

CITY OF MONTROSE, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

For the Year Ended
December 31, 2019

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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, 2019.

Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2019 by \$148,858,637. Of this amount, \$48,908,884 is unrestricted to meet the City's ongoing obligations to its citizens and creditors.
- The General Fund's largest revenue source is Sales and Use tax that is collected by businesses that conduct business within the City's boundaries. In 2019, the City Council approved a change to section 5-15 of the Municipal Code basing nexus on economic sales not physical presence. The Sales & Use tax revenue collected at 3% on tangible personal property in 2019 was \$18,334,452; which is an increase of 3.8% over 2018 collections.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,094,251, a decrease of \$3,133,905 over the prior year. Approximately 18.5% of this total amount, \$3,166,608 is available for spending at the City Council's discretion (unassigned fund balance) for general government functions such as streets, parks and public safety.
- In 2017, \$10,000,000 was loaned from Vectra Bank to fund the public infrastructure of the Colorado Outdoors project as well as street improvements throughout the City.
- The fund balance policy requires 6 months of reserves for the General Fund. At the end of 2019, unassigned fund balance for the general fund was \$11,486,927 which is approximately 9 months of operating expenditures.
- 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. In 2019, \$2,439,106 was transferred to the Capital Improvement Fund.
- The City's total long-term liabilities decreased by \$133,418 during the current fiscal year or by approximately 1.2%. This is attributable to the amount borrowed for public infrastructure improvements.
- 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 2019, the City collected \$296,640 in water capacity fees and \$505,436 in sewer capacity fees which is an increase 10.82% and a decrease of 19.61% respectively over the previous year's collections.
- Water Fund capital projects included Cerro Reservoir Improvement, Valve replacements, Hydrant replacements, Miami Roundabout, Sunset Mesa Tank Storage Design, PRV Upgrade/Monitoring, MoveMo.Co improvement projects, 6800 Road Yr2; 24" Miami Rd 6800 Rd to Hwy 50,
- Sewer Fund capital projects for sewer collection included Woodgate sewer rehabilitation, CIP 3 Sewer Design; Sewer Lining, Manhole Rehabilitation & H2S lining. Upgrades to the Waste Water Treatment Plant included an effluent sampler, Digester feed pumps

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 the reader 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, Pavilion operations, parks maintenance and street maintenance. The business-type activities of the City of Montrose include Water, Sewer, Trash and Recycling, Black Canyon Golf Course, Fleet Management, Information Services, and Facilities fund.

The government-wide financial statements can be found on pages 4 and 5 of the audit 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, Montrose urban renewal authority, and capital improvement fund because they are considered to be major funds for the 2019 fiscal year. Data from the other 17 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 6-9 of this report.

Proprietary funds. The City of Montrose maintains two (2) different types of proprietary funds; enterprise and internal service 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, Trash and Recycling services and Black Canyon Golf Course. *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, facilities maintenance 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, Trash & Recycling services and the Black Canyon Golf Course 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 10-12 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 13-36 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 39 and 41 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 42 - 75 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 64.3% 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.

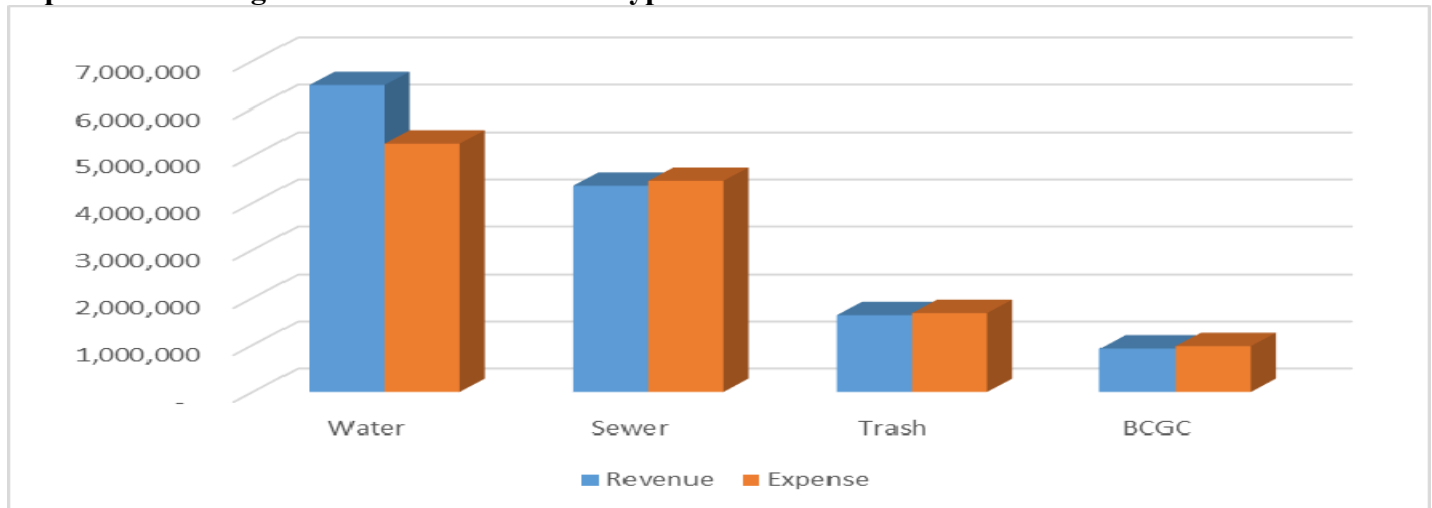
City of Montrose Statement of Net Position								
	Governmental		Business-type		Total		Amount of	%
	activities		activities				Change	Change
	2019	2018	2019	2018	2019	2018		
Current assets	\$ 34,467,221	\$ 34,956,005	\$ 16,944,137	\$ 18,104,973	\$ 51,411,358	\$ 53,060,978	\$ (1,649,620)	-3.2%
Noncurrent assets	\$ 65,679,371	\$ 65,581,931	\$ 55,862,994	\$ 54,711,603	\$ 121,542,365	\$ 120,293,534	\$ 1,248,831	1.0%
Total assets	\$100,146,592	\$100,537,936	\$ 72,807,131	\$ 72,816,576	\$ 172,953,723	\$ 173,354,512	\$ (400,789)	-0.2%
Deferred Outflows	\$ 1,930,202				\$ 1,930,202		\$ 1,930,202	
Current liabilities	\$ 12,496,908	\$ 11,423,309	\$ 1,609,890	\$ 1,417,189	\$ 14,106,798	\$ 12,840,498	\$ 1,266,300	9.0%
Noncurrent liabilities	\$ 9,464,132	\$ 9,241,688	\$ 1,459,716	\$ 1,815,578	\$ 10,923,848	\$ 11,057,266	\$ (133,418)	-1.2%
Total liabilities	\$ 21,961,040	\$ 20,664,997	\$ 3,069,606	\$ 3,232,767	\$ 25,030,646	\$ 23,897,764	\$ 1,132,882	4.5%
Deferred Inflows								
Property Taxes	\$ -	\$ 115,540			\$ -	\$ 115,540	\$ (115,540)	
Pension	\$ 994,642				\$ 994,642		\$ 994,642	
Total Deferred inflows	\$ 994,642	\$ 115,540	\$ -	\$ -	\$ 994,642	\$ 115,540	\$ 879,102	
Net Position:								
Net Investment in								
Capital Assets	\$ 44,178,419	\$ 43,875,211	\$ 51,522,618	\$ 50,018,930	\$ 95,701,037	\$ 93,894,141	\$ 1,806,896	1.9%
Restricted	\$ 4,248,716	\$ 4,790,023			\$ 4,248,716	\$ 4,790,023	\$ (541,307)	-12.7%
Unrestricted	\$ 30,693,977	\$ 31,092,165	\$ 18,214,907	\$ 19,564,879	\$ 48,908,884	\$ 50,657,044	\$ (1,748,160)	-3.6%
Total Net Position	\$ 79,121,112	\$ 79,757,399	\$ 69,737,525	\$ 69,583,809	\$ 148,858,637	\$ 149,341,208	\$ (482,571)	-0.3%

At the end of the current fiscal year, the City's net position government-wide has decreased over the net position reported in 2018. Under GASB 34 the audit shows the City's net position decreased by \$482,571 during the current fiscal year. This decrease is partially due to timing of payables as well as the increase in accrual of salaries and accrued compensated absences liability.

Governmental activities decreased the City's net position by \$581,838 and business type activities increased the City's net position by \$153,716.

City of Montrose Changes in Net Position							
	Governmental activities		Business-type activities		Total		Amount of Change
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 1,751,835	\$ 1,265,876	\$ 10,673,962	\$ 11,220,677	\$ 12,425,797	\$ 12,486,553	\$ (60,756)
Operating grants and contributions	\$ 2,178,831	\$ 2,164,739			\$ 2,178,831	\$ 2,164,739	\$ 14,092
Capital Grants and contributions	\$ 1,414,721	\$ 857,068	\$ 1,127,706	\$ 896,256	\$ 2,542,427	\$ 1,753,324	\$ 789,103
General revenues:					\$ -	\$ -	\$ -
Taxes					\$ -	\$ -	\$ -
Sales Tax	\$ 19,306,662	\$ 18,604,978			\$ 19,306,662	\$ 18,604,978	\$ 701,684
Franchise Fees	\$ 1,125,208	\$ 1,107,562			\$ 1,125,208	\$ 1,107,562	\$ 17,646
Cigarette Tax	\$ 52,938	\$ 59,427			\$ 52,938	\$ 59,427	\$ (6,489)
Earnings on Investments	\$ 594,937	\$ 574,978	\$ 354,100	\$ 303,145	\$ 949,037	\$ 878,123	\$ 70,914
Miscellaneous	\$ 140,816	\$ 202,982	\$ (82,261)	\$ (83,602)	\$ 58,555	\$ 119,380	\$ (60,825)
Administrative Charges	\$ 563,206	\$ 591,324	\$ (563,206)	\$ (591,324)	\$ -	\$ -	\$ -
Other	\$ 900	\$ 1,760			\$ 900	\$ 1,760	\$ (860)
Capital Cont.-Infrastructure					\$ -	\$ -	\$ -
Total revenues	\$ 27,130,054	\$ 25,430,694	\$ 11,510,301	\$ 11,745,152	\$ 38,640,355	\$ 37,175,846	\$ 1,464,509
Expenses:							
General government	\$ 5,190,224	\$ 5,560,486			\$ 5,190,224	\$ 5,560,486	\$ (370,262)
Community Development	\$ 1,810,295	\$ 2,131,606			\$ 1,810,295	\$ 2,131,606	\$ (321,311)
Public Safety	\$ 7,174,513	\$ 9,054,020			\$ 7,174,513	\$ 9,054,020	\$ (1,879,507)
Engineering & Inspection	\$ 288,889	\$ 336,371			\$ 288,889	\$ 336,371	\$ (47,482)
Public Works	\$ 9,768,917	\$ 8,948,622			\$ 9,768,917	\$ 8,948,622	\$ 820,295
Parks & Cemetery	\$ 2,158,300	\$ 2,389,321			\$ 2,158,300	\$ 2,389,321	\$ (231,021)
Administration	\$ (357,792)	\$ (226,992)			\$ (357,792)	\$ (226,992)	\$ (130,800)
Contributed Capital Assets	\$ 672,868				\$ 672,868		
Interest	\$ 539,046	\$ 557,849			\$ 539,046	\$ 557,849	\$ (18,803)
Water			\$ 4,986,060	\$ 5,545,976	\$ 4,986,060	\$ 5,545,976	\$ (559,916)
Sewer			\$ 4,294,996	\$ 4,342,962	\$ 4,294,996	\$ 4,342,962	\$ (47,966)
Sanitation			\$ 1,565,997	\$ 1,420,700	\$ 1,565,997	\$ 1,420,700	\$ 145,297
Black Canyon Golf Course			\$ 976,164	\$ 897,422	\$ 976,164	\$ 897,422	\$ 78,742
Total expenses	\$ 27,245,260	\$ 28,751,283	\$ 11,823,217	\$ 12,207,060	\$ 39,068,477	\$ 40,958,343	\$ (1,889,866)
Increase in net assets before transfers	\$ (115,206)	\$ (3,320,589)	\$ (312,916)	\$ (461,908)	\$ (428,122)	\$ (3,782,497)	\$ 3,354,375
Transfers	\$ (466,632)	\$ (469,581)	\$ 466,632	\$ 469,581	\$ -	\$ -	\$ -
Change in Net Position	\$ (581,838)	\$ (3,790,170)	\$ 153,716	\$ 7,673	\$ (428,122)	\$ (3,782,497)	\$ 3,354,375
Net Position - 1/1	\$ 79,757,398	\$ 83,440,141	\$ 69,583,809	\$ 69,576,136	\$ 149,341,207	\$ 153,016,277	\$ (3,675,070)
Prior Period restatement	\$ (54,449)	\$ 107,427			\$ (54,449)	\$ 107,427	
Net Position, 1/1 (as restated)	\$ 79,702,949	\$ 83,547,568				\$ 153,123,704	
Net Position - 12/31	\$ 79,121,111	\$ 79,757,398	\$ 69,737,525	\$ 69,583,809	\$ 148,858,636	\$ 149,341,207	\$ (482,571)

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 \$17,094,251 a decrease of \$3,133,905 over the prior year. Approximately 18.5% 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 (\$88,862) and permanent funds or other corpus (\$443,501) and interfund loans (\$6,592,280). *Restricted fund balance* is for emergencies per TABOR (\$730,000), economic development (\$126,547) pay debt service (\$109,596), beautification –Expendable (\$26,625) and parks and open space (\$303,323). *Committed fund balance* consists of economic development (\$183,120), community development (\$73,547), capital project (\$2,170,080), parks improvements (\$101,695), animal benefit (\$207,286), public education (\$66,735) and subsequent year's expenditures (\$547,344).

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 \$11,486,927, while total fund balance reached \$13,832,755. 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 is more than adequate to meet the City's reserve policy of six months of operating expenditures or 83% of the fund balance.

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 \$11,488,033, the Sewer Fund amounted to \$3,109,927, the Trash and Recycling Fund amounted to \$1,016,212 and the Black Canyon Golf Course amounted to \$40,075.

General Fund Budgetary Highlights

The Final Budget for the General Fund was \$19,900,883. Actual expenditures totaled \$17,854,106 which is an increase of \$569,046 from 2018 actual expenditures. The budget was completed in accordance with the City's Charter. The City has a six-year Capital Improvement Plan that is updated every two years and is a helpful budgetary planning tool. Unfortunately, the City has been limited in actually budgeting for these prioritized projects because of the 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, 2019, amounts to \$262,884,072. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer infrastructure.

City of Montrose Capital Assets								
(does not include internal service funds or depreciation)								
	Governmental		Business-type				Amount of	%
	Activities		Activities		Total		Change	Change
	2019	2018	2019	2018	2019	2018		
Land	\$ 12,202,760	\$ 11,986,241	\$ 1,682,525	\$ 2,553,120	\$ 13,885,285	\$ 14,539,361	(654,076)	-4%
Improvements other than buildings	\$ 5,537,939	\$ 3,081,601	\$ 9,113,457	\$ 6,925,228	\$ 14,651,396	\$ 10,006,829	4,644,567	46%
Infrastructure	\$128,646,129	\$125,325,666			\$128,646,129	\$ 125,325,666	3,320,463	3%
Buildings & System	\$ 14,894,050	\$ 14,369,859	\$ 81,578,007	\$ 81,598,641	\$ 96,472,057	\$ 95,968,500	503,557	1%
Machinery & Equipment	\$ 6,480,938	\$ 6,121,396	\$ 2,748,267	\$ 2,486,977	\$ 9,229,205	\$ 8,608,373	620,832	7%
Total	\$167,761,816	\$160,884,763	\$ 95,122,256	\$ 93,563,966	\$262,884,072	\$ 254,448,729	\$ 8,435,343	3%

Additional information on the City's capital assets can be found in note 3 on pages 22-23 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$11,021,403 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, Capital Lease Payable and Notes Payable						
	Governmental		Business-type			
	Activities		Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds						
Special assessment debt with governmental commitment						
Revenue bonds	\$ -	\$ -			\$ -	\$ -
Capital Lease Payable	\$ 9,241,687	\$ 9,650,039	\$ 99,716	\$ -	\$ 9,341,403	\$ 9,650,039
Notes Payable	\$ -	\$ 11,064	\$ 1,680,000	\$ 2,315,000	\$ 1,680,000	\$ 2,326,064
Total	\$ 9,241,687	\$ 9,661,103	\$ 1,779,716	\$ 2,315,000	\$ 11,021,403	\$ 11,976,103

The City's debt decreased by \$954,700 during 2019.

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 \$322,798,819 the current general obligation debt limitation for the City is \$16,139,941. Currently the City does not have any General Obligation debt.

Additional information on the City's long-term debt can be found in note 7 on pages 31 - 32 of this report.

Economic Factors and Next Year's Budgets and Rates

- According to the USDA website (<https://data.ers.usda.gov/>), the 2019 unemployment rate for Montrose County was 3.1%. Montrose County had a slightly higher unemployment rate than the state's average rate of 2.8%.
- Montrose County's median household income in 2019 was \$50,707 which is 65.8% of the State's median household income.
- The City is a regional retail center for Montrose, San Miguel, Ouray and Gunnison counties with expansion of current businesses and the addition of retail and restaurant building permits.
- Residential building permits numbers increased 8.3% over 2018 and non-residential construction remains consistent with the previous two years.
- Rates for Water, Sewer and Trash and Recycling were not increased in 2019.

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.

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, and the aggregate remaining fund information of the City of Montrose, Colorado, as of and for the year ended December 31, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the City has restated the beginning equity in the Downtown Opportunity Fund to correct prior year loan postings. Our opinion is not modified with respect to this matter.

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 M1-M8 and pension schedules on pages 37-38 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.

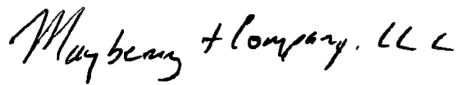
Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

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 39-41 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 42 - 75 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.

Opinion

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 76 - 77 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.

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Englewood, Colorado
March 12, 2021

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BASIC FINANCIAL STATEMENTS

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CITY OF MONTROSE, COLORADO

Statement of Net Position

December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 16,611,286	\$ 7,988,414	\$ 24,599,700
Certificates of deposit	7,796,337	6,153,095	13,949,432
Accounts receivable - net	356,595	721,029	1,077,624
Due from other funds	6,592,280	1,836,000	8,428,280
Franchise fees receivable	205,338	-	205,338
Due from other governments	150,870	-	150,870
Sales tax receivable	2,036,117	-	2,036,117
Special assessments receivable	441,790	-	441,790
Interest receivable	17,050	10,750	27,800
Prepaid Expenses	192,619	481	193,100
Inventory of supplies	66,939	234,368	301,307
Total Current Assets	34,467,221	16,944,137	51,411,358
Noncurrent Assets			
Capital assets, not being depreciated	12,202,760	2,553,120	14,755,880
Capital assets	169,888,340	92,569,135	262,457,475
Accumulated depreciation	(116,411,729)	(39,259,261)	(155,670,990)
Total Noncurrent Assets	65,679,371	55,862,994	121,542,365
Total Assets	100,146,592	72,807,131	172,953,723
DEFERRED OUTFLOWS			
Deferred Outflows - Pensions	1,930,202	-	1,930,202
LIABILITIES			
Current Liabilities			
Accounts payable	1,809,472	797,691	2,607,163
Customer deposits and deposits in escrow	394,413	224,393	618,806
Accrued salaries and benefits	508,678	113,550	622,228
Unearned Revenue	-	20,955	20,955
Due to other funds	8,428,280	-	8,428,280
Accrued compensated absences	545,367	125,761	671,128
Accrued interest payable	56,505	7,540	64,045
Claims payable	335,340	-	335,340
Long-term debt due in one year	418,853	320,000	738,853
Total Current Liabilities	12,496,908	1,609,890	14,106,798
Noncurrent Liabilities			
Revenue bonds - net of premium	-	1,360,000	1,360,000
Capital lease payable	8,822,834	99,716	8,922,550
Net pension liability	641,298	-	641,298
Total Noncurrent Liabilities	9,464,132	1,459,716	10,923,848
Total Liabilities	21,961,040	3,069,606	25,030,646
DEFERRED INFLOWS			
Deferred Inflows - Pension	994,642	-	994,642
NET POSITION			
Net Investment in Capital Assets	44,178,419	51,522,618	95,701,037
Restricted	1,617,179	-	1,617,179
Unrestricted	33,325,514	18,214,907	51,540,421
Total Net Position	\$ 79,121,112	\$ 69,737,525	\$ 148,858,637

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

CITY OF MONTROSE, COLORADO

Statement of Activities

For the Year Ended December 31, 2019

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>Governmental Activities</u>				
General government	\$ 5,190,224	\$ 269,221	\$ 489,910	\$ 1,367,471
Community development	1,810,295	581,873	290,407	-
Public safety	7,174,513	242,337	346,468	-
Engineering and inspection	288,889	470,002	-	-
Public works	9,768,917	25,104	927,461	-
Parks and cemetery	2,158,300	163,298	124,585	47,250
Insurance	(357,792)	-	-	-
Contributed capital assets	672,868			
Interest Expense	539,046	-	-	-
Total governmental activities	<u>27,245,260</u>	<u>1,751,835</u>	<u>2,178,831</u>	<u>1,414,721</u>
<u>Business-type Activities</u>				
Water	4,986,060	5,561,309	-	622,270
Sewer	4,385,455	3,035,811	-	505,436
Trash/Recycling	1,565,997	1,617,603	-	-
Black Canyon Golf Course	976,164	459,239	-	-
Total business-type activities	<u>11,913,676</u>	<u>10,673,962</u>	<u>-</u>	<u>1,127,706</u>
Total	<u>\$ 39,158,936</u>	<u>\$ 12,425,797</u>	<u>\$ 2,178,831</u>	<u>\$ 2,542,427</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

Transfers

Total general revenues and transfers

Change in Net Position

Net Position, Beginning

Prior Period Restatement

Net Assets, Beginning (As Restated)

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
\$ (3,063,622)	\$ -	\$ (3,063,622)
(938,015)	-	(938,015)
(6,585,708)	-	(6,585,708)
181,113	-	181,113
(8,816,352)	-	(8,816,352)
(1,823,167)	-	(1,823,167)
357,792	-	357,792
(672,868)	-	(672,868)
(539,046)	-	(539,046)
<u>(21,899,873)</u>	<u>-</u>	<u>(21,899,873)</u>
-	1,197,519	1,197,519
-	(844,208)	(844,208)
-	51,606	51,606
-	(516,925)	(516,925)
-	(112,008)	(112,008)
<u>(21,899,873)</u>	<u>(112,008)</u>	<u>(22,011,881)</u>
19,306,662	-	19,306,662
1,125,208	-	1,125,208
52,938	-	52,938
594,937	354,100	949,037
140,816	8,198	149,014
563,206	(563,206)	-
900	-	900
<u>21,784,667</u>	<u>(200,908)</u>	<u>21,583,759</u>
<u>(466,632)</u>	<u>466,632</u>	<u>-</u>
<u>21,318,035</u>	<u>265,724</u>	<u>21,583,759</u>
<u>(581,838)</u>	<u>153,716</u>	<u>(428,122)</u>
79,757,399	69,583,809	149,341,208
<u>(54,449)</u>	<u>-</u>	<u>(54,449)</u>
<u>79,702,950</u>	<u>69,583,809</u>	<u>149,286,759</u>
<u>\$ 79,121,112</u>	<u>\$ 69,737,525</u>	<u>\$ 148,858,637</u>

CITY OF MONTROSE, COLORADO

Balance Sheet

Governmental Funds

December 31, 2019

(With Comparative Totals for December 31, 2018)

	General	Montrose Urban Renewal Authority	Capital Improvement
ASSETS			
Cash and cash equivalents	\$ 7,194,732	\$ 149,451	\$ 1,718,054
Certificates of deposit	4,712,624	-	510,201
Accounts receivable - net	246,135	-	-
Due from other funds	1,269,593	-	5,322,687
Franchise fees receivable	201,376	-	-
Due from other governments	72,595	-	78,275
Sales tax receivable	1,955,963	-	-
Special assessments receivable	-	-	-
Interest receivable	6,450	-	-
Inventory of supplies	18,380	-	-
Prepaid Expenses	6,767	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 15,684,615</u>	<u>\$ 149,451</u>	<u>\$ 7,629,217</u>
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 968,583	\$ 41,490	\$ 470,516
Customer deposits and deposits in escrow	394,413	-	-
Accrued salaries and benefits	447,318	-	-
Unearned Revenue	41,545	-	-
Due to other funds	-	8,428,280	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,851,859</u>	<u>8,469,770</u>	<u>470,516</u>
DEFERRED INFOWS - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Unspendable:			
Prepays and Inventory	25,147	-	-
Permanent funds or other corpus	-	-	-
Interfund advances	1,269,593	-	5,322,687
Restricted:			
For emergencies	730,000	-	-
For economic development	-	-	-
For debt service	-	-	-
For beautification - expendable	-	-	-
For capital projects	321,088	-	-
For parks	-	-	-
Committed:			
For economic development	-	-	-
For community development	-	-	-
For capital projects	-	-	1,836,014
For public safety	-	-	-
For parks/pavilion improvements	-	-	-
For animal shelter	-	-	-
For public education	-	-	-
For subsequent year's expenditures	-	-	-
Unassigned	11,486,928	(8,320,319)	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>13,832,756</u>	<u>(8,320,319)</u>	<u>7,158,701</u>
Total Liabilities, Deferred Inflow and Fund Balances	<u>\$ 15,684,615</u>	<u>\$ 149,451</u>	<u>\$ 7,629,217</u>

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

		Totals	
Nonmajor Funds	2019	2018	
\$ 2,355,250	\$ 11,417,487	\$ 13,406,327	
2,049,626	7,272,451	7,556,698	
78,425	324,560	447,796	
-	6,592,280	6,350,789	
3,962	205,338	204,766	
-	150,870	154,380	
80,154	2,036,117	2,030,245	
441,790	441,790	112,061	
10,600	17,050	-	
34,039	52,419	71,540	
29,676	36,443	78,503	
<u>\$ 5,083,522</u>	<u>\$ 28,546,805</u>	<u>\$ 30,413,105</u>	
\$ 144,024	\$ 1,624,613	\$ 1,098,571	
-	394,413	324,554	
14,947	462,265	356,614	
501,438	542,983	170,880	
-	8,428,280	8,118,789	
<u>660,409</u>	<u>11,452,554</u>	<u>10,069,408</u>	
<u>-</u>	<u>-</u>	<u>115,540</u>	
63,715	88,862	150,043	
443,501	443,501	442,512	
-	6,592,280	6,350,789	
-	730,000	806,000	
126,547	126,547	175,238	
109,596	109,596	268,818	
26,625	26,625	20,066	
-	321,088	676,006	
303,323	303,323	237,736	
183,120	183,120	391,531	
73,547	73,547	83,293	
2,170,080	4,006,094	3,506,570	
-	-	30,000	
101,694	101,694	199,679	
207,286	207,286	40,087	
66,735	66,735	51,150	
547,344	547,344	3,879,327	
-	3,166,609	2,919,312	
<u>4,423,113</u>	<u>17,094,251</u>	<u>20,228,157</u>	
<u>\$ 5,083,522</u>	<u>\$ 28,546,805</u>	<u>\$ 30,413,105</u>	

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CITY OF MONTROSE, COLORADO

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2019

	2019
Total Fund Balances for the Governmental Funds	\$ 17,094,251
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	12,202,760
Land Improvements	5,537,939
Infrastructure	128,646,129
Buildings and systems	14,894,050
Equipment	6,480,938
Accumulated Depreciation	(106,894,389)
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	
	10,136,429
Special assessments receivable that are not currently available are deferred in the funds	542,983
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds	
FPPA Pension Liability	
Net deferred FPPA pension outflows	1,930,202
Net pension liability	(641,298)
Net deferred FPPA pension inflows	(994,642)
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	(56,505)
Capital leases payable	(9,241,687)
Compensated absences	(516,048)
Total Net Position for Governmental Activities	<u>\$ 79,121,112</u>

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, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		Montrose Urban	
	General	Renewal Authority	Capital Improvement
REVENUES			
Taxes	\$ 19,508,099	\$ -	\$ -
Licenses and permits	552,062	-	-
Intergovernmental	1,642,337	387	1,167,471
Charges for services	269,971	-	-
Fines and forfeits	183,007	-	-
Special assessments	-	-	-
Miscellaneous	217,782	-	200,000
Administrative reimbursement	563,206	-	-
Contributions to permanent endowment	-	-	-
Investment earnings	200,606	22,500	278,264
Total revenues	<u>23,137,070</u>	<u>22,887</u>	<u>1,645,735</u>
EXPENDITURES			
Current			
General government	4,261,603	3,500	-
Community Development	309,917	146,353	-
Public safety	7,432,764	-	-
Engineering and inspection	288,889	-	-
Public works	2,677,572	-	-
Parks, recreation and cemetery	1,776,996	-	-
Insurance	206,471	-	-
Capital outlay	899,895	1,018,707	6,771,840
Debt service	-	309,491	-
Total expenditures	<u>17,854,107</u>	<u>1,478,051</u>	<u>6,771,840</u>
Revenues in excess of expenditures	<u>5,282,963</u>	<u>(1,455,164)</u>	<u>(5,126,105)</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	-	-
Transfers in	32,500	-	2,850,763
Transfers out	(4,045,252)	-	-
Net other financing sources (uses)	<u>(4,012,752)</u>	<u>-</u>	<u>2,850,763</u>
Change in fund balance	<u>1,270,211</u>	<u>(1,455,164)</u>	<u>(2,275,342)</u>
FUND BALANCE, Beginning	12,562,545	(6,865,155)	9,434,043
Prior Period Restatement	-	-	-
FUND BALANCE, Beginning (As Restated)	<u>12,562,545</u>	<u>(6,865,155)</u>	<u>9,434,043</u>
FUND BALANCE, Ending	<u>\$ 13,832,756</u>	<u>\$ (8,320,319)</u>	<u>\$ 7,158,701</u>

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

Totals

Nonmajor Funds	2019	2018
\$ 1,079,769	\$ 20,587,868	\$ 19,864,856
-	552,062	525,293
293,342	3,103,537	2,783,953
39,740	309,711	332,586
-	183,007	175,197
159,733	159,733	59,111
287,157	704,939	606,911
-	563,206	591,324
900	900	1,760
93,522	594,892	574,975
<u>1,954,163</u>	<u>26,759,855</u>	<u>25,515,966</u>
158,033	4,423,136	4,457,138
1,344,425	1,800,695	1,710,439
-	7,432,764	7,221,983
-	288,889	269,910
-	2,677,572	2,672,367
127	1,777,123	1,664,396
-	206,471	192,338
1,115,069	9,805,511	12,450,957
651,028	960,519	965,567
<u>3,268,682</u>	<u>29,372,680</u>	<u>31,605,095</u>
<u>(1,314,519)</u>	<u>(2,612,825)</u>	<u>(6,089,129)</u>
-	-	72,020
827,857	3,711,120	3,023,171
<u>(132,500)</u>	<u>(4,177,752)</u>	<u>(3,492,752)</u>
695,357	(466,632)	(397,561)
<u>(619,162)</u>	<u>(3,079,457)</u>	<u>(6,486,690)</u>
5,096,724	20,228,157	26,714,847
<u>(54,449)</u>	<u>(54,449)</u>	-
5,042,275	20,173,708	26,714,847
<u>\$ 4,423,113</u>	<u>\$ 17,094,251</u>	<u>\$ 20,228,157</u>

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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, 2019

	2019
Net change in fund balances - governmental funds	\$ (3,079,457)
The change in net position reported for governmental activities in the statement of activities is different because 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.	
Capitalized assets	6,952,117
Gain (loss) on asset disposals	(1,904)
Depreciation expense	(6,597,224)
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	
	1,074,931
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	
Change in special assessments receivable/deferred revenues	372,103
Change in accrued interest payable	2,871
Change in accrued compensated absences	(18,139)
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.	
FPPA Pension Liability	
Change in deferred pension outflows	1,930,202
Change in net pension liability	(641,298)
Change in deferred pension inflows	(994,642)
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.	
Principal repayments on long-term debt	418,602
Change in net position of governmental activities	<u>\$ (581,838)</u>

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

CITY OF MONTROSE, COLORADO

Statement of Net Position

Proprietary Funds

December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Enterprise Funds				Total Enterprise Funds
	Water	Sewer	Trash/Recycling	Black Canyon Golf Course	
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,066,697	\$ 1,205,361	\$ 663,322	\$ 53,034	\$ 7,988,414
Certificates of deposit	3,981,026	1,914,541	257,528	-	6,153,095
Accounts receivable - net	326,241	247,047	144,258	3,483	721,029
Due from other funds	1,836,000	-	-	-	1,836,000
Interest receivable	-	10,750	-	-	10,750
Inventory of supplies	117,764	22,866	52,927	40,811	234,368
Prepaid Expenses	-	465	-	16	481
Total Current Assets	12,327,728	3,401,030	1,118,035	97,344	16,944,137
Noncurrent Assets					
Capital assets, net of depreciation	26,182,758	28,682,612	-	997,624	55,862,994
Total Assets	38,510,486	32,083,642	1,118,035	1,094,968	72,807,131
LIABILITIES					
Current Liabilities					
Accounts payable	516,379	222,535	43,928	14,849	797,691
Customer deposits and deposits in escrow	224,193	200	-	-	224,393
Accrued salaries and benefits	36,653	39,095	24,243	13,559	113,550
Unearned Revenue	-	4,800	-	16,155	20,955
Accrued compensated absences	58,323	21,080	33,652	12,706	125,761
Accrued interest payable	4,147	3,393	-	-	7,540
Claims payable	-	-	-	-	-
Long-term debt due in one year	176,000	144,000	-	-	320,000
Total Current Liabilities	1,015,695	435,103	101,823	57,269	1,609,890
Noncurrent Liabilities					
Revenue bonds - net of premium	748,000	612,000	-	-	1,360,000
Capital lease payable	-	-	-	99,716	99,716
Total Liabilities	1,763,695	1,047,103	101,823	156,985	3,069,606
NET POSITION					
Net Investment in Capital Assets	25,258,758	27,926,612	-	897,908	54,083,278
Unrestricted	11,488,033	3,109,927	1,016,212	40,075	15,654,247
Total Net Position	\$ 36,746,791	\$ 31,036,539	\$ 1,016,212	\$ 937,983	\$ 69,737,525

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

Totals		
Internal Service		
Funds	2019	2018
\$ 5,193,799	\$ 13,182,213	\$ 12,713,259
523,886	6,676,981	6,671,075
32,035	753,064	904,327
-	1,836,000	1,768,000
-	10,750	-
14,520	248,888	368,369
156,176	156,657	222,844
5,920,416	22,864,553	22,647,874
4,811,944	60,674,938	59,779,096
10,732,360	83,539,491	82,426,970
184,859	982,550	747,329
-	224,393	209,010
46,413	159,963	116,625
-	20,955	75,825
29,319	155,080	130,682
-	7,540	8,975
335,340	335,340	361,825
-	320,000	315,814
595,931	2,205,821	1,966,085
-	1,360,000	1,685,000
-	99,716	130,578
595,931	3,665,537	3,781,663
4,811,944	58,895,222	57,647,704
5,324,485	20,978,732	20,997,603
\$ 10,136,429	\$ 79,873,954	\$ 78,645,307

CITY OF MONTROSE, COLORADO

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		Enterprise Funds			
		Water	Sewer	Trash/Recycling	Black Canyon Golf Course
OPERATING REVENUES					
Water sales	\$	5,444,732	\$ -	\$ -	\$ -
Sewer charges		-	2,997,552	-	-
Tap fees unpledged		116,577	38,252	-	-
Sanitation charges		-	-	1,617,381	-
Golf charges		-	-	-	459,239
Interfund charges		-	-	-	-
Other charges		-	7	222	-
Total Operating Revenues		<u>5,561,309</u>	<u>3,035,811</u>	<u>1,617,603</u>	<u>459,239</u>
OPERATING EXPENSES					
Enterprise administration		275,106	174,300	113,800	-
Operations and maintenance		3,775,847	2,351,768	1,565,997	864,467
Medical claims		-	-	-	-
Insurance premiums		-	-	-	-
Depreciation		1,165,607	1,841,800	-	92,235
Capital outlay		25,596	85,874	-	15,080
Total Operating Expenses		<u>5,242,156</u>	<u>4,453,742</u>	<u>1,679,797</u>	<u>971,782</u>
Net Operating Income		<u>319,153</u>	<u>(1,417,931)</u>	<u>(62,194)</u>	<u>(512,543)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues		-	-	-	-
Investment earnings		297,598	45,373	11,129	-
Gain (loss) on sale of assets		-	(90,459)	-	-
Other miscellaneous revenues		3,469	(1,207)	6,036	(100)
Interest expense		(19,010)	(15,554)	-	(4,382)
Net Nonoperating Revenues (Expenses)		<u>282,057</u>	<u>(61,847)</u>	<u>17,165</u>	<u>(4,482)</u>
Income Before Contributions and Transfers		<u>601,210</u>	<u>(1,479,778)</u>	<u>(45,029)</u>	<u>(517,025)</u>
Contributions and Transfers					
Capacity fees		296,640	505,436	-	-
Dedicated & contributed capital assets		325,630	-	-	-
Transfers in		-	-	-	466,632
Transfers out		-	-	-	-
Net Contributions and Transfers		<u>622,270</u>	<u>505,436</u>	<u>-</u>	<u>466,632</u>
Change in Net Position		<u>1,223,480</u>	<u>(974,342)</u>	<u>(45,029)</u>	<u>(50,393)</u>
NET POSITION, Beginning		<u>35,523,311</u>	<u>32,010,881</u>	<u>1,061,241</u>	<u>988,376</u>
NET POSITION, ENDING	\$	<u>36,746,791</u>	<u>\$ 31,036,539</u>	<u>\$ 1,016,212</u>	<u>\$ 937,983</u>

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

		Totals	
Total Enterprise	Internal Service		
Funds	Funds	2019	2018
\$ 5,444,732	\$ -	\$ 5,444,732	\$ 5,738,130
2,997,552	-	2,997,552	2,937,841
154,829	-	154,829	445,491
1,617,381	-	1,617,381	1,607,899
459,239	-	459,239	475,826
-	6,344,670	6,344,670	6,660,492
229	887,443	887,672	300,592
<u>10,673,962</u>	<u>7,232,113</u>	<u>17,906,075</u>	<u>18,166,271</u>
563,206	64,472	627,678	686,191
8,558,079	3,602,318	12,160,397	12,116,058
-	1,483,756	1,483,756	1,618,115
-	510,320	510,320	452,129
3,099,642	1,136,140	4,235,782	4,064,372
<u>126,550</u>	<u>6,471</u>	<u>133,021</u>	<u>268,282</u>
<u>12,347,477</u>	<u>6,803,477</u>	<u>19,150,954</u>	<u>19,205,147</u>
<u>(1,673,515)</u>	<u>428,636</u>	<u>(1,244,879)</u>	<u>(1,038,876)</u>
-	5,669	5,669	13,769
354,100	66,846	420,946	364,355
(90,459)	103,384	12,925	(183,520)
8,198	7,391	15,589	32,948
<u>(38,946)</u>	<u>(505)</u>	<u>(39,451)</u>	<u>(44,908)</u>
<u>232,893</u>	<u>182,785</u>	<u>415,678</u>	<u>182,644</u>
<u>(1,440,622)</u>	<u>611,421</u>	<u>(829,201)</u>	<u>(856,232)</u>
802,076	-	802,076	896,406
325,630	463,510	789,140	326,400
466,632	-	466,632	506,038
-	-	-	(36,457)
<u>1,594,338</u>	<u>463,510</u>	<u>2,057,848</u>	<u>1,692,387</u>
153,716	1,074,931	1,228,647	836,155
<u>69,583,809</u>	<u>9,061,498</u>	<u>78,645,307</u>	<u>77,809,152</u>
<u>\$ 69,737,525</u>	<u>\$ 10,136,429</u>	<u>\$ 79,873,954</u>	<u>\$ 78,645,307</u>

CITY OF MONTROSE, COLORADO

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Enterprise Funds				
	Water	Sewer	Trash/Recycling	Black Canyon Golf Course	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 5,620,061	\$ 3,033,992	\$ 1,615,783	\$ 411,268	\$ 10,681,104
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers	(3,087,893)	(1,255,226)	(851,802)	(39,631)	(5,234,552)
Payments to employees	(578,875)	(626,798)	(357,512)	(375,078)	(1,938,263)
Payments for internal services used	(223,234)	(594,769)	(454,765)	(454,765)	(1,727,533)
Net cash provided (used) by operating activities	<u>1,730,059</u>	<u>557,199</u>	<u>(48,296)</u>	<u>(458,206)</u>	<u>1,780,756</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Other Revenues	3,469	(1,207)	6,036	(100)	8,198
Transfers in	-	-	-	466,632	466,632
Transfers out	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>3,469</u>	<u>(1,207)</u>	<u>6,036</u>	<u>466,532</u>	<u>474,830</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions and tap fees	296,640	505,436	-	-	802,076
Capital grants	-	-	-	-	-
Proceeds from sale of assets	-	(90,459)	-	-	(90,459)
Acquisition and construction of capital assets	(3,660,253)	(219,180)	-	(45,970)	(3,925,403)
Principal paid on long-term debt	(176,000)	(144,000)	-	(30,862)	(350,862)
Interest paid on long-term debt	(19,799)	(16,200)	-	(4,382)	(40,381)
Net cash provided (used) by capital and related financing activities	<u>(3,559,412)</u>	<u>35,597</u>	<u>-</u>	<u>(81,214)</u>	<u>(3,605,029)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in certificates of deposits	(56,932)	60,597	(4,618)	-	(93)
Interest on investments	297,598	34,623	11,129	-	343,350
Net cash provided (used) by investing activities	<u>240,666</u>	<u>95,220</u>	<u>6,511</u>	<u>-</u>	<u>342,397</u>
Net increase (decrease) in cash and cash equivalents	(1,585,218)	686,809	(35,749)	(72,888)	(1,007,046)
CASH AND CASH EQUIVALENTS, Beginning	<u>7,636,332</u>	<u>518,552</u>	<u>699,071</u>	<u>125,922</u>	<u>8,979,877</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 6,051,114</u>	<u>\$ 1,205,361</u>	<u>\$ 663,322</u>	<u>\$ 53,034</u>	<u>\$ 7,972,831</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ 319,153	\$ (1,417,931)	\$ (62,194)	\$ (512,543)	\$ (1,673,515)
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	1,165,607	1,841,800	-	92,235	3,099,642
Changes in assets and liabilities					
(Increase) decrease in accounts receivable	126,952	(1,819)	(1,820)	6,899	130,212
(Increase) decrease in inventory of supplies	85,193	40,010	(11,184)	(1,722)	112,297
(Increase) decrease in prepaid expenses	6,134	84	-	349	6,567
Increase (decrease) in accounts payable	76,141	78,923	8,362	10,472	173,898
Increase (decrease) in customer deposits and deposits in escrow	(200)	-	-	-	(200)
Increase (decrease) in accrued salaries and benefits	13,125	8,176	7,958	3,161	32,420
Increase (decrease) in due to other funds	(68,000)	-	-	-	(68,000)
Increase (decrease) in deferred revenues	-	-	-	(54,870)	(54,870)
Increase (decrease) in accrued compensated absences	5,954	7,956	10,582	(2,187)	22,305
Increase (decrease) in claims payable	-	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 1,730,059</u>	<u>\$ 557,199</u>	<u>\$ (48,296)</u>	<u>\$ (458,206)</u>	<u>\$ 1,780,756</u>
SCHEDULE OF NON-CASH ACTIVITIES					
Donated capital assets	<u>\$ 325,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,630</u>

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

Totals		
Internal Service		
Funds	2019	2018
\$ 908,494	\$ 11,589,598	\$ 10,309,899
6,344,670	6,344,670	6,660,492
(4,914,681)	(10,149,233)	(10,639,372)
(519,579)	(2,457,842)	(2,270,073)
(118,424)	(1,845,957)	(1,854,684)
<u>1,700,480</u>	<u>3,481,236</u>	<u>2,206,262</u>
7,391	15,589	32,948
-	466,632	506,038
-	-	(36,457)
<u>7,391</u>	<u>482,221</u>	<u>502,529</u>
-	802,076	1,222,806
5,669	5,669	23,669
103,384	12,925	(183,520)
(815,857)	(4,741,260)	(5,087,819)
(814)	(351,676)	(191,744)
(505)	(40,886)	(46,322)
<u>(708,123)</u>	<u>(4,313,152)</u>	<u>(4,262,930)</u>
(4,953)	(5,906)	(442,460)
<u>66,846</u>	<u>410,196</u>	<u>364,355</u>
<u>61,893</u>	<u>404,290</u>	<u>(78,105)</u>
1,061,641	54,595	(1,632,244)
<u>3,733,382</u>	<u>12,713,259</u>	<u>14,598,413</u>
<u>\$ 4,795,023</u>	<u>\$ 12,767,854</u>	<u>\$ 12,966,169</u>
\$ 428,636	\$ (1,244,879)	\$ (1,038,876)
1,136,140	4,235,782	4,064,372
21,051	151,263	486,084
7,184	119,481	22,034
59,620	66,187	(74,726)
61,323	235,221	284,324
-	(200)	17,741
10,918	43,338	15,213
-	(68,000)	(1,768,000)
-	(54,870)	68,295
2,093	24,398	27,976
<u>(26,485)</u>	<u>(26,485)</u>	<u>101,825</u>
<u>\$ 1,700,480</u>	<u>\$ 3,481,236</u>	<u>\$ 2,206,262</u>
\$ -	\$ 325,630	\$ -

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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, Trash\Recycling, Black Canyon Golf Course, 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, 2019

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 dissolved the Downtown Development Authority on July 2, 2019 with ordinance 2482. This Fund is now the Downtown Improvement Fund.

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.

Montrose Urban Renewal Authority - The Montrose Urban Renewal Authority (MURA) was formed in late 2016 by a resolution of the Montrose City Council. MURA encompasses approximately 150 acres along the Uncompahgre River northwest of the downtown Montrose

Capital Improvement Fund – This fund accounts for the City's major Capital Improvements not accounted for in a dedicated fund.

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.

Trash\Recycling Fund - This fund accounts for the operation and maintenance of the Trash\Recycling collection system.

Black Canyon Golf Course Fund – This fund accounts for the operation and maintenance of the City owned golf course. This fund was established in 2014 upon the acquisition of an existing facility.

The City reports the following fund type:

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

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

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

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

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues or fund transfers. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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, 2019, 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 for the Downtown Improvement Fund 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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated absences - The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation 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 for the Downtown Improvement Fund 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.

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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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 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.

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. By October 15th the proposed budget is submitted to the City Council for the fiscal year commencing the following January 1.
- c. Prior to November 30, 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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

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 Downtown Improvement, Special Benefit and Fleet Management Funds, which may be a violation of Colorado statutes.

Originally adopted budgeted expenditures and the final, amended year budgeted expenditures for the ended December 31, 2019 are as follows:

Fund Name	Original Budget	Amendment	Final Budget
General Fund	\$ 21,762,297	\$ 270,000	\$ 22,032,297
Retail Sales Enhancement Fund	431,298	-	431,298
CDBG	-	140,102	140,102
Downtown Development Authority	181,638	168,362	350,000
Downtown Opportunity Fund	20,000	43,457	63,457
Greater Montrose Loan Fund	40,000	-	40,000
Public/Education/Government Fund	56,557	-	56,557
Capital Improvements Fund	7,115,000	645,410	7,760,410
Conservation Trust Fund	100,000	-	100,000
Montrose Urban Renewal Authority Fund	600,000	965,000	1,565,000
Special Benefit Fund	184,000	-	184,000
Tourism Promotional Fund	746,267	-	746,267
2017 Certificates of Participation Fund	627,858	-	627,858
EIA Fireflow Loan Fund	12,189	-	12,189
Cemetery Perpetual Care Fund	2,000	500	2,500
Special Improvements Revolving Fund	600,700	-	600,700
Building Renovations Fund	365,628	-	365,628
Water Fund	9,686,705	-	9,686,705
Sewer Fund	4,847,396	-	4,847,396
Trash & Recycling Fund	1,862,183	-	1,862,183
Black Canyon Golf Course Fund	919,782	45,000	964,782
Fleet Management Fund	1,325,874	79,126	1,405,000
Information Technologies Fund	1,387,707	-	1,387,707
Employee Benefit Fund	2,475,500	-	2,475,500
Facility Fund	1,248,254	-	1,248,254
	\$ 56,598,833	\$ 2,356,957	\$ 57,707,536

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS

A summary of the City's cash and investment balances as of December 31, 2019 and how they are displayed in the financial statements is shown below:

Cash on Hand	\$ 5,418
Bank Deposits	17,205,828
Cash with Fiscal Agent	111,918
Investments	<u>21,225,971</u>
Total Cash and Investments	<u>\$ 38,549,135</u>
Cash and Equivalents	\$ 24,599,702
Certificates of Deposit/Investments	<u>13,949,433</u>
Total Cash and Investments	<u>\$ 38,549,135</u>

A. DEPOSITS

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

Custodial credit risk- Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits allows funds to be placed in any account that is guaranteed by the Federal Deposit Insurance Corporation with remaining amounts collateralized by securities pledged by the financial institution. As of December 31, 2019, 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	\$ 3,361,415	\$ 3,361,415
PDPA Collateralized (Not held in City's name)	14,375,742	13,844,413
Fiscal Agent	-	111,918
Cash on Hand	-	<u>5,418</u>
Total Cash Balances	<u>\$ 17,737,157</u>	<u>\$ 17,323,164</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

B. INVESTMENTS

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2019 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	Level 1	Level 2	Level 3	Unclassified	Total	Weighted Avg Mat In Years	Rating
U.S. Agency Securities	\$ -	\$ 549,464	\$ -	\$ -	\$ 549,464	0.45	AAA
Money Market Mutual Funds	-	195,514	-	-	195,514	-	N/A
Local Government Pools	-	-	-	20,480,993	20,480,993	-	AAAm
Total Investments	\$ -	\$ 744,978	\$ -	\$ 20,480,993	\$ 21,225,971	0.45	

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Money Market Mutual Funds:** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The City recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2019, there were no changes in the methods or assumptions utilized to derive the fair value of the City's assets and liabilities.

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, 2019, 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.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk - Investments must be in accordance with Colorado statutes and, pursuant to the City's regulations, no more than 35% of the total portfolio may be invested in any single banking or savings and loan institution. Including certificates of deposit and other investments, approximately 35% of the City's total investments for the year ended December 31, 2019, were in a single financial institution, Colotrust.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year follows:

	Governmental Activities			
	Balance 01/01/19	Increases	Decreases	Balance 12/31/19
Capital assets not being depreciated:				
Land	\$ 11,986,241	\$ 216,519	\$ -	\$ 12,202,760
Capital assets being depreciated:				
Land improvement	3,081,601	2,456,338	-	5,537,939
Infrastructure - road network	125,325,666	3,320,463	-	128,646,129
Buildings	14,369,859	527,999	3,808	14,894,050
Equipment	6,121,396	430,798	71,256	6,480,938
Internal service vehicles	12,558,915	672,131	383,191	12,847,855
Internal service equipment	<u>1,277,442</u>	<u>208,459</u>	<u>4,472</u>	<u>1,481,429</u>
Total capital assets being depreciated	<u>162,734,879</u>	<u>7,616,188</u>	<u>462,727</u>	<u>169,888,340</u>
Less accumulated depreciation for:				
Land improvements	1,415,602	131,734	-	1,547,336
Infrastructure - road network	83,025,105	5,740,547	-	88,765,652
Buildings	10,351,134	624,053	1,904	10,973,283
Equipment	5,578,484	100,890	71,256	5,608,118
Internal service vehicles	8,041,131	990,248	383,191	8,648,188
Internal service equipment	<u>727,733</u>	<u>145,891</u>	<u>4,472</u>	<u>869,152</u>
Total accumulated depreciation	<u>109,139,189</u>	<u>7,733,363</u>	<u>460,823</u>	<u>116,411,729</u>
Total capital assets being depreciated, net	<u>53,595,690</u>	<u>(117,175)</u>	<u>1,904</u>	<u>53,476,611</u>
Governmental activity capital assets, net	<u>\$ 65,581,931</u>	<u>\$ 99,344</u>	<u>\$ 1,904</u>	<u>\$ 65,679,371</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 - CAPITAL ASSETS (Continued)

	Business-Type Activities			
	Balance 01/01/19	Increases	Decreases	Balance 12/31/19
Capital assets not being depreciated:				
Land and Easements	\$ 2,553,120	\$ -	\$ 870,595	\$ 1,682,525
Capital assets being depreciated:				
Reservoirs	6,881,417	2,141,883	-	9,023,300
Buildings	502,605	-	-	502,605
Land improvements	79,218	10,939	-	90,157
Transmission, collection and distribution lines	63,452,521	2,966,346	-	66,418,867
Treatment Plant	17,025,543	107,281	2,476,289	14,656,535
Equipment	<u>2,616,772</u>	<u>131,495</u>	<u>-</u>	<u>2,748,267</u>
Total capital assets being depreciated	<u>90,558,076</u>	<u>5,357,944</u>	<u>2,476,289</u>	<u>93,439,731</u>
Less accumulated depreciation for:				
Reservoirs	1,194,648	135,531	-	1,330,179
Buildings	127,412	32,904	-	160,316
Land improvements	6,429	8,510	-	14,939
Transmission, collection and distribution lines	24,153,391	2,124,154	-	26,277,545
Treatment Plant	12,104,303	626,821	2,239,973	10,491,151
Equipment	<u>813,408</u>	<u>171,723</u>	<u>-</u>	<u>985,131</u>
Total accumulated depreciation	<u>38,399,591</u>	<u>3,099,643</u>	<u>2,239,973</u>	<u>39,259,261</u>
Total capital assets being depreciated, net	<u>52,158,485</u>	<u>2,258,301</u>	<u>236,316</u>	<u>54,180,470</u>
Business-type activities capital assets, net	<u>\$ 54,711,605</u>	<u>\$ 2,258,301</u>	<u>\$ 1,106,911</u>	<u>\$ 55,862,995</u>

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

Governmental Activities

General government	\$ 434,180
Public safety	36,011
Public works, including depreciation of general infrastructure assets	5,741,654
Parks and cemetery, including Pavillion	385,379
Capital assets held by the City's internal service fund are charged to the various functions based on their usage of the assets	<u>1,136,139</u>

Total depreciation expense

Governmental activities	<u>\$ 7,733,363</u>
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Business-Type Activities

Water	\$ 1,165,608
Sewer	1,841,800
Black Canyon Golf Course	<u>92,235</u>

Total depreciation expense

Business-Type activities	<u>\$ 3,099,643</u>
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CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 - EMPLOYEE RETIREMENT PLANS

A. ICMA

The City provides benefits for all of its full time employees except certified sworn police personnel 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 except certified sworn police officers. Employees are eligible to participate on the first day of employment. The City agrees to match contributions for each full time employee up to 8% of the employee's gross salary.

The City's contributions were calculated using the base salary of \$6,256,429. Contributions of up to 8% for employees and amounted to \$433,781 for 2019.

B. Certified/Sworn Police Employees

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

Pensions. The City participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the City are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2018, that can be obtained at <http://www.FPPAco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 - EMPLOYEE RETIREMENT PLANS (Continued)

B. Certified/Sworn Police Employees (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 8 percent in 2018. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022. The City is not an affiliated social security employer.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 - EMPLOYEE RETIREMENT PLANS (Continued)

B. Certified/Sworn Police Employees (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the City were \$271,826 (annualized) for the plan year ended December 31, 2018 and \$281,351 for the fiscal year ended December 31, 2019. The current year contributions will be expensed in 2020 for FPPA purposes, December 31, 2019 employer contributions for reporting as of December 31, 2020, and are a timing difference at year end.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported a liability of \$641,298 for its proportionate share of the SWDB's net pension liability. The net pension asset or liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The City's proportion of the net pension liability was based on City's contributions to the SWDB for the calendar year 2018 relative to the total contributions of participating employers to the SWDB.

At December 31, 2019, the City's proportion was .50724%, which was an increase of .50724% from its proportion measured as of December 31, 2018. The City's proportion measured as of December 31, 2018 was 0% as it was not a participating member of the plan for the fiscal year December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$70,728. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 361,273	\$ -
Changes of assumptions or other inputs	\$ 526,382	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 761,196	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (994,642)
Contributions subsequent to the measurement date	\$ 281,351	\$ -
Total	\$ 1,930,202	\$ (994,642)

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 - EMPLOYEE RETIREMENT PLANS (Continued)

B. Certified/Sworn Police Employees (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$281,351 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal year Total
2020	\$ 177,881
2021	177,880
2022	177,881
2023	177,880
2024	(12,418)
2025-2027	(44,895)
Total	\$ 654,209

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return, net of	7.50%
Salary increase, including wage inflation	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 - EMPLOYEE RETIREMENT PLANS (Continued)

B. Certified/Sworn Police Employees (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00%	8.03%
Equity Long/Short	9.00%	6.45%
Private Markets	24.00%	10.00%
Fixed Income	15.00%	2.90%
Absolute Return	9.00%	5.08%
Managed Futures	4.00%	5.35%
Cash	2.00%	2.52%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 - EMPLOYEE RETIREMENT PLANS (Continued)

B. Certified/Sworn Police Employees (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA cred it rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical re lease (H .15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate. Regarding the sensitivity of the net pension li ability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00 percent, as well as what the plan 's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset (liability)	\$ (2,486,878)	\$ (641,298)	\$ 889,577

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 - EMPLOYEE MEDICAL BENEFIT PLAN

The City adopted an employee medical benefit plan whereby the City self-insures the first \$75,000 per individual of covered medical claims, with a maximum annual City self-insurance liability of approximately \$1,753,158, exclusive of dental benefits, based on approximately 153 employees and dependents covered in 2019. 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, 2019 are as follows:

	Beginning	Current Year	Claim	Ending
	Balance	Claims & Changes	Balance Payment	Balance
		in Estimates		
2018	\$259,103	\$1,978,576	\$1,875,854	\$361,825
2019	\$361,825	\$1,588,674	\$1,615,159	\$335,340

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</u>	<u>CALENDAR</u>	<u>ANNUAL</u>
<u>AND MAINTENANCE COMMITMENT</u>	<u>YEARS</u>	<u>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 2019, the rate for operations and maintenance was \$8.00 per acre-foot.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 -LONG-TERM DEBT

A. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2019 was as follows:

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/19</u>	<u>Current</u> <u>Portion</u>	<u>Accrued</u> <u>Interest</u>	<u>Interest</u> <u>Expense</u>
Governmental activities:							
Note payable	\$ 11,064	\$ -	\$ 11,064	\$ -	\$ -	\$ -	\$ (3,867)
Obligations under capital leases	9,650,040	-	408,353	9,241,687	418,853	56,505	233,927
Compensated absences	<u>525,135</u>	<u>2,092</u>	<u>11,179</u>	<u>516,048</u>	-	-	-
Total Governmental activities	\$ 10,186,239	\$ 2,092	\$ 430,596	\$ 9,757,735	\$ 418,853	\$ 56,505	\$ 230,060
Business-type activities							
Note payable	\$ 2,000,000	\$ -	\$ 320,000	\$ 1,680,000	\$ 325,000	\$ 7,539	\$ 34,564
Obligations under capital leases	130,578	-	30,862	99,716	32,013	-	4,382
Compensated absences	<u>103,457</u>	<u>22,304</u>	-	<u>125,761</u>	-	-	-
Total Business-type activities	\$ 2,234,035	\$ 22,304	\$ 350,862	\$ 1,905,477	\$ 357,013	\$ 7,539	\$ 38,946

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, \$4,021 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. NOTES PAYABLE FROM GOVENMENTAL ACTIVITES:

\$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. The City's final loan payment was in fiscal year 2019.

C. CITY OF MONTROSE REVENUE BONDS PAYABLE FROM BUSINESS-TYPE ACTIVITIES

The 2016 Refunding Note was in the amount of \$2,844,000 with an interest yield of 1.80%. The annual payments will be due on October 1 beginning with 2016 at \$235,000 and increasing to \$345,000 in 2024 as the final payment of the note.

	\$1,680,000	
Total payable from business-type activities		<u>\$1,680,000</u>

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 - LONG-TERM DEBT (Continued)

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:

	Business-type activities		
	Principal	Interest	Total
2020	\$ 325,000	\$ 30,240	\$ 355,240
2021	330,000	24,390	354,390
2022	340,000	18,450	358,450
2023	340,000	12,330	352,330
2024	345,000	6,210	351,210
	\$ 1,680,000	\$ 91,620	\$ 1,771,620

E. CAPITAL LEASE AGREEMENTS (DIRECT FINANCING)

During 2014, the City entered into three lease agreements for the purchase of copiers totaling \$38,635. These assets are fully depreciated at year end. The leases bear interest at rates between 3.5% and 3.7%. One of the leases requires monthly payments for a period of thirty-six months, with the remaining leases requiring forty-eight monthly payments. All of the leases mature by August 2018. Payments range from \$170 per month to \$499 per month. Payments are made through the City's Information Technology internal service fund. The City's final lease payment was in fiscal year 2019.

During 2015, the City entered into a lease agreement for the purchase of a copier and related equipment totaling \$9,133 and a remaining basis of \$1,827. The lease bears interest at an estimated rate of 3.7%. The lease requires monthly payments for a period of forty-eight months. The lease matures in April 2019. Payments are \$205 per month. Payments are made through the City's Information Technology internal service fund. The City's final lease payment was in fiscal year 2019.

During 2017, the City entered into a lease agreement for City and Montrose Urban Renewal Authority infrastructure improvements totaling \$10,000,000. The lease was issued with City Hall and the Pavilion buildings used as collateral. The City Hall capital assets have a remaining basis of approximately \$100,000 and the Pavilion assets have a remaining basis of approximately \$200,000. The City has capitalized MURA improvements of approximately \$6,081,644 related to the project. The City Hall portion of the lease includes an original principal balance of \$2,980,504 and bears interest at a rate of 1.91%. The City Hall lease requires bi-annual payments on April and October 1st and does not begin principal payments until 2033. Principal payments of \$298,050 will be made until maturity in 2037. The lender will recalculate the interest component for each five-year period using the Index Rate established on each Rental Adjustment Date. The Pavilion portion of the lease includes an original principal balance of \$7,019,496 and bears interest at 2.72%. The Pavilion lease requires bi-annual payments on April and October 1st. Total debt service payments of \$285,465 will be made until maturity in 2032.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 - LONG-TERM DEBT (Continued)

During 2018, the City assumed two separate lease agreements for equipment for the Black Canyon Golf Course. The first lease is for \$161,262 of golf carts and requires six seasonal month payments of \$5,874 from May through October of each year for a period of five years and bears interest at 3.80%, maturing in October 2022. The second lease is for \$71,970 of golf cart Global Positioning Systems (GPS) and requires six seasonal month payments of \$2,630 from May through October of each year for a period of five years and bears interest at 3.80%, maturing in October 2022. Payments on these leases are made through the Black Canyon Golf Course Fund.

A summary of the maturity of the leases is as follows:

<u>Year</u>	<u>Golf Cart Payment</u>	<u>Golf Cart GPS Payment</u>	<u>City Hall Payment</u>	<u>Pavilion Payment</u>	<u>Total Payment</u>
2020	\$ 35,244	\$ 15,780	\$ 56,928	\$ 570,930	\$ 678,882
2021	35,244	15,780	56,928	570,930	678,882
2022	35,244	15,780	56,928	570,930	678,882
2023	-	-	56,928	570,930	627,858
2024	-	-	56,928	570,930	627,858
2025-2029	-	-	284,640	2,854,650	3,139,290
2030-2034	-	-	1,459,763	1,712,790	3,161,614
2035-2037	-	-	<u>1,848,076</u>	-	<u>2,486,873</u>
Total Payments	105,732	47,340	3,877,119	7,422,090	12,080,139
Interest at Lease Rate	<u>(6,016)</u>	<u>(2,764)</u>	<u>(896,615)</u>	<u>(1,205,483)</u>	<u>(2,738,736)</u>
Present Value of Payments	<u>\$ 99,716</u>	<u>\$ 44,576</u>	<u>\$ 2,980,504</u>	<u>\$ 6,216,607</u>	<u>\$ 9,341,403</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND TRANSFERS

	<u>General Fund</u>	<u>Capital Improve. Fund</u>	<u>Nonmajor Govt Funds</u>	<u>Nonmajor Enterprise Funds</u>
Transfers In (Out) - net	<u>\$ (4,012,752)</u>	<u>\$ 2,950,763</u>	<u>\$ 595,357</u>	<u>\$ 466,632</u>

The above amounts were transferred for operations.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

B. INTERNAL CHARGES

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

	Internal Fleet Equip Leases	Info. Systems Charges	Facility Lease Charges	Admin Charges	Health Benefits
General Fund	\$ 1,395,601	\$ 769,528	\$ 605,087	\$ -	\$ 1,287,602
Nonmajor Govt Funds	-	46,513	37,632	-	34,509
Major Enterprise Funds	900,279	126,991	509,288	563,206	371,427
Internal Service Funds	19,231	18,566	96,247	-	126,170
Total	\$ 2,315,111	\$ 961,598	\$ 1,248,254	\$ 563,206	\$ 1,819,707

C. INTERNAL BALANCES

The following amounts represent internal balances for amounts advanced to the Montrose Urban Renewal Authority by the City as of December 31, 2018:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,269,593	\$ -
Montrose Urban Renewal Authority	-	(8,428,280)
Capital Improvement Fund	5,322,687	-
Water Fund	1,836,000	-
Net Internal Balances	\$ 8,428,280	\$ (8,428,280)

NOTE 9 - JOINTLY GOVERNED ORGANIZATION

Project 7 Water Authority

In 1977, the City along with the City of Delta, the City of Olathe, the Tri-County Water Conservancy District, Chipeta Water 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 2019 was 90 cents per thousand gallons, which results in a minimum annual purchase commitment of \$766,800, but the rate charged may be changed by action of the Authority. During 2019, the City purchased treatment of 1,379,278,000 gallons for \$1,241,350. At December 31, 2019, the City owed the Authority \$45,503 for 50,559,000 gallons of water. Separate financial statements of Project 7 Water Authority are available from the City or the Authority.

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

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).

CIRSA operates as a common risk management and insurance program for 260 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 \$1,000,000 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 – EQUITY RESTRICTIONS AND 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 in the amount of \$730,000.

	Restricted Funds					
	Emergencies	Economic Development	Debt Service	Beautification - Expendable	Capital Projects	Parks
General Fund	\$ 730,000				\$ 321,088	
Downtown Development Authority		\$ 126,547				
Surplus & Deficiency						
Conservation Trust						\$ 303,323
Tourism Promotional						
2017 Certificates of Participation			\$ 109,596			
Demoret Trust				\$ 26,625		
Special Improvements Revolving						
Grand/ Rio Grande Project						
Building Renovation						
Total	\$ 730,000	\$ 126,547	\$ 109,596	\$ 26,625	\$ 321,088	\$ 303,323

CITY OF MONTROSE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 11 – EQUITY RESTRICTIONS AND TAX, SPENDING AND DEBT LIMITATIONS (Continued)

	Committed Funds						
	Economic Development	Community Development	Capital Projects	Parks/ Pavillion Improvements	Animal Shelter	Public Education	Next year's Expenditure
Capital Improvement			\$ 1,836,014				
Retail Sales Enhancement	\$ 105,402						\$ 44,867
Downtown Opportunity Fund	\$ 22,078						
Greater Montrose Loan		\$ 73,547					\$ 33,339
Surplus & Deficiency							\$ 160,434
Pavilion Improvements				\$ 16,152			
Public/Educ/Gov Fund						\$ 66,735	\$ 26,593
Speical Benefits				\$ 85,543	\$ 207,286		\$ 36,728
Tourism Promotional	\$ 55,640						\$ 245,383
Total	\$ 183,120	\$ 73,547	\$ 1,836,014	\$ 101,695	\$ 207,286	\$ 66,735	\$ 547,344

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.

NOTE 13 – PRIOR PERIOD RESTATEMENTS

The City has restated the beginning equity in the Downtown Opportunity Fund for \$54,449 to correct loan postings.

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Pension Schedules
Required Supplementary Information (Unaudited)

CITY OF MONTROSE

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
FPPA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year</u>	City's proportion of the net pension asset (liability)	City's proportionate share of the net pension asset (liability)	City's covered payroll	City's proportionate share of the net pension asset (liability) as a proportion of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2019	0.5072461%	\$ (641,298)	\$ 3,397,825	-18.87%	95.23%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF MONTROSE

SCHEDULE OF DISTRICT CONTRIBUTIONS

FPPA Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>City's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
12/31/2019	\$ 271,826	\$ 271,826	\$ -	\$ 3,397,825	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

General Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019				2018
	Original	Final	Actual	Variance	
	Budget	Budget		With Final Budget	
					Actual
REVENUES					
Taxes	\$ 18,395,121	\$ 18,395,121	\$ 19,508,099	\$ 1,112,978	\$ 18,830,034
Licenses and permits	528,716	528,716	552,062	23,346	525,293
Intergovernmental	1,172,678	1,172,678	1,642,337	469,659	1,437,248
Charges for services	288,012	288,012	269,971	(18,041)	284,176
Fines and forfeits	184,750	184,750	183,007	(1,743)	175,197
Miscellaneous	138,399	138,399	217,781	79,382	271,508
Administrative reimbursement	563,206	563,206	563,206	-	591,324
Investment earnings	103,700	103,700	200,606	96,906	167,620
Total revenues	<u>21,374,582</u>	<u>21,374,582</u>	<u>23,137,069</u>	<u>1,762,487</u>	<u>22,282,400</u>
EXPENDITURES					
Current					
General government					
City council	149,917	149,917	156,266	(6,349)	166,157
Youth Council	2,700	2,700	2,664	36	3,322
Community program support	134,566	134,566	202,914	(68,348)	113,675
Economic development	328,500	328,500	395,509	(67,009)	493,931
Website/Communications	95,944	95,944	101,558	(5,614)	115,547
City attorney	414,147	414,147	405,564	8,583	420,468
City manager	290,661	290,661	287,920	2,741	355,270
Human resources	379,561	379,561	345,674	33,887	354,518
GIS	303,954	303,954	287,824	16,130	298,281
Finance	705,655	705,655	656,345	49,310	716,525
Municipal court	221,479	221,479	222,575	(1,096)	216,524
Teen court	11,301	11,301	4,672	6,629	7,922
Innovation and citizen engagement	258,826	258,826	332,674	(73,848)	277,117
City clerk	260,887	260,887	265,537	(4,650)	252,738
Facility management	-	-	-	-	264
Montrose Pavilion	551,671	551,671	560,344	(8,673)	578,415
Clearing account	33,400	33,400	33,563	(163)	25,507
Total general government	<u>4,143,169</u>	<u>4,143,169</u>	<u>4,261,603</u>	<u>(118,434)</u>	<u>4,396,181</u>
Community Development					
Planning services	<u>354,108</u>	<u>354,108</u>	<u>309,917</u>	<u>44,191</u>	<u>223,857</u>
Public safety					
Police	4,976,450	4,976,450	4,697,618	278,832	4,714,111
Administration	1,777,458	1,777,458	1,810,850	(33,392)	1,618,421
Animal control	591,017	591,017	559,075	31,942	555,454
7th Judicial Drug Task Force	372,797	372,797	253,054	119,743	246,290
Code enforcement	106,206	106,206	112,167	(5,961)	87,707
Total public safety	<u>7,823,928</u>	<u>7,823,928</u>	<u>7,432,764</u>	<u>391,164</u>	<u>7,221,983</u>
Engineering and inspection					
Building services	<u>292,231</u>	<u>292,231</u>	<u>288,889</u>	<u>3,342</u>	<u>269,910</u>

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

(Continued)

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

General Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
(Continued)					
Public works					
Engineer	283,959	283,959	269,371	14,588	302,603
Public works administration	191,914	191,914	197,718	(5,804)	181,318
Street maintenance	1,953,047	1,953,047	1,924,075	28,972	1,833,860
Street cleaning	293,001	293,001	285,872	7,129	348,806
Green waste removal	-	-	536	(536)	5,780
Total public works	<u>2,721,921</u>	<u>2,721,921</u>	<u>2,677,572</u>	<u>44,349</u>	<u>2,672,367</u>
Parks, recreation and cemetery					
Parks maintenance	1,551,152	1,551,152	1,498,459	52,693	1,377,417
Tree program	15,000	15,000	10,840	4,160	14,727
Cemetery	97,099	97,099	91,499	5,600	60,195
Competitive Youth Sports	46,845	46,845	46,891	(46)	90,505
Sunset Mesa maintenance	170,037	170,037	129,307	40,730	95,053
Total parks and cemetery	<u>1,880,133</u>	<u>1,880,133</u>	<u>1,776,996</u>	<u>103,137</u>	<u>1,637,897</u>
Insurance	<u>250,000</u>	<u>250,000</u>	<u>206,471</u>	<u>43,529</u>	<u>192,338</u>
Capital outlay					
General government outlays	97,875	367,875	297,691	70,184	385,792
Public safety outlays	300,849	300,849	302,200	(1,351)	62,260
Public works outlays	127,771	127,771	167,515	(39,744)	22,800
Parks & recreation outlays	138,898	138,898	132,488	6,410	124,036
Community development outlays	-	-	-	-	75,639
Total capital outlay	<u>665,393</u>	<u>935,393</u>	<u>899,894</u>	<u>35,499</u>	<u>670,527</u>
Contingency	<u>1,118,437</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
Total expenditures	<u>19,249,320</u>	<u>19,900,883</u>	<u>17,854,106</u>	<u>2,046,777</u>	<u>17,285,060</u>
Revenues in excess of expenditures	<u>2,125,262</u>	<u>1,473,699</u>	<u>5,282,963</u>	<u>3,809,264</u>	<u>4,997,340</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,000	2,000	32,500	30,500	2,212
Transfers out	<u>(3,631,414)</u>	<u>(3,631,414)</u>	<u>(4,045,252)</u>	<u>(413,838)</u>	<u>(3,490,540)</u>
Net other financing sources (uses)	<u>(3,629,414)</u>	<u>(3,629,414)</u>	<u>(4,012,752)</u>	<u>(383,338)</u>	<u>(3,488,328)</u>
Change in fund balance	(1,504,152)	(2,155,715)	1,270,211	3,425,926	1,509,012
FUND BALANCE, Beginning	<u>12,562,545</u>	<u>12,562,545</u>	<u>12,562,545</u>	<u>-</u>	<u>11,053,533</u>
FUND BALANCE, Ending	<u>\$ 11,058,393</u>	<u>\$ 10,406,830</u>	<u>\$ 13,832,756</u>	<u>\$ 3,425,926</u>	<u>\$ 12,562,545</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the
Montrose Urban Renewal Authority Fund
For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019				
		Original Budget	Final Budget	Actual	Variance With Final Budget	2018 Actual
REVENUES						
Intergovernmental		\$ 350,000	\$ -	\$ 387	\$ 387	16,227
Investment earnings		-	-	22,500	22,500	72,967
Total revenues		350,000	-	22,887	22,887	89,194
EXPENDITURES						
Current						
Community Development						
Special benefit		-	150,268	149,853	415	508,429
Capital outlay						
General government outlays		600,000	1,414,732	1,018,707	396,025	4,909,312
Debt service						
Interest and fees		-	-	309,491	(309,491)	309,491
Total expenditures		600,000	1,565,000	1,478,051	86,949	5,727,232
OTHER FINANCING SOURCES (USES)						
Change in fund balance		(250,000)	(1,565,000)	(1,455,164)	109,836	(5,638,038)
FUND BALANCE, Beginning		(6,865,155)	(6,865,155)	(6,865,155)	-	(1,227,117)
FUND BALANCE, Ending		(7,115,155)	\$ (8,430,155)	\$ (8,320,319)	\$ 109,836	\$ (6,865,155)

See the accompanying independent auditors' report.

Other Supplementary Information

CITY OF MONTROSE, COLORADO

Balance Sheet

Nonmajor Governmental Funds

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

					Special Revenue Funds			
					Retail Sales	CDBG	Downtown	Greater
					Enhancement	Passthrough	Opportunity	Montrose Loan
						Grant	Fund	
ASSETS								
Cash and cash equivalents					\$ 152,293	\$ -	\$ 20,375	\$ 106,687
Certificates of deposit					-	-	-	-
Accounts receivable - net					110	-	37,196	24,355
Franchise fees receivable					-	-	-	-
Due from other governments					-	-	-	-
Sales tax receivable					30,973	-	-	-
Special assessments receivable					-	-	-	-
Interest receivable					-	-	-	-
Inventory of supplies					-	-	-	-
Prepaid Expenses					115	-	-	-
				Total Assets	<u>\$ 183,491</u>	<u>\$ -</u>	<u>\$ 57,571</u>	<u>\$ 131,042</u>
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Accounts payable					\$ 26,226	\$ -	\$ -	\$ -
Customer deposits and deposits in escrow					-	-	-	-
Accrued salaries and benefits					6,881	-	-	-
Unearned Revenue					-	-	35,493	24,156
				Total Liabilities	<u>33,107</u>	<u>-</u>	<u>35,493</u>	<u>24,156</u>
DEFERRED INFLOWS - Property Taxes					-	-	-	-
FUND BALANCE								
Nonspendable								
Prepays and inventory					115	-	-	-
Permanent fund or other corpus					-	-	-	-
Restricted:								
For economic development					-	-	-	-
For debt service					-	-	-	-
For beautification - expendable					-	-	-	-
For parks					-	-	-	-
Committed:								
For economic development					105,402	-	22,078	-
For community development					-	-	-	73,547
For capital projects					-	-	-	-
For public safety					-	-	-	-
For parks/pavilion improvements					-	-	-	-
For animal shelter					-	-	-	-
For public education					-	-	-	-
For next year's expenditures					44,867	-	-	33,339
				Total Fund Balance	<u>150,384</u>	<u>-</u>	<u>22,078</u>	<u>106,886</u>
				Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 183,491</u>	<u>\$ -</u>	<u>\$ 57,571</u>	<u>\$ 131,042</u>

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

Special Revenue Funds						
Downtown Improvement	Surplus & Deficiency	Conservation Trust	Pavilion Improvement	Public/Education/Go vernment Fund	Special Benefits	Tourism Promotional
\$ 126,547	\$ 8,082	\$ 303,323	\$ 16,152	\$ (38,472)	\$ 130,255	\$ 301,701
-	152,352	-	-	126,324	202,504	50,631
-	-	-	-	-	-	17,123
-	-	-	-	3,962	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	49,181
-	-	-	-	-	-	-
-	-	-	-	1,514	4,038	1,010
-	-	-	-	-	-	34,039
3,000	-	-	-	-	1,255	25,306
<u>\$ 129,547</u>	<u>\$ 160,434</u>	<u>\$ 303,323</u>	<u>\$ 16,152</u>	<u>\$ 93,328</u>	<u>\$ 338,052</u>	<u>\$ 478,991</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,241	\$ 110,557
-	-	-	-	-	-	-
-	-	-	-	-	-	8,066
-	-	-	-	-	-	-
-	-	-	-	-	7,241	118,623
-	-	-	-	-	-	-
3,000	-	-	-	-	1,255	59,345
-	-	-	-	-	-	-
126,547	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	303,323	-	-	-	-
-	-	-	-	-	-	55,640
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	16,152	-	85,542	-
-	-	-	-	-	207,286	-
-	-	-	-	66,735	-	-
-	160,434	-	-	26,593	36,728	245,383
129,547	160,434	303,323	16,152	93,328	330,811	360,368
<u>\$ 129,547</u>	<u>\$ 160,434</u>	<u>\$ 303,323</u>	<u>\$ 16,152</u>	<u>\$ 93,328</u>	<u>\$ 338,052</u>	<u>\$ 478,991</u>

CITY OF MONTROSE, COLORADO

Balance Sheet

Nonmajor Governmental Funds (Continued)

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Debt Service		
	Funds	Permanent Funds	
	2017 Certificates of Participation	Demoret Trust	Cemetery Perpetual Care
ASSETS			
Cash and cash equivalents	\$ 109,596	\$ 20,492	\$ 122,120
Certificates of deposit	-	327,514	-
Accounts receivable - net	-	-	-
Franchise fees receivable	-	-	-
Due from other governments	-	-	-
Sales tax receivable	-	-	-
Special assessments receivable	-	-	-
Interest receivable	-	-	-
Inventory of supplies	-	-	-
Prepaid Expenses	-	-	-
Total Assets	<u>\$ 109,596</u>	<u>\$ 348,006</u>	<u>\$ 122,120</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Customer deposits and deposits in escrow	-	-	-
Accrued salaries and benefits	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Nonspendable			
Prepays and inventory	-	-	-
Permanent fund or other corpus	-	321,381	122,120
Restricted:			
For economic development	-	-	-
For debt service	109,596	-	-
For beautification - expendable	-	26,625	-
For parks	-	-	-
Committed:			
For economic development	-	-	-
For community development	-	-	-
For capital projects	-	-	-
For public safety	-	-	-
For parks/pavilion improvements	-	-	-
For animal shelter	-	-	-
For public education	-	-	-
For next year's expenditures	-	-	-
Total Fund Balance	<u>109,596</u>	<u>348,006</u>	<u>122,120</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 109,596</u>	<u>\$ 348,006</u>	<u>\$ 122,120</u>

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

Capital Project Fund			Total Nonmajor Funds	
Special				
Improvements	Grand/Rio	Building		
Revolving	Grande Project	Renovation	2019	2018
418,750	\$ 430,837	\$ 126,864	\$ 2,355,250	\$ 2,919,035
202,504	987,797	-	2,049,626	2,127,453
(711)	-	-	78,425	109,499
-	-	-	3,962	4,219
-	-	-	-	104,725
-	-	-	80,154	82,409
441,790	-	-	441,790	112,061
4,038	-	-	10,600	-
-	-	-	34,039	45,313
-	-	-	29,676	62,998
<u>\$ 1,066,371</u>	<u>\$ 1,418,634</u>	<u>\$ 126,864</u>	<u>\$ 5,083,522</u>	<u>\$ 5,567,712</u>
\$ -	\$ -	\$ -	\$ 144,024	\$ 206,988
-	-	-	-	2,167
-	-	-	14,947	11,826
<u>441,789</u>	<u>-</u>	<u>-</u>	<u>501,438</u>	<u>145,282</u>
<u>441,789</u>	<u>-</u>	<u>-</u>	<u>660,409</u>	<u>366,263</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,725</u>
-	-	-	63,715	108,311
-	-	-	443,501	442,512
-	-	-	126,547	408,326
-	-	-	109,596	268,818
-	-	-	26,625	20,066
-	-	-	303,323	237,736
-	-	-	183,120	158,443
-	-	-	73,547	83,293
624,582	1,418,634	126,864	2,170,080	1,997,766
-	-	-	-	30,000
-	-	-	101,694	183,829
-	-	-	207,286	55,937
-	-	-	66,735	51,150
-	-	-	547,344	1,050,537
<u>624,582</u>	<u>1,418,634</u>	<u>126,864</u>	<u>4,423,113</u>	<u>5,096,724</u>
<u>\$ 1,066,371</u>	<u>\$ 1,418,634</u>	<u>\$ 126,864</u>	<u>\$ 5,083,522</u>	<u>\$ 5,567,712</u>

CITY OF MONTROSE, COLORADO

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		Special Revenue Funds			
		Retail Sales	CDBG	Downtown	Greater
		Enhancement	Passthrough	Opportunity	Montrose
			Grant	Fund	Loan
REVENUES					
Taxes		\$ 363,754	\$ -	\$ -	\$ -
Intergovernmental		27,481	110,000	-	-
Charges for services		25	-	-	-
Special assessments		-	-	-	-
Miscellaneous		25,430	-	3,617	2,744
Contributions to permanent endowment		-	-	-	-
Investment earnings		-	-	-	1,826
Total revenues		<u>416,690</u>	<u>110,000</u>	<u>3,617</u>	<u>4,570</u>
EXPENDITURES					
Current					
General government		-	-	-	-
Community Development		377,129	110,000	54,548	20,977
Parks, recreation and cemetery		-	-	-	-
Capital outlay		-	-	-	-
Debt service		15,780	-	-	-
Total expenditures		<u>392,909</u>	<u>110,000</u>	<u>54,548</u>	<u>20,977</u>
Revenues in excess of expenditures		<u>23,781</u>	<u>-</u>	<u>(50,931)</u>	<u>(16,407)</u>
OTHER FINANCING SOURCES (USES)					
Debt proceeds		-	-	-	-
Transfers in		-	-	-	-
Transfers out		(35,000)	(30,000)	-	-
Net other financing sources (uses)		<u>(35,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Change in fund balance		<u>(11,219)</u>	<u>(30,000)</u>	<u>(50,931)</u>	<u>(16,407)</u>
FUND BALANCE (DEFICIT), Beginning		161,603	30,000	127,458	123,293
Prior Period Restatement		-	-	(54,449)	-
FUND BALANCE, Beginning (As Restated)		<u>161,603</u>	<u>30,000</u>	<u>73,009</u>	<u>123,293</u>
FUND BALANCE, Ending		<u>\$ 150,384</u>	<u>\$ -</u>	<u>\$ 22,078</u>	<u>\$ 106,886</u>

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

Special Revenue Funds

Downtown Improvement	Surplus & Deficiency	Conservation Trust	Pavilion Improvement	Public/Education/Gov ernment Fund	Special Benefits	Tourism Promotional
\$ 104,432	\$ -	\$ -	\$ -	\$ 16,978	\$ -	\$ 594,605
26,731	-	111,130	-	-	15,000	3,000
-	-	-	-	-	-	32,324
-	-	-	-	-	-	-
139,044	-	-	302	-	107,368	8,653
-	-	-	-	-	-	-
2,095	1,212	7,533	-	3,277	4,054	3,955
272,302	1,212	118,663	302	20,255	126,422	642,537
-	-	-	-	17,634	-	-
79,861	-	-	-	-	36,316	665,594
-	-	127	-	-	-	-
276,708	-	52,949	-	-	111,170	9,600
-	-	-	-	-	-	-
356,569	-	53,076	-	17,634	147,486	675,194
(84,267)	1,212	65,587	302	2,621	(21,064)	(32,657)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(65,000)
-	-	-	-	-	-	(65,000)
(84,267)	1,212	65,587	302	2,621	(21,064)	(97,657)
213,814	159,222	237,736	15,850	90,707	351,876	458,025
-	-	-	-	-	-	-
213,814	159,222	237,736	15,850	90,707	351,876	458,025
\$ 129,547	\$ 160,434	\$ 303,323	\$ 16,152	\$ 93,328	\$ 330,812	\$ 360,368

CITY OF MONTROSE, COLORADO

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds (Continued)

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Debt Service Funds		Permanent Funds	
	2017 Certificates of Participation	EIA Fireflow Loan	Demoret Trust	Cemetery Perpetual Care
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	7,391	-	-
Special assessments	-	-	-	-
Miscellaneous	-	-	-	-
Contributions to permanent endowment	-	-	-	900
Investment earnings	-	-	6,559	2,589
Total revenues	-	7,391	6,559	3,489
EXPENDITURES				
Current				
General government	-	-	-	-
Community Development	-	-	-	-
Parks, recreation and cemetery	-	-	-	-
Capital outlay	-	-	-	-
Debt service	627,857	7,391	-	-
Total expenditures	627,857	7,391	-	-
Revenues in excess of expenditures	(627,857)	-	6,559	3,489
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	-
Transfers in	627,857	-	-	-
Transfers out	-	-	-	(2,500)
Net other financing sources (uses)	627,857	-	-	(2,500)
Change in fund balance	-	-	6,559	989
FUND BALANCE, Beginning	109,596	-	341,447	121,131
Prior Period Restatement	-	-	-	-
FUND BALANCE, Beginning (As Restated)	109,596	-	341,447	121,131
FUND BALANCE, Ending	\$ 109,596	\$ -	\$ 348,006	\$ 122,120

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

Capital Project Funds			Total Nonmajor Funds	
Special Improvements Revolving	Grand/Rio Grande Project	Building Renovation	2019	2018
\$ -	\$ -	\$ -	\$ 1,079,769	\$ 1,034,822
-	-	-	293,342	805,005
-	-	-	39,740	48,410
159,733	-	-	159,733	59,111
-	-	-	287,158	129,102
-	-	-	900	1,760
14,859	39,551	6,012	93,522	23,806
174,592	39,551	6,012	1,954,164	2,102,016
136,498	-	3,901	158,033	60,957
-	-	-	1,344,425	978,153
-	-	-	127	26,499
325,630	-	339,012	1,115,069	1,467,934
-	-	-	651,028	656,076
462,128	-	342,913	3,268,682	3,189,619
(287,536)	39,551	(336,901)	(1,314,518)	(1,087,603)
-	-	-	-	72,020
-	-	200,000	827,857	900,000
-	-	-	(132,500)	(2,212)
-	-	200,000	695,357	969,808
(287,536)	39,551	(136,901)	(619,161)	(117,795)
912,118	1,379,083	263,765	5,096,724	5,214,518
-	-	-	(54,449)	-
912,118	1,379,083	263,765	5,042,275	5,214,518
\$ 624,582	\$ 1,418,634	\$ 126,864	\$ 4,423,114	\$ 5,096,723

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Retail Sales Enhancement Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019			
		Original & Final Budget	Actual	Variance With Final Budget	2018 Actual
REVENUES					
Taxes		\$ 336,000	\$ 363,754	\$ 27,754	\$ 354,397
Intergovernmental		-	27,481	27,481	-
Charges for services		-	25	25	100
Miscellaneous		-	25,430	25,430	6,325
	Total revenues	<u>336,000</u>	<u>416,690</u>	<u>80,690</u>	<u>360,822</u>
EXPENDITURES					
Current					
Community Development					
Retail Sales Enhancement		396,298	377,129	19,169	291,899
Capital outlay					
Community development outlays		-	-	-	108,165
Debt service					
Principal		-	13,751	(13,751)	16,030
Interest and fees		-	2,029	(2,029)	-
	Total expenditures	<u>396,298</u>	<u>392,909</u>	<u>3,389</u>	<u>416,094</u>
	Revenues in excess of expenditures	(60,298)	23,781	84,079	(55,272)
OTHER FINANCING SOURCES (USES)					
Transfers out		(35,000)	(35,000)	-	-
Debt proceeds		-	-	-	72,020
	Net other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>	<u>72,020</u>
	Change in fund balance	(95,298)	(11,219)	84,079	16,748
	FUND BALANCE, Beginning	<u>161,603</u>	<u>161,603</u>	<u>-</u>	<u>144,855</u>
	FUND BALANCE, Ending	<u>\$ 66,305</u>	<u>\$ 150,384</u>	<u>\$ 84,079</u>	<u>\$ 161,603</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

CDBG Passthrough Grant Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 110,000	\$ 110,000	\$ 600,000
EXPENDITURES					
Current					
Community Development					
Special benefit	-	110,102	110,000	102	-
Capital outlay					
Highways & streets outlays	-	-	-	-	600,000
Revenues in excess of expenditures	-	(110,102)	-	110,102	-
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(30,000)	(30,000)	-	-
Change in fund balance	-	(140,102)	(30,000)	110,102	-
FUND BALANCE, Beginning	30,000	30,000	30,000	-	30,000
FUND BALANCE, Ending	<u>\$ 30,000</u>	<u>\$ (110,102)</u>	<u>\$ -</u>	<u>\$ 110,102</u>	<u>\$ 30,000</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Downtown Improvement Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019				
		Original	Final		Variance	2018
		Budget	Budget	Actual	With Final	Actual
					Budget	
REVENUES						
Taxes		\$ 112,000	\$ 112,000	\$ 104,432	\$ (7,568)	\$ 109,401
Intergovernmental		10,000	10,000	26,731	16,731	16,206
Charges for services		-	-	-	-	3,915
Miscellaneous		24,500	24,500	139,044	114,544	24,915
Investment earnings		250	250	2,095	1,845	1,056
Total revenues		<u>146,750</u>	<u>146,750</u>	<u>272,302</u>	<u>125,552</u>	<u>155,493</u>
EXPENDITURES						
Current						
Community Development						
Downtown Development		153,488	153,488	79,861	73,627	128,308
Capital outlay						
Community development outlays		28,150	196,512	276,708	(80,196)	-
Total expenditures		<u>181,638</u>	<u>350,000</u>	<u>356,569</u>	<u>(6,569)</u>	<u>128,308</u>
Change in fund balance		(34,888)	(203,250)	(84,267)	118,983	27,185
FUND BALANCE, Beginning		213,814	213,814	213,814	-	186,629
FUND BALANCE, Ending		<u>\$ 178,926</u>	<u>\$ 10,564</u>	<u>\$ 129,547</u>	<u>\$ 118,983</u>	<u>\$ 213,814</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Downtown Opportunity Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019		Variance With Final Budget	2018 Actual
	Final Budget	Actual		
REVENUES				
Miscellaneous	\$ 2,500	\$ 3,617	\$ 1,117	\$ 43,755
EXPENDITURES				
Current				
Community Development				
Downtown Development	63,457	54,548	8,909	12,785
Change in fund balance	(60,957)	(50,931)	10,026	30,970
FUND BALANCE, Beginning	127,458	127,458	-	96,488
Prior Period Restatement	(54,449)	(54,449)	-	-
FUND BALANCE, Beginning (As Restated)	73,009	73,009	-	96,488
FUND BALANCE, Ending	<u>\$ 12,052</u>	<u>\$ 22,078</u>	<u>\$ 10,026</u>	<u>\$ 127,458</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Greater Montrose Loan

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Variance With Final Budget	2018 Actual
REVENUES				
Miscellaneous		\$ -	\$ 2,744	\$ 2,744
Investment earnings		-	1,826	1,826
	Total revenues	-	4,570	4,570
EXPENDITURES				
Current				
Community Development				
Planning services		40,000	20,977	19,023
	Change in fund balance	(40,000)	(16,407)	23,593
	FUND BALANCE, Beginning	123,293	123,293	-
	FUND BALANCE, Ending	\$ 83,293	\$ 106,886	\$ 23,593
				\$ 123,293

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Public/Education/Government Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			2018
	Original &		Variance	
	Final		With Final	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ 16,000	\$ 16,978	\$ 978	\$ 17,241
Investment earnings	<u>1,000</u>	<u>3,277</u>	<u>2,277</u>	<u>3,004</u>
Total revenues	17,000	20,255	3,255	20,245
EXPENDITURES				
Current				
Community Development				
Special benefit	<u>56,557</u>	<u>17,634</u>	<u>38,923</u>	<u>37,898</u>
Change in fund balance	(39,557)	2,621	42,178	(17,653)
FUND BALANCE, Beginning	<u>90,707</u>	<u>90,707</u>	-	<u>108,360</u>
FUND BALANCE, Ending	<u>\$ 51,150</u>	<u>\$ 93,328</u>	<u>\$ 42,178</u>	<u>\$ 90,707</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Surplus & Deficiency Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Actual	Variance With Final Budget
				2018 Actual
REVENUES				
Investment earnings		\$ 1,000	\$ 1,212	\$ 212
				\$ 3,170
FUND BALANCE, Beginning		<u>159,222</u>	<u>159,222</u>	<u>-</u>
				<u>156,052</u>
FUND BALANCE, Ending		<u>\$ 160,222</u>	<u>\$ 160,434</u>	<u>\$ 212</u>
				<u>\$ 159,222</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Capital Improvement Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019			
		Original	Final	Variance	2018
		Budget	Budget	With Final	Actual
			Actual	Budget	
REVENUES					
Intergovernmental		\$ 2,125,000	\$ 2,125,000	\$ 1,167,471	\$ (957,529) \$ 525,473
Miscellaneous		-	354,000	200,000	(154,000) 206,300
Investment earnings		10,000	10,000	278,264	268,264 310,582
Total revenues		2,135,000	2,489,000	1,645,735	(843,265) 1,042,355
EXPENDITURES					
Capital outlay					
Public works outlays		650,000	698,000	474,092	223,908 290,167
Highways & streets outlays		6,465,000	7,062,410	6,297,748	764,662 5,113,017
Total capital outlay		7,115,000	7,760,410	6,771,840	988,570 5,403,184
Revenues in excess of expenditures		(4,980,000)	(5,271,410)	(5,126,105)	145,305 (4,360,829)
OTHER FINANCING SOURCES (USES)					
Transfers in		2,536,925	2,536,925	2,850,763	313,838 2,120,959
Change in fund balance		(2,443,075)	(2,734,485)	(2,275,342)	459,143 (2,239,870)
FUND BALANCE, Beginning		9,434,043	9,434,043	9,434,043	- 11,673,913
FUND BALANCE, Ending		\$ 6,990,968	\$ 6,699,558	\$ 7,158,701	\$ 459,143 \$ 9,434,043

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Conservation Trust Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Actual	Variance With Final Budget
				2018 Actual
REVENUES				
Intergovernmental		\$ 100,000	\$ 111,130	\$ 11,130
Investment earnings		9,500	7,533	(1,967)
	Total revenues	<u>109,500</u>	<u>118,663</u>	<u>9,163</u>
EXPENDITURES				
Current				
Parks, recreation and cemetery				
Parks maintenance		-	127	(127)
Capital outlay				
Parks & recreation outlays		<u>100,000</u>	<u>52,949</u>	<u>47,051</u>
	Total expenditures	<u>100,000</u>	<u>53,076</u>	<u>46,924</u>
	Change in fund balance	9,500	65,587	56,087
	FUND BALANCE, Beginning	<u>237,736</u>	<u>237,736</u>	-
	FUND BALANCE, Ending	<u>\$ 247,236</u>	<u>\$ 303,323</u>	<u>\$ 56,087</u>
				<u>\$ 237,736</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Pavilion Improvement Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Actual	Variance With Final Budget
				2018 Actual
REVENUES				
Charges for services		\$ -	\$ -	\$ -
Miscellaneous		-	302	302
	Total revenues	-	302	302
EXPENDITURES				
Current				
Community Development				
Pavilions Senior Center		-	-	-
	Change in fund balance	-	302	302
	FUND BALANCE, Beginning	15,850	15,850	-
	FUND BALANCE, Ending	<u>\$ 15,850</u>	<u>\$ 16,152</u>	<u>\$ 302</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Special Benefits Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019		2018
	Original & Final Budget	Actual	Variance With Final Budget
			Actual
REVENUES			
Intergovernmental	\$ -	\$ 15,000	\$ 15,000
Miscellaneous	53,540	107,368	53,828
Investment earnings	2,500	4,054	1,554
Total revenues	56,040	126,422	70,382
EXPENDITURES			
Community Development			
Special benefit	27,000	36,316	(9,316)
Capital outlay			
General government outlays	57,000	51,569	5,431
Community development outlays	-	59,601	(59,601)
Total capital outlay	57,000	111,170	(54,170)
Total expenditures	84,000	147,486	(63,486)
Revenues in excess of expenditures	(27,960)	(21,064)	6,896
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	-	100,000
Change in fund balance	(127,960)	(21,064)	106,896
FUND BALANCE, Beginning	351,875	351,875	-
FUND BALANCE, Ending	\$ 223,916	\$ 330,812	\$ 106,896

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Tourism Promotional Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019		Variance With Final Budget	2018 Actual
	Original & Final Budget	Actual		
	Budget	Actual	Budget	Actual
REVENUES				
Taxes	\$ 541,854	\$ 594,605	\$ 52,751	\$ 553,783
Intergovernmental	-	3,000	3,000	-
Charges for services	53,679	32,324	(21,355)	22,371
Miscellaneous	12,600	8,653	(3,947)	(6,372)
Investment earnings	-	3,955	3,955	1,348
Total revenues	<u>608,133</u>	<u>642,537</u>	<u>34,404</u>	<u>571,130</u>
EXPENDITURES				
Current				
Community Development				
Tourism	681,267	665,594	15,673	489,518
Capital outlay				
Community development outlays	-	9,600	(9,600)	60,145
Total expenditures	<u>681,267</u>	<u>675,194</u>	<u>6,073</u>	<u>549,663</u>
Revenues in excess of expenditures	(73,134)	(32,657)	40,477	21,467
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,000)	(65,000)	-	-
Change in fund balance	(138,134)	(97,657)	40,477	21,467
FUND BALANCE (DEFICIT), Beginning	<u>458,025</u>	<u>458,025</u>	<u>-</u>	<u>436,558</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 319,891</u>	<u>\$ 360,368</u>	<u>\$ 40,477</u>	<u>\$ 458,025</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

2017 Certificates of Participation Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			2018
	Original &		Variance	
	Final		With Final	
	Budget	Actual	Budget	Actual
EXPENDITURES				
Debt service				
Principal	\$ 393,787	\$ 393,787	\$ -	\$ 409,102
Interest and fees	234,071	234,070	1	218,755
Total expenditures	627,858	627,857	1	627,857
Revenues in excess of expenditures	(627,858)	(627,857)	1	(627,857)
OTHER FINANCING SOURCES (USES)				
Transfers in	627,857	627,857	-	700,000
Change in fund balance	(1)	-	1	72,143
FUND BALANCE, Beginning	109,596	109,596	-	37,453
FUND BALANCE, Ending	<u>\$ 109,595</u>	<u>\$ 109,596</u>	<u>\$ 1</u>	<u>\$ 109,596</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

EIA Fireflow Loan Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			
	Original & Final Budget	Actual	Variance With Final Budget	2018 Actual
REVENUES				
Charges for services	\$ 12,189	\$ 7,391	\$ (4,798)	\$ 12,189
EXPENDITURES				
Debt service				
Principal	11,608	11,064	544	11,332
Interest and fees	581	(3,673)	4,254	857
Total expenditures	12,189	7,391	4,798	12,189
Change in fund balance	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Demoret Trust Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Actual	Variance With Final Budget
				2018 Actual
REVENUES				
Investment earnings		\$ 4,500	\$ 6,559	\$ 2,059
				\$ 1,624
	Change in fund balance	4,500	6,559	2,059
				1,624
	FUND BALANCE, Beginning	341,447	341,447	-
				339,823
	FUND BALANCE, Ending	\$ 345,947	\$ 348,006	\$ 2,059
				\$ 341,447

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Cemetery Perpetual Care Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			2018
	Original &		Variance	
	Final		With Final	
	Budget	Actual	Budget	Actual
REVENUES				
Contributions to permanent endowment	\$ 2,000	\$ 900	\$ (1,100)	\$ 1,760
Investment earnings	<u>2,000</u>	<u>2,589</u>	<u>589</u>	<u>2,212</u>
Total revenues	4,000	3,489	(511)	3,972
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>(2,212)</u>
Change in fund balance	1,500	989	(511)	1,760
FUND BALANCE, Beginning	<u>121,131</u>	<u>121,131</u>	<u>-</u>	<u>119,371</u>
FUND BALANCE, Ending	<u>\$ 122,631</u>	<u>\$ 122,120</u>	<u>\$ (511)</u>	<u>\$ 121,131</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Special Improvements Revolving Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			2018
	Original & Final Budget	Actual	Variance With Final Budget	
				Actual
REVENUES				
Special assessments	\$ 33,500	\$ 159,733	\$ 126,233	\$ 59,111
Investment earnings	10,000	14,859	4,859	11,042
Total revenues	43,500	174,592	131,092	70,153
EXPENDITURES				
Current				
General government				
Innovation and citizen engagement	700	136,498	(135,798)	465
Capital outlay				
Public works outlays	600,000	325,630	274,370	-
Total expenditures	600,700	462,128	138,572	465
Change in fund balance	(557,200)	(287,536)	269,664	69,688
FUND BALANCE, Beginning	912,118	912,118	-	842,430
FUND BALANCE, Ending	<u>\$ 354,918</u>	<u>\$ 624,582</u>	<u>\$ 269,664</u>	<u>\$ 912,118</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Grand/Rio Grande Project Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			2018
	Original & Final Budget	Actual	Variance With Final Budget	Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 91,494
Investment earnings	-	39,551	39,551	(15,161)
Total revenues	-	39,551	39,551	76,333
EXPENDITURES				
Capital outlay				
Highways & streets outlays	-	-	-	65,912
Change in fund balance	-	39,551	39,551	10,421
FUND BALANCE, Beginning	1,379,083	1,379,083	-	1,368,662
FUND BALANCE, Ending	<u>\$ 1,379,083</u>	<u>\$ 1,418,634</u>	<u>\$ 39,551</u>	<u>\$ 1,379,083</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Building Renovation Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Actual	Variance With Final Budget
				2018 Actual
REVENUES				
Intergovernmental		\$ 200,000	\$ -	\$ (200,000)
Investment earnings		2,500	6,012	3,512
	Total revenues	<u>202,500</u>	<u>6,012</u>	<u>(196,488)</u>
EXPENDITURES				
Current				
Community Development				
Special benefit		-	3,901	(3,901)
Capital outlay				
General government outlays		<u>365,628</u>	<u>339,012</u>	<u>26,616</u>
	Total expenditures	<u>365,628</u>	<u>342,913</u>	<u>22,715</u>
	Revenues in excess of expenditures	(163,128)	(336,901)	(173,773)
OTHER FINANCING SOURCES (USES)				
Transfers in		<u>200,000</u>	<u>200,000</u>	<u>-</u>
	Change in fund balance	36,872	(136,901)	(173,773)
	FUND BALANCE, Beginning	<u>263,765</u>	<u>263,765</u>	<u>-</u>
	FUND BALANCE, Ending	<u>\$ 300,637</u>	<u>\$ 126,864</u>	<u>\$ (173,773)</u>

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

CITY OF MONTROSE, COLORADOBudgetary Comparison Schedule for the
Water Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			
	Original & Final		Variance With Final	2018
	Budget	Actual	Budget	Actual
REVENUES				
Water sales	\$ 5,243,641	\$ 5,444,732	\$ 201,091	\$ 5,738,130
Tap fees unpledged	200,047	116,577	(83,470)	154,905
Other miscellaneous revenues	500	3,469	2,969	15,327
Investment earnings	135,000	297,598	162,598	262,376
Gain (loss) on sale of assets	-	-	-	(44,764)
Capacity fees	303,484	296,640	(6,844)	267,688
Dedicated & contributed capital assets	-	325,630	325,630	-
Total revenues	5,882,672	6,484,646	601,974	6,393,662
EXPENDITURES				
Enterprise administration	275,106	275,106	-	258,298
Operations and maintenance	3,843,887	3,775,847	68,040	4,459,600
Capital outlay	5,371,912	3,685,849	1,686,063	1,722,373
Principal	176,000	176,000	-	173,250
Interest expense	19,800	19,010	790	22,141
Total expenditures	9,686,705	7,931,812	1,754,893	6,635,662
Change in net position - budgetary basis	\$ (3,804,033)	(1,447,166)	\$ 2,356,867	(242,000)
Reconciliation of budetary to GAAP basis:				
Capitalized assets		3,660,253		1,741,550
Depreciation		(1,165,607)		(1,083,412)
Debt principal payments		176,000		173,250
Change in net position - GAAP basis		1,223,480		589,388
NET POSITION, Beginning		35,523,311		34,933,923
NET POSITION, Ending		\$ 36,746,791		\$ 35,523,311

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

CITY OF MONTROSE, COLORADOBudgetary Comparison Schedule for the
Sewer Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			
	Original & Final Budget	Actual	Variance With Final Budget	2018 Actual
REVENUES				
Sewer charges	\$ 2,971,429	\$ 2,997,552	\$ 26,123	\$ 2,937,841
Tap fees unpledged	519,835	38,252	(481,583)	290,586
Other charges	20,000	7	(19,993)	14,294
Other miscellaneous revenues	-	(1,207)	(1,207)	5,597
Investment earnings	25,000	45,373	20,373	37,134
Gain (loss) on sale of assets	-	(90,459)	(90,459)	-
Capacity fees	814,380	505,436	(308,944)	628,718
Total revenues	4,350,644	3,494,954	(855,690)	3,914,170
EXPENDITURES				
Enterprise administration	174,300	174,300	-	220,648
Operations and maintenance	2,135,396	2,351,768	(216,372)	2,166,980
Capital outlay	2,377,500	305,054	2,072,446	1,661,588
Principal	144,000	144,000	-	141,750
Interest expense	16,200	15,554	646	18,115
Total expenditures	4,847,396	2,990,676	1,856,720	4,209,081
Change in net position - budgetary basis	\$ (496,752)	504,278	\$ 1,001,030	(294,911)
Reconciliation of budetary to GAAP basis:				
Capitalized assets		219,180		1,519,766
Depreciation		(1,841,800)		(2,016,045)
Debt principal payments		144,000		141,750
Change in net position - GAAP basis		(974,342)		(649,440)
NET POSITION, Beginning		32,010,881		32,660,321
NET POSITION, Ending		\$ 31,036,539		\$ 32,010,881

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Trash/Recycling Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Actual	Variance With Final Budget
				2018 Actual
REVENUES				
Sanitation charges		\$ 1,599,146	\$ 1,617,381	\$ 18,235
Other charges		500	222	(278)
Investment earnings		2,500	11,129	8,629
Other miscellaneous revenues		-	6,036	6,036
	Total revenues	<u>1,602,146</u>	<u>1,634,768</u>	<u>32,622</u>
EXPENDITURES				
Enterprise administration		113,800	113,800	-
Operations and maintenance		1,473,383	1,565,997	(92,614)
Capital outlay		<u>275,000</u>	<u>-</u>	<u>275,000</u>
	Total expenditures	<u>1,862,183</u>	<u>1,679,797</u>	<u>182,386</u>
Change in net position - budgetary basis		<u>\$ (260,037)</u>	<u>(45,029)</u>	<u>\$ 215,008</u>
	NET POSITION, Beginning		<u>1,061,241</u>	<u>973,759</u>
	NET POSITION, Ending		<u>\$ 1,016,212</u>	<u>\$ 1,061,241</u>

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

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CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Black Canyon Golf Course Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Final	Variance	2018
		Budget	With Final	
			Budget	Actual
		Actual		
REVENUES				
Golf charges	\$	443,150	\$	459,239
Other miscellaneous revenues		10,000		(100)
Gain (loss) on sale of assets		-		-
Transfers in		466,632		-
Total revenues		<u>919,782</u>		<u>877,665</u>
EXPENDITURES				
Operations and maintenance		856,795		864,467
Capital outlay		68,700		(7,672)
Principal		37,087		7,650
Interest expense		2,200		6,225
Total expenditures		<u>964,782</u>		<u>900,752</u>
Change in net position - budgetary basis	\$	<u>(45,000)</u>	\$	<u>10,010</u>
Reconciliation of budgetary to GAAP basis:				
Capital outlay				45,970
Depreciation				(92,235)
Debt principal payments				30,862
Change in net position - GAAP basis				(50,393)
NET POSITION, Beginning				988,376
NET POSITION, Ending	\$	<u>937,983</u>	\$	<u>988,376</u>

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

CITY OF MONTROSE, COLORADO

Statement of Net Position

Internal Service Funds

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		Internal Service Funds						
		Fleet						
		Management	Information	Employee				
		Fund	Technologies	Insurance	Facilities			
ASSETS								
Current Assets								
Cash and cash equivalents	\$	1,004,535	\$	717,036	\$	3,325,740	\$	146,488
Certificates of deposit		523,886		-		-		-
Accounts receivable - net		5,027		26,690		-		318
Inventory of supplies		12,975		1,545		-		-
Prepaid Expenses		-		155,144		-		1,032
Total Current Assets		1,546,423		900,415		3,325,740		147,838
Noncurrent Assets								
Capital assets		4,199,667		583,531		-		28,746
Total Assets		5,746,090		1,483,946		3,325,740		176,584
LIABILITIES								
Current Liabilities								
Accounts payable		52,275		65,247		-		67,337
Accrued salaries and benefits		13,827		22,342		-		10,244
Accrued compensated absences		5,619		22,573		-		1,127
Claims payable		-		-		335,340		-
Long-term debt due in one year		-		-		-		-
Total Liabilities		71,721		110,162		335,340		78,708
NET POSITION								
Invested in capital assets net of related debt		4,199,667		583,531		-		28,746
Unrestricted		1,474,702		790,253		2,990,400		69,130
Total Net Position	\$	5,674,369	\$	1,373,784	\$	2,990,400	\$	97,876

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

Total	
2019	2018
\$ 5,193,799	\$ 3,733,382
523,886	518,933
32,035	53,086
14,520	21,704
156,176	215,796
5,920,416	4,542,901
4,811,944	5,067,493
10,732,360	9,610,394
184,859	123,536
46,413	35,495
29,319	27,226
335,340	361,825
-	814
595,931	548,896
4,811,944	5,066,679
5,324,485	3,994,819
<u>\$ 10,136,429</u>	<u>\$ 9,061,498</u>

CITY OF MONTROSE, COLORADO

Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Internal Service Funds			
	Fleet	Information	Employee	
	Management Fund	Technologies	Insurance	Facilities
OPERATING REVENUES				
Interfund charges	\$ 2,315,111	\$ 961,598	\$ 1,819,707	\$ 1,248,254
Other charges	18,524	42,074	825,416	1,429
Total Operating Revenues	2,333,635	1,003,672	2,645,123	1,249,683
OPERATING EXPENSES				
Enterprise administration	-	-	64,472	-
Operations and maintenance	1,103,611	1,186,020	62,492	1,250,195
Medical claims	-	-	1,483,756	-
Insurance premiums	-	-	510,320	-
Depreciation	990,248	145,892	-	-
Capital outlay	(2,376)	947	-	7,900
Total Operating Expenses	2,091,483	1,332,859	2,121,040	1,258,095
Net Operating Income	242,152	(329,187)	524,083	(8,412)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenues	-	5,669	-	-
Investment earnings	12,036	18,231	35,666	913
Gain (loss) on sale of assets	101,204	2,180	-	-
Other miscellaneous revenues	-	2,877	4,514	-
Interest expense	-	(505)	-	-
Net Nonoperating Revenues (Expenses)	113,240	28,452	40,180	913
Income Before Contributions and Transfers	355,392	(300,735)	564,263	(7,499)
Contributions and Transfers				
Dedicated & contributed capital assets	398,776	64,734	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Contributions and Transfers	398,776	64,734	-	-
Change in Net Position	754,168	(236,001)	564,263	(7,499)
NET POSITION, Beginning	4,920,201	1,609,785	2,426,137	105,375
NET POSITION, Ending	\$ 5,674,369	\$ 1,373,784	\$ 2,990,400	\$ 97,876

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

Totals	
2019	2018
\$ 6,344,670	6,660,492
<u>887,443</u>	<u>285,252</u>
<u>7,232,113</u>	<u>6,945,744</u>
64,472	94,867
3,602,318	3,306,954
1,483,756	1,618,115
510,320	452,129
1,136,140	915,606
<u>6,471</u>	<u>63,858</u>
<u>6,803,477</u>	<u>6,451,529</u>
<u>428,636</u>	<u>494,215</u>
5,669	13,769
66,846	61,210
103,384	(68,294)
7,391	1,324
<u>(505)</u>	<u>(142)</u>
<u>182,785</u>	<u>7,867</u>
<u>611,421</u>	<u>502,082</u>
463,510	326,400
-	36,457
<u>-</u>	<u>(36,457)</u>
<u>463,510</u>	<u>326,400</u>
1,074,931	828,482
<u>9,061,498</u>	<u>8,233,016</u>
<u>\$ 10,136,429</u>	<u>\$ 9,061,498</u>

CITY OF MONTROSE, COLORADO

Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Internal Service Funds		
	Fleet Management Fund	Information Technologies	Employee Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From customers and users	\$ 20,756	\$ 60,893	\$ 825,416
Receipts from interfund services provided	2,315,111	961,598	1,819,707
Payments to suppliers	(795,413)	(791,458)	(2,109,648)
Payments to employees	(212,960)	(306,313)	-
Payments for internal services used	(85,531)	(32,893)	-
Net cash provided (used) by operating activities	<u>1,241,963</u>	<u>(108,173)</u>	<u>535,475</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental Receipts	-	5,669	-
Other Receipts	-	2,877	4,514
Transfers in	-	-	-
Transfers out	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>8,546</u>	<u>4,514</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of assets	101,204	2,180	-
Acquisition and construction of capital assets	(273,356)	(114,979)	-
Principal paid on long-term debt	-	(814)	-
Interest paid on long-term debt	-	(505)	-
Net cash provided (used) by capital and related financing activities	<u>(172,152)</u>	<u>(114,118)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in certificates of deposits	(4,953)	-	-
Interest on investments	12,036	18,231	35,666
Net cash provided (used) by investing activities	<u>7,083</u>	<u>18,231</u>	<u>35,666</u>
Net increase (decrease) in cash and cash equivalents	1,076,894	(195,514)	575,655
CASH AND CASH EQUIVALENTS, Beginning	<u>(72,359)</u>	<u>912,550</u>	<u>2,750,085</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,004,535</u>	<u>\$ 717,036</u>	<u>\$ 3,325,740</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 242,152	\$ (329,187)	\$ 524,083
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	990,248	145,892	-
(Increase) decrease in accounts receivable	2,232	18,819	-
(Increase) decrease in inventory of supplies	7,156	28	-
(Increase) decrease in prepaid expenses	-	22,750	37,902
Increase (decrease) in accounts payable	1,544	18,839	(25)
Increase (decrease) in accrued salaries and benefits	3,763	5,289	-
Increase (decrease) in accrued compensated absences	(5,132)	9,397	-
Increase (decrease) in claims payable	-	-	(26,485)
Net cash provided (used) by operating activities	<u>\$ 1,241,963</u>	<u>\$ (108,173)</u>	<u>\$ 535,475</u>
SUPPLEMENTAL INFORMATION			
Contributed Capital Assets	<u>\$ 398,776</u>		

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

	Totals	
Facilities	2019	2018
\$ 1,429	\$ 908,494	\$ 280,064
1,248,254	6,344,670	6,660,492
(1,218,162)	(4,914,681)	(4,758,961)
(306)	(519,579)	(493,727)
-	(118,424)	(145,842)
<u>31,215</u>	<u>1,700,480</u>	<u>1,542,026</u>
-	5,669	13,769
-	7,391	327,724
-	-	36,457
-	-	(36,457)
-	13,060	341,493
-	103,384	(68,294)
(28,746)	(417,081)	(1,643,252)
-	(814)	(7,322)
-	(505)	(142)
(28,746)	(315,016)	(1,719,010)
-	(4,953)	(4,907)
913	66,846	61,210
913	61,893	56,303
3,382	1,460,417	220,812
143,106	3,733,382	3,512,570
<u>\$ 146,488</u>	<u>\$ 5,193,799</u>	<u>\$ 3,733,382</u>

\$ (8,412) \$ 428,636 \$ 494,215

-	1,136,140	915,606
-	21,051	(5,188)
-	7,184	32,524
(1,032)	59,620	(84,481)
40,965	61,323	63,720
1,866	10,918	14,752
(2,172)	2,093	9,053
-	(26,485)	101,825
<u>\$ 31,215</u>	<u>\$ 1,700,480</u>	<u>\$ 1,542,026</u>

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Fleet Management Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019			
		Final		Variance	2018
		Budget	Actual	With Final	Actual
		Budget	Actual	Budget	Actual
REVENUES					
Interfund charges		\$ 2,316,019	\$ 2,315,111	\$ (908)	\$ 1,818,339
Other charges		12,500	18,524	6,024	16,673
Investment earnings		15,000	12,036	(2,964)	18,771
Gain (loss) on sale of assets		3,000	101,204	98,204	(69,188)
Other miscellaneous revenues		5,000	-	(5,000)	-
Dedicated & contributed capital assets		-	398,776	398,776	134,675
	Total revenues	<u>2,351,519</u>	<u>2,845,651</u>	<u>494,132</u>	<u>1,919,270</u>
EXPENDITURES					
Operations and maintenance		1,063,891	1,103,611	(39,720)	1,121,930
Capital outlay		341,109	669,756	(328,647)	1,492,227
	Total expenditures	<u>1,405,000</u>	<u>1,773,367</u>	<u>(368,367)</u>	<u>2,614,157</u>
	Change in net position - budgetary basis	<u>\$ 946,519</u>	<u>1,072,284</u>	<u>\$ 125,765</u>	<u>(694,887)</u>
Reconciliation of budgetary to GAAP basis:					
Capital outlay			672,132		1,514,792
Depreciation			(990,248)		(816,892)
	Change in net position - GAAP basis		754,168		3,013
	NET POSITION, Beginning		<u>4,920,201</u>		<u>4,917,188</u>
	NET POSITION, Ending		<u>\$ 5,674,369</u>		<u>\$ 4,920,201</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Information Technologies Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			2018
	Original & Final Budget	Actual	Variance With Final Budget	
				Actual
REVENUES				
Interfund charges	\$ 1,256,919	\$ 961,598	\$ (295,321)	\$ 1,224,507
Other charges	50,120	42,074	(8,046)	71,758
Intergovernmental revenues	14,000	5,669	(8,331)	13,769
Investment earnings	5,000	18,231	13,231	13,133
Other miscellaneous revenues	-	2,877	2,877	(2)
Gain (loss) on sale of assets	500	2,180	1,680	894
Total revenues	<u>1,326,539</u>	<u>1,097,363</u>	<u>(229,176)</u>	<u>1,515,784</u>
EXPENDITURES				
Operations and maintenance	1,100,307	1,186,020	(85,713)	1,026,499
Capital outlay	282,400	180,660	101,740	289,095
Principal	4,000	-	4,000	-
Interest expense	1,000	1,319	(319)	7,465
Transfers out	-	-	-	36,457
Total expenditures	<u>1,387,707</u>	<u>1,367,999</u>	<u>19,708</u>	<u>1,359,516</u>
Change in net position - budgetary basis	<u>\$ (61,168)</u>	<u>(270,636)</u>	<u>\$ (209,468)</u>	156,268
Reconciliation of budgetary to GAAP basis:				
Capital outlay		179,713		235,887
Depreciation		(145,892)		(98,714)
Debt principal payments		814		7,323
Change in net position - GAAP basis		(171,267)		492,489
NET POSITION, Beginning		<u>1,801,510</u>		<u>1,309,021</u>
NET POSITION, Ending		<u>\$ 1,438,518</u>		<u>\$ 1,801,510</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Employee Insurance Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019			2018
	Original &		Variance	
	Final		With Final	
	Budget	Actual	Budget	Actual
REVENUES				
Interfund charges	\$ 2,400,000	\$ 1,819,707	\$ (580,293)	\$ 1,907,423
Other charges	-	825,416	825,416	682,023
Investment earnings	3,000	35,666	32,666	29,306
Other miscellaneous revenues	-	4,514	4,514	1,326
Total revenues	<u>2,403,000</u>	<u>2,685,303</u>	<u>282,303</u>	<u>2,620,078</u>
EXPENDITURES				
Enterprise administration	103,000	64,472	38,528	94,867
Operations and maintenance	126,000	62,492	63,508	35,637
Medical claims	1,824,500	1,483,756	340,744	1,618,115
Insurance premiums	<u>422,000</u>	<u>510,320</u>	<u>(88,320)</u>	<u>452,129</u>
Total expenditures	<u>2,475,500</u>	<u>2,121,040</u>	<u>354,460</u>	<u>2,200,748</u>
Change in net position - budgetary basis	<u>\$ (72,500)</u>	564,263	<u>\$ 636,763</u>	419,330
NET POSITION, Beginning		<u>2,426,137</u>		<u>2,006,807</u>
NET POSITION, Ending		<u>\$ 2,990,400</u>		<u>\$ 2,426,137</u>

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

CITY OF MONTROSE, COLORADO

Budgetary Comparison Schedule for the

Facilities Fund

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

		2019		
		Original & Final Budget	Variance With Final Budget	2018 Actual
		Actual		
REVENUES				
Interfund charges		\$ 1,248,254	\$ 1,248,254	\$ -
Other charges		-	1,429	1,429
Investment earnings		-	913	913
Transfers in		-	-	-
	Total revenues	<u>1,248,254</u>	<u>1,250,596</u>	<u>2,342</u>
EXPENDITURES				
Operations and maintenance		1,173,759	1,221,449	(47,690)
Capital outlay		<u>74,495</u>	<u>7,900</u>	<u>66,595</u>
	Total expenditures	<u>1,248,254</u>	<u>1,229,349</u>	<u>18,905</u>
	Change in net position - budgetary basis	<u>\$ -</u>	<u>21,247</u>	<u>\$ 21,247</u>
Capital outlay			(28,746)	-
	Change in net assets - GAAP basis		(7,499)	105,375
	NET POSITION, Beginning		<u>105,375</u>	<u>-</u>
	NET POSITION, Ending		<u>\$ 97,876</u>	<u>\$ 105,375</u>

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

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State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Montrose	
		YEAR ENDING : Dec-19	
This Information From The Records Of (example - City of _ or County of _): City of Montrose		Prepared By: Shani Wittenberg Phone: 970-240-1462	
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE			
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway- User Taxes
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)	9,889,414
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,189,768
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	13,411,050	b. Snow and ice removal	44,248
3. Other local imposts (from page 2)	-	c. Other	
4. Miscellaneous local receipts (from page 2)	237,619	d. Total (a. through c.)	44,248
5. Transfers from toll facilities		4. General administration & miscellaneous	192,537
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,658,927
a. Bonds - Original Issues		6. Total (1 through 5)	13,974,894
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	234,071
7. Total (1 through 6)	13,648,669	b. Redemption	393,787
B. Private Contributions		c. Total (a. + b.)	627,857
C. Receipts from State government (from page 2)	954,083	2. Notes:	
D. Receipts from Federal Government (from page 2)	-	a. Interest	
E. Total receipts (A.7 + B + C + D)	14,602,752	b. Redemption	
		c. Total (a. + b.)	-
		3. Total (1.c + 2.c)	627,857
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	14,602,752
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	Closing Debt
A. Bonds (Total)	-		-
1. Bonds (Refunding Portion)			
B. Notes (Total)	9,372,142.00	-	627,858.00
			8,744,284.00
V. LOCAL ROAD AND STREET FUND BALANCE			
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements
		14,602,752	14,602,752
			-
Notes and Comments:			

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): 12/31/2019	
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	94,015
b. Other local imposts:		b. Traffic Fines & Penalties	143,604
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.)	237,619
	(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	875,591	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	78,492	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) Federal Earmark	-	f. Other Federal	
f. Total (a. through e.)	78,492	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	954,083	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		0	0
b. Engineering Costs		59,442	59,442
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		6,319,076	6,319,076
(3). System Preservation		2,060,741	2,060,741
(4). System Enhancement & Operation		1,450,155	1,450,155
(5). Total Construction (1) + (2) + (3) + (4)	0	9,829,972	9,829,972
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	9,889,414	9,889,414
			(Carry forward to page 1)
Notes and Comments:			