

CITY OF MONTROSE, COLORADO

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
December 31, 2013**

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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, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2013 by \$159,292,556. Of this amount, \$40,758,078 may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net assets increased by \$158,467 over calendar year 2012. 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 which is collected by retail businesses that do business within the City's boundaries whether by the delivery method or place of business. The Sales & Use tax revenue collected (3%) in 2013 was \$14,205,928, which is an increase of 2.6% over 2012 collections.
- As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$16,224,925, an increase of \$3,178,706 over 2012. Approximately 56.% of this total amount, \$9,095,995, is available for spending at the City's discretion (unassigned fund balance) in the governmental funds.
- Unassigned fund balance for the general fund was \$9,095,995, or 52.6% of the total general fund expenditures. The City's policy is to reserve six months of operating expenditures which would be \$6.9M
- Resolution 2006-24 was approved by the City Council in August that recommended transferring 1/2% of the sales & use tax to the Capital Improvement Fund for street repairs and improvements throughout the City. Due to the slow recovery of sales & use tax collections since 2009, the general fund was only able to transfer an additional \$1,132,296 to the Capital Improvement Fund for a total transfer of \$1,932,296.
- The City's total long-term liabilities decreased by \$668,952 during the current fiscal year or by approximately 12.5%.
- 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 2013, the City collected \$53,950 in water capacity fees and \$167,198 in sewer capacity fees. Respectively these represent a decrease over the previous year of 20.47% and 8.36%.
- The Water Fund purchased the land for the third water storage tank in 2011 and contracted with Preload, Inc. to design and build the tank. This project was completed early in 2013.
- In 2013, Phase III of the Airport Trunk Sewer line project was completed out of the Sewer fund at a cost of \$396,000.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses 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, street and park maintenance as well as the Pavilion. The business-type activities of the City of Montrose include Water, Sewer, Sanitation, Fleet Management and Information Services.

The government-wide financial statements can be found on pages 3 and 4 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 20 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, special improvement district construction fund because they are considered to be major funds for the 2013 fiscal year. Data from the other 18 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 29 through 30 of this report.

Proprietary funds. The City of Montrose maintains two (2) 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. In 2011 the Pavilion was moved to the general fund. *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 services, and employee health and dental insurance. 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 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 9 through 11 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 12 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 65 of the report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. Approximately 76.78% of the City's net position 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 Position

	Governmental activities		Business-type activities		Total		Amount of Change	% Change
	2013	2012	2013	2012	2013	2012		
Current assets	\$ 22,046,315	\$ 18,720,344	\$ 12,216,526	\$ 12,228,757	\$ 34,262,841	\$ 30,949,101	\$ 3,313,740	9.7%
Noncurrent assets	\$ 72,408,121	\$ 76,475,465	\$ 60,532,274	\$ 60,920,783	\$ 132,940,395	\$ 137,396,248	\$ (4,455,853)	-3.4%
Total assets	\$ 94,454,436	\$ 95,195,809	\$ 72,748,800	\$ 73,149,540	\$ 167,203,236	\$ 168,345,349	\$ (1,142,113)	-0.7%
Current liabilities	\$ 2,258,072	\$ 2,660,733	\$ 861,864	\$ 1,079,813	\$ 3,119,936	\$ 3,740,546	\$ (620,610)	-19.9%
Noncurrent liabilities	\$ 1,127,491	\$ 1,489,594	\$ 3,547,712	\$ 3,854,561	\$ 4,675,203	\$ 5,344,155	\$ (668,952)	-14.3%
Total liabilities	\$ 3,385,563	\$ 4,150,327	\$ 4,409,576	\$ 4,934,374	\$ 7,795,139	\$ 9,084,701	\$ (1,289,562)	-16.5%
Deferred Inflows - Property Taxes	\$ 115,540	\$ -	\$ -	\$ -	\$ 115,540	\$ -	\$ 115,540	100.0%
Net position:								
Net Investment in Capital Assets	\$ 60,646,357	\$ 74,641,701	\$ 53,664,674	\$ 55,837,165	\$ 114,311,031	\$ 130,478,866	\$ (16,167,835)	-14.1%
Restricted	\$ 4,223,447	\$ 3,177,360			\$ 4,223,447	\$ 3,177,360	\$ 1,046,087	24.8%
Unrestricted	\$ 26,083,528	\$ 13,099,862	\$ 14,674,550	\$ 12,378,001	\$ 40,758,078	\$ 25,477,863	\$ 15,280,215	37.5%
Total net position	\$ 90,953,332	\$ 90,918,923	\$ 68,339,224	\$ 68,215,166	\$ 159,292,556	\$ 159,134,089	\$ 158,467	0.1%

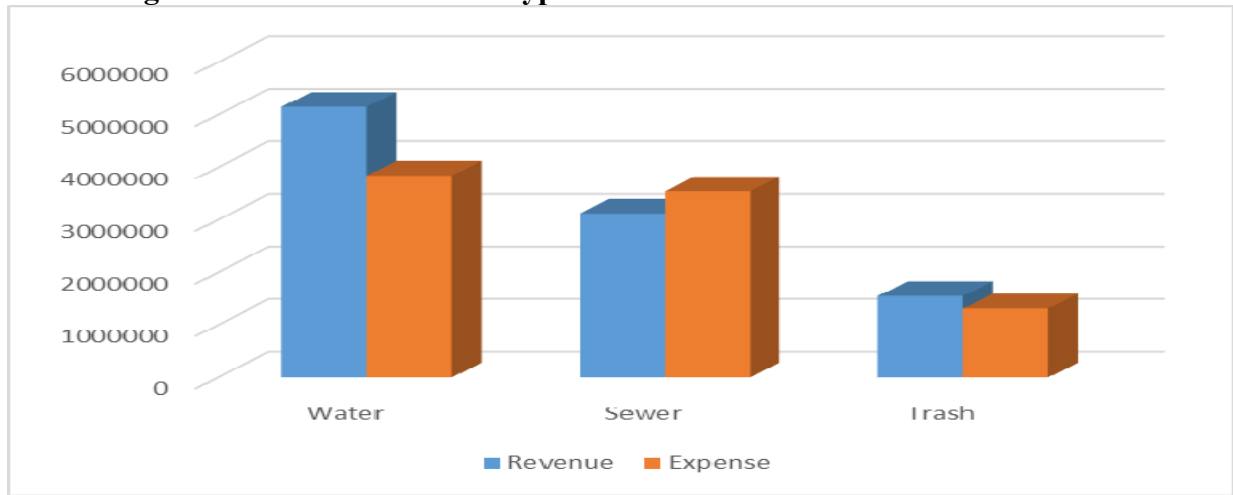
At the end of the current fiscal year, the City's net position government-wide have increased over the net position reported in 2012. Under GASB 34 the audit shows the City's net position increased by \$158,467 during 2013. This increase is partially due to increases in current assets as well as reduction of debt.

Governmental activities increased the City's net position by \$34,409 and business type activities increased the City's net position by \$124,058.

City of Montrose Changes in Net Position

	Governmental activities		Business-type activities		Total		Amount of Change
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program revenues:							
Charges for services	\$ 1,091,367	\$ 874,550	\$ 9,383,453	\$ 9,805,230	\$ 10,474,820	\$ 10,679,780	\$ (204,960)
Operating grants and contributions	\$ 1,452,971	\$ 2,308,797			\$ 1,452,971	\$ 2,308,797	\$ (855,826)
Capital Grants and contributions	\$ 486,087	\$ 1,982,224	\$ 441,183	\$ 650,652	\$ 927,270	\$ 2,632,876	\$ (1,705,606)
General revenues:					\$ -	\$ -	\$ -
Taxes					\$ -	\$ -	\$ -
Sales Tax	\$ 14,205,928	\$ 13,841,732			\$ 14,205,928	\$ 13,841,732	\$ 364,196
Franchise Fees	\$ 1,082,781	\$ 1,001,264			\$ 1,082,781	\$ 1,001,264	\$ 81,517
Cigarette Tax	\$ 62,176	\$ 69,129			\$ 62,176	\$ 69,129	\$ (6,953)
Earnings on Investments	\$ 30,694	\$ 44,683	\$ 24,804	\$ 35,857	\$ 55,498	\$ 80,540	\$ (25,042)
Miscellaneous	\$ 177,655	\$ 48,868	\$ -	\$ 820	\$ 177,655	\$ 49,688	\$ 127,967
Administrative Charges	\$ 1,024,193	\$ 1,222,503	\$ (1,024,193)	\$ (1,222,503)	\$ -	\$ -	\$ -
Other	\$ 1,760	\$ 2,880			\$ 1,760	\$ 2,880	\$ (1,120)
Capital Cont.-Infrastructure					\$ -	\$ -	\$ -
Total revenues	\$ 19,615,612	\$ 21,396,630	\$ 8,825,247	\$ 9,270,056	\$ 28,440,859	\$ 30,666,686	\$ (2,225,827)
Expenses:							
General government	\$ 3,698,116	\$ 3,959,572			\$ 3,698,116	\$ 3,959,572	\$ (261,456)
Community Development	\$ 1,031,407	\$ 1,844,137			\$ 1,031,407	\$ 1,844,137	\$ (812,730)
Public Safety	\$ 5,364,314	\$ 5,902,377			\$ 5,364,314	\$ 5,902,377	\$ (538,063)
Engineering & Inspection	\$ 200,907	\$ 196,023			\$ 200,907	\$ 196,023	\$ 4,884
Public Works	\$ 8,157,655	\$ 8,321,536			\$ 8,157,655	\$ 8,321,536	\$ (163,881)
Parks & Cemetery	\$ 1,339,741	\$ 1,535,186			\$ 1,339,741	\$ 1,535,186	\$ (195,445)
Administration	\$ (255,748)	\$ (52,754)			\$ (255,748)	\$ (52,754)	\$ (202,994)
Interest	\$ 44,811	\$ 53,477			\$ 44,811	\$ 53,477	\$ (8,666)
Water			\$ 3,844,311	\$ 3,872,305	\$ 3,844,311	\$ 3,872,305	\$ (27,994)
Sewer			\$ 3,542,013	\$ 3,104,371	\$ 3,542,013	\$ 3,104,371	\$ 437,642
Sanitation			\$ 1,314,865	\$ 1,517,512	\$ 1,314,865	\$ 1,517,512	\$ (202,647)
Montrose Pavilion			\$ -	\$ -	\$ -	\$ -	\$ -
Total expenses	\$ 19,581,203	\$ 21,759,554	\$ 8,701,189	\$ 8,494,188	\$ 28,282,392	\$ 30,253,742	\$ (1,971,350)
Increase in net position before transfers	\$ 34,409	\$ (362,924)	\$ 124,058	\$ 775,868	\$ 158,467	\$ 412,944	\$ (254,477)
Transfers	\$ -	\$ (225,938)	\$ -	\$ 225,938	\$ -	\$ -	\$ -
Change in Net Position	\$ 34,409	\$ (588,862)	\$ 124,058	\$ 1,001,806	\$ 158,467	\$ 412,944	\$ (254,477)
Net position - 1/1	\$ 90,918,924	\$ 91,507,786	\$ 68,215,166	\$ 67,213,360	\$ 159,134,090	\$ 158,721,146	\$ 412,944
Net position - 12/31	\$ 90,953,333	\$ 90,918,924	\$ 68,339,224	\$ 68,215,166	\$ 159,292,557	\$ 159,134,090	\$ 158,467

Expenses and Program Revenues – 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, *unassigned 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 \$16,224,925 an increase of \$3,178,706 over 2012. Approximately 52.6% of the governmental fund balance constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance falls into one of four categories in accordance with GASB 54 to indicate that it is not available for new spending. *Unspendable fund balance* is made up of prepaid expenses and inventory (\$8,178) and permanent funds or other corpus (\$432,758). *Restricted fund balance* is for emergencies per TABOR (\$604,000), economic development (\$185,300) pay debt service (\$339,589), beautification – Expendable (\$18,592), Capital Projects (\$2,665,840) and Parks (\$410,126). *Committed fund balance* consists of economic development (\$111,369), community development (\$12,049), public safety (\$1,968,977), parks improvements (\$317,773) and animal benefit (\$40,087). *Assigned fund balance* for parks and recreation (\$14,292).

The general fund is the chief operating fund of the City of Montrose. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,095,995, while total fund balance reached \$9,814,936. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 65.5% of total general fund expenditures, while total fund balance represents 70.7% 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 position of the Water Fund at the end of the year amounted to \$9,438,088, the Sewer Fund amounted to \$3,037,289 and the Sanitation amounted to \$114,305.

General Fund Budgetary Highlights

The Final Budget for the General Fund was \$16,895,809. Actual expenditures totaled \$16,767,524 which is an increase of \$57,213 from 2012 actual expenditures. The budget was completed in accordance with the City's Charter. The City has a six-year Capital Improvement Plan which is a helpful budgetary planning tool. Unfortunately, the City has been limited in actually budgeting for these prioritized projects because of the lack of funding sources.

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, 2013, amounts to \$222,082,466. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer infrastructure.

	Governmental Activities		Business-type Activities		Total		Amount of Change	% Change
	2013	2012	2013	2012	2013	2012		
Land	\$ 10,272,703	\$ 10,060,065	\$ 2,043,621	\$ 2,043,621	\$ 12,316,324	\$ 12,103,686	212,638	2%
Improvements other than buildings	\$ 1,530,084	\$ 1,416,516	\$ 6,925,228	\$ 6,222,579	\$ 8,455,312	\$ 7,639,095	816,217	11%
Infrastructure	\$ 108,208,542	\$ 106,729,480			\$ 108,208,542	\$ 106,729,480	1,479,062	1%
Buildings & System	\$ 13,140,617	\$ 12,857,309	\$ 78,920,315	\$ 77,169,187	\$ 92,060,932	\$ 90,026,496	2,034,436	2%
Machinery & Equipment	\$ 5,700,964	\$ 5,568,775	\$ 539,034	\$ 515,034	\$ 6,239,998	\$ 6,083,809	156,189	3%
Total	\$ 138,852,910	\$ 136,632,145	\$ 88,428,198	\$ 85,950,421	\$ 227,281,108	\$ 222,582,566	\$ 4,698,542	2%

Additional information on the City's capital assets can be found in note 3 on pages 21 through 23 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$5,740,000 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds						
Special assessment debt with governmental commitment						
Revenue bonds	\$ 1,355,000	\$ 1,675,000	\$ 3,805,000	\$ 4,065,000	\$ 5,160,000	\$ 5,740,000
Notes Payable	\$ 61,863	\$ 70,526			\$ 61,863	\$ 70,526
Total	\$ 1,416,863	\$ 1,745,526	\$ 3,805,000	\$ 4,065,000	\$ 5,221,863	\$ 5,810,526

The City's bonded debt decreased by \$588,663 during 2013.

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 \$299,991,950 the current general obligation debt limitation for the City is \$14,999,598. Currently the City does not have any General Obligation debt. The only bonded debt the City currently has outstanding is Revenue Bonds.

Additional information on the City's long-term debt can be found in note 7 on pages 25 through 26 of this report.

Economic Factors and Next Year's Budgets and Rates

- According to the Bureau of Labor website, the 2013 unemployment rate for Montrose County was 9.3%. Montrose County had a slightly higher unemployment rate than the state's average rate of 5.1% and the national average rate of 6.7%.
- The City will continue to be a regional retail center for Montrose, San Miguel, Ouray and Gunnison counties.
- In 2013, non-residential construction activity saw a large upswing for the City. So far in 2014, single family residential building permits have doubled over 2013.
- Rates for Water, Sewer and Garbage were not increased in 2013.

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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Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

To the City Council
City of Montrose, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the City of Montrose, Colorado, as of and for the year ended December 31, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montrose, Colorado, as of December 31, 2013, 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.

Report on Summarized Comparative Information

We have previously audited the City of Montrose's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages i-viii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule shown on page 29-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The combining and budgetary comparison statements and schedules presented on pages 31-65 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* on pages 66-67 is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, Colorado
September 25, 2014

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF MONTROSE, COLORADO

Statement of Net Position

December 31, 2013

	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 16,144,809	\$ 9,876,844	\$ 26,021,653
Certificates of deposit	2,865,309	1,274,341	4,139,650
Accounts receivable - net	305,294	723,343	1,028,637
Franchise fees receivable	197,241	-	197,241
Due from other governments	400,335	-	400,335
Sales tax receivable	1,615,813	-	1,615,813
Special assessments receivable	451,954	-	451,954
Prepaid Expenses	1,088	-	1,088
Inventory of supplies	<u>64,472</u>	<u>341,998</u>	<u>406,470</u>
Total Current Assets	<u>22,046,315</u>	<u>12,216,526</u>	<u>34,262,841</u>
Noncurrent Assets			
Restricted cash and cash equivalents	-	957,579	957,579
Capital assets, not being depreciated	10,272,703	2,043,621	12,316,324
Capital assets	137,740,601	86,384,577	224,125,178
Accumulated depreciation	<u>(75,605,183)</u>	<u>(28,853,503)</u>	<u>(104,458,686)</u>
Total Noncurrent Assets	<u>72,408,121</u>	<u>60,532,274</u>	<u>132,940,395</u>
Total Assets	<u>94,454,436</u>	<u>72,748,800</u>	<u>167,203,236</u>
LIABILITIES			
Current Liabilities			
Accounts payable	460,097	185,112	645,209
Due to other governments	1,954	-	1,954
Customer deposits and deposits in escrow	270,502	248,145	518,647
Accrued salaries and benefits	172,313	29,072	201,385
Deferred revenue	-	4,800	4,800
Accrued compensated absences	641,637	76,047	717,684
Accrued interest payable	13,362	41,247	54,609
Claims payable	350,000	-	350,000
Long-term debt due in one year	<u>348,208</u>	<u>277,441</u>	<u>625,649</u>
Total Current Liabilities	<u>2,258,073</u>	<u>861,864</u>	<u>3,119,937</u>
Noncurrent Liabilities			
Revenue bonds - net of discount and premium	1,074,724	3,547,712	4,622,436
Notes payable	<u>52,767</u>	<u>-</u>	<u>52,767</u>
Total Noncurrent Liabilities	<u>1,127,491</u>	<u>3,547,712</u>	<u>4,675,203</u>
Total Liabilities	<u>3,385,564</u>	<u>4,409,576</u>	<u>7,795,140</u>
Deferred Infows - Property Taxes	<u>115,540</u>	<u>-</u>	<u>115,540</u>
NET POSITION			
Net Investment in Capital Assets	60,646,357	53,664,674	114,311,031
Restricted	4,223,447	-	4,223,447
Unrestricted	<u>26,083,528</u>	<u>14,674,550</u>	<u>40,758,078</u>
Total Net Position	<u>\$ 90,953,332</u>	<u>\$ 68,339,224</u>	<u>\$ 159,292,556</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
Statement of Activities
For the Year Ended December 31, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities</u>				
General government	\$ 3,698,116	\$ 327,990	\$ 206,708	\$ -
Community development	1,031,407	169,506	212,084	-
Public safety	5,364,314	331,964	167,472	-
Engineering and inspection	200,907	115,197	-	-
Public works	8,157,655	10,835	762,748	479,787
Parks and cemetery	1,339,741	135,875	103,959	6,300
Insurance	(255,748)	-	-	-
Interest Expense	44,811	-	-	-
Total governmental activities	<u>19,581,203</u>	<u>1,091,367</u>	<u>1,452,971</u>	<u>486,087</u>
<u>Business-type Activities</u>				
Water	3,844,311	5,009,375	-	141,580
Sewer	3,542,013	2,821,996	-	299,603
Sanitation	<u>1,314,865</u>	<u>1,552,082</u>	-	-
Total business-type activities	<u>8,701,189</u>	<u>9,383,453</u>	-	<u>441,183</u>
Total	<u>\$ 28,282,392</u>	<u>\$ 10,474,820</u>	<u>\$ 1,452,971</u>	<u>\$ 927,270</u>

General Revenues

Taxes:

Sales and use taxes

Franchise and occupational tax

Cigarette tax

Earnings on investments

Miscellaneous

Administrative charges

Contributions to permanent endowment

Total general revenues and transfers

Change in Net Position

Net Position, Beginning

Net Position, Ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,163,418)	\$ -	\$ (3,163,418)
(649,817)	-	(649,817)
(4,864,878)	-	(4,864,878)
(85,710)	-	(85,710)
(6,904,285)	-	(6,904,285)
(1,093,607)	-	(1,093,607)
255,748	-	255,748
(44,811)	-	(44,811)
<u>(16,550,778)</u>	<u>-</u>	<u>(16,550,778)</u>
-	1,306,644	1,306,644
-	(420,414)	(420,414)
-	237,217	237,217
-	<u>1,123,447</u>	<u>1,123,447</u>
<u>(16,550,778)</u>	<u>1,123,447</u>	<u>(15,427,331)</u>
14,205,928	-	14,205,928
1,082,781	-	1,082,781
62,176	-	62,176
30,694	24,804	55,498
177,655	-	177,655
1,024,193	(1,024,193)	-
1,760	-	1,760
<u>16,585,187</u>	<u>(999,389)</u>	<u>15,585,798</u>
34,409	124,058	158,467
<u>90,918,924</u>	<u>68,215,166</u>	<u>159,134,090</u>
<u>\$ 90,953,333</u>	<u>\$ 68,339,224</u>	<u>\$ 159,292,557</u>

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FUND FINANCIAL STATEMENTS

CITY OF MONTROSE, COLORADO

Balance Sheet

Governmental Funds

December 31, 2013

(With Comparative Totals for December 31, 2012)

	Totals				
	General	Spec. Imp. District Const.	Nonmajor Funds	2013	2012
ASSETS					
Cash and cash equivalents	\$ 7,130,816	\$ 473,812	\$ 4,230,398	\$ 11,835,026	\$ 8,157,110
Certificates of deposit	1,420,293	-	1,445,016	2,865,309	3,357,729
Accounts receivable - net	97,381	-	195,671	293,052	335,435
Franchise fees receivable	191,917	-	5,324	197,241	176,899
Due from other governments	65,128	-	335,207	400,335	847,688
Sales tax receivable	1,588,724	-	27,089	1,615,813	1,358,038
Special assessments receivable	-	451,954	-	451,954	505,039
Inventory of supplies	-	-	7,090	7,090	-
Prepaid Expenses	1,088	-	-	1,088	923
	<u>10,495,347</u>	<u>925,766</u>	<u>6,245,795</u>	<u>17,666,908</u>	<u>14,738,861</u>
Total Assets	\$ 10,495,347	\$ 925,766	\$ 6,245,795	\$ 17,666,908	\$ 14,738,861
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ 241,869	\$ -	\$ 131,752	\$ 373,621	\$ 604,085
Due to other governments	1,954	-	-	1,954	3,837
Customer deposits and deposits in escrow	270,502	-	-	270,502	245,327
Accrued salaries and benefits	156,072	-	7,142	163,214	129,703
Deferred revenue	10,014	453,431	53,707	517,152	583,131
	<u>680,411</u>	<u>453,431</u>	<u>192,601</u>	<u>1,326,443</u>	<u>1,566,083</u>
Total Liabilities	680,411	453,431	192,601	1,326,443	1,566,083
DEFERRED INFOWS - Property Taxes	-	-	115,540	115,540	126,559
FUND BALANCE					
Unspendable:					
Prepays and Inventory	1,088	-	7,090	8,178	923
Permanent funds or other corpus	-	-	432,758	432,758	430,899
Restricted:					
For emergencies	604,000	-	-	604,000	680,000
For economic development	-	-	185,300	185,300	95,954
For debt service	-	-	339,589	339,589	213,689
For beautification - expendable	-	-	18,592	18,592	67,537
For capital projects	113,853	472,335	2,079,652	2,665,840	1,813,323
For parks	-	-	410,126	410,126	306,863
Committed:					
For economic development	-	-	111,369	111,369	42,475
For community development	-	-	12,049	12,049	-
For public safety	-	-	1968977	1968977	1060752
For parks improvements	-	-	317,773	317,773	140,806
For animal shelter	-	-	40,087	40,087	40,087
Assigned:					
For parks and recreation	-	-	14,292	14,292	56,743
Unassigned	9,095,995	-	-	9,095,995	8,096,168
	<u>9,814,936</u>	<u>472,335</u>	<u>5,937,654</u>	<u>16,224,925</u>	<u>13,046,219</u>
Total Fund Balance	9,814,936	472,335	5,937,654	16,224,925	13,046,219
Total Liabilities, Deferred Inflow and Fund Balances	\$ 10,495,347	\$ 925,766	\$ 6,245,795	\$ 17,666,908	\$ 14,738,861

The accompanying 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 Position
 December 31, 2013

	2013
Total Fund Balances for the Governmental Funds	\$ 16,224,925
Total net position for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	
Land	10,272,703
Land Improvements	1,530,084
Infrastructure	108,208,542
Buildings and systems	13,140,617
Equipment	5,700,964
Accumulated Depreciation	(69,080,139)
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 position	
	6,541,299
Special assessments receivable that are not currently available are deferred in the funds	
	517,152
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 position.	
Accrued interest on long-term debt	(13,362)
Unamortized bond premiums	(58,836)
Revenue bonds payable	(1,355,000)
Notes payable	(61,863)
Compensated absences	(613,754)
Total Net Position for Governmental Activities	\$ 90,953,332

The accompanying 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, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Capital Projects			Totals	
	General	Spec. Imp.	Nonmajor Funds	2013	2012
		District Const.			
REVENUES					
Taxes	\$ 14,685,973	\$ -	\$ 796,614	\$ 15,482,587	\$ 15,021,062
Licenses and permits	192,008	-	-	192,008	222,037
Intergovernmental	1,114,928	-	623,098	1,738,026	4,120,486
Charges for services	337,400	-	52,254	389,654	301,958
Fines and forfeits	234,783	-	1,587	236,370	192,556
Special assessments	-	161,541	-	161,541	124,103
Miscellaneous	90,896	-	333,691	424,587	337,832
Administrative reimbursement	1,024,193	-	-	1,024,193	1,222,503
Contributions to permanent endowment	-	-	1,760	1,760	2,880
Investment earnings	15,380	263	15,221	30,864	45,090
Total revenues	<u>17,695,561</u>	<u>161,804</u>	<u>1,824,225</u>	<u>19,681,590</u>	<u>21,590,507</u>
EXPENDITURES					
Current					
General government	3,554,326	635	2,592	3,557,553	3,508,055
Community development	424,760	-	682,126	1,106,886	1,798,525
Public safety	5,327,871	-	292,905	5,620,776	5,630,423
Engineering and inspection	215,610	-	-	215,610	191,005
Public works	2,996,515	-	14,092	3,010,607	3,350,066
Parks and cemetery	1,138,663	-	11,911	1,150,574	1,172,997
Insurance	230,409	-	-	230,409	231,996
Capital outlay	497,119	-	723,836	1,220,955	4,125,658
Debt service	-	-	389,514	389,514	387,264
Total expenditures	<u>14,385,273</u>	<u>635</u>	<u>2,116,976</u>	<u>16,502,884</u>	<u>20,395,989</u>
Revenues in excess of expenditures	<u>3,310,288</u>	<u>161,169</u>	<u>(292,751)</u>	<u>3,178,706</u>	<u>1,194,518</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	41	-	2,382,251	2,382,292	2,114,669
Transfers out	(2,382,251)	-	(41)	(2,382,292)	(1,647,310)
Net other financing sources (uses)	<u>(2,382,210)</u>	<u>-</u>	<u>2,382,210</u>	<u>-</u>	<u>467,359</u>
Change in fund balance	928,078	161,169	2,089,459	3,178,706	1,661,877
FUND BALANCE, Beginning	<u>8,886,858</u>	<u>311,166</u>	<u>3,848,195</u>	<u>13,046,219</u>	<u>11,384,342</u>
FUND BALANCE, Ending	<u>\$ 9,814,936</u>	<u>\$ 472,335</u>	<u>\$ 5,937,654</u>	<u>\$ 16,224,925</u>	<u>\$ 13,046,219</u>

The accompanying 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, 2013

	<u>2013</u>
Net change in fund balances - governmental funds	\$ 3,178,706
<p>The change in net position 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	2,220,765
Depreciation expense	(6,072,622)
<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>	
	469,897
<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	(65,979)
Change in accrued interest payable	2,145
Change in accrued compensated absences	(41,062)
<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 position.</p>	
Principal repayments on long-term debt	328,663
Amortization of bond premiums	<u>13,895</u>
Change in net position of governmental activities	<u>\$ 34,408</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO

Statement of Net Position

Proprietary Funds

December 31, 2013

(With Comparative Totals for the Year Ended December 31, 2012)

	Enterprise Funds					Totals	
	Water	Sewer	Sanitation	Total Enterprise Funds	Internal Service Funds	2013	2012
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 8,114,366	\$ 1,755,881	\$ 6,597	\$ 9,876,844	\$ 4,309,783	\$ 14,186,627	\$ 13,525,276
Certificates of deposit	182,969	1,091,372	-	1,274,341	-	1,274,341	1,483,473
Accounts receivable - net	305,745	265,210	152,388	723,343	12,242	735,585	760,349
Due from other governments	-	-	-	-	-	-	80,465
Interest receivable	-	-	-	-	-	-	101
Inventory of supplies	239,879	53,766	48,353	341,998	57,382	399,380	360,575
Total Current Assets	8,842,959	3,166,229	207,338	12,216,526	4,379,407	16,595,933	16,210,239
Noncurrent Assets							
Restricted cash and cash equivalents	957,579	-	-	957,579	-	957,579	955,403
Capital assets, net of depreciation	25,424,633	34,150,062	-	59,574,695	2,635,350	62,210,045	62,816,217
Total Noncurrent Assets	26,382,212	34,150,062	-	60,532,274	2,635,350	63,167,624	63,771,620
Total Assets	35,225,171	37,316,291	207,338	72,748,800	7,014,757	79,763,557	79,981,859
LIABILITIES							
Current Liabilities							
Accounts payable	79,127	62,796	43,189	185,112	86,476	271,588	613,772
Customer deposits and deposits in escrow	223,145	-	25,000	248,145	-	248,145	247,552
Accrued salaries and benefits	6,343	15,577	7,152	29,072	9,099	38,171	32,658
Deferred revenue	-	4,800	-	4,800	-	4,800	4,800
Accrued compensated absences	31,149	27,206	17,692	76,047	27,883	103,930	72,755
Accrued interest payable	22,686	18,561	-	41,247	-	41,247	44,334
Claims payable	-	-	-	-	350,000	350,000	595,539
Long-term debt due in one year	152,593	124,848	-	277,441	-	277,441	229,320
Total Current Liabilities	515,043	253,788	93,033	861,864	473,458	1,335,322	1,840,730
Noncurrent Liabilities							
Revenue bonds - net of discount and premium	1,951,242	1,596,470	-	3,547,712	-	3,547,712	3,854,561
Total Liabilities	2,466,285	1,850,258	93,033	4,409,576	473,458	4,883,034	5,695,291
NET POSITION							
Net Investment in Capital Assets	23,320,798	32,428,744	-	55,749,542	2,635,350	58,384,892	58,732,336
Unrestricted	9,438,088	3,037,289	114,305	12,589,682	3,905,949	16,495,631	15,554,232
Total Net Position	\$ 32,758,886	\$ 35,466,033	\$ 114,305	\$ 68,339,224	\$ 6,541,299	\$ 74,880,523	\$ 74,286,568

The accompanying notes are an integral part of these financial statements.

CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Enterprise Funds					Totals	
	Water	Sewer	Sanitation	Total Enterprise Funds	Internal Service Funds	2013	2012
OPERATING REVENUES							
Water sales	\$ 4,981,375	\$ -	\$ -	\$ 4,981,375	\$ -	\$ 4,981,375	\$ 5,344,709
Sewer charges	-	2,769,132	-	2,769,132	-	2,769,132	2,860,819
Tap fees unpledged	27,982	21,496	-	49,478	-	49,478	39,844
Sanitation charges	-	-	1,537,742	1,537,742	-	1,537,742	1,538,117
Interfund charges	-	-	-	-	4,477,856	4,477,856	4,880,589
Other Charges	8	31,368	-	31,376	39,528	70,904	61,867
Administrative reimbursement	-	-	-	-	-	-	173,664
Miscellaneous	10	-	14,340	14,350	51,638	65,988	288,407
Total Operating Revenues	5,009,375	2,821,996	1,552,082	9,383,453	4,569,022	13,952,475	15,188,016
OPERATING EXPENSES							
Enterprise administration	348,688	401,320	274,185	1,024,193	67,744	1,091,937	1,459,431
Operations and maintenance	2,746,860	1,475,255	1,314,865	5,536,980	1,706,850	7,243,830	7,888,243
Medical claims	-	-	-	-	1,269,427	1,269,427	1,790,846
Insurance premiums	-	-	-	-	373,490	373,490	353,786
Depreciation	1,017,081	1,851,480	-	2,868,561	784,016	3,652,577	3,439,319
Capital outlay	(16,169)	136,292	-	120,123	(13,796)	106,327	(427,158)
Total Operating Expenses	4,096,460	3,864,347	1,589,050	9,549,857	4,187,731	13,737,588	14,504,467
Net Operating Income	912,915	(1,042,351)	(36,968)	(166,404)	381,291	214,887	683,549
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental revenues	87,630	132,405	-	220,035	76,542	296,577	447,719
Investment earnings	11,481	13,286	37	24,804	4,656	29,460	41,141
Gain (loss) on sale of assets	-	-	-	-	7,408	7,408	14,887
Interest expense	(96,539)	(78,986)	-	(175,525)	-	(175,525)	(184,851)
Net Nonoperating Revenues (Expenses)	2,572	66,705	37	69,314	88,606	157,920	318,896
Income Before Contributions and Transfers	915,487	(975,646)	(36,931)	(97,090)	469,897	372,807	1,002,445
Contributions and Transfers							
Capacity fees and Dedicated infrastructure	53,950	167,198	-	221,148	-	221,148	232,663
Transfers in	-	-	-	-	-	-	645,938
Transfers out	-	-	-	-	-	-	(1,113,297)
Net Contributions and Transfers	53,950	167,198	-	221,148	-	221,148	(234,696)
Change in Net Position	969,437	(808,448)	(36,931)	124,058	469,897	593,955	767,749
NET POSITION, Beginning	31,789,449	36,274,481	151,236	68,215,166	6,071,402	74,286,568	73,518,819
NET POSITION, ENDING	\$ 32,758,886	\$ 35,466,033	\$ 114,305	\$ 68,339,224	\$ 6,541,299	\$ 74,880,523	\$ 74,286,568

The accompanying 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, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Enterprise Funds				Totals		
	Water	Sewer	Sanitation	Total Enterprise Funds	Internal Service Funds	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 5,040,323	\$ 2,813,460	\$ 1,552,787	\$ 9,406,570	\$ 93,406	\$ 9,499,976	\$ 10,339,439
Receipts from interfund services provided	-	-	-	-	4,477,856	4,477,856	4,880,589
Payments to suppliers	(2,777,662)	(1,456,072)	(979,864)	(5,213,598)	(3,295,253)	(8,508,851)	(8,595,401)
Payments to employees	(327,597)	(490,411)	(256,745)	(1,074,753)	(362,708)	(1,437,461)	(1,602,357)
Payments for internal services used	(163,692)	(169,728)	(366,568)	(699,988)	(28,551)	(728,539)	(719,809)
Net cash provided (used) by operating activities	1,771,372	697,249	(50,390)	2,418,231	884,750	3,302,981	4,302,461
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	-	-	-	-	645,938
Transfers out	-	-	-	-	-	-	(1,113,297)
Net cash provided (used) by noncapital financing activities	-	-	-	-	-	-	(467,359)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions and tap fees	53,950	167,198	-	221,148	-	221,148	232,663
Capital grants	168,095	132,405	-	300,500	76,542	377,042	395,477
Proceeds from sale of assets	-	-	-	-	7,408	7,408	14,887
Acquisition and construction of capital assets	(776,847)	(1,701,029)	-	(2,477,876)	(568,529)	(3,046,405)	(5,589,321)
Principal paid on long-term debt	(142,299)	(116,427)	-	(258,726)	-	(258,726)	(253,224)
Interest paid on long-term debt	(98,237)	(80,375)	-	(178,612)	-	(178,612)	(183,098)
Net cash provided (used) by capital and related financing activities	(795,338)	(1,598,228)	-	(2,393,566)	(484,579)	(2,878,145)	(5,382,616)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment in certificates of deposits	118,838	90,294	-	209,132	-	209,132	2,969,461
Interest on investments	11,580	13,286	37	24,903	4,656	29,559	49,679
Net cash provided (used) by investing activities	130,418	103,580	37	234,035	4,656	238,691	3,019,140
Net increase (decrease) in cash and cash equivalents	1,106,452	(797,399)	(50,353)	258,700	404,827	663,527	1,471,626
CASH AND CASH EQUIVALENTS, Beginning	7,965,493	2,553,280	56,950	10,575,723	3,904,956	14,480,679	13,009,053
CASH AND CASH EQUIVALENTS, Ending	\$ 9,071,945	\$ 1,755,881	\$ 6,597	\$ 10,834,423	\$ 4,309,783	\$ 15,144,206	\$ 14,480,679
Reconciliation of operating income to net cash provided by operating activities							
Operating income (loss)	\$ 912,915	\$ (1,042,351)	\$ (36,968)	\$ (166,404)	\$ 381,291	\$ 214,887	\$ 683,549
Adjustments to reconcile operating income to net cash provided by operating activities							
Depreciation	1,017,081	1,851,480	-	2,868,561	784,016	3,652,577	3,439,319
Changes in assets and liabilities							
(Increase) decrease in accounts receivable	30,355	(8,536)	705	22,524	2,240	24,764	4,449
(Increase) decrease in inventory of supplies	(8,830)	(37,045)	2,408	(43,467)	4,662	(38,805)	41,817
Increase (decrease) in accounts payable	(197,998)	(76,668)	(24,330)	(298,996)	(43,188)	(342,184)	118,383
Increase (decrease) in customer deposits and deposits in escrow	593	-	-	593	-	593	27,562
Increase (decrease) in accrued salaries and benefits	(3,084)	6,161	1,922	4,999	514	5,513	3,143
Increase (decrease) in accrued compensated absences	20,340	4,208	5,873	30,421	754	31,175	(15,761)
Increase (decrease) in claims payable	-	-	-	-	(245,539)	(245,539)	-
Net cash provided (used) by operating activities	\$ 1,771,372	\$ 697,249	\$ (50,390)	\$ 2,418,231	\$ 884,750	\$ 3,302,981	\$ 4,302,461

The accompanying notes are an integral part of these financial statements.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

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.

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 position 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.

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, 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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 types.

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.

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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING (Continued)

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 positions 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.

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

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, 2013, 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.

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.

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. The City generally capitalizes assets with an original value of \$5,000 or greater with a useful life in excess of one year.

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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

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 position. Bonds payable are reported net of the applicable bond premium or discount. Bond discounts 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 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, 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.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

Net Position/Fund Balance - In the government-wide financial statements and for the proprietary fund statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Balance Flow Assumptions - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Comparative Data - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

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.

The City's expenditures exceeded appropriations in the Sanitation Fund, which may be a violation of Colorado statutes.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

E. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Originally adopted budgeted expenditures and the final, amended year budgeted expenditures for the ended December 31, 2013 are as follows:

Fund Name	Original Budget	Amendment	Final Budget
General Fund	\$ 16,895,809	\$ -	\$ 16,895,809
Retail Sales Enhancement Fund	235,000	-	235,000
7th Judicial Drug Task Force Fund	300,618	-	300,618
Competitive Youth Sports Fund	-	12,000	12,000
Downtown Development Authority	169,604	25,396	195,000
DDA Revolving Loan Fund	40,000	40,000	80,000
Public/Education/Government Fund	21,000	-	21,000
Capital Improvements Fund	1,671,339	-	1,671,339
Pavilion Senior Center Fund	3,400	1,250	4,650
Special Benefit Fund	22,685	-	22,685
Tourism Promotion Fund	338,750	-	338,750
Excise Tax Revenue Bond Fund	377,475	50	377,525
EDA Fireflow Loan Fund	12,189	-	12,189
Demoret Trust Fund	32,500	31,000	63,500
Cemetery Perpetual Care Fund	150	-	150
Special Improvement District Const. Fund	-	1,000	1,000
Grand/Rio Grande Project Fund	-	24,432	24,432
Elks Building Renovation Fund	80,000	-	80,000
Water Fund	5,168,973	-	5,168,973
Sewer Fund	3,798,236	208,764	4,007,000
Sanitation Fund	1,458,982	74,018	1,533,300
Internal Service Equipment Fund	1,218,177	214,523	1,432,700
Information Technology Fund	859,153	21,500	880,653
Employee Benefit Fund	2,671,200	-	2,671,200
	<u>\$ 35,375,240</u>	<u>\$ 653,933</u>	<u>\$ 36,029,173</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS

A summary of the City's cash and investment balances as of December 31, 2013 and how they are displayed in the financial statements is shown below:

Petty Cash	\$	2,750
Cash Accounts		8,949,294
Investments		22,166,838
Total Cash and Investments	\$	31,118,882
Cash and Equivalents	\$	26,021,653
Certificates of Deposit		4,139,650
Restricted Cash and Equivalents		957,579
Total Cash and Investments	\$	31,118,882

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, 2013, none of the City's bank balances 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:

	Bank Balance	Carrying Balance
FDIC Insured	\$ 1,277,482	\$ 1,277,482
PDPA Collateralized (Not held in City's name)	8,193,544	7,671,812
Total Cash Deposits	\$ 9,471,026	\$ 8,949,294

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS

At December 31, 2013 the City had the following investments:

	Fair Value	Rating	Weighted Avg Mat.
Local Government Pools	\$ 19,163,854	AAAm	-
Alpine Trust Money Market	3,002,984		-
Total Investments	<u>\$ 22,166,838</u>		-

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, 2013, the City is invested in the Colorado Surplus Asset Fund (CSAFE) and Colotrust Plus, both are 2a7-like investment pools, rated AAAm 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% of the City's total investments for the year ended December 31, 2013, were in a single financial institution, Colotrust, at approximately 59%.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year follows:

Governmental Activities				
	<u>Balance</u> <u>1/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2013</u>
Capital assets not being depreciated:				
Land	\$ 10,060,065	\$ 212,638	\$ -	\$ 10,272,703
Capital assets being depreciated:				
Land improvement	1,416,516	113,568	-	1,530,084
Infrastructure - road network	106,729,480	1,479,062	-	108,208,542
Buildings	12,857,309	283,308	-	13,140,617
Equipment	5,568,775	132,189	-	5,700,964
Internal service vehicles	8,311,896	493,631	220,847	8,584,680
Internal service equipment	500,816	74,898	-	575,714
Total capital assets being depreciated	<u>135,384,792</u>	<u>2,576,656</u>	<u>220,847</u>	<u>137,740,601</u>
Less accumulated depreciation for:				
Land improvements	822,101	53,425	-	875,526
Infrastructure - road network	50,587,122	5,283,070	-	55,870,192
Buildings	6,785,103	571,500	-	7,356,603
Equipment	4,813,191	164,627	-	4,977,818
Internal service vehicles	5,649,262	723,107	220,847	6,151,522
Internal service equipment	312,613	60,908	-	373,521
Total accumulated depreciation	<u>68,969,392</u>	<u>6,856,637</u>	<u>220,847</u>	<u>75,605,182</u>
Total capital assets being depreciated, net	<u>66,415,400</u>	<u>(4,279,981)</u>	<u>-</u>	<u>62,135,419</u>
Governmental activity capital assets, net	<u>\$ 76,475,465</u>	<u>\$ (4,067,343)</u>	<u>\$ -</u>	<u>\$ 72,408,122</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CAPITAL ASSETS (Continued)

Business-Type Activities				
	<u>Balance</u> <u>1/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2013</u>
<u>Utility</u>				
Land and Easements	\$ 2,043,621	\$ -	\$ -	\$ 2,043,621
Capital assets being depreciated:				
Reservoirs	6,222,579	702,649	-	6,925,228
Transmission, collection and distribution lines	58,305,831	1,579,978	-	59,885,809
Treatment Plant	18,863,256	171,250	-	19,034,506
Equipment	<u>515,034</u>	<u>24,000</u>	<u>-</u>	<u>539,034</u>
Total capital assets being depreciated	<u>83,906,700</u>	<u>2,477,877</u>	<u>-</u>	<u>86,384,577</u>
Less accumulated depreciation for:				
Reservoirs	442,468	121,440	-	563,908
Transmission, collection and distribution lines	13,654,683	1,943,293	-	15,597,976
Treatment Plant	11,491,933	775,107	-	12,267,040
Equipment	<u>395,857</u>	<u>28,722</u>	<u>-</u>	<u>424,579</u>
Total accumulated depreciation	<u>25,984,941</u>	<u>2,868,562</u>	<u>-</u>	<u>28,853,503</u>
Total Utility capital assets being depreciated, net	<u>57,921,759</u>	<u>(390,685)</u>	<u>-</u>	<u>57,531,074</u>
Business-type activities capital assets, net	<u>\$ 59,965,380</u>	<u>\$ (390,685)</u>	<u>\$ -</u>	<u>\$ 59,574,695</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - CAPITAL ASSETS (Continued)

Depreciation expense was allocated to the different government functions as follows:

<u>Governmental Activities</u>		
General government	\$	392,666
Public safety		126,822
Public works, including depreciation of general infrastructure assets		5,285,509
Parks and cemetery, including Pavillion		267,625
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets		<u>784,015</u>
Total depreciation expense Governmental activities	\$	<u>6,856,637</u>
<u>Business-Type Activities</u>		
Water	\$	1,017,082
Sewer		<u>1,851,480</u>
Total depreciation expense Business-Type activities	\$	<u>2,868,562</u>

NOTE 4 - 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 2013. 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 public safety employees are eligible to participate upon hire; all other City employees are allowed to participate after six months of service.

The City's total payroll for fiscal year 2013 was \$8,228,219. The City's contributions were calculated using the base salary of \$7,894,242. 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 \$649,320.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 - 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 2012. 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, 2012 are as follows:

	Current Year			
	Beginning	Claims & Changes	Claim	Ending
	<u>Balance</u>	<u>in Estimates</u>	<u>Balance Payment</u>	<u>Balance</u>
2012	\$ 595,539	\$ 2,439,306	\$ 2,439,306	\$ 595,539
2013	595,539	2,587,320	2,832,859	350,000

NOTE 6 - 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:

<u>ANNUAL PURCHASE AND OPERATION AND MAINTENANCE COMMITMENT</u>	<u>CALENDAR YEARS</u>	<u>ANNUAL PAYMENTS</u>
Block One, Two and Three 10,000 acre feet annually	2008 - 2049	\$ 841,135

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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 -LONG-TERM DEBT

A. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Balance 1/1/13	Additions	Payments	Balance 12/31/13	Current Portion	Accrued Interest
Governmental activities:						
Revenue bonds	\$ 1,675,000	\$ -	\$ 320,000	\$ 1,355,000	\$ 325,000	\$ 12,331
Unamortized bond premium	72,731	-	13,895	58,836	14,112	-
Note payable	70,526	-	8,663	61,863	9,096	1,031
Compensated absences	599,821	41,816	-	641,637	641,637	-
Total governmental activities	\$ 2,418,078	\$ 41,816	\$ 342,558	\$ 2,117,336	\$ 989,845	\$ 13,362
Business-type activities						
Revenue bonds	\$ 4,065,000	\$ -	\$ 260,000	\$ 3,805,000	\$ 275,000	\$ 41,247
Deferred charge on refunding	(3,585)	-	(3,585)	-	-	-
Unamortized bond premium	22,466	-	2,310	20,156	2,441	-
Compensated absences	45,626	30,421	-	76,047	76,047	-
Total Business-type activities	\$ 4,129,507	\$ 30,421	\$ 258,725	\$ 3,901,203	\$ 353,488	\$ 41,247

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, \$27,883 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.

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

\$2,570,000 Sales 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.	\$ 1,355,000
Plus unamortized premium	58,836
\$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.	<u>61,863</u>
Total payable from governmental activities	<u>\$ 1,475,699</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 - LONG-TERM DEBT (Continued)

C. CITY OF MONTROSE REVENUE BONDS PAYABLE

FROM BUSINESS-TYPE ACTIVITIES

\$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

Total payable from business-type activities

\$3,805,000

20,156

\$3,825,156

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.

D. PRINCIPAL AND INTEREST PAYMENT REQUIREMENTS

Principal and interest payment requirements on the City's revenue bonds and notes payable from governmental and business – type activities are as follows:

	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 334,096	\$ 52,419	\$ 386,515	\$ 275,000	\$ 164,986	\$ 439,986
2015	339,551	43,839	383,390	290,000	151,924	441,924
2016	350,028	30,162	380,190	300,000	138,150	438,150
2017	370,530	16,060	386,590	315,000	123,900	438,900
2018	11,055	1,134	12,189	330,000	110,670	440,670
2019-2023	11,603	581	12,184	1,875,000	332,850	2,207,850
2024	-	-	-	420,000	18,060	438,060
	<u>\$ 1,416,863</u>	<u>\$ 144,195</u>	<u>\$ 1,561,058</u>	<u>\$ 3,805,000</u>	<u>\$ 1,040,540</u>	<u>\$ 4,845,540</u>

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 position. 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, 2013, the outstanding amount of defeased bonds was \$3,805,000, with said amount maturing in full in 2014.

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 \$1,355,000 outstanding as of December 31, 2013 are considered defeased.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND TRANSFERS

	Transfers In (net)				Total
	General Fund	Major Govt Funds	Major Enterprise Funds	Nonmajor Govt Funds	
Transfers Out (net)					
General Fund	\$ -	\$ -	\$ -	\$ 2,382,210	\$ 2,382,210

The above amounts were transferred for operations.

B. INTERNAL CHARGES

The following amounts represent internal charges for services rendered to the other funds:

	Internal		Info.	
	Fleet Equip	Systems	Admin	Health
	Leases	Charges	Charges	Benefits
General Fund	\$ 861,767	\$ 666,203	\$ -	\$ 1,349,280
Nonmajor Govt Funds	-	23,070	-	63,981
Major Enterprise Funds	645,378	69,450	1,024,193	214,892
Internal Service Funds	14,257	14,794	-	99,074
Total	\$ 1,521,402	\$ 773,517	\$ 1,024,193	\$ 1,727,227

NOTE 9 - JOINTLY GOVERNED ORGANIZATION

Project 7 Water Authority

In 1977, the City along with the City of Delta, the Town of Olathe, the Tri-County Water Conservancy District and the Menoken Water District entered into a contract to create a separate governmental entity, the Project 7 Water Authority, which owns and operates a water treatment facility. The Authority is governed by a board consisting of appointed representatives from each of the contracting entities. 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 2013 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 2013, the City purchased treatment of 1,114,319 gallons for \$947,171. At December 31, 2013, the City owed the Authority \$40,607. Separate financial statements of Project 7 Water Authority are available from the City or the Authority.

NOTE 10 - 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).

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 10 - PARTICIPATION IN PUBLIC ENTITY RISK POOL (Continued)

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 other commercial insurance for other risks including employee health and accident insurance described in Note 5.

NOTE 11 - 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 12 - 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

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 General Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013		Variance With Final Budget	2012 Actual
	Original & Final Budget	Actual		
REVENUES				
Taxes	\$ 13,834,000	\$ 14,685,973	\$ 851,973	\$ 14,242,098
Licenses and permits	231,800	192,008	(39,792)	222,037
Intergovernmental	1,151,000	1,114,928	(36,072)	1,278,731
Charges for services	357,200	337,400	(19,800)	289,601
Fines and forfeits	244,000	234,783	(9,217)	191,684
Miscellaneous	53,950	90,896	36,946	226,174
Administrative reimbursement	1,024,193	1,024,193	-	1,222,503
Investment earnings	8,200	15,380	7,180	23,275
Total revenues	<u>16,904,343</u>	<u>17,695,561</u>	<u>791,218</u>	<u>17,696,103</u>
EXPENDITURES				
Current				
General government				
City council	93,870	79,435	14,435	75,332
Economic development	287,500	258,294	29,206	251,500
City attorney	373,647	428,499	(54,852)	354,712
City manager	226,723	279,717	(52,994)	232,086
Human resources	273,416	286,598	(13,182)	268,768
GIS	233,295	226,451	6,844	230,796
Finance	566,456	602,311	(35,855)	569,781
Municipal court	179,609	158,238	21,371	164,168
Teen court	6,000	6,000	-	6,000
Administrative services	287,736	268,055	19,681	266,453
City clerk	179,325	176,067	3,258	201,928
Municipal complex	261,931	309,273	(47,342)	318,070
Montrose Pavilion	520,051	475,388	44,663	565,566
Total general government	<u>3,489,559</u>	<u>3,554,326</u>	<u>(64,767)</u>	<u>3,505,160</u>
Community development				
Comm. development	466,518	424,760	41,758	553,028
Total community development	<u>466,518</u>	<u>424,760</u>	<u>41,758</u>	<u>553,028</u>
Public safety				
Police	3,568,083	3,326,440	241,643	3,158,614
Public safety administration	1,561,381	1,495,385	65,996	1,736,335
Animal control	564,778	506,046	58,732	563,745
Total public safety	<u>5,694,242</u>	<u>5,327,871</u>	<u>366,371</u>	<u>5,458,694</u>
Engineering and inspection				
Code compliance	209,191	215,610	(6,419)	191,005

(Continued)

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 General Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013		Variance With Final Budget	2012 Actual
	Original & Final Budget	Actual		
Public works				
Engineer	274,629	233,231	41,398	338,587
Public works administration	381,859	322,592	59,267	504,298
Street maintenance	2,109,015	2,168,099	(59,084)	2,123,150
Street cleaning	323,876	272,593	51,283	349,751
Total public works	<u>3,089,379</u>	<u>2,996,515</u>	<u>92,864</u>	<u>3,315,786</u>
Parks and cemetery				
Parks maintenance	1,070,434	1,019,491	50,943	1,078,476
Tree program	15,000	19,035	(4,035)	8,998
Cemetery	93,146	100,137	(6,991)	85,523
Total parks and cemetery	<u>1,178,580</u>	<u>1,138,663</u>	<u>39,917</u>	<u>1,172,997</u>
Insurance	<u>199,250</u>	<u>230,409</u>	<u>(31,159)</u>	<u>231,996</u>
Capital outlay				
General government outlays	104,812	229,483	(124,671)	106,588
Public safety outlays	57,350	39,772	17,578	59,532
Public works outlays	23,000	4,400	18,600	517,324
Parks & recreation outlays	47,500	223,464	(175,964)	122,245
Community development outlays	-	-	-	10,750
Total capital outlay	<u>232,662</u>	<u>497,119</u>	<u>(264,457)</u>	<u>816,439</u>
Total expenditures	<u>14,559,381</u>	<u>14,385,273</u>	<u>174,108</u>	<u>15,245,105</u>
Revenues in excess of expenditures	<u>2,344,962</u>	<u>3,310,288</u>	<u>965,326</u>	<u>2,450,998</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200	41	(159)	628,611
Transfers out	<u>(2,336,428)</u>	<u>(2,382,251)</u>	<u>(45,823)</u>	<u>(1,465,206)</u>
Net other financing sources (uses)	<u>(2,336,228)</u>	<u>(2,382,210)</u>	<u>(45,982)</u>	<u>(836,595)</u>
Change in fund balance	8,734	928,078	919,344	1,614,403
FUND BALANCE, Beginning	<u>8,886,858</u>	<u>8,886,858</u>	<u>-</u>	<u>7,272,455</u>
FUND BALANCE, Ending	<u>\$ 8,895,592</u>	<u>\$ 9,814,936</u>	<u>\$ 919,344</u>	<u>\$ 8,886,858</u>

See the accompanying independent auditors' report.

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OTHER SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

CITY OF MONTROSE, COLORADO

Balance Sheet

Nonmajor Governmental Funds

For the Year Ended December 31, 2013

(With Comparative Totals for the Year Ended December 31, 2012)

	Special Revenue Funds						
	7th Judicial	DDA					Downtown
	Retail Sales Enhancement	Drug Taskforce	Revolving Loan Fund	Greater City Loan Fund	Competitive Youth Sports	HUD - EDI Special Project	Development Authority
ASSETS							
Cash and cash equivalents	\$ 94,262	\$ 38,370	\$ 49,177	\$ 50,000	\$ 12,049	\$ (335,207)	\$ 3,892
Certificates of deposit	-	-	-	-	-	-	100,404
Accounts receivable - net	25,926	-	53,707	-	-	-	116,038
Franchise fees receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	335,207	-
Sales tax receivable	-	-	-	-	-	-	-
Inventory of supplies	-	-	-	-	-	-	-
Total Assets	120,188	38,370	102,884	50,000	12,049	-	220,334
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	8,240	1,479	9,165	-	-	-	2,523
Customer deposits and deposits in escrow	-	-	-	-	-	-	-
Accrued salaries and benefits	579	4,301	-	-	-	-	1,683
Deferred revenue	-	-	53,707	-	-	-	-
Total Liabilities	8,819	5,780	62,872	-	-	-	4,206
DEFERRED INFLOWS - Property Taxes	-	-	-	-	-	-	115,540
FUND BALANCE							
Nonspendable							
Permanent fund or other corpus	-	-	-	-	-	-	-
Restricted:							
For economic development	-	-	-	-	-	-	100,588
For debt service	-	-	-	-	-	-	-
For beautification - expendable	-	-	-	-	-	-	-
For capital projects	-	-	-	-	-	-	-
For parks	-	-	-	-	-	-	-
Committed:							
For economic development	111,369	-	-	-	-	-	-
For community development	-	-	-	50,000	12,049	-	-
For capital projects	-	-	-	-	-	-	-
For public safety	-	32,590	-	-	-	-	-
For parks improvements	-	-	40,012	-	-	-	-
For animal shelter	-	-	-	-	-	-	-
Assigned:							
For parks and recreation	-	-	-	-	-	-	-
For public safety	-	-	-	-	-	-	-
Total Fund Balance	111,369	32,590	40,012	50,000	12,049	-	100,588
Total Liabilities and Fund Balances	\$ 120,188	\$ 38,370	\$ 102,884	\$ 50,000	\$ 12,049	\$ -	\$ 220,334

See the accompanying independent auditors' report.

Special Revenue Funds							Debt Service	Permanent Funds	
Surplus & Deficiency	Capital Improvement	Conservation Trust	Pavilion Senior Center	Public/Education/G overnment Fund	Special Benefits	Tourism Promotion	Funds		
							1998 General Fund Excise Tax Revenue Bonds	Demoret Trust	Cemetery Perpetual Care
\$ 154,321	\$ 1,851,016	\$ 410,126	\$ 14,374	\$ 42,142	\$ 365,342	\$ 86,391	\$ 185,268	\$ 34,920	\$ 111,371
-	-	-	-	-	-	-	-	321,381	-
-	-	-	-	5,324	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	27,089	-	-	-
-	-	-	-	-	-	7,090	-	-	-
<u>154,321</u>	<u>1,851,016</u>	<u>410,126</u>	<u>14,374</u>	<u>47,466</u>	<u>365,342</u>	<u>120,570</u>	<u>185,268</u>	<u>356,301</u>	<u>111,371</u>
-	50,400	-	82	1,707	7,482	28,189	-	16,322	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	579	-	-	-
-	-	-	-	-	-	-	-	-	-
-	<u>50,400</u>	-	<u>82</u>	<u>1,707</u>	<u>7,482</u>	<u>28,768</u>	-	<u>16,322</u>	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	321,381	111,371
-	-	-	-	-	-	84,712	-	-	-
154,321	-	-	-	-	-	-	185,268	-	-
-	-	-	-	-	-	-	-	18,598	-
-	-	410,126	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1,800,616	-	-	-	-	-	-	-	-
-	-	-	-	-	131,828	-	-	-	-
-	-	-	-	-	40,087	-	-	-	-
-	-	-	14,292	-	185,945	-	-	-	-
-	-	-	-	45,759	-	-	-	-	-
<u>154,321</u>	<u>1,800,616</u>	<u>410,126</u>	<u>14,292</u>	<u>45,759</u>	<u>357,860</u>	<u>91,802</u>	<u>185,268</u>	<u>339,979</u>	<u>111,371</u>
\$ 154,321	\$ 1,851,016	\$ 410,126	\$ 14,374	\$ 47,466	\$ 365,342	\$ 120,570	\$ 185,268	\$ 356,301	\$ 111,371

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CITY OF MONTROSE, COLORADO
 Balance Sheet
 Nonmajor Governmental Funds (Continued)
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	Capital Project Fund		Total Nonmajor Funds	
	Grand/Rio Grande		2013	2012
	Project	Elks Building Renovation		
ASSETS				
Cash and cash equivalents	\$ 649,672	\$ 412,912	\$ 4,230,398	\$ 1,282,392
Certificates of deposit	1,023,231	-	1,445,016	1,945,727
Accounts receivable - net	-	-	195,671	202,436
Franchise fees receivable	-	-	5,324	5,269
Due from other governments	-	-	335,207	778,658
Sales tax receivable	-	-	27,089	27,463
Inventory of supplies	-	-	7,090	-
Total Assets	<u>1,672,903</u>	<u>412,912</u>	<u>6,245,795</u>	<u>4,241,945</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	-	6,163	131,752	263,489
Customer deposits and deposits in escrow	-	-	-	5
Accrued salaries and benefits	-	-	7,142	3,697
Deferred revenue	-	-	53,707	11,208
Total Liabilities	<u>-</u>	<u>6,163</u>	<u>192,601</u>	<u>278,399</u>
DEFERRED INFLOWS - Property Taxes	-	-	115,540	115,351
FUND BALANCE				
Unspendable:				
Permanent fund or other corpus	-	-	432,752	430,899
Restricted:				
For economic development	-	-	185,300	95,954
For debt service	-	-	339,589	213,689
For beautification - expendable	-	-	18,598	67,537
For capital projects	1,672,903	406,749	2,079,652	1,392,390
For parks	-	-	410,126	306,863
Committed:				
For economic development	-	-	111,369	42,475
For community development	-	-	62,049	50,000
For capital projects	-	-	1,800,616	851,559
For public safety	-	-	32,590	56,725
For parks improvements	-	-	171,840	201,028
For animal shelter	-	-	40,087	40,087
Assigned:				
For parks and recreation	-	-	200,237	72,021
For public safety	-	-	45,759	26,968
Total Fund Balance	<u>1,672,903</u>	<u>406,749</u>	<u>5,937,654</u>	<u>3,848,195</u>
Total Liabilities and Fund Balances	<u>\$ 1,672,903</u>	<u>\$ 412,912</u>	<u>\$ 6,245,795</u>	<u>\$ 4,241,945</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Special Revenue Funds				
	Retail Sales Enhancement	7th Judicial Drug Taskforce	DDA Revolving Loan Fund	Greater City Loan Fund	Competitive Youth Sports
REVENUES					
Taxes	\$ 249,357	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	11,100	29,277	-	-
Charges for services	100	-	-	-	23,310
Fines and forfeits	-	1,587	-	-	-
Miscellaneous	10,000	36,085	5,565	-	650
Contributions to permanent endowment	-	-	-	-	-
Investment earnings	-	-	-	-	-
Total revenues	<u>259,457</u>	<u>48,772</u>	<u>34,842</u>	<u>-</u>	<u>23,960</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Community development	189,563	-	70,330	-	-
Public safety	-	292,905	-	-	-
Public works	-	-	-	-	-
Parks and cemetery	-	-	-	-	11,911
Capital outlay	1,000	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>190,563</u>	<u>292,905</u>	<u>70,330</u>	<u>-</u>	<u>11,911</u>
Revenues in excess of expenditures	<u>68,894</u>	<u>(244,133)</u>	<u>(35,488)</u>	<u>-</u>	<u>12,049</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	219,998	-	-	-
Transfers out	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>219,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	68,894	(24,135)	(35,488)	-	12,049
FUND BALANCE (DEFICIT), Beginning	<u>42,475</u>	<u>56,725</u>	<u>75,500</u>	<u>50,000</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 111,369</u>	<u>\$ 32,590</u>	<u>\$ 40,012</u>	<u>\$ 50,000</u>	<u>\$ 12,049</u>

See the accompanying independent auditors' report.

Special Revenue Funds

Downtown							
Development Authority	Surplus & Deficiency	Capital Improvement	Conservation Trust	Pavilion Senior Center	Public/Education/Government Fund	Special Benefits	Tourism Promotion
\$ 138,230	\$ -	\$ -	\$ -	\$ -	\$ 21,159	\$ -	\$ 387,868
-	-	48,766	102,934	-	-	-	-
16,655	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,508	-	69,458	-	3,348	-	144,730	28,347
-	-	-	-	-	-	-	-
95	125	1,042	329	-	-	-	-
<u>190,488</u>	<u>125</u>	<u>119,266</u>	<u>103,263</u>	<u>3,348</u>	<u>21,159</u>	<u>144,730</u>	<u>416,215</u>
-	-	-	-	-	2,368	-	-
146,587	-	-	-	4,334	-	2,091	269,221
-	-	-	-	-	-	-	-
-	-	14,092	-	-	-	-	-
-	-	-	-	-	-	-	-
39,312	-	526,956	-	-	-	7,137	55,147
-	-	-	-	-	-	-	-
<u>185,899</u>	<u>-</u>	<u>541,048</u>	<u>-</u>	<u>4,334</u>	<u>2,368</u>	<u>9,228</u>	<u>324,368</u>
<u>4,589</u>	<u>125</u>	<u>(421,782)</u>	<u>103,263</u>	<u>(986)</u>	<u>18,791</u>	<u>135,502</u>	<u>91,847</u>
-	-	1,370,839	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	<u>1,370,839</u>	-	-	-	-	-
4,589	125	949,057	103,263	(986)	18,791	135,502	91,847
95,999	154,196	851,559	306,863	15,278	26,968	222,358	(45)
<u>\$ 100,588</u>	<u>\$ 154,321</u>	<u>\$ 1,800,616</u>	<u>\$ 410,126</u>	<u>\$ 14,292</u>	<u>\$ 45,759</u>	<u>\$ 357,860</u>	<u>\$ 91,802</u>

CITY OF MONTROSE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Debt Service Funds		Permanent Funds	
	1998 General Fund			
	Excise Tax Revenue	EDA Fireflow	Demoret Trust	Cemetery
	Bonds	Loan	Demoret Trust	Perpetual Care
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	12,189	-	-
Fines and forfeits	-	-	-	-
Miscellaneous	-	-	-	-
Contributions to permanent endowment	-	-	-	1,760
Investment earnings	-	-	3,358	134
Total revenues	-	12,189	3,358	1,894
EXPENDITURES				
Current				
General government	200	-	24	-
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and cemetery	-	-	-	-
Capital outlay	-	-	52,273	-
Debt service	377,325	12,189	-	-
Total expenditures	377,525	12,189	52,297	-
Revenues in excess of expenditures	(377,525)	-	(48,939)	1,894
OTHER FINANCING SOURCES (USES)				
Transfers in	503,300	-	-	-
Transfers out	-	-	-	(41)
Net other financing sources (uses)	503,300	-	-	(41)
Change in fund balance	125,775	-	(48,939)	1,853
FUND BALANCE, Beginning	59,493	-	388,918	109,518
FUND BALANCE, Ending	\$ 185,268	\$ -	\$ 339,979	\$ 111,371

See the accompanying independent auditors' report.

Capital Project Funds		Total Nonmajor Funds	
Grand/Rio Grande Project	Elks Building Renovation	2013	2012
\$ -	\$ -	\$ 796,614	\$ 778,964
431,021	-	623,098	2,841,755
-	-	52,254	12,357
-	-	1,587	872
-	-	333,691	111,658
-	-	1,760	2,880
9,946	192	15,221	21,815
<u>440,967</u>	<u>192</u>	<u>1,824,225</u>	<u>3,770,301</u>
-	-	2,592	2,895
-	-	682,126	1,245,497
-	-	292,905	171,729
-	-	14,092	34,280
-	-	11,911	-
22,568	19,443	723,836	3,309,219
-	-	389,514	387,264
<u>22,568</u>	<u>19,443</u>	<u>2,116,976</u>	<u>5,150,884</u>
<u>418,399</u>	<u>(19,251)</u>	<u>(292,751)</u>	<u>(1,380,583)</u>
-	288,114	2,382,251	1,486,058
-	-	(41)	(182,104)
-	<u>288,114</u>	<u>2,382,210</u>	<u>1,303,954</u>
418,399	268,863	2,089,459	(76,629)
<u>1,254,504</u>	<u>137,886</u>	<u>3,848,195</u>	<u>3,924,824</u>
<u>\$ 1,672,903</u>	<u>\$ 406,749</u>	<u>\$ 5,937,654</u>	<u>\$ 3,848,195</u>

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GOVERNMENTAL BUDGETARY COMPARISON SCHEDULES

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SPECIAL REVENUE FUNDS

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Retail Sales Enhancement Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original & Final			Variance With Final	2012
	Budget	Actual	Budget	Actual	
REVENUES					
Taxes	\$ 235,000	\$ 249,357	\$ 14,357	\$ 246,890	
Charges for services	-	100	100	-	
Miscellaneous	-	10,000	10,000	-	
Total revenues	<u>235,000</u>	<u>259,457</u>	<u>24,457</u>	<u>246,890</u>	
EXPENDITURES					
Current					
Community development					
Retail Sales Enhancement	235,000	189,563	45,437	246,890	
Capital outlay					
Community development outlays	-	1,000	(1,000)	-	
Total expenditures	<u>235,000</u>	<u>190,563</u>	<u>44,437</u>	<u>246,890</u>	
Change in fund balance	-	68,894	68,894	-	
FUND BALANCE, Beginning	<u>42,475</u>	<u>42,475</u>	-	<u>42,475</u>	
FUND BALANCE, Ending	<u>\$ 42,475</u>	<u>\$ 111,369</u>	<u>\$ 68,894</u>	<u>\$ 42,475</u>	

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Methamphetamine Grant Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013			2012
	Original & Final	Actual	Variance With Final	
	Budget		Budget	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 289,586
EXPENDITURES				
Current				
Public safety				
Grant specific expenditures	-	-	-	78,190
Capital outlay				
Public safety outlays	-	-	-	211,396
Total expenditures	-	-	-	289,586
Change in fund balance	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013		Variance With Final Budget	2012 Actual
	Original & Final Budget	Actual		
REVENUES				
Intergovernmental	\$ -	\$ 11,100	\$ 11,100	\$ -
Fines and forfeits	1,000	1,587	587	872
Miscellaneous	<u>79,618</u>	<u>36,085</u>	<u>(43,533)</u>	<u>36,217</u>
Total revenues	80,618	48,772	(31,846)	37,089
EXPENDITURES				
Current				
Public safety				
Grant specific expenditures	<u>300,618</u>	<u>292,905</u>	<u>7,713</u>	<u>93,539</u>
Revenues in excess of expenditures	(220,000)	(244,133)	(24,133)	(56,450)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>220,000</u>	<u>219,998</u>	<u>(2)</u>	<u>63,120</u>
Change in fund balance	-	(24,135)	(24,135)	6,670
FUND BALANCE, Beginning	<u>56,725</u>	<u>56,725</u>	<u>-</u>	<u>50,055</u>
FUND BALANCE, Ending	<u>\$ 56,725</u>	<u>\$ 32,590</u>	<u>\$ (24,135)</u>	<u>\$ 56,725</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Competitive Youth Sports Fund
 For the Year Ended December 31, 2013

		2013		
		Original/Final	Variance	
		Budget	Actual	With Final
		Budget		
REVENUES				
Charges for services		\$ -	\$ 23,310	\$ 23,310
Miscellaneous		-	650	650
	Total revenues	-	23,960	23,960
EXPENDITURES				
Current				
General government				
	Competitive Youth Sports	12,000	11,911	(89)
	Change in fund balance	(12,000)	12,049	23,871
	FUND BALANCE, Beginning	-	-	-
	FUND BALANCE, Ending	\$ (12,000)	\$ 12,049	\$ 23,871

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013			2012
	Original & Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 468,488
EXPENDITURES				
Current				
Community development				
Comm. development	-	-	-	268,518
Capital outlay				
Community development outlays	-	-	-	199,970
Total expenditures	-	-	-	468,488
OTHER FINANCING SOURCES (USES)				
Change in fund balance	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Taxes	\$ 225,000	\$ 225,000	\$ 138,230	\$ (86,770)	\$ 126,745
Intergovernmental	-	-	-	-	8,986
Charges for services	-	-	16,655	16,655	-
Miscellaneous	-	-	35,508	35,508	5,613
Investment earnings	1,000	1,000	95	(905)	309
Total revenues	<u>226,000</u>	<u>226,000</u>	<u>190,488</u>	<u>(35,512)</u>	<u>141,653</u>
EXPENDITURES					
Current					
Community development					
Downtown Development	133,070	158,070	146,587	11,483	138,555
Capital outlay					
Community development outlays	36,534	36,930	39,312	(2,382)	25,264
Total expenditures	<u>169,604</u>	<u>195,000</u>	<u>185,899</u>	<u>9,101</u>	<u>163,819</u>
Revenues in excess of expenditures	56,396	31,000	4,589	(26,411)	(22,166)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	(12,000)
Change in fund balance	56,396	31,000	4,589	(26,411)	(34,166)
FUND BALANCE, Beginning	95,999	95,999	95,999	-	130,165
FUND BALANCE, Ending	<u>\$ 152,395</u>	<u>\$ 126,999</u>	<u>\$ 100,588</u>	<u>\$ (26,411)</u>	<u>\$ 95,999</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 DDA Revolving Loan Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Intergovernmental	\$ 28,046	\$ 28,046	\$ 29,277	\$ 1,231	\$ -
Miscellaneous	11,954	11,954	5,565	(6,389)	-
Total revenues	40,000	40,000	34,842	(5,158)	-
EXPENDITURES					
Current					
Comm. development	40,000	80,000	70,330	9,670	-
Revenues in excess of expenditures	-	(40,000)	(35,488)	4,512	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	75,500
Change in fund balance	-	(40,000)	(35,488)	4,512	75,500
FUND BALANCE, Beginning	75,500	75,500	75,500	-	-
FUND BALANCE, Ending	<u>\$ 75,500</u>	<u>\$ 35,500</u>	<u>\$ 40,012</u>	<u>\$ 4,512</u>	<u>\$ 75,500</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Greater City Loan Fund
 For the Year Ended December 31, 2013

	Original & Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>	<u>2012</u> <u>Actual</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ 50,000
FUND BALANCE, Beginning	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Public/Education/Government Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original & Final			Variance With Final	2012
	Budget	Actual	Budget	Actual	Actual
REVENUES					
Taxes	\$ 21,000	\$ 21,159	\$ 159		\$ 20,811
EXPENDITURES					
Current					
Community development					
Special benefit	<u>21,000</u>	<u>2,368</u>	<u>18,632</u>		<u>2,695</u>
Revenues in excess of expenditures	-	18,791	18,791		18,116
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>		<u>8,852</u>
Change in fund balance	-	18,791	18,791		26,968
FUND BALANCE, Beginning	<u>26,968</u>	<u>26,968</u>	<u>-</u>		<u>-</u>
FUND BALANCE, Ending	<u>\$ 26,968</u>	<u>\$ 45,759</u>	<u>\$ 18,791</u>		<u>\$ 26,968</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Surplus & Deficiency Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original & Final			Variance With Final	2012
	Budget	Actual	Budget	Actual	Actual
REVENUES					
Investment earnings	\$ 300	\$ 125	\$ (175)		\$ 216
FUND BALANCE, Beginning	<u>154,196</u>	<u>154,196</u>	<u>-</u>		<u>153,980</u>
FUND BALANCE, Ending	<u>\$ 154,496</u>	<u>\$ 154,321</u>	<u>\$ (175)</u>		<u>\$ 154,196</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Capital Improvement Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original & Final			Variance With Final	2012
	Budget	Actual	Budget	Actual	
REVENUES					
Intergovernmental	\$ 300,000	\$ 48,766	\$ (251,234)	\$ 84,705	
Miscellaneous	-	69,458	69,458	-	
Investment earnings	500	1,042	542	2,520	
Total revenues	<u>300,500</u>	<u>119,266</u>	<u>(181,234)</u>	<u>87,225</u>	
EXPENDITURES					
Current					
Public works					
Curb/gutter/sidewalk	-	14,092	(14,092)	27,712	
Capital outlay					
Public works outlays	-	73,559	(73,559)	-	
Highways & streets outlays	1,671,339	453,397	1,217,942	331,646	
Total capital outlay	<u>1,671,339</u>	<u>526,956</u>	<u>1,144,383</u>	<u>331,646</u>	
Total expenditures	<u>1,671,339</u>	<u>541,048</u>	<u>1,130,291</u>	<u>359,358</u>	
Revenues in excess of expenditures	<u>(1,370,839)</u>	<u>(421,782)</u>	<u>949,057</u>	<u>(272,133)</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in	1,370,839	1,370,839	-	912,011	
Transfers out	-	-	-	(170,000)	
Net other financing sources (uses)	<u>1,370,839</u>	<u>1,370,839</u>	<u>-</u>	<u>742,011</u>	
Change in fund balance	-	949,057	949,057	469,878	
FUND BALANCE, Beginning	<u>851,559</u>	<u>851,559</u>	<u>-</u>	<u>381,681</u>	
FUND BALANCE, Ending	<u>\$ 851,559</u>	<u>\$ 1,800,616</u>	<u>\$ 949,057</u>	<u>\$ 851,559</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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original & Final			Variance With Final	2012
	Budget	Actual	Budget	Actual	
REVENUES					
Intergovernmental	\$ 80,000	\$ 102,934	\$ 22,934	\$ 95,623	
Investment earnings	1,000	329	(671)	765	
Total revenues	81,000	103,263	22,263	96,388	
EXPENDITURES					
Capital outlay					
Parks & recreation outlays	-	-	-	27,998	
Revenues in excess of expenditures	81,000	103,263	22,263	68,390	
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,500	
Change in fund balance	81,000	103,263	22,263	69,890	
FUND BALANCE, Beginning	306,863	306,863	-	236,973	
FUND BALANCE, Ending	<u>\$ 387,863</u>	<u>\$ 410,126</u>	<u>\$ 22,263</u>	<u>\$ 306,863</u>	

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 168
Miscellaneous	<u>3,410</u>	<u>3,410</u>	<u>3,348</u>	<u>(62)</u>	<u>3,052</u>
Total revenues	3,410	3,410	3,348	(62)	3,220
EXPENDITURES					
Current					
Community development					
Pavilions Senior Center	<u>3,400</u>	<u>4,650</u>	<u>4,334</u>	<u>316</u>	<u>1,775</u>
Change in fund balance	10	(1,240)	(986)	254	1,445
FUND BALANCE, Beginning	<u>15,278</u>	<u>15,278</u>	<u>15,278</u>	<u>-</u>	<u>13,833</u>
FUND BALANCE, Ending	<u>\$ 15,288</u>	<u>\$ 14,038</u>	<u>\$ 14,292</u>	<u>\$ 254</u>	<u>\$ 15,278</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Special Benefits Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013			
	Original & Final	Variance		2012
	Budget	Actual	With Final Budget	Actual
REVENUES				
Miscellaneous	\$ 11,000	\$ 144,730	\$ 133,730	\$ 66,775
EXPENDITURES				
Current				
Community development				
Special benefit	12,685	2,091	10,594	4,974
Capital outlay				
General government outlays	10,000	-	10,000	1,909
Community development outlays	-	7,137	(7,137)	-
Total capital outlay	10,000	7,137	2,863	1,909
Total expenditures	22,685	9,228	13,457	6,883
Change in fund balance	(11,685)	135,502	147,187	59,892
FUND BALANCE, Beginning	222,358	222,358	-	162,466
FUND BALANCE, Ending	<u>\$ 210,673</u>	<u>\$ 357,860</u>	<u>\$ 147,187</u>	<u>\$ 222,358</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Tourism Promotion Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013			
	Original & Final	Actual	Variance With Final	2012
	Budget		Budget	Actual
REVENUES				
Taxes	\$ 338,750	\$ 387,868	\$ 49,118	\$ 384,518
Miscellaneous	-	28,347	28,347	-
Total revenues	<u>338,750</u>	<u>416,215</u>	<u>77,465</u>	<u>384,518</u>
EXPENDITURES				
Current				
Community development				
Tourism	338,750	269,221	69,529	384,518
Capital outlay				
Community development outlays	-	55,147	(55,147)	-
Total expenditures	<u>338,750</u>	<u>324,368</u>	<u>14,382</u>	<u>384,518</u>
Change in fund balance	-	91,847	91,847	-
FUND BALANCE (DEFICIT), Beginning	<u>(45)</u>	<u>(45)</u>	<u>-</u>	<u>(45)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ (45)</u>	<u>\$ 91,802</u>	<u>\$ 91,847</u>	<u>\$ (45)</u>

See the accompanying independent auditors' report.

DEBT SERVICE FUNDS

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 1998 General Fund Excise Tax Revenue Bonds Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
EXPENDITURES					
Current					
Community development					
Special benefit	\$ -	\$ -	\$ 200	\$ (200)	\$ 200
Debt service					
Principal	320,000	320,000	320,000	-	310,000
Interest and fees	57,475	57,525	57,325	200	65,075
Total expenditures	377,475	377,525	377,525	-	375,275
OTHER FINANCING SOURCES (USES)					
Transfers in	377,475	377,475	503,300	125,825	375,075
Change in fund balance	-	(50)	125,775	125,825	(200)
FUND BALANCE, Beginning	59,493	59,493	59,493	-	59,693
FUND BALANCE, Ending	<u>\$ 59,493</u>	<u>\$ 59,443</u>	<u>\$ 185,268</u>	<u>\$ 125,825</u>	<u>\$ 59,493</u>

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013			
	Original & Final			2012
	Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Charges for services	\$ 12,189	\$ 12,189	\$ -	\$ 12,189
EXPENDITURES				
Debt service				
Principal	8,663	8,663	-	8,456
Interest and fees	3,526	3,526	-	3,733
Total expenditures	<u>12,189</u>	<u>12,189</u>	<u>-</u>	<u>12,189</u>
Change in fund balance	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

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PERMANENT FUNDS

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Demoret Trust Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Investment earnings	\$ 32,500	\$ 32,500	\$ 3,358	\$ (29,142)	\$ 3,362
EXPENDITURES					
Current					
General government					
Administrative services	-	-	24	(24)	-
Capital outlay					
Community development outlays	<u>32,500</u>	<u>63,500</u>	<u>52,273</u>	<u>11,227</u>	<u>7,056</u>
Total expenditures	<u>32,500</u>	<u>63,500</u>	<u>52,297</u>	<u>11,203</u>	<u>7,056</u>
Change in fund balance	-	(31,000)	(48,939)	(17,939)	(3,694)
FUND BALANCE, Beginning	<u>388,918</u>	<u>388,918</u>	<u>388,918</u>	-	<u>392,612</u>
FUND BALANCE, Ending	<u>\$ 388,918</u>	<u>\$ 357,918</u>	<u>\$ 339,979</u>	<u>\$ (17,939)</u>	<u>\$ 388,918</u>

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original & Final			Variance With Final	2012
	Budget	Actual	Budget	Actual	
REVENUES					
Contributions to permanent endowment	\$ 2,254	\$ 1,760	\$ (494)	\$ 2,880	
Investment earnings	200	134	(66)	231	
Total revenues	2,454	1,894	(560)	3,111	
OTHER FINANCING SOURCES (USES)					
Transfers out	(150)	(41)	109	(104)	
Change in fund balance	2,304	1,853	(451)	3,007	
FUND BALANCE, Beginning	109,518	109,518	-	106,511	
FUND BALANCE, Ending	<u>\$ 111,822</u>	<u>\$ 111,371</u>	<u>\$ (451)</u>	<u>\$ 109,518</u>	

See the accompanying independent auditors' report.

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CAPITAL PROJECTS FUNDS

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Spec. Imp. District Const. Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Special assessments	\$ 99,237	\$ 99,237	\$ 161,541	\$ 62,304	\$ 124,103
Investment earnings	-	-	263	263	-
Total revenues	99,237	99,237	161,804	62,567	124,103
EXPENDITURES					
Current					
General government					
Administrative services	-	1,000	635	365	-
Change in fund balance	99,237	98,237	161,169	62,932	124,103
FUND BALANCE, Beginning	311,166	311,166	311,166	-	187,063
FUND BALANCE, Ending	\$ 410,403	\$ 409,403	\$ 472,335	\$ 62,932	\$ 311,166

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 431,021	\$ 431,021	\$ 1,694,101
Investment earnings	-	-	9,946	9,946	14,412
Total revenues	<u>-</u>	<u>-</u>	<u>440,967</u>	<u>440,967</u>	<u>1,708,513</u>
EXPENDITURES					
Current					
Public works					
Public works administration	-	-	-	-	6,568
Capital outlay					
Highways & streets outlays	-	24,432	22,568	1,864	2,503,980
Total expenditures	<u>-</u>	<u>24,432</u>	<u>22,568</u>	<u>1,864</u>	<u>2,510,548</u>
Change in fund balance	-	(24,432)	418,399	442,831	(802,035)
FUND BALANCE, Beginning	<u>1,254,504</u>	<u>1,254,504</u>	<u>1,254,504</u>	<u>-</u>	<u>2,056,539</u>
FUND BALANCE, Ending	<u>\$ 1,254,504</u>	<u>\$ 1,230,072</u>	<u>\$ 1,672,903</u>	<u>\$ 442,831</u>	<u>\$ 1,254,504</u>

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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013		Variance With Final Budget	2012 Actual
	Original & Final Budget	Actual		
REVENUES				
Investment earnings	\$ -	\$ 192	\$ 192	\$ -
EXPENDITURES				
Capital outlay				
General government outlays	<u>80,000</u>	<u>19,443</u>	<u>60,557</u>	<u>-</u>
Revenues in excess of expenditures	(80,000)	(19,251)	60,749	-
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>288,114</u>	<u>288,114</u>	<u>-</u>	<u>-</u>
Change in fund balance	208,114	268,863	60,749	-
FUND BALANCE, Beginning	<u>137,886</u>	<u>137,886</u>	<u>-</u>	<u>137,886</u>
FUND BALANCE, Ending	<u>\$ 346,000</u>	<u>\$ 406,749</u>	<u>\$ 60,749</u>	<u>\$ 137,886</u>

See the accompanying independent auditors' report.

ENTERPRISE FUNDS

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Water Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013			
	Original & Final Budget	Actual	Variance With Final Budget	2012 Actual
REVENUES				
Water sales	\$ 5,177,240	\$ 4,981,375	\$ (195,865)	\$ 5,344,709
Tap fees unpledged	30,000	27,982	(2,018)	29,031
Other Charges	-	8	8	-
Administrative reimbursement	-	-	-	173,664
Miscellaneous	-	10	10	192
Intergovernmental revenues	-	87,630	87,630	353,520
Investment earnings	10,000	11,481	1,481	18,781
Gain (loss) on sale of assets	-	-	-	820
Capacity fees and Dedicated infrastructure	47,800	53,950	6,150	50,182
Transfers in	-	-	-	487,836
Total revenues	5,265,040	5,162,436	(102,604)	6,458,735
EXPENDITURES				
Enterprise administration	348,688	348,688	-	460,363
Operations and maintenance	3,079,750	2,746,860	332,890	3,219,816
Capital outlay	1,500,000	760,678	739,322	3,293,705
Principal	143,000	142,299	701	139,273
Interest expense	97,535	96,539	996	101,668
Total expenditures	5,168,973	4,095,064	1,073,909	7,214,825
Change in net position - budgetary basis	\$ 96,067	1,067,372	\$ 971,305	(756,090)
Reconciliation of budgetary to GAAP basis:				
Capitalized assets		776,847		3,666,969
Depreciation		(1,017,081)		(924,085)
Debt principal payments		142,299		139,273
Change in net position - GAAP basis		969,437		2,126,067
NET POSITION, Beginning		31,789,449		29,663,382
NET POSITION, Ending		\$ 32,758,886		\$ 31,789,449

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Sewer Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Sewer charges	\$ 2,794,233	\$ 2,794,233	\$ 2,769,132	\$ (25,101)	\$ 2,860,819
Tap fees unpledged	10,000	10,000	21,496	11,496	10,813
Other Charges	21,700	21,700	31,368	9,668	21,044
Intergovernmental revenues	-	-	132,405	132,405	64,469
Investment earnings	10,000	10,000	13,286	3,286	16,900
Capacity fees and Dedicated infrastructure	120,000	120,000	167,198	47,198	182,481
Transfers in	-	-	-	-	48,699
Total revenues	<u>2,955,933</u>	<u>2,955,933</u>	<u>3,134,885</u>	<u>178,952</u>	<u>3,205,225</u>
EXPENDITURES					
Enterprise administration	401,320	401,320	401,320	-	580,222
Operations and maintenance	1,403,615	1,500,015	1,475,255	24,760	1,390,054
Capital outlay	1,796,500	1,908,864	1,837,321	71,543	1,455,951
Principal	117,000	117,000	116,427	573	113,951
Interest expense	79,801	79,801	78,986	815	83,183
Transfers out	-	-	-	-	420,000
Total expenditures	<u>3,798,236</u>	<u>4,007,000</u>	<u>3,909,309</u>	<u>97,691</u>	<u>4,043,361</u>
Change in net position - budgetary basis	<u>\$ (842,303)</u>	<u>\$ (1,051,067)</u>	(774,424)	<u>\$ 276,643</u>	(838,136)
Reconciliation of budgetary to GAAP basis:					
Capitalized assets			1,701,029		1,533,340
Depreciation			(1,851,480)		(1,708,523)
Debt principal payments			116,427		113,951
Change in net position - GAAP basis			(808,448)		(899,368)
NET POSITION, Beginning			<u>36,274,481</u>		<u>37,173,849</u>
NET POSITION, Ending			<u>\$ 35,466,033</u>		<u>\$ 36,274,481</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Sanitation Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Sanitation charges	\$ 1,517,136	\$ 1,517,136	\$ 1,537,742	\$ 20,606	\$ 1,538,117
Other Charges	3,000	3,000	-	(3,000)	-
Miscellaneous	500	500	14,340	13,840	505
Investment earnings	50	50	37	(13)	176
Transfers in	-	-	-	-	109,403
Total revenues	<u>1,520,686</u>	<u>1,520,686</u>	<u>1,552,119</u>	<u>31,433</u>	<u>1,648,201</u>
EXPENDITURES					
Enterprise administration	274,185	274,185	274,185	-	355,582
Operations and maintenance	<u>1,184,797</u>	<u>1,259,115</u>	<u>1,314,865</u>	<u>(55,750)</u>	<u>1,517,512</u>
Total expenditures	<u>1,458,982</u>	<u>1,533,300</u>	<u>1,589,050</u>	<u>(55,750)</u>	<u>1,873,094</u>
Change in net position - budgetary basis	<u>\$ 61,704</u>	<u>\$ (12,614)</u>	(36,931)	<u>\$ (24,317)</u>	(224,893)
NET POSITION, Beginning			<u>151,236</u>		<u>376,129</u>
NET POSITION, Ending			<u>\$ 114,305</u>		<u>\$ 151,236</u>

See the accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Internal Service Equipment Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Interfund charges	\$ 1,554,700	\$ 1,554,700	\$ 1,521,402	\$ (33,298)	\$ 1,621,770
Other Charges	30,000	30,000	39,384	9,384	40,797
Investment earnings	4,000	4,000	2,718	(1,282)	3,610
Gain (loss) on sale of assets	-	-	6,428	6,428	13,623
Total revenues	<u>1,588,700</u>	<u>1,588,700</u>	<u>1,569,932</u>	<u>(18,768)</u>	<u>1,679,800</u>
EXPENDITURES					
Operations and maintenance	848,177	951,049	932,659	18,390	848,049
Capital outlay	370,000	481,651	474,631	7,020	438,673
Transfers out	-	-	-	-	684,445
Total expenditures	<u>1,218,177</u>	<u>1,432,700</u>	<u>1,407,290</u>	<u>25,410</u>	<u>1,971,167</u>
Change in net position - budgetary basis	<u>\$ 370,523</u>	<u>\$ 156,000</u>	162,642	<u>\$ 6,642</u>	(291,367)
Reconciliation of budgetary to GAAP basis:					
Capital outlay			493,631		439,349
Depreciation			<u>(723,107)</u>		<u>(737,570)</u>
Change in net position - GAAP basis			(66,834)		(589,588)
NET POSITION, Beginning			<u>4,612,940</u>		<u>5,202,528</u>
NET POSITION, Ending			<u>\$ 4,546,106</u>		<u>\$ 4,612,940</u>

See the accompanying independent auditors' report.

CITY OF MONTROSE, COLORADO
 Budgetary Comparison Schedule for the
 Information Technology Fund
 For the Year Ended December 31, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013				
	Original	Final	Actual	Variance	2012
	Budget	Budget		With Final	Actual
REVENUES					
Interfund charges	\$ 778,490	\$ 778,490	\$ 773,517	\$ (4,973)	\$ 976,406
Other Charges	-	-	144	144	26
Miscellaneous	-	-	38,076	38,076	70,281
Intergovernmental revenues	33,400	33,400	76,542	43,142	29,730
Investment earnings	1,500	1,500	1,272	(228)	1,455
Gain (loss) on sale of assets	-	-	980	980	444
Total revenues	<u>813,390</u>	<u>813,390</u>	<u>890,531</u>	<u>77,141</u>	<u>1,078,342</u>
EXPENDITURES					
Operations and maintenance	749,853	771,353	774,245	(2,892)	905,213
Capital outlay	109,300	109,300	80,102	29,198	125,253
Transfers out	-	-	-	-	8,852
Total expenditures	<u>859,153</u>	<u>880,653</u>	<u>854,347</u>	<u>26,306</u>	<u>1,039,318</u>
Change in net position - budgetary basis	<u>\$ (45,763)</u>	<u>\$ (67,263)</u>	36,184	<u>\$ 103,447</u>	39,024
Reconciliation of budgetary to GAAP basis:					
Capital outlay			74,898		101,300
Depreciation			(60,909)		(69,141)
Vacation payouts			<u>401</u>		<u>(402)</u>
Change in net position - GAAP basis			50,574		70,781
NET POSITION, Beginning			<u>1,147,405</u>		<u>1,076,624</u>
NET POSITION, Ending			<u>\$ 1,197,979</u>		<u>\$ 1,147,405</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, 2013
 (With Comparative Totals for the Year Ended December 31, 2012)

	2013			
	Original & Final			2012
	Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Interfund charges	\$ 2,563,000	\$ 2,182,937	\$ (380,063)	\$ 2,282,413
Miscellaneous	44,000	13,562	(30,438)	217,429
Investment earnings	-	666	666	219
Total revenues	<u>2,607,000</u>	<u>2,197,165</u>	<u>(409,835)</u>	<u>2,500,061</u>
EXPENDITURES				
Enterprise administration	71,000	67,744	3,256	63,264
Operations and maintenance	8,000	347	7,653	7,415
Medical claims	2,232,700	1,269,427	963,273	1,790,846
Insurance premiums	359,500	373,490	(13,990)	353,786
Total expenditures	<u>2,671,200</u>	<u>1,711,008</u>	<u>960,192</u>	<u>2,215,311</u>
Change in net position - budgetary basis	<u>\$ (64,200)</u>	486,157	<u>\$ 550,357</u>	284,750
NET POSITION, Beginning		<u>311,057</u>		<u>26,307</u>
NET POSITION, Ending		<u>\$ 797,214</u>		<u>\$ 311,057</u>

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2013
This Information From The Records Of (example - City of _ or County of _)	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)	304,120
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,441,084
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	3,356,400	b. Snow and ice removal	94,573
3. Other local imposts (from page 2)	0	c. Other	
4. Miscellaneous local receipts (from page 2)	201,307	d. Total (a. through c.)	94,573
5. Transfers from toll facilities		4. General administration & miscellaneous	322,592
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,215,399
a. Bonds - Original Issues		6. Total (1 through 5)	4,377,769
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	57,325
7. Total (1 through 6)	3,557,707	b. Redemption	320,000
B. Private Contributions		c. Total (a. + b.)	377,325
C. Receipts from State government (from page 2)	1,197,387	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	4,755,094	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	377,325
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	4,755,094

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,675,000		320,000	1,355,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		4,755,094	4,755,094		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2013

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	10,988
b. Other local imposts:		b. Traffic Fines & Penalties	190,318
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	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.)	0	h. Other	
c. Total (a. + b.)	0	i. Total (a. through h.)	201,307
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	693,290	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	73,076	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) Federal Earmark	431,021	f. Other Federal	
f. Total (a. through e.)	504,097	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	1,197,387	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		61,360	61,360
b. Engineering Costs		8,780	8,780
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		48,889	48,889
(3). System Preservation		168,578	168,578
(4). System Enhancement & Operation		16,513	16,513
(5). Total Construction (1) + (2) + (3) + (4)	0	233,980	233,980
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	304,120	304,120
			(Carry forward to page 1)

Notes and Comments: