

**CITY OF MONTROSE, COLORADO
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
December 31, 2010**

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

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Management's Discussion and Analysis

As management of the City of Montrose (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Montrose for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$158,318,238. Of this amount, \$31,266,897 may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$1,223,957 over calendar year 2009. The City has a two year warranty period on infrastructure constructed by developers which delays recognizing it as assets on the city's books.
- The General Fund's largest revenue source is Sales and Use tax that is collected by retail businesses that do business within the City's boundaries whether by the delivery method or place of business. The total monthly Sales & Use tax revenue collected (3%) in 2010 was \$12,799,216, which is a decrease of .08% over 2009 monthly collections.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,750,629, an increase of \$88,027 over the prior year. Approximately 69% of this total amount, \$8,096,666, is available for spending at the City's discretion (unreserved undesignated fund balance) in the governmental funds.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$6,098,014, or 42% of the total general fund expenditures.
- Resolution 2006-24 was approved by the City Council in August that recommended transferring ¼% of the sales & use tax to the Capital Improvement Fund for street repairs and improvements throughout the City. Due to the decline of Sales & Use Tax collections in 2010, the general fund was not able to make this transfer to the Capital Improvement Fund.
- The City's total long-term liabilities decreased by \$709,957 during the current fiscal year or by approximately 8.8%.
- The City collects a capacity fee when a water and/or sewer tap is issued. This fee is to recover the cost of new connector's proportionate share of capacity in the infrastructure and to fund growth related capital improvements. In 2010, the City collected \$55,460 in water capacity fees and \$128,441 in sewer capacity fees. Respectively these are a reduction over the previous year of 40.6% and 48.8%.
- The Water Fund installed a pressure reducing valve on Orchard Road in 2010.
- The Sewer fund began the Airport Trunk Sewer line project towards the end of 2010.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Montrose that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type-activities*). The governmental activities of the City include general government, public safety, highways and streets. The business-type activities of the City of Montrose include Water, Sewer, Sanitation, Fleet Management, Information Technologies (including duplication services) and the Pavilion.

The government-wide financial statements can be found on pages 2 and 3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Montrose, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Montrose can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Montrose maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the Special Improvement District Construction Fund because they are considered to be major funds for the 2010 fiscal year. Data from the other 19 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

The City of Montrose adopts an annual appropriated budget for all funds at the fund level. Budgetary comparison statements have been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 4 through 7 of this report.

Proprietary funds. The City of Montrose maintains four (4) different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Montrose uses enterprise funds to account for its Water, Sewer, and Sanitation

services as well as the Pavilion. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Montrose uses internal service funds to account for its fleet of vehicles, information technologies, and employee medical benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sewer, and Sanitation services, as well as the Pavilion, which are considered to be major funds of the City of Montrose. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 8 through 10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 through 28 of the report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary comparisons. Required supplementary information can be found on page 29 and 30 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 31 through 66 of the report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. Approximately 80% of the City's net assets reflect its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Montrose Statement of Net Assets

	Governmental activities		Business-type activities		Total		Amount of Change	% Change
	2010	2009	2010	2009	2009	2008		
Current assets	\$ 17,484,619	\$ 16,629,136	\$ 17,894,614	\$ 15,978,006	\$ 35,379,233	\$ 32,607,142	\$ 2,772,091	7.8%
Noncurrent assets	\$ 76,858,229	\$ 77,310,534	\$ 58,556,346	\$ 59,395,955	\$ 135,414,575	\$ 136,706,489	\$ (1,291,914)	-1.0%
Total assets	\$ 94,342,848	\$ 93,939,670	\$ 76,450,960	\$ 75,373,961	\$ 170,793,808	\$ 169,313,631	\$ 1,480,177	0.9%
Current liabilities	\$ 3,013,343	\$ 2,838,895	\$ 2,096,658	\$ 1,305,229	\$ 5,110,001	\$ 4,144,124	\$ 965,877	18.9%
Noncurrent liabilities	\$ 2,162,995	\$ 2,436,634	\$ 5,202,574	\$ 5,638,892	\$ 7,365,569	\$ 8,075,526	\$ (709,957)	-9.6%
Total liabilities	\$ 5,176,338	\$ 5,272,588	\$ 7,299,232	\$ 6,944,121	\$ 12,475,570	\$ 12,219,650	\$ 255,920	2.1%
Net assets:								
Invested in capital assets, net of								
related debt	\$ 74,367,413	\$ 74,579,146	\$ 51,900,646	\$ 52,325,147	\$ 126,268,059	\$ 126,904,293	\$ (636,234)	-0.5%
Restricted	\$ 783,282	\$ 809,359			\$ 783,282	\$ 809,359	\$ (26,077)	-3.3%
Unrestricted	\$ 14,015,815	\$ 13,275,936	\$ 17,251,082	\$ 16,104,693	\$ 31,266,897	\$ 29,380,629	\$ 1,886,268	6.0%
Total net assets	\$ 89,166,510	\$ 88,664,441	\$ 69,151,728	\$ 68,429,840	\$ 158,318,238	\$ 157,094,281	\$ 1,223,957	0.8%

At the end of the current fiscal year, the City's net assets government-wide have increased over the net assets reported in 2009. Under the GASB 34 reporting model the audit shows the City's net assets increased by \$1,223,957 during the current fiscal year. This increase is partially due to adding developer-constructed infrastructure such as water and sewer lines and curb, gutter, sidewalks and streets to the City's assets after the required warranty period set by the Municipal Code.

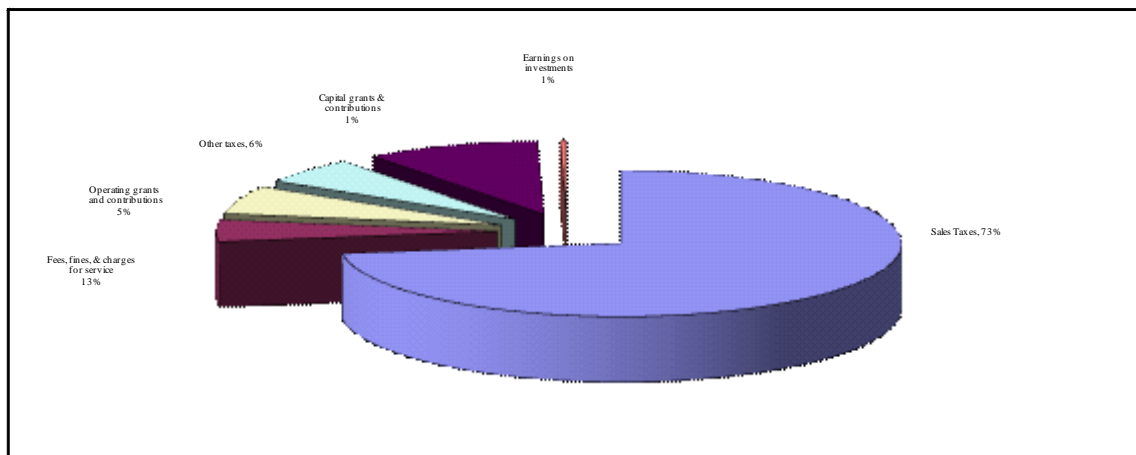
City of Montrose Changes in Net Assets

	Governmental activities		Business-type activities		Total		Amount of Change
	2010	2009	2010	2009	2010	2009	
Revenues:							
Program revenues:							
Charges for services	\$ 734,384	\$ 898,379	\$ 9,795,960	\$ 9,649,462	\$ 10,530,344	\$ 10,547,841	\$ (17,497)
Operating grants and contributions	\$ 1,293,446	\$ 1,188,460			\$ -	\$ 1,188,460	\$ 104,986
Capital Grants and contributions	\$ 2,716,015	\$ 1,886,420	\$ 645,135	\$ 960,684	\$ 3,361,150	\$ 2,847,104	\$ 514,046
General revenues:					\$ -	\$ -	\$ -
Taxes					\$ -	\$ -	\$ -
Sales Tax	\$ 13,515,508	\$ 13,623,220			\$ 13,515,508	\$ 13,623,220	\$ (107,712)
Franchise Fees	\$ 1,024,868	\$ 1,017,592			\$ 1,024,868	\$ 1,017,592	\$ 7,276
Cigarette Tax	\$ 83,473	\$ 90,706			\$ 83,473	\$ 90,706	\$ (7,233)
Earnings on Investments	\$ 27,328	\$ 69,193	\$ 73,130	\$ 166,786	\$ 100,458	\$ 235,979	\$ (135,521)
Miscellaneous	\$ 356,580	\$ 167,184	\$ -	\$ -	\$ 356,580	\$ 167,184	\$ 189,396
Administrative Charges	\$ 1,029,463	\$ 874,536	\$ (1,029,463)	\$ (874,536)	\$ -	\$ -	\$ -
Other	\$ 1,920	\$ 1,430			\$ 1,920	\$ 1,430	\$ 490
Capital Cont.-Infrastructure					\$ -	\$ -	\$ -
Total revenues	\$ 20,782,985	\$ 19,817,120	\$ 9,484,762	\$ 9,902,396	\$ 30,267,747	\$ 29,719,516	\$ 548,231
Expenses:							
General government	\$ 3,636,074	\$ 3,919,427			\$ 3,636,074	\$ 3,919,427	\$ (283,353)
Community Development	\$ 1,121,828	\$ 1,169,312			\$ 1,121,828	\$ 1,169,312	\$ (47,484)

Public Safety	\$ 5,757,528	\$ 5,909,347			\$ 5,757,528	\$ 5,909,347	\$ (151,819)
Building & Inspection	\$ 319,850	\$ 361,213			\$ 319,850	\$ 361,213	\$ (41,363)
Public Works	\$ 7,617,243	\$ 7,588,695			\$ 7,617,243	\$ 7,588,695	\$ 28,548
Parks & Cemetery	\$ 1,278,570	\$ 1,143,341			\$ 1,278,570	\$ 1,143,341	\$ 135,229
Administration	\$ 217,980	\$ 493,193			\$ 217,980	\$ 493,193	\$ (275,213)
REIJ School District					\$ -	\$ -	\$ -
Interest	\$ 91,906	\$ 128,199			\$ 91,906	\$ 128,199	\$ (36,293)
Water			\$ 4,123,179	\$ 4,132,964	\$ 4,123,179	\$ 4,132,964	\$ (9,785)
Sewer			\$ 2,844,204	\$ 2,677,390	\$ 2,844,204	\$ 2,677,390	\$ 166,814
Sanitation			\$ 1,274,182	\$ 1,239,462	\$ 1,274,182	\$ 1,239,462	\$ 34,720
Montrose Pavilion			\$ 761,253	\$ 816,474	\$ 761,253	\$ 816,474	\$ (55,221)
Total expenses	\$ 20,040,979	\$ 20,712,727	\$ 9,002,818	\$ 8,866,290	\$ 29,043,797	\$ 29,579,017	\$ (535,220)
Increase in net assets before transfers	\$ 742,006	\$ (895,607)	\$ 481,944	\$ 1,036,106	\$ 1,223,950	\$ 140,499	\$ 1,083,451
Transfers	\$ (239,943)	\$ (397,697)	\$ 239,943	\$ 397,697	\$ -	\$ -	\$ -
Change in Net Assets	\$ 502,063	\$ (1,293,304)	\$ 721,887	\$ 1,433,803	\$ 1,223,950	\$ 140,499	\$ 1,083,451
Net assets - 1/1	\$ 88,664,447	\$ 89,957,751	\$ 68,429,841	\$ 66,996,038	\$ 157,094,288	\$ 156,953,789	\$ 140,499
Net assets - 12/31	\$ 89,166,510	\$ 88,664,447	\$ 69,151,728	\$ 68,429,841	\$ 158,318,238	\$ 157,094,288	\$ 1,223,950

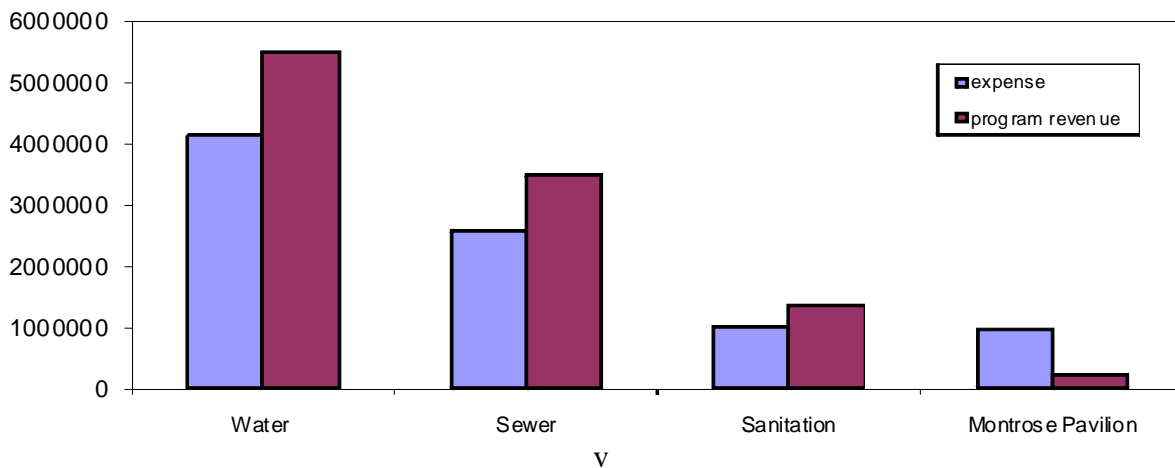
Governmental Activities. Governmental activities increased the City's net assets by \$502,069.

Revenues by Source – Governmental Activities

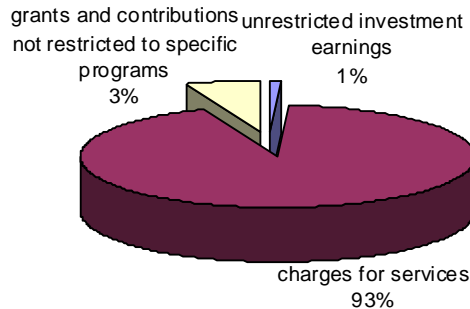


Business type activities. Business type activities increased the City's net assets by \$721,887.

Expenses and Program Revenues – Business type Activities



Revenues by Source-Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,750,629 an increase of \$88,027 over the prior year. Approximately 69% of the governmental fund balance constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: emergency reserves (\$603,000), pay debt service (\$74,891) generate income to pay for the perpetual care of the municipal cemetery (\$105,391), beautification -Expendable(\$73,538) beautification – corpus (\$321,381), Capital Projects (\$2,377,213) and Parks (\$100,764).

The general fund is the chief operating fund of the City of Montrose. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,098,014, while total fund balance reached \$6,803,703. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 42% of total general fund expenditures, while total fund balance represents 46% of that same amount.

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

Unrestricted net assets of the Water Fund at the end of the year amounted to \$8,451,744, the Sewer Fund amounted to \$8,103,741 and the Sanitation amounted to \$491,216.

General Fund Budgetary Highlights

In 2010, the City reduced the General Fund Budget by approximately \$300,000 from 2009 final budget due to the reduction in Sales and Use Tax revenues received since August 2008. The Final Budget for the General Fund was \$15,521,313. Actual expenditures totaled \$14,658,511 which is a decrease of \$200,577 from 2009

actual expenditures. The budget was completed in accordance with the City's Charter. The City has a six-year Capital Improvement Plan that is updated every two years and is a helpful budgetary planning tool. Unfortunately, the City has been limited in actually budgeting for these prioritized projects because of the current recession.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounts to \$211,538,470. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer infrastructure.

City of Montrose Capital Assets

	Governmental Activities		Business-type Activities		Total		Amount Change	% Change
	2010	2009	2010	2009	2010	2009		
Land	\$ 9,692,859	\$ 9,502,108	\$ 1,966,694	\$ 1,966,694	\$ 11,659,553	\$ 11,468,802	\$ 190,751	1.7%
Improvements other than buildings	\$ 969,754	\$ 693,844	\$ 3,870,580	\$ 3,868,780	\$ 4,840,334	\$ 4,562,624	\$ 277,710	6.1%
Infrastructure	\$ 97,650,078	\$ 93,290,795			\$ 97,650,078	\$ 93,290,795	\$ 4,359,283	4.7%
Buildings & System	\$ 8,722,046	\$ 8,365,318	\$ 74,707,164	\$ 72,954,961	\$ 83,429,210	\$ 81,320,279	\$ 2,108,931	2.6%
Machinery & Equipment	\$ 13,062,724	\$ 12,797,552	\$ 896,571	\$ 894,437	\$ 13,959,295	\$ 13,691,989	\$ 267,306	2.0%
Total	\$ 130,097,461	\$ 124,649,617	\$ 81,441,009	\$ 79,684,872	\$ 211,538,470	\$ 204,334,489	\$ 7,203,981	3.5%

Additional information on the City's capital assets can be found in note 4 on pages 19 through 21 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,026,795 that is backed by the full faith and credit of the City. The remainder of the City's debt represents loans due to the State's Energy Impact Assistance program.

City of Montrose Outstanding Debt General Obligation Bonds, Revenue Bonds and Notes Payable

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds						
Special assessment debt with governmental commitment						
Revenue bonds	\$ 2,384,219	\$ 2,625,000	\$ 5,642,576	\$ 6,058,892	\$ 8,026,795	\$ 8,683,892
Notes Payable	\$ 86,634	\$ 94,117			\$ 86,634	\$ 94,117
Total	\$ 2,470,853	\$ 2,719,117	\$ 5,642,576	\$ 6,058,892	\$ 8,113,429	\$ 8,778,009

The City's bonded debt decreased by \$664,580 during 2010.

The City of Montrose's Charter limits general obligation debt issuance to 5% of its total assessed valuation. Using the assessed valuation from the County of \$340,241,874 the current general obligation debt limitation for the City is approximately \$17 million. Currently the City does not have any General Obligation debt. The only bonded debt the City currently has is Revenue Bonds.

Additional information on the City's long-term debt can be found in note 10 on pages 24 through 26 of this report.

Economic Factors and Next Year's Budgets and Rates

- According to the USDA website, the 2010 unemployment rate for Montrose County was 11%. Montrose County had a slightly higher unemployment rate than the state's average rate of 8.7% and the national average rate of 9.1%.
- The City continues to be a regional retail center for Montrose, San Miguel, Ouray and Gunnison counties.
- In 2010, the construction activity in the City as well as the region have continued to slow down considerably.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the City of Montrose, Office of the Finance Director, P. O. Box 790, 433 S. First Street, Montrose, Colorado, 81402.

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Montrose, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montrose, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Montrose, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montrose, Colorado, as of December 31, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2011, on our consideration of the City of Montrose, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montrose, Colorado's basic financial statements. The combining and individual fund financial statements and schedules, and the other information listed in the table of contents are presented for purposes of additional analysis and legal compliance and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Johnson, Holcomb & Company, P.C.

Centennial, Colorado
June 14, 2011

BASIC FINANCIAL STATEMENT

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CITY OF MONTROSE, COLORADO

Statement of Net Assets

December 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 13,101,042	\$ 11,689,824	\$ 24,790,866
Certificates of deposit	1,604,270	4,730,402	6,334,672
Accounts receivable - net	122,209	811,406	933,615
Franchise fees receivable	173,291	-	173,291
Due from other governments	505,116	14,758	519,874
Sales tax receivable	1,337,965	-	1,337,965
Special assessments receivable	568,738	-	568,738
Sewer tap credits	-	283,380	283,380
Interest receivable	-	5,662	5,662
Prepaid Expenses	(341)	-	(341)
Inventory of supplies	72,329	359,182	431,511
Total Current Assets	17,484,619	17,894,614	35,379,233
Noncurrent Assets			
Restricted cash and cash equivalents	-	949,045	949,045
Capital assets	130,097,461	81,441,009	211,538,470
Accumulated depreciation	(53,239,232)	(23,874,977)	(77,114,209)
Deferred bond issue costs - net of amortization	-	41,269	41,269
Total Noncurrent Assets	76,858,229	58,556,346	135,414,575
Total Assets	94,342,848	76,450,960	170,793,808
LIABILITIES			
Current Liabilities			
Accounts payable	788,676	942,151	1,730,827
Due to other governments	2,942	-	2,942
Customer deposits and deposits in escrow	602,700	254,372	857,072
Accrued salaries and benefits	133,683	23,415	157,098
Deferred revenue	-	288,180	288,180
Accrued compensated absences	594,090	84,459	678,549
Accrued interest payable	19,963	64,081	84,044
Claims payable	563,431	-	563,431
Long-term debt due in one year	307,858	440,000	747,858
Total Current Liabilities	3,013,343	2,096,658	5,110,001
Noncurrent Liabilities			
Revenue bonds - net of discount and premium	2,084,219	5,202,574	7,286,793
Notes payable	78,776	-	78,776
Total Noncurrent Liabilities	2,162,995	5,202,574	7,365,569
Total Liabilities	5,176,338	7,299,232	12,475,570
NET ASSETS			
Invested in capital assets net of related debt	74,367,413	51,900,646	126,268,059
Restricted	783,282	-	783,282
Unrestricted	14,015,815	17,251,082	31,266,897
Total Net Assets	\$ 89,166,510	\$ 69,151,728	\$ 158,318,238

The notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities</u>				
General government	\$ 3,636,074	\$ 160,632	\$ 285,308	\$ 76,162
Community development	1,121,828	49,866	-	-
Public safety	5,757,528	317,464	199,764	137,536
Engineering and inspection	319,850	166,664	-	-
Public works	7,617,243	11,803	721,846	2,490,678
Parks and cemetery	1,278,570	27,955	86,528	11,639
Insurance	217,980	-	-	-
Interest Expense	91,906	-	-	-
Total governmental activities	<u>20,040,979</u>	<u>734,384</u>	<u>1,293,446</u>	<u>2,716,015</u>
<u>Business-type Activities</u>				
Water	4,123,179	5,329,314	-	314,992
Sewer	2,844,204	2,841,436	-	304,241
Sanitation	1,274,182	1,443,215	-	-
Montrose Pavilion	761,253	181,995	-	25,902
Total business-type activities	<u>9,002,818</u>	<u>9,795,960</u>	<u>-</u>	<u>645,135</u>
Total	<u>\$ 29,043,797</u>	<u>\$ 10,530,344</u>	<u>\$ 1,293,446</u>	<u>\$ 3,361,150</u>

General Revenues

Taxes

Sales tax

Franchise and occupational tax

Cigarette tax

Earnings on investments

Miscellaneous

Administrative charges

Contributions to permanent endowment

Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets, Beginning

Net Assets, Ending

The notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (3,113,972)	\$ -	\$ (3,113,972)
(1,071,962)	-	(1,071,962)
(5,102,764)	-	(5,102,764)
(153,186)	-	(153,186)
(4,392,916)	-	(4,392,916)
(1,152,448)	-	(1,152,448)
(217,980)	-	(217,980)
(91,906)	-	(91,906)
<u>(15,297,134)</u>	<u>-</u>	<u>(15,297,134)</u>
-	1,521,127	1,521,127
-	301,473	301,473
-	169,033	169,033
-	(553,356)	(553,356)
-	<u>1,438,277</u>	<u>1,438,277</u>
<u>(15,297,134)</u>	<u>1,438,277</u>	<u>(13,858,857)</u>
13,515,508	-	13,515,508
1,024,868	-	1,024,868
83,473	-	83,473
27,328	73,130	100,458
356,580	-	356,580
1,029,463	(1,029,463)	-
1,920	-	1,920
<u>(239,943)</u>	<u>239,943</u>	<u>-</u>
<u>15,799,197</u>	<u>(716,390)</u>	<u>15,082,807</u>
502,063	721,887	1,223,950
<u>88,664,447</u>	<u>68,429,841</u>	<u>157,094,288</u>
<u>\$ 89,166,510</u>	<u>\$ 69,151,728</u>	<u>\$ 158,318,238</u>

CITY OF MONTROSE, COLORADO
 Balance Sheet
 Governmental Funds
 December 31, 2010
 (With Comparative Totals for December 31, 2009)

	Capital Project			Totals	Totals
	Funds				
	General	Spec. Imp. District Const.	Nonmajor Funds		
ASSETS					
Cash and cash equivalents	\$ 6,186,619	\$ 144,569	\$ 3,037,622	\$ 9,368,810	\$ 9,129,370
Certificates of deposit	-	-	1,604,270	1,604,270	1,586,608
Accounts receivable - net	78,051	-	44,158	122,209	101,234
Franchise fees receivable	173,291	-	-	173,291	180,711
Due from other governments	67,171	-	399,580	466,751	525,080
Sales tax receivable	1,312,323	-	25,642	1,337,965	1,293,211
Special assessments receivable	-	568,738	-	568,738	694,551
Prepaid Expenses	(341)	-	-	(341)	174
Total Assets	<u>\$ 7,817,114</u>	<u>\$ 713,307</u>	<u>\$ 5,111,272</u>	<u>\$ 13,641,693</u>	<u>\$ 13,510,939</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	280,378	-	234,018	514,396	530,794
Due to other governments	2,942	-	-	2,942	-
Customer deposits and deposits in escrow	602,700	-	-	602,700	538,751
Accrued salaries and benefits	123,820	-	743	124,563	78,807
Deferred revenue	3,571	642,892	-	646,463	699,985
Total Liabilities	<u>1,013,411</u>	<u>642,892</u>	<u>234,761</u>	<u>1,891,064</u>	<u>1,848,337</u>
FUND BALANCE					
Reserved					
For debt service	-	-	74,891	74,891	74,888
For perpetual care	-	-	105,391	105,391	103,471
For beautification - expendable	-	-	71,323	71,323	73,538
For beautification - corpus	-	-	321,381	321,381	319,223
For capital projects	102,689	70,415	2,204,109	2,377,213	2,459,747
For parks	-	-	100,764	100,764	100,764
For Tabor	603,000	-	-	603,000	600,000
Unreserved in:					
General Fund	6,098,014	-	-	6,098,014	4,450,628
Special revenue funds	-	-	1,998,652	1,998,652	3,480,343
Total Fund Balance	<u>6,803,703</u>	<u>70,415</u>	<u>4,876,511</u>	<u>11,750,629</u>	<u>11,662,602</u>
Total Liabilities and Fund Balances	<u>\$ 7,817,114</u>	<u>\$ 713,307</u>	<u>\$ 5,111,272</u>	<u>\$ 13,641,693</u>	<u>\$ 13,510,939</u>

The notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 December 31, 2010

	2010
Total Fund Balances for the Governmental Funds	\$ 11,750,629
Total net assets for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	
Land	9,692,859
Land Improvements	969,754
Infrastructure	97,650,078
Buildings and systems	8,722,046
Equipment	4,988,447
Accumulated Depreciation	(48,573,994)
Internal service funds are used by the City to charge the costs of vehicles and employee health and dental costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	
	6,374,930
Special assessments receivable that are not currently available are deferred in the funds	
	646,463
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.	
Accrued interest on long-term debt	(19,963)
Unamortized bond premiums	(99,219)
Revenue bonds payable	(2,285,000)
Notes payable	(86,634)
Compensated absences	(563,886)
Total Net Assets for Governmental Activities	\$ 89,166,510

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The notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	Capital Project			Totals	Totals
	Funds				
	General	Spec. Imp. District Const.	Nonmajor Funds		
REVENUES					
Taxes	\$ 13,938,981	\$ -	\$ 601,395	\$ 14,540,376	\$ 14,640,812
Licenses and permits	226,774	-	-	226,774	257,775
Intergovernmental	1,114,859	-	807,371	1,922,230	2,441,935
Charges for services	190,909	-	12,189	203,098	233,242
Fines and forfeits	163,896	-	-	163,896	194,452
Special assessments	-	71,143	-	71,143	75,831
Miscellaneous	237,242	-	337,697	574,939	567,639
Administrative reimbursement	1,029,463	-	-	1,029,463	874,536
Contributions to permanent endowment	-	-	1,920	1,920	1,430
Investment earnings	2,871	13	24,446	27,330	69,193
Total revenues	<u>16,904,995</u>	<u>71,156</u>	<u>1,785,018</u>	<u>18,761,169</u>	<u>19,356,845</u>
EXPENDITURES					
Current					
General government	3,327,290	741	56,737	3,384,768	3,495,263
Community development	509,564	-	633,406	1,142,970	1,188,313
Public safety	5,407,792	-	157,982	5,565,774	5,705,886
Engineering and inspection	325,878	-	-	325,878	367,083
Public works	3,267,950	-	-	3,267,950	3,582,984
Parks and cemetery	1,221,390	-	-	1,221,390	1,059,141
Insurance	174,924	-	-	174,924	193,828
Capital outlay	427,918	-	2,428,406	2,856,324	3,370,975
Debt service	-	-	388,715	388,715	417,957
Total expenditures	<u>14,662,706</u>	<u>741</u>	<u>3,665,246</u>	<u>18,328,693</u>	<u>19,381,430</u>
Revenues in excess of expenditures	<u>2,242,289</u>	<u>70,415</u>	<u>(1,880,228)</u>	<u>432,476</u>	<u>(24,585)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds and premiums	-	-	2,681,594	2,681,594	-
Payment to escrow agent	-	-	(2,625,357)	(2,625,357)	-
Transfers in	363,696	-	435,162	798,858	1,536,719
Transfers out	(852,910)	-	(346,634)	(1,199,544)	(1,934,417)
Net other financing sources (uses)	<u>(489,214)</u>	<u>-</u>	<u>144,765</u>	<u>(344,449)</u>	<u>(397,698)</u>
Change in fund balance	1,753,075	70,415	(1,735,463)	88,027	(422,283)
FUND BALANCE, Beginning	5,050,628	-	6,611,974	11,662,602	12,084,885
FUND BALANCE, Ending	<u>\$ 6,803,703</u>	<u>\$ 70,415</u>	<u>\$ 4,876,511</u>	<u>\$ 11,750,629</u>	<u>\$ 11,662,602</u>

The notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2010

	2010
Net change in fund balances - governmental funds	\$ 88,027
<p>The change in net assets reported for governmental activities in the statement of activities is different because</p> <p>Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capitalized assets	3,132,096
Donated infrastructure	2,075,336
Depreciation expense	(5,190,668)
<p>Internal service funds are used by the City to charge the costs of vehicles and employee health and dental costs to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities in the statement of activities</p>	
	103,890
<p>Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized unless they are both measurable and available and expenditures are not reported for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, revenues are recognized when earned, and expenses and liabilities are recognized regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following are the related adjustments</p>	
Change in special assessments receivable/deferred revenues	(53,522)
Change in accrued interest payable	(7,692)
Change in accrued compensated absences	106,332
<p>Repayment of principal on long-term debt is reported as an expenditure in the governmental funds but reduces the liability in the statement of net assets.</p>	
Principal repayments on long-term debt	292,126
Payment to escrow agent	2,625,357
Proceeds from issuance of revenue bonds	(2,570,000)
Premiums on Issuance of long-term debt	(111,594)
Amortization of bond premiums	12,375
Change in net assets of governmental activities	\$ 502,063

The notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO

Statement of Net Assets

Proprietary Funds

December 31, 2010

	Enterprise Funds				Total Enterprise Funds	Internal Service Funds	Totals	Totals
	Water	Sewer	Sanitation	Nonmajor Funds			2010	2009
					ASSETS			
Current Assets								
Cash and cash equivalents	\$ 5,424,646	\$ 5,737,362	\$ 371,781	\$ 156,035	\$ 11,689,824	\$ 3,732,232	\$ 15,422,056	\$ 12,813,497
Certificates of deposit	1,780,683	2,949,719	-	-	4,730,402	-	4,730,402	4,717,551
Accounts receivable - net	384,546	266,764	145,201	14,895	811,406	-	811,406	831,685
Due from other governments	-	-	-	14,758	14,758	38,365	53,123	-
Sewer tap credits	-	283,380	-	-	283,380	-	283,380	283,380
Interest receivable	2,628	3,034	-	-	5,662	-	5,662	2,179
Inventory of supplies	277,195	47,180	34,807	-	359,182	72,329	431,511	448,211
Total Current Assets	7,869,698	9,287,439	551,789	185,688	17,894,614	3,842,926	21,737,540	19,096,503
Noncurrent Assets								
Restricted cash and cash equivalents	949,045	-	-	-	949,045	-	949,045	944,026
Capital assets	23,658,089	32,097,759	-	1,810,184	57,566,032	3,409,039	60,975,071	62,280,118
Deferred bond issue costs - net of amortization	20,552	20,717	-	-	41,269	-	41,269	49,919
Total Noncurrent Assets	24,627,686	32,118,476	-	1,810,184	58,556,346	3,409,039	61,965,385	63,274,063
Total Assets	32,497,384	41,405,915	551,789	1,995,872	76,450,960	7,251,965	83,702,925	82,370,566
LIABILITIES								
Current Liabilities								
Accounts payable	53,933	833,475	39,875	14,868	942,151	274,280	1,216,431	464,638
Customer deposits and deposits in escrow	241,958	-	-	12,414	254,372	-	254,372	243,833
Accrued salaries and benefits	9,448	8,422	5,545	-	23,415	9,120	32,535	22,700
Deferred revenue	-	288,180	-	-	288,180	-	288,180	288,180
Accrued compensated absences	30,565	20,635	15,153	18,106	84,459	30,204	114,663	120,576
Accrued interest payable	31,095	32,986	-	-	64,081	-	64,081	67,890
Claims payable	-	-	-	-	-	563,431	563,431	402,976
Long-term debt due in one year	186,900	253,100	-	-	440,000	-	440,000	420,000
Total Current Liabilities	553,899	1,436,798	60,573	45,388	2,096,658	877,035	2,973,693	2,030,793
Noncurrent Liabilities								
Revenue bonds - net of discount and premium	2,609,774	2,592,800	-	-	5,202,574	-	5,202,574	5,638,892
Total Liabilities	3,163,673	4,029,598	60,573	45,388	7,299,232	877,035	8,176,267	7,669,685
NET ASSETS								
Invested in capital assets net of related debt	20,881,967	29,272,576	-	1,810,184	51,964,727	3,409,039	55,373,766	56,271,145
Unrestricted	8,451,744	8,103,741	491,216	140,300	17,187,001	2,965,891	20,152,892	18,429,736
Total Net Assets	\$ 29,333,711	\$ 37,376,317	491,216	\$ 1,950,484	\$ 69,151,728	\$ 6,374,930	\$ 75,526,658	\$ 74,700,881

The notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Enterprise Funds					Total Enterprise Internal Service Funds	Totals	Totals
	Water	Sewer	Sanitation	Nonmajor Funds	Enterprise Funds		2010	2009
OPERATING REVENUES								
Water sales	\$ 5,289,340	\$ -	\$ -	\$ -	\$ 5,289,340	\$ -	\$ 5,289,340	\$ 5,105,041
Sewer charges	-	2,784,687	-	-	2,784,687	-	2,784,687	2,659,983
Tap fees unpledged	34,176	25,009	-	-	59,185	-	59,185	301,990
Sanitation charges	-	-	1,443,215	-	1,443,215	-	1,443,215	1,368,860
Pavilion charges	-	-	-	181,995	181,995	-	181,995	187,526
Interfund charges	-	-	-	-	-	4,625,692	4,625,692	4,025,499
Other Charges	5,798	31,740	-	-	37,538	11,473	49,011	55,100
Administrative reimbursement	145,035	-	-	-	145,035	-	145,035	130,776
Miscellaneous	-	-	-	-	-	589,041	589,041	488,789
Total Operating Revenues	5,474,349	2,841,436	1,443,215	181,995	9,940,995	5,226,206	15,167,201	14,323,564
OPERATING EXPENSES								
Enterprise administration	363,336	465,621	345,541	-	1,174,498	73,816	1,248,314	1,081,938
Operations and maintenance	3,072,411	1,252,707	1,274,182	532,027	6,131,327	1,607,679	7,739,006	7,376,917
Medical claims	-	-	-	-	-	2,315,722	2,315,722	2,103,043
Insurance premiums	-	-	-	-	-	346,765	346,765	317,387
Depreciation	919,688	1,448,367	-	229,226	2,597,281	990,078	3,587,359	3,301,620
Capital outlay	-	-	-	-	-	-	-	356,716
Total Operating Expenses	4,355,435	3,166,695	1,619,723	761,253	9,903,106	5,334,060	15,237,166	14,537,621
Net Operating Income	1,118,914	(325,259)	(176,508)	(579,258)	37,889	(107,854)	(69,965)	(214,057)
NONOPERATING REVENUES (EXPENSES)								
Intergovernmental revenues	392	-	-	25,902	26,294	38,365	64,659	(17,256)
Investment earnings	29,095	43,733	302	-	73,130	2,291	75,421	173,505
Gain (loss) on sale of assets	-	-	-	-	-	10,345	10,345	109,238
Interest expense	(127,163)	(138,397)	-	-	(265,560)	-	(265,560)	(281,150)
Amortization of bond issue costs	(3,917)	(4,733)	-	-	(8,650)	-	(8,650)	(10,271)
Net Nonoperating Revenues (Expenses)	(101,593)	(99,397)	302	25,902	(174,786)	51,001	(123,785)	(25,934)
Income Before Contributions and Transfers	1,017,321	(424,656)	(176,206)	(553,356)	(136,897)	(56,853)	(193,750)	(239,991)
Contributions and Transfers								
Capacity fees and Dedicated infrastructure	55,460	128,441	-	-	183,901	-	183,901	344,340
Dedicated & contributed capital assets	259,140	175,800	-	-	434,940	-	434,940	753,187
Transfers in	-	-	-	417,989	417,989	160,743	578,732	397,697
Transfers out	(17,303)	(160,743)	-	-	(178,046)	-	(178,046)	-
Net Contributions and Transfers	297,297	143,498	-	417,989	858,784	160,743	1,019,527	1,495,224
Change in Net Assets	1,314,618	(281,158)	(176,206)	(135,367)	721,887	103,890	825,777	1,255,233
NET ASSETS, Beginning	28,019,093	37,657,475	667,422	2,085,851	68,429,841	6,271,040	74,700,881	73,445,648
NET ASSETS, ENDING	\$ 29,333,711	\$ 37,376,317	\$ 491,216	\$ 1,950,484	\$ 69,151,728	\$ 6,374,930	\$ 75,526,658	\$ 74,700,881

The notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	Enterprise Funds						Totals	Totals
	Water	Sewer	Sanitation	Nonmajor Funds	Total Enterprise Funds	Internal Service Funds	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 5,478,444	\$ 2,824,322	1,436,752	\$ 190,197	\$ 9,929,715	\$ 642,612	\$ 10,572,327	\$ 10,259,714
Receipts from interfund services provided	-	-	-	-	-	4,625,692	4,625,692	4,025,499
Payments to suppliers	(2,751,402)	(387,372)	(1,003,879)	(302,607)	(4,445,260)	(3,693,613)	(8,138,873)	(8,671,029)
Payments to employees	(504,666)	(432,213)	(312,031)	(229,561)	(1,478,471)	(474,328)	(1,952,799)	(1,995,466)
Payments for internal services used	(174,288)	(131,023)	(274,731)	(15,876)	(595,918)	(29,347)	(625,265)	(557,064)
Net cash provided (used) by operating activities	2,048,088	1,873,714	(153,889)	(357,847)	3,410,066	1,071,016	4,481,082	3,061,654
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Operating transfers in	-	-	-	417,989	417,989	160,743	578,732	397,697
Operating transfers out	(17,303)	(160,743)	-	-	(178,046)	-	(178,046)	-
Net cash provided (used) by noncapital financing activities	(17,303)	(160,743)	-	417,989	239,943	160,743	400,686	397,697
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Capital contributions and tap fees	55,460	128,441	-	-	183,901	-	183,901	344,340
Capital grants	392	-	-	11,144	11,536	-	11,536	1,371,807
Proceeds from sale of assets	-	-	-	-	-	10,345	10,345	109,238
Acquisition and construction of capital assets	(54,973)	(1,257,089)	-	(14,301)	(1,326,363)	(521,009)	(1,847,372)	(2,936,631)
Principal paid on long-term debt	(177,035)	(239,283)	-	-	(416,318)	-	(416,318)	(400,606)
Interest paid on long-term debt	(128,579)	(140,790)	-	-	(269,369)	-	(269,369)	(284,797)
Net cash provided (used) by capital and related financing activities	(304,735)	(1,508,721)	-	(3,157)	(1,816,613)	(510,664)	(2,327,277)	(1,796,649)
CASH FLOWS FROM INVESTING ACTIVITIES								
Payments received on long-term investments	-	-	-	-	-	-	-	17,750
Investment in certificates of deposits	17,677	(30,528)	-	-	(12,851)	-	(12,851)	398,327
Interest on investments	27,706	41,639	302	-	69,647	2,291	71,938	240,770
Net cash provided (used) by investing activities	45,383	11,111	302	-	56,796	2,291	59,087	656,847
Net increase (decrease) in cash and cash equivalents	1,771,433	215,361	(153,587)	56,985	1,890,192	723,386	2,613,578	2,319,549
CASH AND CASH EQUIVALENTS, Beginning	4,602,258	5,522,001	525,368	99,050	10,748,677	3,008,846	13,757,523	11,437,974
CASH AND CASH EQUIVALENTS, Ending	\$ 6,373,691	\$ 5,737,362	371,781	\$ 156,035	\$ 12,638,869	\$ 3,732,232	\$ 16,371,101	\$ 13,757,523
Reconciliation of operating income to net cash provided by operating activities								
Operating income (loss)	\$ 1,118,914	\$ (325,259)	(176,508)	\$ (579,258)	\$ 37,889	\$ (107,854)	\$ (69,965)	\$ (214,059)
Adjustments to reconcile operating income to net cash provided by operating activities								
Depreciation	919,688	1,448,367	-	229,226	2,597,281	990,078	3,587,359	3,301,620
Changes in assets and liabilities								
(Increase) decrease in accounts receivable	(5,048)	(17,114)	(6,463)	6,806	(21,819)	42,098	20,279	(56,406)
(Increase) decrease in inventory of supplies	9,857	(19,181)	30,800	-	21,476	(4,776)	16,700	98,011
Increase (decrease) in accounts payable	(7,295)	786,622	(2,746)	(15,323)	761,258	(9,465)	751,793	(240,915)
Increase (decrease) in customer deposits and deposits in escrow	9,143	-	-	1,396	10,539	-	10,539	18,057
Increase (decrease) in accrued salaries and benefits	3,613	3,408	1,936	(2,770)	6,187	3,648	9,835	(149)
Increase (decrease) in accrued compensated absences	(784)	(3,129)	(908)	2,076	(2,745)	(3,168)	(5,913)	4,393
Increase (decrease) in claims payable	-	-	-	-	-	160,455	160,455	151,102
Net cash provided (used) by operating activities	\$ 2,048,088	\$ 1,873,714	(153,889)	\$ (357,847)	\$ 3,410,066	\$ 1,071,016	\$ 4,481,082	\$ 3,061,654
SUPPLEMENTAL INFORMATION								
Donated Infrastructure	\$ 259,140	\$ 175,800						\$ 633,600

The notes are an integral part of these financial statements.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The City of Montrose, Colorado (referred to hereafter as the "City") is incorporated as a home-rule City under the laws of the State of Colorado with a Council-Manager form of government. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. As required by generally accepted accounting principles, these financial statements present the City of Montrose, a primary government. Based on criteria set forth in GASB, there are no component units for which the City is financially accountable.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Government-wide Statements. The statement of net assets and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have, been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer, Sanitation, Montrose Pavilion and the City's internal service funds are charges to customers for sales and services. The Water and Sewer Funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Fund Financial Statements- The fund financial statements provide information about the City's funds. Separate statements for each fund category governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The City does not have fiduciary fund type.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Improvement District Construction Fund- This fund accounts for large infrastructure capital improvements funded through special improvement assessments.

The City reports the following major enterprise funds:

Water Fund-This fund accounts for the operation, maintenance, and development of water services.

Sewer Fund-This fund accounts for the operation, maintenance, and development of sewer services.

Sanitation Fund - This Fund accounts for the operation and maintenance of the sanitation collection system.

The City reports the following fund type:

Internal Service Funds - These funds account for equipment purchased and medical insurance coverage provided to other departments on a cost-reimbursement basis.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

Government-wide and Proprietary Fund Financial Statements -The government wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchanges, include sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period for which the taxes are collected by vendors. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. 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 considered to be susceptible to accrual. Expenditures are recorded 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.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues or fund transfers. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues or fund transfers.

All governmental, business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY

Deposits and investments - The cash balances of substantially all funds are pooled for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at December 31, 2010, based on market prices. The individual funds' portions of the pool's fair value are presented as cash and cash equivalents or short-term investments. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average monthly balance of each participating fund.

Cash and cash equivalents - The City considers all cash on hand, demand deposits and short-term highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes - Property taxes are levied on December 22 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31, net of an estimated uncollectible portion.

For the fiscal year 2010, the City did not levy property taxes.

Inventories - Inventories of supplies in the proprietary fund types are stated at the lower of cost or market. Cost is determined by using last invoice cost.

Restricted assets and restricted net assets - Restricted assets in governmental and enterprise funds include assets restricted by various covenants of bonds issued by the City, including bond and interest funds, reserve funds, unexpended proceeds of bond issues and amounts reserved for the future water and sewer expansion. Restricted assets in the non-major governmental funds generally include assets restricted by grantors.

Capital assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D.ASSETS, LIABILITIES, AND EQUITY (continued)

Enterprise Fund construction costs are increased by interest incurred on bonds during the construction period and reduced by earnings from investment of the unexpended bond proceeds.

Depreciation is calculated using the straight-line method over the estimated useful lives, and no depreciation is recorded in the year of acquisition or construction of such assets. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense in the appropriate fund. The estimated useful lives are as follows:

Infrastructure	25 years
Equipment	5-20 years
Transmission and distribution lines and meters	12-30 years
Treatment and filtration plants	20-40 years
Buildings	30 years

Long-term debt - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond discounts, issuance costs, and deferred amounts on refunding associated with issuing bonds of proprietary-type funds or bonds issued or refunded after December 31, 2002 for governmental activities are deferred and amortized over the life of the bond issues.

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

Compensated absences - The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing budgets:

- a. Budgets are required by state law for all governmental and proprietary funds.

- b. During September the proposed budget is submitted to the City Council for the fiscal year commencing the following January 1.

- c. Prior to October 31, the budget is adopted and appropriations are authorized by ordinance at the fund level for all funds. The legal level of budgetary control is at the individual fund level for all funds.

- d. 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 (restricted funds of the Utility Fund) and bond principal and interest payments and does not budget for depreciation.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to approval by ordinance from the City Council. Within the fund level control basis, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.

Appropriations lapse at the end of each year, and the City Council may adopt supplemental appropriations during the year. The City Council may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City' manager or the revenue estimates must be changed by the City Council when adopting supplemental appropriations.

Originally adopted budgeted expenditures and the final, amended year budgeted expenditures for the ended December 31, 2010 are as follows:

	ORIGINAL BUDGET	AMENDMENT	FINAL BUDGET
General Fund	\$ 16,415,831	\$ -	\$ 16,415,831
Spec. Imp. District Construction Fund	-	1,250	1,250
Water Fund	7,355,378	-	7,355,378
Sewer Fund	9,734,334	-	9,734,334
Sanitation Fund	1,646,980	-	1,646,980
Nonmajor Governmental Funds	9,999,127	1,571,715	11,570,842
Nonmajor Enterprise Funds	654,401	-	654,401
Internal Service Funds	4,655,945	707,538	5,363,483
	<u>\$ 50,461,996</u>	<u>\$ 2,280,503</u>	<u>\$ 52,742,499</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS

A summary of the City's cash and investment balances as of December 31, 2010 and how they are displayed in the financial statements is shown below:

Petty Cash	\$ 2,600
Cash Accounts	21,770,658
Investments	<u>10,301,325</u>
Total Cash and Investments	<u>\$ 32,074,583</u>

Cash and Equivalents	\$ 24,790,866
Certificates of Deposit	6,334,672
Restricted Cash and Equivalents	<u>949,045</u>
Total Cash and Investments	<u>\$ 32,074,583</u>

A. DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must at least equal to 102% the aggregate uninsured deposits.

Custodial credit risk- Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits allows funds to be placed in any account that is guaranteed by the Federal Deposit Insurance Corporation with remaining amounts collateralized by securities pledged by the financial institution. As of December 31, 2010, none of the City's bank balances of were exposed to custodial credit risk as all deposits were either insured or collateralized by securities pledged by financial institutions. A summary of this coverage is as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 1,015,015	\$ 1,015,015
PDPA Collateralized	<u>20,924,448</u>	<u>20,755,643</u>
Total Cash Deposits	<u>\$ 21,939,463</u>	<u>\$ 21,770,658</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

B. INVESTMENTS

At December 31, 2010 the City had the following investments:

	Fair Value	Rating	Weighted Avg Mat.
Local Government Pools	\$ 9,917,646	AAAm	-
Mutual Funds	383,679	AAA	-
Total Investments	\$ 10,301,325		

Interest rate risk - The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments may not exceed a maturity date from purchase in excess of five years unless they are for reserve funds. The City has not experienced fair value losses for the past five years.

Credit risk - Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U S government agency securities, certain international agency securities, general obligation and revenue bonds of U S local government entities, bankers' acceptances of certain banks; commercial paper, local government investment pools, written repurchase agreements collateralized by certain authorized securities, certain money market funds, and guaranteed investment contracts. The City's general investment policy is to apply the prudent-person rule. Prudence and protection of City funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2010, the City's investment in Colotrust Plus, a 2a7-like investment pool, was rated AAAm by Standard & Poor's. The City also had investments in SEI Daily Income TR Prime Obligation A(government money market fund) for the Demoret Trust permanent fund, which was rated AAA by Standard & Poor's.

Concentration of credit risk - Investments must be in accordance with Colorado statutes and, pursuant to the City's regulations, no more than 25% of the total portfolio may be invested in any single banking or savings and loan institution. Including certificates of deposit and other investments, more than 25 percent of the City's total investments for the year ended December 31, 2010, were in a single financial institution, Colotrust, at approximately 60%.

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLES

Receivables are stated net of the following allowances for uncollectible.

Enterprise Funds:	
Sewer Fund	\$ 2,206

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year follows:

	Governmental Activities			
	Balance 1/1/2010	Increases	Decreases	Balance 12/31/2010
Capital assets not being depreciated:				
Land	\$ 9,502,108	\$ 190,751	\$ -	\$ 9,692,859
Capital assets being depreciated:				
Land improvement	693,844	275,910	-	969,754
Infrastructure - road network	93,290,795	4,359,283	-	97,650,078
Buildings	8,365,318	356,728	-	8,722,046
Vehicles	-	-	-	-
Equipment	5,009,904	24,760	46,217	4,988,447
Internal service vehicles	7,414,562	497,386	225,306	7,686,642
Internal service equipment	373,086	23,623	9,074	387,635
Total capital assets being depreciated	<u>115,147,509</u>	<u>5,016,681</u>	<u>280,597</u>	<u>120,404,602</u>
Less accumulated depreciation for:				
Land improvements	557,979	11,328	-	569,307
Infrastructure - road network	36,592,629	4,356,795	-	40,949,424
Buildings	2,811,234	373,025	-	3,184,259
Vehicles	-	-	-	-
Equipment	3,467,701	449,520	46,217	3,871,004
Internal service vehicles	3,845,783	890,072	225,306	4,510,549
Internal service equipment	63,757	100,006	9,074	154,689
Total accumulated depreciation	<u>47,339,083</u>	<u>6,180,746</u>	<u>280,597</u>	<u>53,239,232</u>
Total capital assets being depreciated, net	<u>67,808,426</u>	<u>(1,164,065)</u>	<u>-</u>	<u>67,165,370</u>
Governmental activity capital assets, net	<u>\$ 77,310,534</u>	<u>\$ (973,314)</u>	<u>\$ -</u>	<u>\$ 76,858,229</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 4 - CAPITAL ASSETS (continued)

	Business-Type Activities			
	Balance 1/1/2010	Increases	Decreases	Balance 12/31/2010
<u>Utility</u>				
Land and Easements	\$ 1,966,694	\$ -	\$ -	\$ 1,966,694
Capital assets being depreciated:				
Reservoirs	3,868,780	1,800	-	3,870,580
Transmission, collection and distribution lines	51,757,553	623,732	-	52,381,285
Treatment Plant	16,808,275	1,114,170	-	17,922,445
Equipment	440,477	7,300	-	447,777
Total capital assets being depreciated	<u>72,875,085</u>	<u>1,747,002</u>	<u>-</u>	<u>74,622,087</u>
Less accumulated depreciation for:				
Reservoirs	217,132	74,362	-	291,494
Transmission, collection and distribution lines	8,356,701	1,684,257	-	10,040,958
Treatment Plant	9,592,770	572,285	-	10,165,055
Equipment	298,275	37,151	-	335,426
Total accumulated depreciation	<u>18,464,878</u>	<u>2,368,055</u>	<u>-</u>	<u>20,832,933</u>
Total Utility capital assets being depreciated, net	<u>54,410,207</u>	<u>(621,053)</u>	<u>-</u>	<u>53,789,154</u>
<u>Other business-type activity programs</u>				
Capital assets being depreciated				
Building & Improvements	4,389,133	14,301	-	4,403,434
Equipment	453,960	-	5,166	448,794
Total capital assets being depreciated	<u>4,843,093</u>	<u>14,301</u>	<u>5,166</u>	<u>4,852,228</u>
Less accumulated depreciation for				
Building & Improvements	2,581,385	188,718	-	2,770,103
Equipment	236,599	40,508	5,166	271,941
Total accumulated depreciation	<u>2,817,984</u>	<u>229,226</u>	<u>5,166</u>	<u>3,042,044</u>
Total capital assets being depreciated, net	<u>2,025,109</u>	<u>(214,925)</u>	<u>-</u>	<u>1,810,184</u>
Business-type activities capital assets, net	<u>\$ 58,402,010</u>	<u>\$ (835,978)</u>	<u>\$ -</u>	<u>\$ 57,566,032</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 4 - CAPITAL ASSETS (continued)

<u>Governmental Activities</u>	
General government	\$ 450,302
Public safety	294,706
Public works, including depreciation of general infrastructure assets	4,365,888
Parks and cemetery	79,772
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	<u>990,078</u>
Total depreciation expense	
Governmental activities	<u>\$ 6,180,746</u>
<u>Business-Type Activities</u>	
Water	\$ 919,688
Sewer	1,448,367
Montrose Pavilion	<u>229,226</u>
Total depreciation expense	
Business-Type activities	<u>\$ 2,597,281</u>

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CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 5 - EMPLOYEE RETIREMENT PLANS

The City provides pension benefits for all of its full time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The International City Managers Association (ICMA) Retirement Corporation Prototype Money Purchase Plan, known as the City of Montrose Pension Plan, covers all full-time City employees including police officers. Employees are eligible to participate after six months of service. A contractual agreement between the City and ICMA requires the City to contribute an amount equal to eight percent of all employees' salaries. The City is also required to contribute for each police officer an amount (not to exceed 8.00%) equivalent to the Social Security and Medicare taxes paid for non-police employees less any Medicare taxes paid for officers hired after March 31, 1986. For those officers hired before and after March 31, 1986, the total percentage was 15.65% and 14.20%, respectively, during 2010. The City's contributions for each employee become fully vested immediately. These contributions are paid to ICMA and ICMA administers the plan.

The City's total payroll for fiscal year 2010 was \$9,011,899. The City's contributions were calculated using the base salary of \$8,802,916. The City made the required contributions of 8.00% for employees and police officers and an additional required percentage based on Social Security and Medicare taxes for each police officer amounting to a total of \$780,988.

NOTE 6 - EMPLOYEE MEDICAL BENEFIT PLAN

The City adopted an employee medical benefit plan whereby the City self-insures the first \$45,000 per individual of covered medical claims, with a maximum annual City self insurance liability of approximately \$1,837,000, exclusive of dental benefits, based on approximately 170 employees and dependents covered in 2010. The City estimates and records incurred but not reported medical claims liability in the Employee Medical Benefit Fund based on historical experience of outstanding medical claims. Changes in the reported medical claims liability since January 1, 2009 resulted from the following.

	Beginning	Current Year	Claim	Ending
	Balance	Claims & Changes in Estimates	Balance Payment	Balance
2009	\$ 251,874	\$ 2,103,043	\$ 1,951,941	\$ 402,976
2010	402,976	2,034,723	1,874,268	563,431

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 7 - COMMITMENTS

Raw Water Purchase

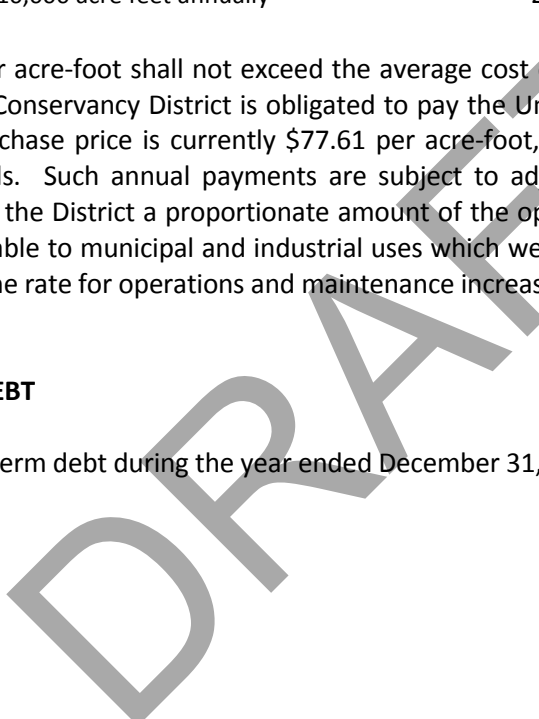
The City has entered into a contract with the Tri-County Conservancy District to purchase water from the Dallas Creek Project as follows:

ANNUAL PURCHASE AND OPERATION AND MAINTENANCE COMMITMENT	CALENDAR YEARS	ANNUAL PAYMENTS
Block One, Two and Three 10,000 acre feet annually	2008 - 2049	\$ 836,135

The purchase price per acre-foot shall not exceed the average cost of all municipal and industrial water for which the Tri-County Water Conservancy District is obligated to pay the United States for such water, which is limited to \$38,000,000. The purchase price is currently \$77.61 per acre-foot, with potential cost adjustments at no longer than five year intervals. Such annual payments are subject to adjustment as a result of rate adjustments. In addition, the City pays the District a proportionate amount of the operations, maintenance and replacement costs of the project attributable to municipal and industrial uses which we reset at \$4.00 per acre foot subject to annual adjustment. In 2010 the rate for operations and maintenance increased to \$6.00 per acre foot.

NOTE 8 - SHORT-TERM DEBT

The City had no short-term debt during the year ended December 31, 2010.



CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 9 -LONG-TERM DEBT

**A. CITY OF MONTROSE SALES AND USE TAX REVENUE BONDS AND NOTES
PAYABLE FROM GOVERNMENTAL ACTIVITES:**

<p>\$5,000,000 General Fund Excise Tax Revenue Bonds of July 1, 1998 due in installments of \$240,000 in 2007, increasing to \$365,000 in 2016, with a final payment of \$385,000 in 2017, plus interest at 4.20 to 5 00%per annum. Bonds were refunded during 2010.</p>	\$	-
<p>\$2,570.000Sales and Use Tax Revenue Refunding Bonds of June 2, 2010 due in installments of \$285,000 in 2010, increasing to \$340,000 in 2016, with a final payment of \$360,000 in 2017, plus interest at 2.50 to 4 00% per annum. Plus unamortized premium</p>	2,285,000	99,219
<p>\$151,500 Energy Impact Assistance Loan of November 24, 1999 due in annual installments of \$12,189 from 2006 to 2019, including interest at 5% per annum. Total payable from governmental activities</p>	<u>86,634</u>	<u>\$ 2,470,853</u>

**B. CITY OF MONTROSE GENERAL OBLIGATION AND REVENUE BONDS PAYABLE
FROM BUSINESS-TYPE ACTIVITIES**

<p>\$6,045,000 Water and Sewer Revenue Refunding and Improvement Bonds of March 15, 2004 due in annual installments of \$230,000 in 2008, increasing to \$405,000 in 2023, with a final payment of \$420,000 in 2024,plus interest at 2.00% to 4.75% per annum. Plus unamortized premium Less deferred refunding costs</p>	\$4,570,000	29,775	<u>(14,926)</u>	\$ 4,584,849
<p>\$3,060,000 Water and Sewer Revenue Bonds of January 1, 1996 due in annual installments of \$165,000 in 2008 increasing to \$225,000 in 2014, with a final payment of \$235,000 in 2015, plus interest at 4.50% to 5.40% per annum Less unamortized discount</p>	1,060,000	<u>(2,273)</u>	<u>1,057,727</u>	<u>\$5,642,576</u>
<p>Total payable from business-type activities is</p>				

The full faith and credit of the City is pledged for payment of principal and interest on the general obligation bonds, but the bonds have no effect on the general bonding limit of the City.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 10 - LONG-TERM DEBT (continued)

C. PRINCIPAL AND INTEREST PAYMENT REQUIREMENTS

Principal and interest payment requirements on the City's General Obligation, Revenue Bonds and Notes payable from governmental and business – type activities are as follows:

Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2011	\$ 307,858	\$ 78,407	\$ 440,000	\$ 249,726
2012	318,250	69,014	455,000	231,966
2013	328,663	60,852	470,000	213,516
2014	334,096	52,419	500,000	189,826
2015	339,551	43,839	525,000	164,614
2016-2020	743,216	47,937	1,650,000	551,850
2021-2024	-	-	1,590,000	171,780
Total	\$ 2,421,634	\$ 366,818	\$ 5,630,000	\$ 1,773,278

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2010 was as follows:

	<u>Governmental Activities</u>			<u>Balance</u> <u>12/31/10</u>	<u>Due within</u> <u>one year</u>
	<u>Balance</u> <u>1/1/10</u>	<u>Additions</u>	<u>Payments</u>		
Governmental activities:					
Revenue bonds	\$ 2,625,000	\$ 2,570,000	\$ 2,910,000	\$ 2,285,000	\$ 300,000
Unamortized bond premium	-	111,594	12,375	99,219	-
Note payable	94,117	-	7,483	86,634	78,781
Obligations under capital leases	-	-	-	-	-
Compensated absences	670,218	337,593	443,926	563,886	563,886
Total governmental activities	\$ 3,389,335	\$ 3,019,187	\$ 3,373,784	\$ 3,034,739	\$ 942,667
	<u>Business-Type Activities</u>			<u>Balance</u> <u>12/31/2010</u>	<u>Due within</u> <u>one year</u>
	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Reductions</u>		
Revenue bonds	\$ 6,050,000	\$ -	\$ 420,000	\$ 5,630,000	\$ 686,966
Deferred refunding costs	(22,760)	-	(7,834)	(14,926)	-
Unamortized bond premium	34,822	-	5,048	29,774	-
Unamortized bond discount	(3,170)	-	(897)	(2,273)	-
Compensated absences	87,204	137,014	139,759	84,459	84,459
Total Business-type activities	\$ 6,146,096	\$ 137,014	\$ 556,076	\$ 5,727,034	\$ 771,425

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 10 - LONG-TERM DEBT (continued)

D. CHANGES IN LONG-TERM LIABILITIES (continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$30,204 of accrued costs of employees' future compensated absences payable of internal service funds are included in the above amounts. Also, for the governmental activities, accrued costs of employees' future compensated absences are generally liquidated by the general fund.

E. ADVANCE REFUNDING

The City issued \$6,045,000 of Water and Sewer Revenue bonds in 2004 to provide \$4,000,000 for construction projects and \$2,045,000 (plus an additional deposit of \$369,511 from the City) to provide resources in U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the 1993 \$2,325,000 Water and Sewer Revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$123,032. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to obtain an economic gain of \$55,913. At December 31, 2010, the outstanding amount of defeased bonds was \$1,310,000, with said amount maturing in full in 2013.

During 2010, the City issued Sales and Use Tax Revenue Refunding Bonds in the amount of \$2,570,000 to advance refund the 1998 General Fund Excise Tax Revenue Bonds. This advance refunding was undertaken to obtain an economic savings of \$222,973. The 1998 bonds in the amount of \$2,350,000 outstanding as of December 31, 2010 are considered defeased.

NOTE 11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND TRANSFERS

Transfers Out	Transfers In				Total
	General Fund	Nonmajor Govt Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 434,921	\$ 417,989	\$ -	\$ 852,910
Nonmajor Govt Funds	346,393	241	-	-	346,634
Major Enterprise Funds	17,303	-	-	160,743	178,046
Total	\$ 363,696	\$ 435,162	\$ 417,989	\$ 160,743	\$ 1,377,590

The above amounts were transferred for operations and debt service.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

B. INTERNAL CHARGES

The above amounts represent internal charges for services rendered to the other funds.

	Internal Equipment Leases	Info. Systems Charges	Admin Charges	Total
General Fund	\$ 1,060,559	\$ 766,030	\$ -	\$ 1,826,589
Nonmajor Govt Funds	-	10,280	-	10,280
Major Enterprise Funds	552,645	65,945	1,029,463	1,648,053
Nonmajor Enterprise Funds	935	14,941	-	15,876
Internal Service Funds	15,398	26,089	-	41,487
Total	<u>\$ 1,629,537</u>	<u>\$ 883,285</u>	<u>\$ 1,029,463</u>	<u>\$ 3,542,285</u>

NOTE 12 - JOINT VENTURE

Project 7 Water Authority

The City is a participant with two other municipalities and two water districts in a joint venture to operate the Project 7 Water Authority, a water treatment facility. The Authority is governed by a board consisting of five appointed representatives from each of the participants. The City is obligated by contract to purchase the treatment of 825 million gallons of water annually from the Authority so long as the Authority has any unpaid debt, other than from operating expenses. The rate for 2010 was 85 cents per thousand gallons, which results in a minimum annual purchase commitment of \$701,250, but the rate charged may be changed by action of the Authority. During 2010, the City purchased treatment of 1,247 million gallons for \$1,060,335. At December 31, 2010, the City owed the Authority \$44,209. Separate financial statements of Project 7 Water Authority are available from the City or the Authority.

NOTE 13 - PARTICIPATION IN PUBLIC ENTITY RISK POOL

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a participant in the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA operates as a common risk management and insurance program for 238 members participating in the Property & Casualty Pool and 128 members in the Workers' Compensation Pool. The City pays an annual premium to CIRSA for its general insurance coverage and workers' compensation insurance coverage. The agreement for formation of CIRSA provides that CIRSA will be financed by member premiums and will reinsure through commercial companies for claims in excess of \$1,500,000 for each insured event. The City has no other commercial insurance for other risks including employee health and accident insurance described in Note 6.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 14 - TAX, SPENDING AND DEBT LIMITATIONS

The State Constitution, Article X, Section 20, has several limitations regarding revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the Section. However, the City has made certain interpretations of the Section's language in order to determine its compliance. The emergency reserves required under the Section have been funded in the General Fund.

NOTE 15 - CONTINGENT LIABILITIES

Under the terms of federal and state grants, costs may be questioned as not being appropriate expenses that could lead to reimbursement to the grantor agencies. City management is not aware of any such expenses that would not be allowed. The City is a defendant in several lawsuits. The City attorney is not able to make any conclusions as to material loss contingencies not covered by insurance resulting from such litigation. No adjustments to the financial statements have been made for such contingencies.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 General Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Original & Final Budget	Actual		
REVENUES				
Taxes	\$ 13,788,866	\$ 13,938,981	\$ 150,115	\$ 14,025,057
Licenses and permits	240,300	226,774	(13,526)	257,775
Intergovernmental	863,383	1,114,859	251,476	1,172,130
Charges for services	183,800	190,909	7,109	221,053
Fines and forfeits	237,000	163,896	(73,104)	194,452
Miscellaneous	138,090	237,242	99,152	482,793
Administrative reimbursement	996,999	1,029,463	32,464	874,536
Investment earnings	20,000	2,871	(17,129)	22,021
Total revenues	<u>16,468,438</u>	<u>16,904,995</u>	<u>436,557</u>	<u>17,249,817</u>
EXPENDITURES				
Current				
General government				
City council	73,884	67,856	6,028	89,850
Washington D.C. consultant	74,000	45,000	29,000	80,745
Community program support	45,000	40,688	4,312	103,483
Economic development	325,000	325,000	-	340,000
Montrose museum	3,060	1,055	2,005	7,980
Public relations/marketing	156,258	144,622	11,636	176,545
Uncompahgre Valley leadership	9,150	224	8,926	9,447
City attorney	411,011	399,410	11,601	465,595
City manager	341,421	342,412	(991)	330,605
Human resources	303,419	295,509	7,910	292,896
GIS	231,471	224,233	7,238	210,008
Finance	676,098	648,657	27,441	627,788
Municipal court	210,726	190,118	20,608	200,057
Teen court	9,484	4,626	4,858	8,925
Administrative services	120,463	123,126	(2,663)	120,216
City clerk	247,454	216,397	31,057	174,831
Municipal complex	238,686	254,162	(15,476)	251,647
Postage	-	4,195	(4,195)	-
Total general government	<u>3,476,585</u>	<u>3,327,290</u>	<u>149,295</u>	<u>3,490,618</u>
Community development				
Comm. development	558,024	509,564	48,460	519,921
Public safety				
Police	3,101,148	3,007,673	93,475	2,884,914
Public safety administration	1,928,554	1,841,874	86,680	1,911,403
Animal control	607,445	558,245	49,200	529,117
Total public safety	<u>5,637,147</u>	<u>5,407,792</u>	<u>229,355</u>	<u>5,325,434</u>
Engineering and inspection				
Code compliance	382,145	325,878	56,267	367,083

(Continued)

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 General Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Original & Final Budget	Actual		
Public works				
Engineer	511,198	355,793	155,405	541,938
Public works administration	517,499	515,546	1,953	467,788
Traffic control	-	-	-	135,730
Street maintenance	2,454,572	2,075,836	378,736	1,996,919
Street cleaning	312,672	312,283	389	261,138
Snow removal	-	-	-	94,632
Green waste removal	12,754	8,492	4,262	10,167
Weed control	-	-	-	74,277
Total public works	<u>3,808,695</u>	<u>3,267,950</u>	<u>540,745</u>	<u>3,582,589</u>
Parks and cemetery				
Parks maintenance	1,060,242	1,116,773	(56,531)	963,444
Tree program	10,500	7,209	3,291	7,988
Cemetery	92,363	92,044	319	83,205
Montrose Lions community building	5,612	5,364	248	4,504
Total parks and cemetery	<u>1,168,717</u>	<u>1,221,390</u>	<u>(52,673)</u>	<u>1,059,141</u>
Insurance	<u>210,000</u>	<u>174,924</u>	<u>35,076</u>	<u>193,828</u>
Capital outlay				
General government outlays	-	104,683	(104,683)	1,050
Public works outlays	280,000	323,235	(43,235)	304,059
Parks & recreation outlays	-	-	-	15,365
Total capital outlay	<u>280,000</u>	<u>427,918</u>	<u>(147,918)</u>	<u>320,474</u>
Total expenditures	<u>15,521,313</u>	<u>14,662,706</u>	<u>858,607</u>	<u>14,859,088</u>
Revenues in excess of expenditures	<u>947,125</u>	<u>2,242,289</u>	<u>1,295,164</u>	<u>2,390,729</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	363,696	361,696	2,951
Transfers out	(894,518)	(852,910)	41,608	(1,894,286)
Net other financing sources (uses)	<u>(892,518)</u>	<u>(489,214)</u>	<u>403,304</u>	<u>(1,891,335)</u>
Change in fund balance	54,607	1,753,075	1,698,468	499,394
FUND BALANCE, Beginning	<u>5,050,628</u>	<u>5,050,628</u>	<u>-</u>	<u>4,551,234</u>
FUND BALANCE, Ending	<u>\$ 5,105,235</u>	<u>\$ 6,803,703</u>	<u>\$ 1,698,468</u>	<u>\$ 5,050,628</u>

See the accompanying independent auditors' report.

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SUPPLEMENTARY INFORMATION

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CITY OF MONTROSE, COLORADO
 Balance Sheet
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	Special Revenue Funds								
	Retail Sales Enhancement	Methamphetamine Grant	Police Department Technology	TEA 21 Downtown Streetscape	7th Judicial Drug Taskforce	Hazardous Elimination Grant	HUD - EDI Special Project	Downtown Development Authority	Surplus & Deficiency
ASSETS									
Cash and cash equivalents	\$ 60,531	\$ (24,386)	\$ 363	\$ 3,746	\$ 41,161	\$ 835	\$ (742)	\$ 21,595	\$ 153,875
Certificates of deposit	-	-	-	-	-	-	-	-	-
Accounts receivable - net	25,151	-	-	-	15,000	-	-	-	-
Due from other governments	-	30,269	18,459	-	-	-	-	-	-
Sales tax receivable	-	-	-	-	-	-	-	-	-
Total Assets	\$ 85,682	\$ 5,883	\$ 18,822	\$ 3,746	\$ 56,161	\$ 835	\$ (742)	\$ 21,595	\$ 153,875
LIABILITIES AND FUND EQUITY									
LIABILITIES									
Accounts payable	\$ 43,501	\$ 5,883	\$ 18,822	\$ -	\$ 867	\$ -	\$ -	\$ 4,376	\$ -
Accrued salaries and benefits	-	-	-	-	743	-	-	-	-
Total Liabilities	43,501	5,883	18,822	-	1,610	-	-	4,376	-
FUND BALANCE									
Reserved									
For debt service	-	-	-	-	-	-	-	-	-
For perpetual care	-	-	-	-	-	-	-	-	-
For beautification - expendable	-	-	-	-	-	-	-	-	-
For beautification - corpus	-	-	-	-	-	-	-	-	-
For capital projects	-	-	-	-	-	-	-	-	-
For parks	-	-	-	-	-	-	-	-	-
Unreserved in:									
Special revenue funds	42,181	-	-	3,746	54,551	835	(742)	17,219	153,875
Total Fund Balance	42,181	-	-	3,746	54,551	835	(742)	17,219	153,875
Total Liabilities and Fund Balances	\$ 85,682	\$ 5,883	\$ 18,822	\$ 3,746	\$ 56,161	\$ 835	\$ (742)	\$ 21,595	\$ 153,875

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See the accompanying independent auditors' report.

Special Revenue Funds					Debt Service Funds			Permanent Funds		Capital Project Funds		Totals	Totals
Capital Improvement	Conservation Trust	Pavilion Senior Center	Special Benefits	Tourism Promotion	1998 General Fund Excise Tax Revenue	Southeast Sewer Improvement	EDA Fireflow Loan	Demoret Trust	Cemetery Perpetual Care	Grand/Rio Grande Project	Elks Building Renovation	Nonmajor Funds 2010	Nonmajor Funds 2009
\$ 712,408	\$ 65,719	\$ 12,611	\$ 159,927	\$ 24,054	\$ 60,443	\$ -	\$ 10,441	\$ 392,704	\$ 105,391	\$ 1,099,061	\$ 137,885	\$ 3,037,622	\$ 4,877,313
508,241	125,833	-	-	-	-	-	-	-	-	970,196	-	1,604,270	1,586,608
-	-	-	-	-	-	-	4,007	-	-	-	-	44,158	28,880
350,852	-	-	-	-	-	-	-	-	-	-	-	399,580	438,118
-	-	-	-	25,642	-	-	-	-	-	-	-	25,642	28,007
<u>\$ 1,571,501</u>	<u>\$ 191,552</u>	<u>\$ 12,611</u>	<u>\$ 159,927</u>	<u>\$ 49,696</u>	<u>\$ 60,443</u>	<u>\$ -</u>	<u>\$ 14,448</u>	<u>\$ 392,704</u>	<u>\$ 105,391</u>	<u>\$ 2,069,257</u>	<u>\$ 137,885</u>	<u>\$ 5,111,272</u>	<u>\$ 6,958,926</u>
\$ 66,497	\$ 41,171	\$ 32	\$ 140	\$ 49,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,033	\$ -	\$ 234,018	\$ 346,506
-	-	-	-	-	-	-	-	-	-	-	-	743	446
<u>66,497</u>	<u>41,171</u>	<u>32</u>	<u>140</u>	<u>49,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,033</u>	<u>-</u>	<u>234,761</u>	<u>346,952</u>
-	-	-	-	-	60,443	-	14,448	-	-	-	-	74,891	74,888
-	-	-	-	-	-	-	-	-	105,391	-	-	105,391	103,471
-	-	-	-	-	-	-	-	71,323	-	-	-	71,323	73,538
-	-	-	-	-	-	-	-	321,381	-	-	-	321,381	319,223
-	-	-	-	-	-	-	-	-	-	2,066,224	137,885	2,204,109	2,459,747
-	-	-	100,764	-	-	-	-	-	-	-	-	100,764	-
<u>1,505,004</u>	<u>150,381</u>	<u>12,579</u>	<u>59,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,998,652</u>	<u>3,581,107</u>
<u>1,505,004</u>	<u>150,381</u>	<u>12,579</u>	<u>159,787</u>	<u>-</u>	<u>60,443</u>	<u>-</u>	<u>14,448</u>	<u>392,704</u>	<u>105,391</u>	<u>2,066,224</u>	<u>137,885</u>	<u>4,876,511</u>	<u>6,611,974</u>
<u>\$ 1,571,501</u>	<u>\$ 191,552</u>	<u>\$ 12,611</u>	<u>\$ 159,927</u>	<u>\$ 49,696</u>	<u>\$ 60,443</u>	<u>\$ -</u>	<u>\$ 14,448</u>	<u>\$ 392,704</u>	<u>\$ 105,391</u>	<u>\$ 2,069,257</u>	<u>\$ 137,885</u>	<u>\$ 5,111,272</u>	<u>\$ 6,958,926</u>

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CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	Special Revenue Funds									
	Retail Sales Enhancement	Methamphetamine Grant	Police Department Technology	TEA 21 Downtown Streetscape	7th Judicial Drug Taskforce	Hazardous Elimination Grant	HUD - EDI Special Project	Downtown Development Authority	Surplus & Deficiency	Capital Improvement
REVENUES										
Taxes	\$ 240,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	64,360	18,459	-	843	119,077	-	30,100	-	397,768
Charges for services	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	96,027	-	-	-	-	204,500
Contributions to permanent endowment	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	1	227	5,685
Total revenues	240,555	64,360	18,459	-	96,870	119,077	-	30,101	227	607,953
EXPENDITURES										
Current										
General government	-	-	-	-	-	-	-	-	-	-
Community development	247,514	-	-	-	-	-	-	12,882	-	-
Public safety	-	63,142	-	-	94,840	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	24,760	18,459	-	-	118,242	-	-	-	1,600,505
Debt service	-	-	-	-	-	-	-	-	-	-
Total expenditures	247,514	87,902	18,459	-	94,840	118,242	-	12,882	-	1,600,505
Revenues in excess of expenditures	(6,959)	(23,542)	-	-	2,030	835	-	17,219	227	(992,552)
OTHER FINANCING SOURCES (USES)										
Bond proceeds and premiums	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	-	23,542	-	-	35,095	-	-	-	-	-
Transfers out	-	-	-	(23,478)	-	(304,638)	(14,632)	-	-	(3,665)
Net other financing sources (uses)	-	23,542	-	(23,478)	35,095	(304,638)	(14,632)	-	-	(3,665)
Change in fund balance	(6,959)	-	-	(23,478)	37,125	(303,803)	(14,632)	17,219	227	(996,217)
FUND BALANCE, Beginning	49,140	-	-	27,224	17,426	304,638	13,890	-	153,648	2,501,221
FUND BALANCE, Ending	\$ 42,181	\$ -	\$ -	\$ 3,746	\$ 54,551	\$ 835	\$ (742)	\$ 17,219	\$ 153,875	\$ 1,505,004

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See the accompanying independent auditors' report.

Special Revenue Funds				Debt Service Funds			Permanent Funds		Capital Project Funds		Totals	Totals
Conservation Trust	Pavilion Senior Center	Special Benefits	Tourism Promotion	1998 General			Demoret Trust	Cemetery Perpetual Care	Grand/Rio Grande Project	Elks Building Renovation	Non Major 2010	Non Major 2009
				Fund Excise Tax Revenue	EDA Fireflow Loan							
\$ -	\$ -	\$ -	\$ 360,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 601,395	\$ 615,755
78,028	-	5,000	-	-	-	-	-	17,574	76,162	-	807,371	1,269,805
-	-	-	-	-	12,189	-	-	-	-	-	12,189	12,189
8,500	4,483	24,187	-	-	-	-	-	-	-	-	337,697	84,846
-	-	-	-	-	-	-	-	-	-	-	1,920	1,430
1,840	-	15	-	-	4	443	221	15,980	30	-	24,446	47,160
88,368	4,483	29,202	360,840	-	12,193	443	2,141	33,554	76,192	-	1,785,018	2,031,185
-	-	-	-	56,237	-	500	-	-	-	-	56,737	3,500
-	2,500	9,670	360,840	-	-	-	-	-	-	-	633,406	668,392
-	-	-	-	-	-	-	-	-	-	-	157,982	380,452
-	-	-	-	-	-	-	-	-	-	-	-	395
300,581	-	475	-	-	-	-	-	359,684	5,700	-	2,428,406	2,713,851
-	-	-	-	376,526	12,189	-	-	-	-	-	388,715	417,957
300,581	2,500	10,145	360,840	432,763	12,189	500	-	359,684	5,700	-	3,665,246	4,184,547
(212,213)	1,983	19,057	-	(432,763)	4	(57)	2,141	(326,130)	70,492	-	(1,880,228)	(2,153,362)
-	-	-	-	2,681,594	-	-	-	-	-	-	2,681,594	-
-	-	-	-	(2,625,357)	-	-	-	-	-	-	(2,625,357)	-
-	-	-	-	376,525	-	-	-	-	-	-	435,162	1,369,484
-	-	-	-	-	-	-	(221)	-	-	-	(346,634)	(40,131)
-	-	-	-	432,762	-	-	(221)	-	-	-	144,765	1,329,353
(212,213)	1,983	19,057	-	(1)	4	(57)	1,920	(326,130)	70,492	-	(1,735,463)	(824,009)
362,594	10,596	140,730	-	60,444	14,444	392,761	103,471	2,392,354	67,393	-	6,611,974	7,435,983
\$ 150,381	\$ 12,579	\$ 159,787	\$ -	\$ 60,443	\$ 14,448	\$ 392,704	\$ 105,391	\$ 2,066,224	\$ 137,885	\$ -	\$ 4,876,511	\$ 6,611,974

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CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Retail Sales Enhancement Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009	
	Final Budget	Actual		Budget	Actual
REVENUES					
Taxes	\$ 240,000	\$ 240,555	\$ 555	\$ 248,780	
EXPENDITURES					
Community development					
Retail Sales Enhancement	<u>240,000</u>	<u>247,514</u>	<u>(7,514)</u>	<u>246,412</u>	
Revenues in excess of expenditures	-	(6,959)	(6,959)	2,368	
FUND BALANCE, Beginning	<u>49,140</u>	<u>49,140</u>	<u>-</u>	<u>46,772</u>	
FUND BALANCE, Ending	<u>\$ 49,140</u>	<u>\$ 42,181</u>	<u>\$ (6,959)</u>	<u>\$ 49,140</u>	

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Methamphetamine Grant Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010			Variance With Final Budget	2009
	Original Budget	Final Budget	Actual		Actual
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 64,360	\$ 64,360	\$ 24,475
EXPENDITURES					
Current					
Public safety					
Grant specific expenditures	-	80,000	63,142	16,858	24,475
Capital outlay					
Public safety outlays	-	403,281	24,760	378,521	-
Total expenditures	-	483,281	87,902	395,379	24,475
Revenues in excess of expenditures	-	(483,281)	(23,542)	459,739	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	23,542	23,542	-
Change in fund balance	-	(483,281)	-	483,281	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ (483,281)	\$ -	\$ 483,281	\$ -

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Police Department Technology Grants Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				2009 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 18,459	\$ 18,459	\$ 252,137
EXPENDITURES					
Current					
Public safety					
Grant specific expenditures	-	271,207	-	271,207	252,137
Public safety outlays	-	-	18,459	(18,459)	-
Change in fund balance	-	(271,207)	-	271,207	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ (271,207)</u>	<u>\$ -</u>	<u>\$ 271,207</u>	<u>\$ -</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 TEA 21 Downtown Streetscape Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				2009 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 235,080
Investment earnings	-	-	-	-	287
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,367</u>
EXPENDITURES					
Capital outlay					
Highways & streets outlays	-	-	-	-	551,495
Revenues in excess of expenditures	-	-	-	-	(316,128)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	62,531
Transfers out	-	(25,352)	(23,478)	1,874	-
Net other financing sources (uses)	<u>-</u>	<u>(25,352)</u>	<u>(23,478)</u>	<u>1,874</u>	<u>62,531</u>
Change in fund balance	-	(25,352)	(23,478)	1,874	(253,597)
FUND BALANCE, Beginning	27,224	27,224	27,224	-	280,821
FUND BALANCE, Ending	<u>\$ 27,224</u>	<u>\$ 1,872</u>	<u>\$ 3,746</u>	<u>\$ 1,874</u>	<u>\$ 27,224</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 7th Judicial Drug Taskforce Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Intergovernmental	\$ -	\$ 843	\$ 843	\$ -
Miscellaneous	<u>60,000</u>	<u>96,027</u>	<u>36,027</u>	<u>68,931</u>
Total revenues	60,000	96,870	36,870	68,931
EXPENDITURES				
Current				
Public safety				
Grant specific expenditures	<u>94,280</u>	<u>94,840</u>	<u>(560)</u>	<u>103,840</u>
Revenues in excess of expenditures	(34,280)	2,030	36,310	(34,909)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>34,953</u>	<u>35,095</u>	<u>142</u>	<u>35,420</u>
Change in fund balance	673	37,125	36,452	511
FUND BALANCE, Beginning	<u>17,426</u>	<u>17,426</u>	<u>-</u>	<u>16,915</u>
FUND BALANCE, Ending	<u>\$ 18,099</u>	<u>\$ 54,551</u>	<u>\$ 36,452</u>	<u>\$ 17,426</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Hazardous Elimination Grant Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				2009 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 119,077	\$ 119,077	\$ 304,638
EXPENDITURES					
Comm. development	-	-	-	-	721
Capital outlay					
Public works outlays	-	422,880	118,242	304,638	321,588
Total expenditures	-	422,880	118,242	304,638	322,309
Revenues in excess of expenditures	-	(422,880)	835	423,715	(17,671)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	322,309
Transfers out	-	-	(304,638)	(304,638)	-
Change in fund balance	-	(422,880)	(303,803)	119,077	304,638
FUND BALANCE, Beginning	304,638	304,638	304,638	-	-
FUND BALANCE, Ending	\$ 304,638	\$ (118,242)	\$ 835	\$ 119,077	\$ 304,638

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 HUD - EDI Special Project Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009
	Final Budget	Actual		Actual
REVENUES				
Intergovernmental	\$ 147,000	\$ -	\$ (147,000)	\$ 36,882
EXPENDITURES				
Comm. development	<u>147,000</u>	<u>-</u>	<u>147,000</u>	<u>37,624</u>
Revenues in excess of expenditures	-	-	-	(742)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	14,632
Transfers out	<u>-</u>	<u>(14,632)</u>	<u>(14,632)</u>	<u>-</u>
Change in fund balance		(14,632)	(14,632)	13,890
FUND BALANCE, Beginning	<u>13,890</u>	<u>13,890</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 13,890</u>	<u>\$ (742)</u>	<u>\$ (14,632)</u>	<u>\$ 13,890</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Downtown Development Authority Fund
 For the Year Ended December 31, 2010

		2010			
		Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES					
	Intergovernmental	\$ -	\$ -	\$ 30,100	\$ 30,100
	Investment earnings	-	-	1	1
	Total revenues	-	-	30,101	30,101
EXPENDITURES					
	Comm. development	-	40,000	12,882	27,118
	Change in fund balance	-	(40,000)	17,219	57,219
	FUND BALANCE, Beginning	-	-	-	-
	FUND BALANCE, Ending	\$ -	\$ (40,000)	\$ 17,219	\$ 57,219

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Surplus & Deficiency Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009	
	Final Budget	Actual		Budget	Actual
REVENUES					
Investment earnings	\$ 3,000	\$ 227	\$ (2,773)	\$ 497	
Change in fund balance	3,000	227	(2,773)	497	
FUND BALANCE, Beginning	<u>153,648</u>	<u>153,648</u>	<u>-</u>	<u>153,151</u>	
FUND BALANCE, Ending	<u>\$ 156,648</u>	<u>\$ 153,875</u>	<u>\$ (2,773)</u>	<u>\$ 153,648</u>	

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Capital Improvement Fund
 For the Year Ended December 31, 2010

	Final Budget	Actual	Variance With Final Budget	2009 Actual
REVENUES				
Intergovernmental	\$ 1,400,000	\$ 397,768	\$ (1,002,232)	\$ 189,248
Miscellaneous	-	204,500	204,500	-
Investment earnings	5,000	5,685	685	9,328
Total revenues	<u>1,405,000</u>	<u>607,953</u>	<u>(797,047)</u>	<u>198,576</u>
EXPENDITURES				
Current				
Public works				
Arterial construction	-	-	-	395
Capital outlay				
Highways & streets outlays	3,630,000	1,600,505	2,029,495	1,173,376
Total expenditures	<u>3,630,000</u>	<u>1,600,505</u>	<u>2,029,495</u>	<u>1,173,771</u>
Revenues in excess of expenditures	<u>(2,225,000)</u>	<u>(992,552)</u>	<u>1,232,448</u>	<u>(975,195)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	501,164
Transfers out	-	(3,665)	(3,665)	(37,179)
Net other financing sources (uses)	<u>-</u>	<u>(3,665)</u>	<u>(3,665)</u>	<u>463,985</u>
Change in fund balance	<u>(2,225,000)</u>	<u>(996,217)</u>	<u>1,228,783</u>	<u>(511,210)</u>
FUND BALANCE, Beginning	<u>2,501,221</u>	<u>2,501,221</u>	<u>-</u>	<u>3,012,431</u>
FUND BALANCE, Ending	<u>\$ 276,221</u>	<u>\$ 1,505,004</u>	<u>\$ 1,228,783</u>	<u>\$ 2,501,221</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Conservation Trust Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				2009
	Original	Final	Actual	Variance	
	Budget	Budget		With Final Budget	
REVENUES					
Intergovernmental	\$ 83,000	\$ 83,000	\$ 78,028	\$ (4,972)	\$ 81,623
Miscellaneous	-	-	8,500	8,500	-
Investment earnings	8,000	8,000	1,840	(6,160)	5,026
Total revenues	91,000	91,000	88,368	(2,632)	86,649
EXPENDITURES					
Capital outlay					
Parks & recreation outlays	100,000	400,000	300,581	99,419	21,570
Revenues in excess of expenditures	(9,000)	(309,000)	(212,213)	96,787	65,079
FUND BALANCE, Beginning	362,594	362,594	362,594	-	297,515
FUND BALANCE, Ending	<u>\$ 353,594</u>	<u>\$ 53,594</u>	<u>\$ 150,381</u>	<u>\$ 96,787</u>	<u>\$ 362,594</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Pavilion Senior Center Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009	
	Final Budget	Actual		Budget	Actual
REVENUES					
Miscellaneous	\$ 3,975	\$ 4,483	\$ 508	\$ 4,124	
EXPENDITURES					
Community development Pavilions Senior Center	<u>4,750</u>	<u>2,500</u>	<u>2,250</u>	<u>3,511</u>	
Revenues in excess of expenditures	(775)	1,983	2,758	613	
FUND BALANCE, Beginning	<u>10,596</u>	<u>10,596</u>	<u>-</u>	<u>9,983</u>	
FUND BALANCE, Ending	<u>\$ 9,821</u>	<u>\$ 12,579</u>	<u>\$ 2,758</u>	<u>\$ 10,596</u>	

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Special Benefits Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009	
	Final Budget	Actual		Budget	Actual
REVENUES					
Intergovernmental	\$ -	\$ 5,000	\$ 5,000	\$ 4,400	
Miscellaneous	5,500	24,187	18,687	11,791	
Investment earnings	500	15	(485)	68	
Total revenues	<u>6,000</u>	<u>29,202</u>	<u>23,202</u>	<u>16,259</u>	
EXPENDITURES					
Current					
General government					
Community development					
Special benefit	<u>14,125</u>	<u>9,670</u>	<u>4,455</u>	<u>15,668</u>	
Capital outlay					
General government outlays	<u>-</u>	<u>475</u>	<u>(475)</u>	<u>-</u>	
Revenues in excess of expenditures	<u>(8,125)</u>	<u>19,057</u>	<u>27,182</u>	<u>591</u>	
FUND BALANCE, Beginning	<u>140,730</u>	<u>140,730</u>	<u>-</u>	<u>140,139</u>	
FUND BALANCE, Ending	<u>\$ 132,605</u>	<u>\$ 159,787</u>	<u>\$ 27,182</u>	<u>\$ 140,730</u>	

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Tourism Promotion Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				2009
	Original	Final	Actual	Variance	
	Budget	Budget		With Final	
REVENUES					
Taxes	\$ 361,550	\$ 361,550	\$ 360,840	\$ (710)	\$ 366,975
EXPENDITURES					
Current					
Community development					
Special benefit	350,705	370,000	360,840	9,160	364,456
Revenues in excess of expenditures	10,845	(8,450)	-	8,450	2,519
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	(2,519)
Net other financing sources (uses)	-	-	-	-	(2,519)
Change in fund balance	10,845	(8,450)	-	8,450	-
FUND BALANCE, Beginning	-	-	-	-	-
FUND BALANCE, Ending	\$ 10,845	\$ (8,450)	\$ -	\$ 8,450	\$ -

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 1998 General Fund Excise Tax Revenue Bonds Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ 292
EXPENDITURES				
Current				
General government				
Finance	-	56,237	(56,237)	-
Total general government	-	56,237	(56,237)	-
Debt service				
Principal	275,000	285,000	(10,000)	265,000
Interest and fees	128,578	91,526	37,052	140,768
Escrow Payment	-	2,625,357	(2,625,357)	-
Total debt service	403,578	3,001,883	(2,598,305)	405,768
Total expenditures	403,578	3,058,120	(2,654,542)	405,768
Revenues in excess of expenditures	(403,578)	(3,058,120)	(2,654,542)	(405,476)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	2,570,000	2,570,000	-
Bond Premiums	-	111,594	111,594	-
Transfers in	403,578	376,525	(27,053)	405,768
Net other financing sources (uses)	403,578	3,058,119	2,654,541	405,768
Change in fund balance	-	(1)	(1)	292
FUND BALANCE, Beginning	60,444	60,444	-	60,152
FUND BALANCE, Ending	\$ 60,444	\$ 60,443	\$ (1)	\$ 60,444

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 EDA Fireflow Loan Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Charges for services	\$ 12,189	\$ 12,189	\$ -	\$ 12,189
Investment earnings	50	4	(46)	17
Total revenues	<u>12,239</u>	<u>12,193</u>	<u>(46)</u>	<u>12,206</u>
EXPENDITURES				
Current				
Debt service				
Principal	7,483	7,670	(187)	7,305
Interest and fees	4,706	4,519	187	4,884
Total expenditures	<u>12,189</u>	<u>12,189</u>	<u>-</u>	<u>12,189</u>
Change in fund balance	50	4	(46)	17
FUND BALANCE, Beginning	<u>14,444</u>	<u>14,444</u>	<u>-</u>	<u>14,427</u>
FUND BALANCE, Ending	<u>\$ 14,494</u>	<u>\$ 14,448</u>	<u>\$ (46)</u>	<u>\$ 14,444</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Demoret Trust Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Investment earnings	\$ 2,000	\$ 443	\$ (1,557)	\$ 1,342
EXPENDITURES				
Current				
General government				
Administrative services	<u>500</u>	<u>500</u>	<u>-</u>	<u>3,500</u>
Revenues in excess of expenditures	1,500	(57)	(1,557)	(2,158)
FUND BALANCE, Beginning	<u>392,761</u>	<u>392,761</u>	<u>-</u>	<u>394,919</u>
FUND BALANCE, Ending	<u>\$ 394,261</u>	<u>\$ 392,704</u>	<u>\$ (1,557)</u>	<u>\$ 392,761</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Cemetery Perpetual Care Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Contributions to permanent endowment	\$ 1,200	\$ 1,920	\$ 720	\$ 1,430
Investment earnings	1,200	221	(979)	433
Total revenues	2,400	2,141	(259)	1,863
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,000)	(221)	1,779	(433)
Change in fund balance	400	1,920	1,520	1,430
FUND BALANCE, Beginning	103,471	103,471	-	102,041
FUND BALANCE, Ending	<u>\$ 103,871</u>	<u>\$ 105,391</u>	<u>\$ 1,520</u>	<u>\$ 103,471</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Spec. Imp. District Const. Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				
	Original	Final	Actual	Variance	2009
	Budget	Budget		With Final	Actual
REVENUES					
Special assessments	\$ 115,106	\$ 115,106	\$ 71,143	\$ (43,963)	\$ 75,831
Investment earnings	500	500	13	(487)	12
Total revenues	<u>115,606</u>	<u>115,606</u>	<u>71,156</u>	<u>(44,450)</u>	<u>75,843</u>
EXPENDITURES					
Current					
General government					
Administrative services	-	1,250	741	509	1,145
Capital outlay					
Public works outlays	-	-	-	-	336,650
Total expenditures	<u>-</u>	<u>1,250</u>	<u>741</u>	<u>509</u>	<u>337,795</u>
Revenues in excess of expenditures	115,606	114,356	70,415	(43,941)	(261,952)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	164,284
Change in fund balance	115,606	114,356	70,415	(43,941)	(97,668)
FUND BALANCE, Beginning	-	-	-	-	97,668
FUND BALANCE, Ending	<u>\$ 115,606</u>	<u>\$ 114,356</u>	<u>\$ 70,415</u>	<u>\$ (43,941)</u>	<u>\$ -</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Grand/Rio Grande Project Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009	
	Final Budget	Actual		Budget	Actual
REVENUES					
Intergovernmental	\$ 4,100,000	\$ 17,574	\$ (4,082,426)	\$ 86,150	
Investment earnings	20,000	15,980	(4,020)	29,625	
Total revenues	4,120,000	33,554	(4,086,446)	115,775	
EXPENDITURES					
Capital outlay					
Highways & streets outlays	5,000,000	359,684	4,640,316	471,718	
Revenues in excess of expenditures	(880,000)	(326,130)	553,870	(355,943)	
FUND BALANCE, Beginning	2,392,354	2,392,354	-	2,748,297	
FUND BALANCE, Ending	\$ 1,512,354	\$ 2,066,224	\$ 553,870	\$ 2,392,354	

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Elks Building Renovation Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				2009 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 76,162	\$ 76,162	\$ 55,172
Investment earnings	-	-	30	30	245
Total revenues	-	-	76,192	76,192	55,417
EXPENDITURES					
Current					
Capital outlay					
General government outlays	-	5,700	5,700	-	174,104
Revenues in excess of expenditures	-	(5,700)	70,492	76,192	(118,687)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	27,660
Change in fund balance	-	(5,700)	70,492	76,192	(91,027)
FUND BALANCE, Beginning	67,393	67,393	67,393	-	158,420
FUND BALANCE, Ending	\$ 67,393	\$ 61,693	\$ 137,885	\$ 76,192	\$ 67,393

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
Statement of Net Assets
Combining Nonmajor Proprietary Funds
For the Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

		Enterprise Funds	
		Montrose Pavilion	
		2010	2009
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 156,035	\$ 99,050
Accounts receivable - net		14,895	21,701
Due from other governments		14,758	-
	Total Current Assets	<u>185,688</u>	<u>120,751</u>
Noncurrent Assets			
Capital assets		1,810,184	2,025,109
	Total Assets	<u>1,995,872</u>	<u>2,145,860</u>
LIABILITIES			
Current Liabilities			
Accounts payable		14,868	30,191
Customer deposits and deposits in escrow		12,414	11,018
Accrued salaries and benefits		-	2,770
Accrued compensated absences		18,106	16,030
	Total Current Liabilities	<u>45,388</u>	<u>60,009</u>
NET ASSETS			
Invested in capital assets net of related debt		1,810,184	2,025,109
Unrestricted		140,300	60,742
	Total Net Assets	<u>\$ 1,950,484</u>	<u>\$ 2,085,851</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenses and Changes in Net Assets
Combining Nonmajor Proprietary Funds
For the Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

		Enterprise Funds	
		Montrose Pavilion	
		2009	2008
OPERATING REVENUES			
Pavilion charges		\$ 181,995	\$ 187,526
OPERATING EXPENSES			
Operations and maintenance		532,027	583,015
Depreciation		229,226	233,459
	Total Operating Expenses	761,253	816,474
	Net Operating Income	(579,258)	(628,948)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenues		25,902	32,744
	Income Before Contributions and Transfers	(553,356)	(596,204)
Contributions and Transfers			
Transfers in		417,989	397,697
Change in Net Assets		(135,367)	(198,507)
	NET ASSETS, Beginning	2,085,851	2,284,358
	NET ASSETS, ENDING	\$ 1,950,484	\$ 2,085,851

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
Statement of Cash Flows
Combining Nonmajor Proprietary Funds
For the Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	Enterprise Fund	
	Montrose Pavilion	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 190,197	\$ 190,516
Payments to suppliers	(302,607)	(283,983)
Payments to employees	(229,561)	(277,956)
Payments for internal services used	(15,876)	(12,596)
Net cash provided (used) by operating activities	(357,847)	(384,019)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	417,989	397,697
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants	11,144	32,744
Acquisition and construction of capital assets	(14,301)	(32,744)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase (decrease) in cash and cash equivalents	56,985	13,678
CASH AND CASH EQUIVALENTS, Beginning	99,050	85,372
CASH AND CASH EQUIVALENTS, Ending	\$ 156,035	\$ 99,050
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ (579,258)	\$ (628,948)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	229,226	233,459
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	6,806	3,653
Increase (decrease) in accounts payable	(15,323)	12,318
Increase (decrease) in customer deposits and deposits in escrow	1,396	(663)
Increase (decrease) in accrued salaries and benefits	(2,770)	(334)
Increase (decrease) in accrued compensated absences	2,076	(3,504)
Net cash provided (used) by operating activities	\$ (357,847)	\$ (384,019)

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Water Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Water sales	\$ 4,868,400	\$ 5,289,340	\$ 420,940	\$ 5,105,041
Tap fees unpledged	40,000	34,176	(5,824)	62,310
Other Charges	-	5,798	5,798	3,156
Administrative reimbursement	158,225	145,035	(13,190)	130,776
Intergovernmental revenues	500,000	392	(499,608)	-
Investment earnings	52,000	29,095	(22,905)	75,980
Capacity fees and Dedicated infrastructure	116,000	314,600	198,600	346,840
Total revenues	<u>5,734,625</u>	<u>5,818,436</u>	<u>83,811</u>	<u>5,724,103</u>
EXPENDITURES				
Enterprise administration	363,338	363,336	2	314,496
Operations and maintenance	3,436,427	3,072,629	363,798	3,134,593
Capital outlay	3,250,000	(705)	3,250,705	1,218,206
Principal	178,800	177,035	1,765	171,331
Interest expense	126,813	127,163	(350)	133,098
Amortization of bond issue costs	-	3,917	(3,917)	4,687
Transfers out	-	17,303	(17,303)	-
Total expenditures	<u>7,355,378</u>	<u>3,760,678</u>	<u>3,594,700</u>	<u>4,976,411</u>
Change in net assets - budgetary basis	<u>\$ (1,620,753)</u>	2,057,758	<u>\$ 3,678,511</u>	747,692
Reconciliation of budgetary to GAAP basis:				
Capitalized assets		(487)		1,218,263
Depreciation		(919,688)		(860,642)
Debt principal payments		177,035		171,331
Change in net assets - GAAP basis		1,314,618		1,276,644
NET ASSETS, Beginning		<u>28,019,093</u>		<u>26,742,449</u>
NET ASSETS, Ending		<u>\$ 29,333,711</u>		<u>\$ 28,019,093</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Sewer Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009
	Final Budget	Actual		Actual
REVENUES				
Sewer charges	\$ 2,734,500	\$ 2,784,687	\$ 50,187	\$ 2,659,983
Tap fees unpledged	20,000	25,009	5,009	239,680
Other Charges	14,200	31,740	17,540	22,906
Intergovernmental revenues	-	-	-	(50,000)
Investment earnings	90,000	43,733	(46,267)	90,161
Capacity fees and Dedicated infrastructure	148,000	304,241	156,241	631,100
Total revenues	<u>3,006,700</u>	<u>3,189,410</u>	<u>182,710</u>	<u>3,593,830</u>
EXPENDITURES				
Enterprise administration	473,540	465,621	7,919	395,268
Operations and maintenance	1,411,721	1,252,707	159,014	1,171,280
Capital outlay	7,469,000	1,257,089	6,211,911	9,581,168
Principal	241,200	239,283	1,917	222,981
Interest expense	138,873	138,397	476	148,052
Amortization of bond issue costs	-	4,733	(4,733)	5,584
Transfers out	-	160,743	(160,743)	-
Total expenditures	<u>9,734,334</u>	<u>3,518,573</u>	<u>6,215,761</u>	<u>11,524,333</u>
Change in net assets - budgetary basis	<u>\$ (6,727,634)</u>	(329,163)	<u>\$ 6,398,471</u>	(7,930,503)
Reconciliation of budgetary to GAAP basis:				
Capitalized assets		1,257,089		9,550,302
Depreciation		(1,448,367)		(1,321,608)
Debt principal payments		239,283		222,981
Change in net assets - GAAP basis		(281,158)		521,172
NET ASSETS, Beginning		<u>37,657,475</u>		<u>37,136,303</u>
NET ASSETS, Ending		<u>\$ 37,376,317</u>		<u>\$ 37,657,475</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Sanitation Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Sanitation charges	\$ 1,363,000	\$ 1,443,215	\$ 80,215	\$ 1,368,860
Investment earnings	2,000	302	(1,698)	645
Total revenues	<u>1,365,000</u>	<u>1,443,517</u>	<u>78,517</u>	<u>1,369,505</u>
EXPENDITURES				
Enterprise administration	318,347	345,541	(27,194)	295,548
Operations and maintenance	1,305,633	1,274,182	31,451	1,217,717
Capital outlay	23,000	-	23,000	21,745
Total expenditures	<u>1,646,980</u>	<u>1,619,723</u>	<u>27,257</u>	<u>1,535,010</u>
Change in net assets - budgetary basis	<u>\$ (281,980)</u>	(176,206)	<u>\$ 105,774</u>	(165,505)
NET ASSETS, Beginning		<u>667,422</u>		<u>832,927</u>
NET ASSETS, Ending		<u>\$ 491,216</u>		<u>\$ 667,422</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Montrose Pavilion Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009
	Final Budget	Actual		Actual
REVENUES				
Pavilion charges	\$ 200,000	\$ 181,995	\$ (18,005)	\$ 187,526
Intergovernmental revenues	-	25,902	25,902	32,744
Transfers in	455,987	417,989	(37,998)	397,697
Total revenues	<u>655,987</u>	<u>625,886</u>	<u>(30,101)</u>	<u>617,967</u>
EXPENDITURES				
Operations and maintenance	654,401	532,027	122,374	583,015
Capital outlay	-	14,301	(14,301)	6,308
Total expenditures	<u>654,401</u>	<u>546,328</u>	<u>108,073</u>	<u>589,323</u>
Change in net assets - budgetary basis	<u>\$ 1,586</u>	79,558	<u>\$ 77,972</u>	28,644
Reconciliation of budgetary to GAAP basis:				
Capitalized assets		14,301		6,308
Depreciation		(229,226)		(233,459)
Change in net assets - GAAP basis		(135,367)		(198,507)
NET ASSETS, Beginning		<u>2,085,851</u>		<u>2,284,358</u>
NET ASSETS, Ending		<u>\$ 1,950,484</u>		<u>\$ 2,085,851</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO

Statement of Net Assets

Internal Service Funds

For the Year Ended December 31, 2010

(With Comparative Totals for the Year Ended December 31, 2009)

	Internal Service Funds			Total	Total
	Internal Service Equipment	Information Technology	Employee Medical Benefit	2010	2009
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,956,732	\$ 1,101,555	\$ 673,945	\$ 3,732,232	\$ 3,008,846
Accounts receivable - net	-	-	-	-	42,098
Due from other governments	-	38,365	-	38,365	-
Inventory of supplies	67,660	4,669	-	72,329	67,553
Total Current Assets	2,024,392	1,144,589	673,945	3,842,926	3,118,497
Noncurrent Assets					
Capital assets	3,176,093	232,946	-	3,409,039	3,878,108
Total Noncurrent Assets	3,176,093	232,946	-	3,409,039	3,878,108
Total Assets	5,200,485	1,377,535	673,945	7,251,965	6,996,605
LIABILITIES					
Current Assets					
Accounts payable	190,832	83,448	-	274,280	283,745
Accrued salaries and benefits	3,951	5,169	-	9,120	5,472
Accrued compensated absences	15,138	15,066	-	30,204	33,372
Claims payable	-	-	563,431	563,431	402,976
Total Current Assets	209,921	103,683	563,431	877,035	725,565
NET ASSETS					
Invested in capital assets net of related debt	3,176,093	232,946	-	3,409,039	3,878,108
Unrestricted	1,814,471	1,040,906	110,514	2,965,891	2,392,932
Total Net Assets	\$ 4,990,564	\$ 1,273,852	\$ 110,514	\$ 6,374,930	\$ 6,271,040

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	Internal Service Funds			Totals	Totals
	Internal Service Equipment	Information Technology	Employee Medical Benefit	2010	2009
OPERATING REVENUES					
Interfund charges	\$ 1,629,537	\$ 883,285	\$ 2,112,870	\$ 4,625,692	\$ 4,025,499
Other Charges	11,427	46	-	11,473	29,038
Miscellaneous	-	8,871	580,170	589,041	488,789
Total Operating Revenues	1,640,964	892,202	2,693,040	5,226,206	4,543,326
OPERATING EXPENSES					
Enterprise administration	-	-	73,816	73,816	76,626
Operations and maintenance	806,400	801,279	-	1,607,679	1,262,928
Medical claims	-	-	2,315,722	2,315,722	2,103,043
Insurance premiums	-	-	346,765	346,765	317,387
Depreciation	890,072	100,006	-	990,078	885,911
Capital outlay	-	-	-	-	311,546
Total Operating Expenses	1,696,472	901,285	2,736,303	5,334,060	4,957,441
Net Operating Income	(55,508)	(9,083)	(43,263)	(107,854)	(414,115)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	38,365	-	38,365	-
Investment earnings	1,609	475	207	2,291	6,719
Gain (loss) on sale of assets	10,045	300	-	10,345	109,238
Net Nonoperating Revenues (Expenses)	11,654	39,140	207	51,001	115,957
Income Before Contributions and Transfers	(43,854)	30,057	(43,056)	(56,853)	(298,158)
Contributions and Transfers					
Dedicated & contributed capital assets	-	-	-	-	119,587
Transfers in	160,743	-	-	160,743	-
Change in Net Assets	116,889	30,057	(43,056)	103,890	(178,571)
NET ASSETS, Beginning	4,873,675	1,243,795	153,570	6,271,040	6,449,611
NET ASSETS, Ending	\$ 4,990,564	\$ 1,273,852	\$ 110,514	\$ 6,374,930	\$ 6,271,040

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO

Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2010

(With Comparative Totals for the Year Ended December 31, 2009)

	Internal Service Funds			Totals	Totals
	Internal	Information	Employee	2010	2009
	Service Equipment	Technology	Medical Benefit		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 11,427	\$ 8,917	\$ 622,268	\$ 642,612	\$ 475,727
Receipts from interfund services provided	1,629,537	883,285	2,112,870	4,625,692	4,025,499
Payments to suppliers	(622,491)	(495,274)	(2,575,848)	(3,693,613)	(3,158,828)
Payments to employees	(205,995)	(268,333)	-	(474,328)	(468,967)
Payments for internal services used	(26,311)	(3,036)	-	(29,347)	(24,248)
Net cash provided (used) by operating activities	<u>786,167</u>	<u>125,559</u>	<u>159,290</u>	<u>1,071,016</u>	<u>849,183</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	160,743	-	-	160,743	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of assets	10,045	300	-	10,345	109,238
Acquisition and construction of capital assets	(497,386)	(23,623)	-	(521,009)	(803,155)
Net cash provided (used) by capital and related financing activities	<u>(487,341)</u>	<u>(23,323)</u>	<u>-</u>	<u>(510,664)</u>	<u>(693,917)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	1,609	475	207	2,291	6,719
Net increase (decrease) in cash and cash equivalents	461,178	102,711	159,497	723,386	161,985
CASH AND CASH EQUIVALENTS, Beginning	1,495,554	998,844	514,448	3,008,846	2,846,861
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,956,732</u>	<u>\$ 1,101,555</u>	<u>\$ 673,945</u>	<u>\$ 3,732,232</u>	<u>\$ 3,008,846</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ (55,508)	\$ (9,083)	\$ (43,263)	\$ (107,854)	\$ (414,116)
Depreciation	890,072	100,006	-	990,078	885,911
(Increase) decrease in accounts receivable	-	-	42,098	42,098	(42,098)
(Increase) decrease in inventory of supplies	(5,700)	924	-	(4,776)	14,975
Increase (decrease) in accounts payable	(41,875)	32,410	-	(9,465)	246,025
Increase (decrease) in accrued salaries and benefits	1,580	2,068	-	3,648	(123)
Increase (decrease) in accrued compensated absences	(2,402)	(766)	-	(3,168)	7,507
Increase (decrease) in claims payable	-	-	160,455	160,455	151,102
Net cash provided (used) by operating activities	<u>\$ 786,167</u>	<u>\$ 125,559</u>	<u>\$ 159,290</u>	<u>\$ 1,071,016</u>	<u>\$ 849,183</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Internal Service Equipment Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009 Actual
	Final Budget	Actual		
REVENUES				
Interfund charges	\$ 1,825,775	\$ 1,629,537	\$ (196,238)	\$ 1,517,676
Other Charges	1,500	11,427	9,927	29,038
Investment earnings	16,000	1,609	(14,391)	3,882
Gain (loss) on sale of assets	15,000	10,045	(4,955)	109,238
Transfers in	-	160,743	160,743	-
Total revenues	<u>1,858,275</u>	<u>1,813,361</u>	<u>(44,914)</u>	<u>1,659,834</u>
EXPENDITURES				
Operations and maintenance	923,054	806,400	116,654	483,766
Capital outlay	385,000	497,883	(112,883)	399,375
Total expenditures	<u>1,308,054</u>	<u>1,304,283</u>	<u>3,771</u>	<u>883,141</u>
Change in net assets - budgetary basis	<u>\$ 550,221</u>	509,078	<u>\$ (41,143)</u>	776,693
Reconciliation of budgetary to GAAP basis:				
Capital outlay		497,883		87,829
Depreciation		(890,072)		(841,599)
Change in net assets - GAAP basis		116,889		22,923
NET ASSETS, Beginning		<u>4,873,675</u>		<u>4,850,752</u>
NET ASSETS, Ending		<u>\$ 4,990,564</u>		<u>\$ 4,873,675</u>

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See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Information Technology Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010		Variance With Final Budget	2009	
	Final Budget	Actual		Budget	Actual
REVENUES					
Interfund charges	\$ 995,439	\$ 883,285	\$ (112,154)	\$ 753,677	
Other Charges	-	46	46	-	
Miscellaneous	500	8,871	8,371	46,259	
Intergovernmental revenues	-	38,365	38,365	-	
Investment earnings	2,200	475	(1,725)	1,822	
Gain (loss) on sale of assets	-	300	300	-	
Total revenues	<u>998,139</u>	<u>931,342</u>	<u>(66,797)</u>	<u>801,758</u>	
EXPENDITURES					
Operations and maintenance	878,929	802,045	76,884	779,162	
Capital outlay	11,500	(104,435)	115,935	81,080	
Total expenditures	<u>890,429</u>	<u>697,610</u>	<u>192,819</u>	<u>860,242</u>	
Change in net assets - budgetary basis	<u>\$ 107,710</u>	233,732	<u>\$ 126,022</u>	(58,484)	
Reconciliation of budgetary to GAAP basis:					
Capital outlay		(104,435)		81,080	
Depreciation		(100,006)		(44,312)	
Vacation payouts		766		-	
Dedicated & contributed capital assets		-		119,587	
Change in net assets - GAAP basis		30,057		97,871	
NET ASSETS, Beginning		<u>1,243,795</u>		<u>1,145,924</u>	
NET ASSETS, Ending		<u>\$ 1,273,852</u>		<u>\$ 1,243,795</u>	

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Employee Medical Benefit Fund
 For the Year Ended December 31, 2010
 (With Comparative Totals for the Year Ended December 31, 2009)

	2010				
	Original	Final	Actual	Variance	2009
	Budget	Budget		With Final	Actual
REVENUES					
Interfund charges	1,991,961	\$ 1,991,961	\$ 2,112,870	\$ 120,909	\$ 1,754,146
Miscellaneous	448,785	448,785	580,170	131,385	442,530
Investment earnings	5,000	5,000	207	(4,793)	1,015
Total revenues	<u>2,445,746</u>	<u>2,445,746</u>	<u>2,693,247</u>	<u>247,501</u>	<u>2,197,691</u>
EXPENDITURES					
Enterprise administration	75,050	75,050	73,816	1,234	76,626
Medical claims	2,118,312	2,825,850	2,315,722	510,128	2,103,043
Insurance premiums	264,100	264,100	346,765	(82,665)	317,387
Total expenditures	<u>2,457,462</u>	<u>3,165,000</u>	<u>2,736,303</u>	<u>428,697</u>	<u>2,497,056</u>
Change in net assets - budgetary basis	<u>(11,716)</u>	<u>\$ (719,254)</u>	<u>(43,056)</u>	<u>\$ 676,198</u>	<u>(299,365)</u>
NET ASSETS, Beginning			153,570		452,935
NET ASSETS, Ending			<u>\$ 110,514</u>		<u>\$ 153,570</u>

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See the accompanying independent auditors' report.

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STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Montrose
	YEAR ENDING : December 2010
This Information From The Records Of (example - City of _ or County of City of Montrose)	Prepared By: Shani Wittenberg Phone: 970-240-1462

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,839,444
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,388,119
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	5,321,986	b. Snow and ice removal	23,281
3. Other local imposts (from page 2)	17,626	c. Other	
4. Miscellaneous local receipts (from page 2)	168,502	d. Total (a. through c.)	23,281
5. Transfers from toll facilities		4. General administration & miscellaneous	515,547
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,212,387
a. Bonds - Original Issues		6. Total (1 through 5)	5,978,778
b. Bonds - Refunding Issues	55,000	B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	55,000	a. Interest	91,526
7. Total (1 through 6)	5,563,114	b. Redemption	285,000
B. Private Contributions		c. Total (a. + b.)	376,526
C. Receipts from State government (from page 2)	792,190	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	6,355,304	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	376,526
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	6,355,304

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,570,000		285,000	2,285,000
1. Bonds (Refunding Portion)		2,570,000	2,625,000	
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		6,355,304	6,355,304		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2010	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	5,685
b. Other local imposts:		b. Traffic Fines & Penalties	162,817
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	17,626	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	17,626	h. Other	
c. Total (a. + b.)	17,626	i. Total (a. through h.)	168,502
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	704,083	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	70,533	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify) Fed. Earmark	17,574	f. Other Federal	
f. Total (a. through e.)	88,107	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	792,190	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs		14,700	14,700
b. Engineering Costs		499,706	499,706
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		1,244,509	1,244,509
(3). System Preservation		80,529	80,529
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		1,325,038	1,325,038
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		1,839,444	1,839,444
			(Carry forward to page 1)
Notes and Comments:			