribution County
Under 15	20.1%
Age 15 - 24	10.7%
Age 25 - 44	22.5%
Age 45 - 64	28.6%
Age 65+	18.1%
Median Age	42

Source: Montroseedc.org

POPULATION (cont.)

Educational Attainment

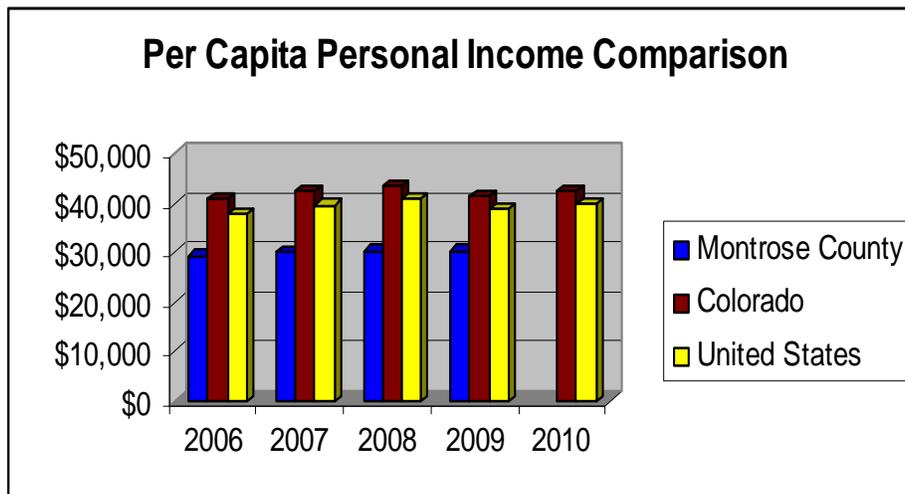
	<u>High School Graduate</u>	<u>Some College – no degree</u>	<u>Associate’s Degree</u>	<u>Bachelor Degree</u>	<u>Graduate or Prof Degree</u>
City	82.7%	23.7%	6.4	13.3%	7.2%
County	84.6%	22.3%	7.3%	13.8%	6.5%
Colorado*	89.7%	22.1%	7.6%	22.9%	12.6%
U.S.*	29.3%	20.3%	7.4%	17.4%	10.1%

*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>

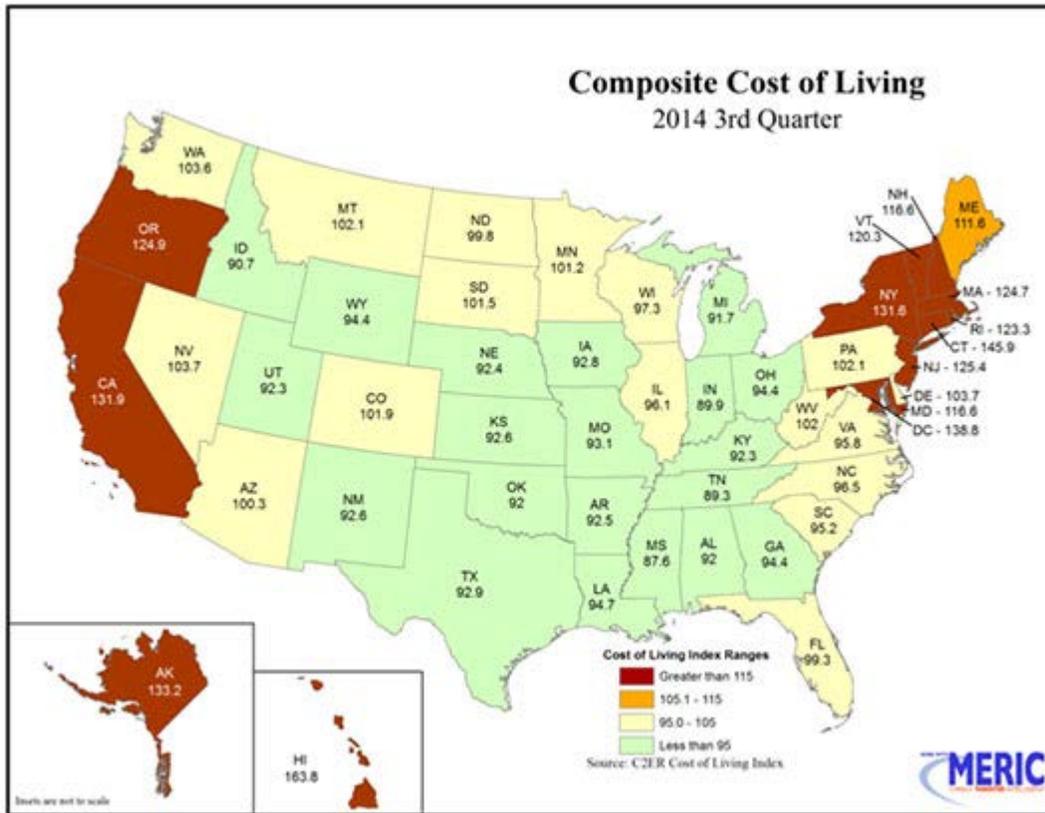


COST OF LIVING

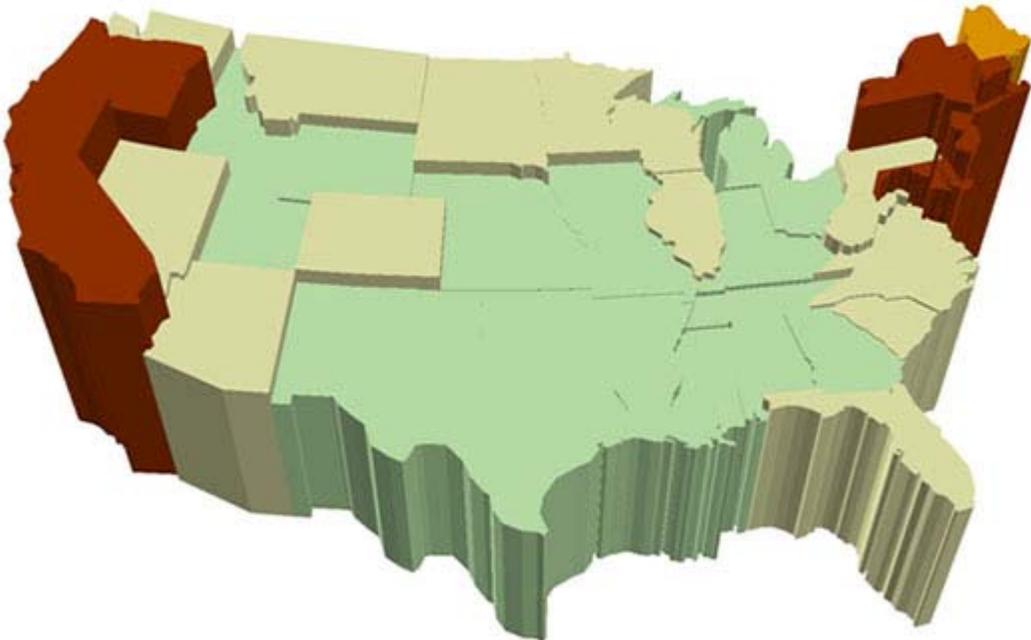
Cost of Living Third Quarter 2014

State	Index	Rank	State	Index	Rank
Colorado	101.90	30	Arizona	100.30	27
Kansas	92.70	13	Nebraska	92.40	10
New Mexico	92.6	12	Oklahoma	92.10	7
Utah	92.3	9	Wyoming	94.40	50

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



Composite Cost of Living 3rd Quarter 2014



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

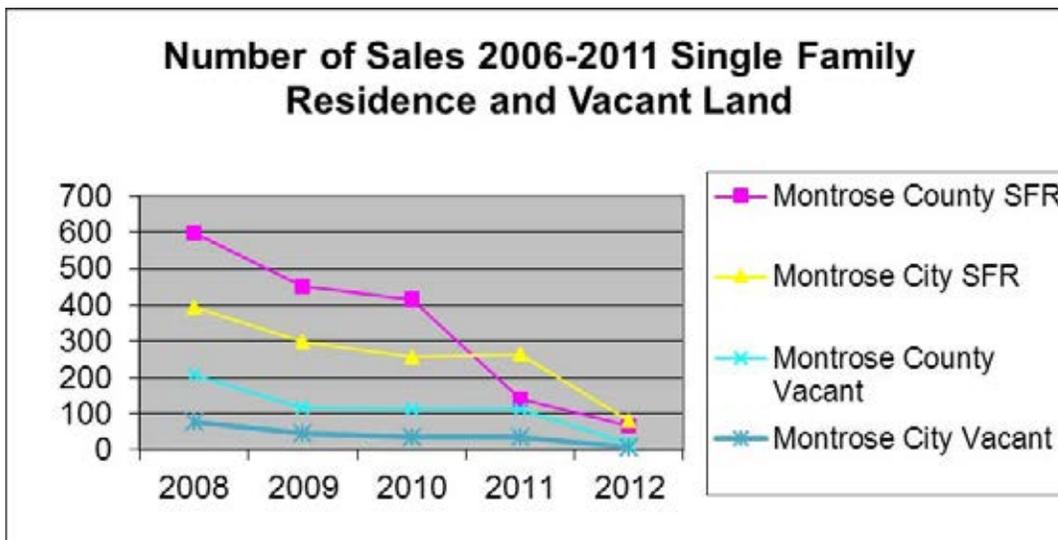
HOUSING

Real Property Sales – City of Montrose 4th Quarter 2012

Number of Single Family Residential Sales and Vacant Land Sales 2008-2012

Area	2008	2009	2010	2011	2012
Montrose County SFR	601	452	415	140	65
Montrose City SFR	396	299	257	265	81
Montrose County Vacant	209	116	113	113	16
Montrose City Vacant	78	47	34	35	5

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



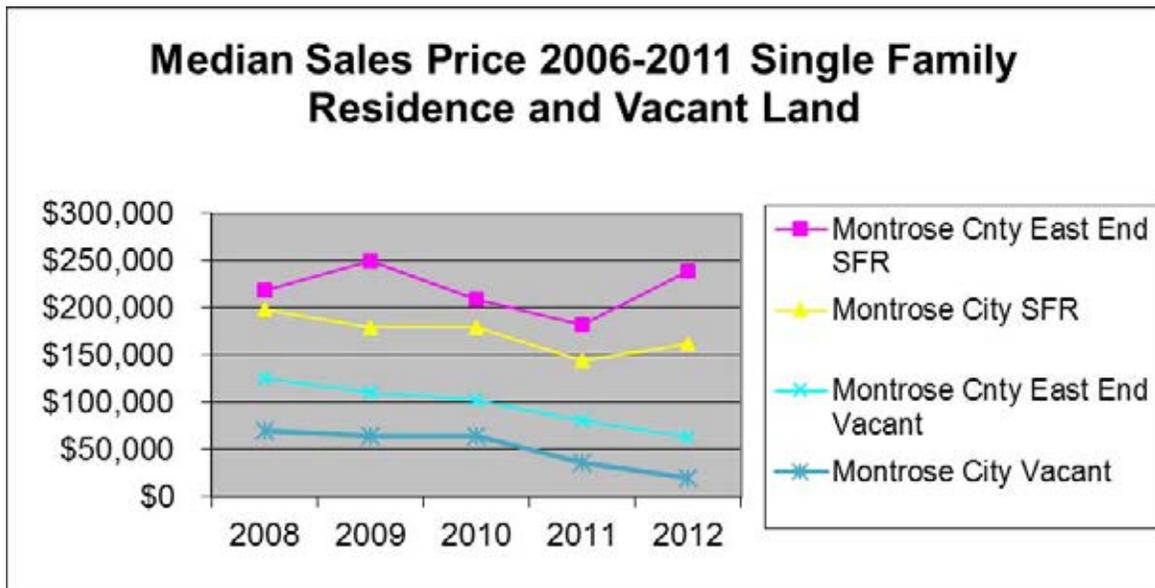
HOUSING

Real Property Sales – City of Montrose 2nd Quarter 2011

Single Family Residential and Vacant Land Median Sales Price 2008-2012

Area	2008	2009	2010	2011	2012
Montrose County East End SFR	\$219,000	\$249,500	\$208,500	\$182,000	\$239,000
Montrose City SFR	\$197,938	\$180,000	\$179,900	\$144,000	\$161,250
Montrose County East End Vacant	\$125,000	\$110,000	\$102,000	\$80,000	\$62,500
Montrose City Vacant	\$70,000	\$65,000	\$64,900	\$36,000	\$19,900

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

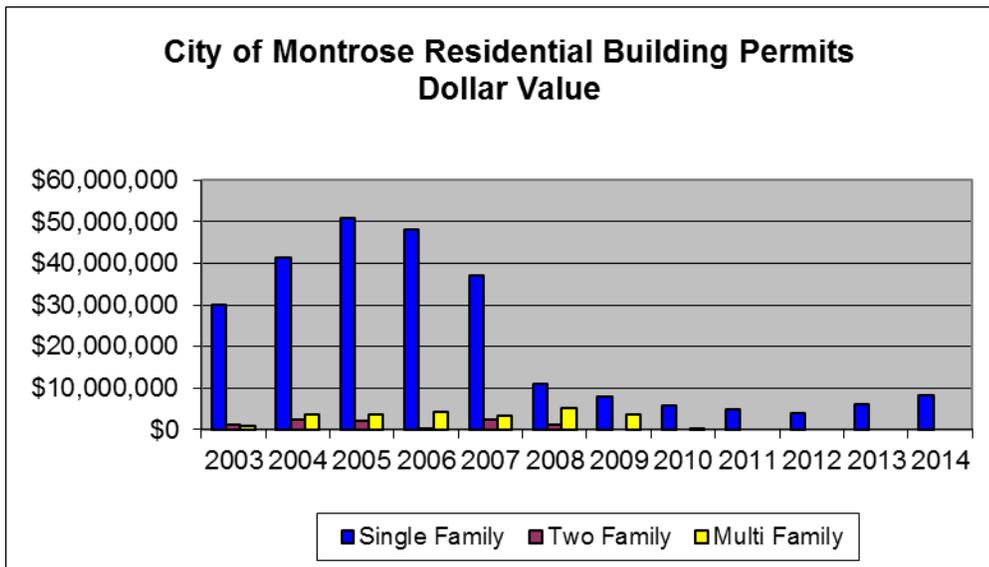
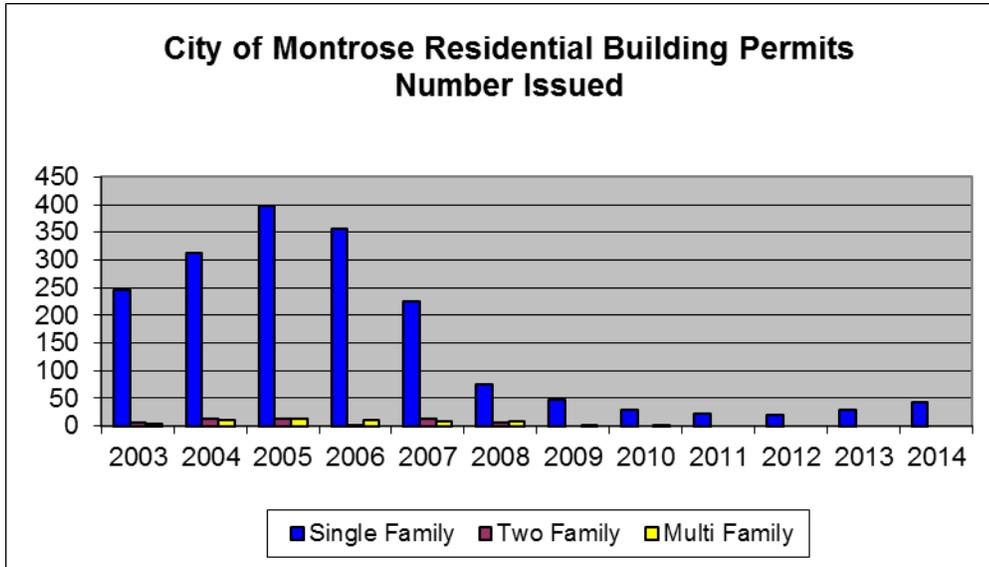


HOUSING (cont.)

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
2013			
Number	30	0	0
Value	\$6,181,097		
2014			
Number	43	0	0
Value	\$8,071,370		

Source: City of Montrose Community Development Department

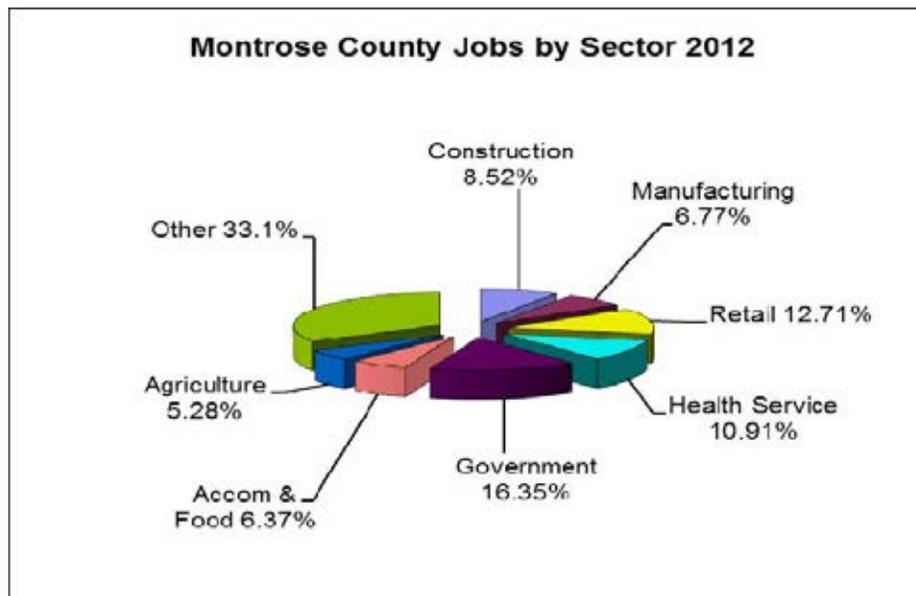


MONTROSE COUNTY EMPLOYMENT

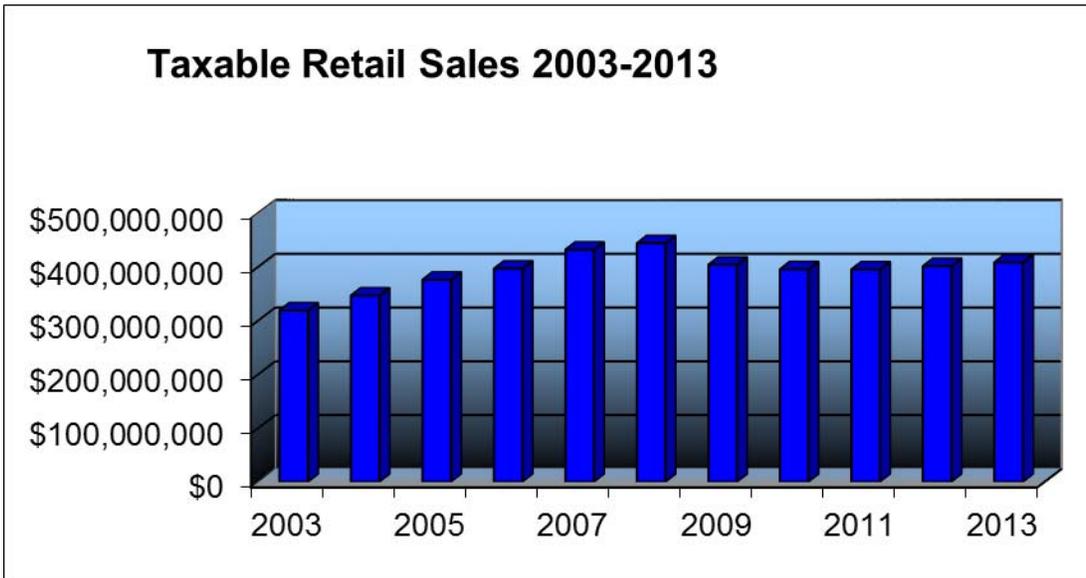
2010 Jobs by Sector (NAICS based)

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	277	1.50%
Total	18,518	100.00%

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



TAXABLE RETAIL SALES

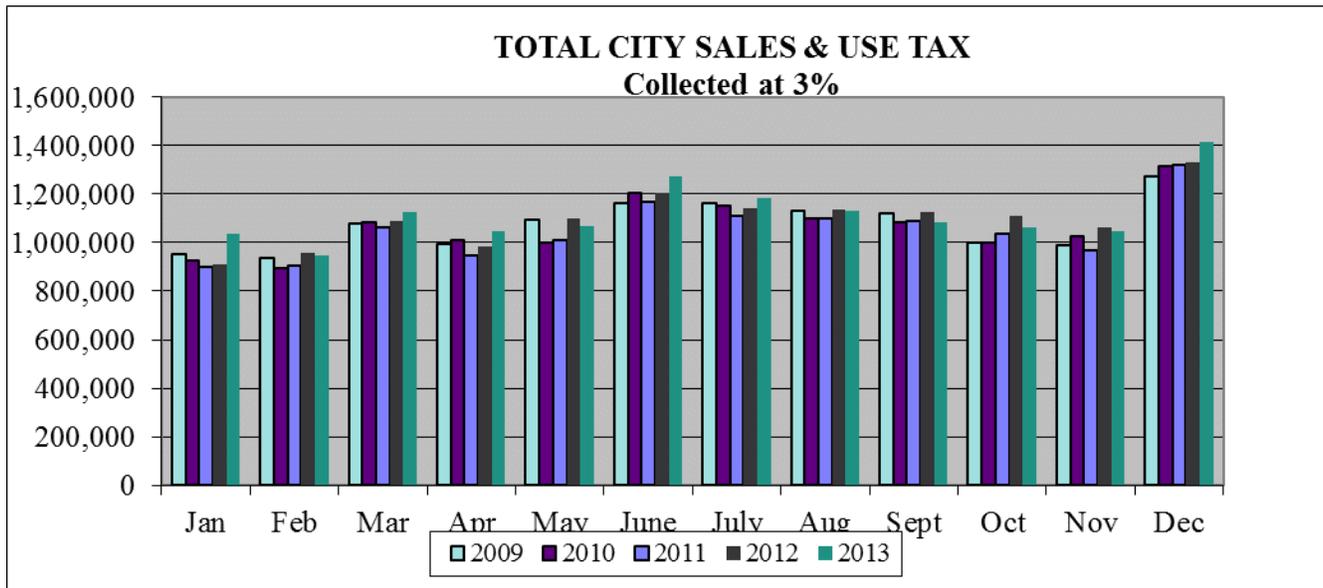


This chart represents taxable retail sales for the City of Montrose.

City Taxable Retail Sales, 2001-2013

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
2013	\$408,347,633

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. April 1, 2014 the voter’s approved a .3% increase to the City’s tax for construction of a recreation center. 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.