



**CITY OF MONTROSE, COLORADO**  
**FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**CITY OF MONTROSE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
TABLE OF CONTENTS**

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<b>Independent Auditors' Report</b> .....	i
<b>Management Discussion and Analysis</b> .....	1
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position.....	9
Statement of Activities .....	10
 <b>Fund Financial Statements</b>	
<i>Governmental Funds Financial Statements</i>	
Balance Sheet .....	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	14
 <i>Proprietary Fund Financial Statements</i>	
Statement of Net Position.....	15
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	16
Statement of Cash Flow.....	17
 <i>Fiduciary Fund Financial Statements</i>	
Statement of Fiduciary Net Position.....	18
Statement of Changes in Fiduciary Net Position .....	19
 <b>Notes to the Financial Statements</b> .....	 20
 <b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund.....	37
Budgetary Comparison Schedule – Montrose Urban Renewal Fund.....	39
Budgetary Comparison Schedule – Public Safety Fund.....	40
Schedule of Employer Pension Contributions and Schedule of the City's Proportionate Share of Net Pension liability .....	41
 <b>Combining and Individual Fund Statements and Schedules</b>	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet.....	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	44

**CITY OF MONTROSE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**TABLE OF CONTENTS**

---

**Governmental Budgetary Comparison Schedules**

*Special Revenue Funds:*

Retail Sales Enhancement Fund .....	46
Downtown Improvement Fund .....	47
Downtown Opportunity Fund .....	48
Greater Montrose Loan Fund .....	49
Public/Education/Government Fund .....	50
Surplus & Deficiency Fund .....	51
Capital Improvement Fund .....	52
Conservation Trust Fund .....	53
Pavilion Improvement Fund .....	54
Special Benefits Fund .....	55
Tourism Promotion Fund .....	56

*Debt Service Funds:*

2017 Certificates of Participation Fund .....	57
---	----

*Permanent Funds:*

Demoret Trust Fund .....	58
Cemetery Perpetual Care Fund .....	59

*Capital Projects Funds*

Special Improvements Revolving Fund .....	60
Grand/Rio Grande Project Fund .....	61
Building Renovations Fund .....	62

**Enterprise Funds Budgetary Comparison Schedules**

Water Fund .....	63
Sewer Fund .....	64
Trash\Recycling Fund .....	65
Black Canyon Golf Course Fund .....	66

**Internal Service Funds**

Statement of Net Position .....	67
Statement of Revenues, Expenses and Changes in Net Position .....	68
Statement of Cash Flow Internal Service Funds .....	69

*Budgetary Comparison Schedules:*

Fleet Management Fund .....	70
Information Technology Fund .....	71
Employee Insurance Fund .....	72
Facilities Fund .....	73

<b>LOCAL HIGHWAY FINANCE REPORT .....</b>	<b>74</b>
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## **INDEPENDENT AUDITOR'S REPORT**

Montrose City Council  
Montrose, Colorado

### **Report on the Financial Statements**

#### ***Opinions***

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, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise The City of Montrose's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The City of Montrose and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Montrose's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Montrose's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Montrose's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I-VIII, and 32-35 and the Schedule of Employer Pension Contributions and Schedule of the City's Proportionate Share of Net Pension liability on page 36 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The City of Montrose's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Local Highway Finance Report; are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual nonmajor fund financial statements and schedules and the Local Highway Finance Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Report on Summarized Comparative Information***

We have previously audited The City of Montrose's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2021. In our opinion, the summarized comparative information presented herein as part of the Supplementary Information as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Watson Coon Ryan, LLC*

CENTENNIAL, COLORADO  
December 9, 2022

## 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, 2021.

### Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2021, by \$158,545,742. Of this amount, \$35,744,682 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 2020, 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 2021 was \$23,649,341. This amount represents an increase of 19.3% over 2020 collections.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,588,867, an increase of \$1,853,649 over the prior year. Approximately 15% of this total amount, \$3,690,984 is available for spending at the City Council's discretion (unassigned fund balance) for general government functions such as streets, parks, and public safety.
- Maintaining existing street and sidewalk infrastructure is a high priority for the city. In 2021, the city spent \$3.5 million on infrastructure upgrades to streets and sidewalks as well as paid the debt service on the \$10 million dollar loan from Vectra Bank in 2017.
- The fund balance policy requires 6 months of reserves for the General Fund. At the end of 2021, unassigned fund balance for the general fund was \$15,788,620 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 2021, \$3,195,194 was transferred to the Capital Improvement Fund.
- After a vote of the people in November of 2019 to increase sales and use taxes by .58%, the City issued \$15,980,000 of Certificate of Participation debt to build the new public safety facility. The debt was structured with no principal payment until 2023.
- The City's total long-term liabilities decreased by \$483,189 during the current fiscal year. This is due to annual payments made on long-term debt.
- 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 2021, the City collected \$386,045 in water capacity fees and \$958,119 in sewer capacity fees which is an increase of 56.6% and 37.0% respectively over the previous year's collections.
- Water Fund capital projects included the following: Completion of Cerro Reservoir Improvements, Cerise Waterline – Year 2, Townsend Waterline replacement – Year 1, Southeast transmission main design, Valve replacements, Hydrant replacements, Sunset Mesa Tank Storage Construction – Year 2.
- Sewer Fund capital projects for sewer collection included the following: Woodgate sewer rehabilitation, Woodgate Road Realignment sewer line replacement; Sewer Lining, Manhole Rehabilitation & H2S lining. Upgrades to the Wastewater Treatment Plant included Oxidation Ditch level controls and Dissolved Oxygen/Oxidation Reduction Potential Sensors/Installation for Ditch #2

### Overview of the Financial Statements

The management 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 like a private-sector business.

The *statement of net position* presents information on all 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 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 distribution, Sewer collection and treatment, Trash and Recycling, Black Canyon Golf Course, Fleet Management, Information Services, and Facilities management.

The government-wide financial statements can be found on pages 9 and 10 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 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 major funds for the 2021 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 distribution, Sewer collection and treatment, 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. The fleet management, information services and facilities maintenance funds were combined in 2022 to eliminate two of the city's funds. 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 15-17 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 20-36 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 37-41 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 42-45 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 89.35% 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.

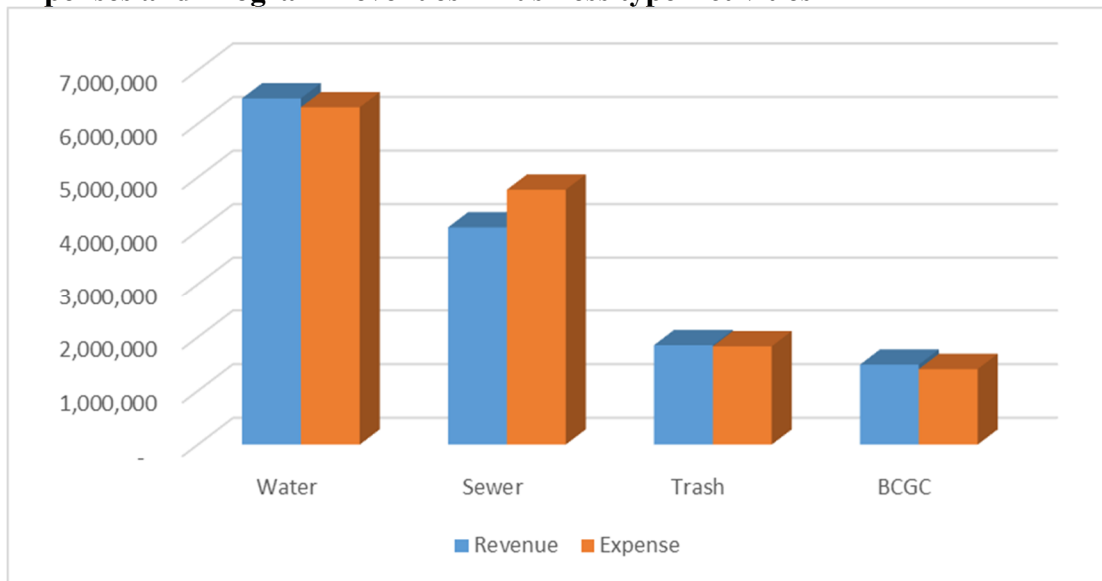
City of Montrose Statement of Net Position								
	Governmental		Business-type		Total		Amount of	%
	activities		activities				Change	Change
	2021	2020	2021	2020	2021	2020		
Current assets	\$ 39,789,459	\$ 41,740,233	\$ 13,832,869	\$ 16,072,366	\$ 53,622,328	\$ 57,812,599	\$ (4,190,271)	-7.8%
Capital assets	81,949,298	80,014,491	58,742,054	56,055,491	140,691,352	136,069,982	4,621,370	3.3%
Other noncurrent assets	968,788	-	-	-	968,788	-	968,788	100.0%
<b>Total assets</b>	<b>\$122,707,545</b>	<b>\$121,754,724</b>	<b>\$ 72,574,923</b>	<b>\$ 72,127,857</b>	<b>\$ 195,282,468</b>	<b>\$ 193,882,581</b>	<b>\$ 1,399,887</b>	<b>0.7%</b>
Deferred Outflows	\$ 700,615	\$ 688,511	\$ -	\$ -	\$ 700,615	\$ 688,511	\$ 12,104	1.7%
Current liabilities	\$ 10,051,596	\$ 13,737,548	\$ 1,752,855	\$ 1,256,694	\$ 11,804,451	\$ 14,994,242	\$ (3,189,791)	-27.0%
Noncurrent liabilities	\$ 23,917,253	\$ 24,072,188	\$ 716,700	\$ 1,074,954	\$ 24,633,953	\$ 25,147,142	\$ (513,189)	-2.1%
<b>Total liabilities</b>	<b>\$ 33,968,849</b>	<b>\$ 37,809,736</b>	<b>\$ 2,469,555</b>	<b>\$ 2,331,648</b>	<b>\$ 36,438,404</b>	<b>\$ 40,141,384</b>	<b>\$ (3,702,980)</b>	<b>-10.2%</b>
Deferred Inflows								
Pension	\$ 998,938	\$ 429,524	\$ -	\$ -	\$ 998,938	\$ 429,524	\$ 569,414	57.0%
<b>Total Deferred inflow</b>	<b>\$ 998,938</b>	<b>\$ 429,524</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 998,938</b>	<b>\$ 429,524</b>	<b>\$ 569,414</b>	<b>57.0%</b>
Net Position:								
Net Investment in								
Capital Assets	\$ 57,589,604	\$ 55,241,950	\$ 57,652,184	\$ 54,602,495	\$ 115,241,788	\$ 109,844,445	\$ 5,397,343	4.7%
Restricted	7,559,272	5,236,661	-	-	7,559,272	5,236,661	2,322,611	30.7%
Unrestricted	23,291,498	23,725,363	12,453,184	15,193,714	35,744,682	38,919,077	(3,174,395)	-8.9%
<b>Total Net Position</b>	<b>\$ 88,440,374</b>	<b>\$ 84,203,974</b>	<b>\$ 70,105,368</b>	<b>\$ 69,796,209</b>	<b>\$ 158,545,742</b>	<b>\$ 154,000,183</b>	<b>\$ 4,545,559</b>	<b>2.9%</b>

At the end of the current fiscal year, the City's net position government-wide increased over 2020. Under GASB 34 the audit shows the City's net position increased by \$4,545,559 during the current fiscal year. This increase is partially due to investments in construction and improvement to capital assets and reducing the liabilities by making debt payments..

Governmental activities increased the City's net position by \$4,236,400 and business type activities increased the City's net position by \$309,159.

City of Montrose Changes in Net Position							
	Governmental activities		Business-type activities		Total		Amount of Change
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program revenues:							
Charges for services	\$ 1,553,303	\$ 1,392,198	\$ 11,838,414	\$ 11,372,930	\$ 13,391,717	\$ 12,765,128	\$ 626,589
Operating grants and contributions	2,648,738	2,811,455	-	-	2,648,738	2,811,455	(162,717)
Capital Grants and contributions	249,566	1,618,513	1,344,164	945,698	1,593,730	2,564,211	(970,481)
General revenues:							
Sales Tax	29,509,775	24,620,979	-	-	29,509,775	24,620,979	4,888,796
Franchise Fees	1,055,085	1,126,961	-	-	1,055,085	1,126,961	(71,876)
Cigarette Tax	67,985	56,669	-	-	67,985	56,669	11,316
Earnings on Investments	42,888	436,385	14,127	194,775	57,015	631,160	(574,145)
Miscellaneous	59,743	168,569	14,441	21,301	74,184	189,870	(115,686)
Gain on disposal of assets	255,427	-	-	-	255,427	-	255,427
Administrative Charges	561,822	591,324	(561,822)	(591,324)	-	-	-
Other	200	2,200			200	2,200	(2,000)
Total revenues	\$ 36,004,532	\$ 32,825,253	\$ 12,649,324	\$ 11,943,380	\$ 48,653,856	\$ 44,768,633	\$ 3,885,223
Expenses:							
General government	\$ 6,083,857	\$ 4,702,659	\$ -	\$ -	\$ 6,083,857	\$ 4,702,659	\$ 1,381,198
Community Development	3,259,127	1,687,249	-	-	3,259,127	1,687,249	1,571,878
Public Safety	9,281,876	6,664,416	-	-	9,281,876	6,664,416	2,617,460
Engineering & Inspection	315,954	302,282	-	-	315,954	302,282	13,672
Public Works	8,862,647	9,398,615	-	-	8,862,647	9,398,615	(535,968)
Parks & Cemetery	2,046,361	2,203,612	-	-	2,046,361	2,203,612	(157,251)
Administration	143,681	133,838	-	-	143,681	133,838	9,843
Contributed Capital Assets	-	906,916	-	-	-	906,916	(906,916)
Interest	1,209,914	1,295,118	-	-	1,209,914	1,295,118	(85,204)
Water	-	-	5,647,150	5,344,164	5,647,150	5,344,164	302,986
Sewer	-	-	4,208,855	4,072,102	4,208,855	4,072,102	136,753
Sanitation	-	-	1,712,239	1,940,755	1,712,239	1,940,755	(228,516)
Black Canyon Golf Course	-	-	1,336,637	975,360	1,336,637	975,360	361,277
Total expenses	\$ 31,203,416	\$ 27,294,705	\$ 12,904,881	\$ 12,332,381	\$ 44,108,297	\$ 39,627,086	\$ 4,481,211
Increase in net assets before transfers	\$ 4,801,116	\$ 5,530,548	\$ (255,557)	\$ (389,001)	\$ 4,545,559	\$ 5,141,547	\$ (595,988)
Transfers	(564,716)	(447,685)	564,716	447,685	-	-	-
Change in Net Position	\$ 4,236,400	\$ 5,082,863	\$ 309,159	\$ 58,684	\$ 4,545,559	\$ 5,141,547	\$ (595,988)
Net Position - 1/1	\$ 84,203,974	\$ 79,121,111	\$ 69,796,209	\$ 69,737,525	\$ 154,000,183	\$ 148,858,636	\$ 5,141,547
Net Position - 12/31	\$ 88,440,374	\$ 84,203,974	\$ 70,105,368	\$ 69,796,209	\$ 158,545,742	\$ 154,000,183	\$ 4,545,559

## Expenses and Program Revenues – Business type Activities



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## 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 \$24,588,867 an increase of \$1,853,649 over the prior year. This increase is due to sales and use tax collections exceeding 2020 collections by 19.3%. Approximately 15.0% 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 (\$100,250) and permanent funds or other corpus (\$445,102) and interfund loans (\$6,350,789). *Restricted fund balance* is for emergencies per TABOR (\$1,340,000), economic development (\$148,438) pays debt service (\$346,315), beautification – Expendable (\$7,846) parks and open space (\$1,002,228) and for public safety (\$4,714,445). *Committed fund balance* consists of economic development (\$544,980) and public education (\$99,722) and *Assigned*: capital project (\$5,487,776), parks improvements (\$137,968), and animal benefit (\$172,024).

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 \$15,788,620, while total fund balance reached \$18,701,058. 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 84.4% 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 \$8,937,671, the Sewer Fund amounted to \$3,753,308, the Trash and Recycling Fund amounted to \$665,250 and the Black Canyon Golf Course amounted to \$406,310.

### General Fund Budgetary Highlights

The Final Budget for the General Fund was \$26,971,568. Actual expenditures totaled \$24,656,787 which is an increase of \$1,638,199 from 2020 actual expenditures. This increase is due to business incentives to improve three of the city’s run-down mobile home parks and the purchase of land along the river. 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, 2021, amounts to \$296,848,883, this does not include accumulated amortization or internal service fund capital assets. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, bridges and water distribution, sewer collection and wastewater treatment plant infrastructure.

City of Montrose Capital Assets (does not include internal service funds or depreciation)								
	Governmental		Business-type		Total		Amount of	%
	Activities		Activities				Change	Change
	2021	2020	2021	2020	2021	2020		
Land	\$ 14,313,939	\$ 12,967,293	\$ 1,682,525	\$ 1,682,525	\$ 15,996,464	\$ 14,649,818	1,346,646	9%
Improvements other than buildings	8,198,709	8,154,678	14,174,680	10,607,815	22,373,389	18,762,493	3,610,896	19%
Infrastructure	140,588,566	137,131,836	-	-	140,588,566	137,131,836	3,456,730	3%
Buildings & System	23,489,927	23,277,892	85,241,833	83,098,002	108,731,760	106,375,894	2,355,866	2%
Machinery & Equipment	6,162,586	6,422,367	2,996,118	3,007,905	9,158,704	9,430,272	(271,568)	-3%
Total	\$ 192,753,727	\$187,954,066	\$104,095,156	\$ 98,396,247	\$296,848,883	\$ 286,350,313	\$ 10,498,570	4%

Additional information on the City’s capital assets can be found in note 3 on page 27 of this report.

**Long-term debt.** At the end of the current fiscal year, the city had total debt outstanding of \$25,449,564 that is backed by the full faith and credit of the City.

City of Montrose Outstanding Debt General Obligation Bonds, Revenue Bonds, Capital Lease Payable and Notes Payable						
	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Certificate of Participation	\$ 15,980,000	\$15,980,000	\$ -	\$ -	\$ 15,980,000	\$ 15,980,000
Capital Lease Payable	8,379,694	8,792,541	64,870	97,997	8,444,564	8,890,538
Notes Payable	-	-	1,025,000	1,355,000	1,025,000	1,355,000
Total	\$ 24,359,694	\$24,772,541	\$ 1,089,870	\$ 1,452,997	\$ 25,449,564	\$ 26,225,538

The City’s debt decreased by \$775,974 during 2021 due to scheduled payments made during the year.

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 \$327,807,603 the current general obligation debt limitation for the city is \$16,390,380. 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 2021 unemployment rate for Montrose County was 5.0%. Montrose County had a slightly higher unemployment rate than the state's average rate of 4.8%.
- Montrose County's median household income in 2021 was \$59,764 which is 76.9% 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
- Single family residential building permits numbers increased 45.1% over 2020 and non-residential construction remains consistent with the previous two years.
- Rates for Water and Sewer were not increased, but the rates for Trash and Recycling were increased 5% in 2021.

#### 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.

**The City of Montrose, Colorado**  
Statement of Net Position  
December 31, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Equivalents	\$ 32,883,676	\$ 8,959,225	\$ 41,842,901
Certificates of Deposit	4,568,000	1,826,264	6,394,264
Accounts Receivable, net	559,078	902,075	1,461,153
Due from other funds	(1,904,000)	1,904,000	-
Franchise fee receivable	208,412	-	208,412
Due from other governments	159,816	-	159,816
Sales tax receivable	2,753,306	-	2,753,306
Special Assessment receivable	292,796	-	292,796
Interest receivable	-	6,380	6,380
Prepaid Expenses	202,454	4,525	206,979
Inventory of supplies	65,921	230,400	296,321
Total Current Assets	<u>39,789,459</u>	<u>13,832,869</u>	<u>53,622,328</u>
Noncurrent Assets			
Capital assets, not being depreciated	14,313,939	1,682,525	15,996,464
Capital assets, net	67,635,359	57,059,529	124,694,888
Net pension asset	968,788	-	968,788
Total Noncurrent Assets	<u>82,918,086</u>	<u>58,742,054</u>	<u>141,660,140</u>
Total Assets	<u>122,707,545</u>	<u>72,574,923</u>	<u>195,282,468</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows - Pensions	700,615	-	700,615
<b>LIABILITIES</b>			
Current Liabilities			
Cash overdraft	3,221,047	-	3,221,047
Accounts payable	1,861,065	1,062,614	2,923,679
Customer deposits and deposits in escrow	310,177	130,297	440,474
Accrued salaries and benefits	399,640	84,009	483,649
Unearned revenue	2,749,786	16,151	2,765,937
Accrued compensated absences	475,246	86,614	561,860
Accrued interest payable	-	-	-
Claims payable	592,194	-	592,194
Current portion of long term debt	442,441	373,170	815,611
Total Current Liabilities	<u>10,051,596</u>	<u>1,752,855</u>	<u>11,804,451</u>
Noncurrent Liabilities			
Revenue bonds - net of premium	-	685,000	685,000
Certificates of participation	15,980,000	-	15,980,000
Capital lease payable	7,937,253	31,700	7,968,953
Total Noncurrent Liabilities	<u>23,917,253</u>	<u>716,700</u>	<u>24,633,953</u>
Total Liabilities	<u>33,968,849</u>	<u>2,469,555</u>	<u>36,438,404</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows - Pension	998,938	-	998,938
Total Deferred Inflows	<u>998,938</u>	<u>-</u>	<u>998,938</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	57,589,604	57,652,184	115,241,788
Restricted	7,559,272	-	7,559,272
Unrestricted	23,291,498	12,453,184	35,744,682
Total Net Position	<u>\$ 88,440,374</u>	<u>\$ 70,105,368</u>	<u>\$ 158,545,742</u>

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

The City of Montrose, Colorado  
Statement of Activities  
For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Governmental Activities</u>							
General government	\$ 6,083,857	307,785	201,306	225,941	\$ (5,348,825)	\$ -	\$ (5,348,825)
Community development	3,259,127	145,799	24,640	-	(3,088,688)	-	(3,088,688)
Public safety	9,281,876	153,265	1,346,743	-	(7,781,868)	-	(7,781,868)
Engineering and inspection	315,954	735,560	-	-	419,606	-	419,606
Public works	8,862,647	25,000	857,329	-	(7,980,318)	-	(7,980,318)
Parks and cemetery	2,046,361	185,894	218,720	23,625	(1,618,122)	-	(1,618,122)
Insurance	143,681	-	-	-	(143,681)	-	(143,681)
Interest Expense	1,209,914	-	-	-	(1,209,914)	-	(1,209,914)
Total governmental activities	31,203,416	1,553,303	2,648,738	249,566	(26,751,809)	-	(26,751,809)
<u>Business-type Activities</u>							
Water	5,647,150	6,055,759	-	386,045	-	794,654	794,654
Sewer	4,208,855	3,095,364	-	958,119	-	(155,372)	(155,372)
Trash/Recycling	1,712,239	1,842,948	-	-	-	130,709	130,709
Black Canyon Golf Course	1,336,637	844,343	-	-	-	(492,294)	(492,294)
Total business-type activities	12,904,881	11,838,414	-	1,344,164	-	277,697	277,697
Total	\$ 44,108,297	\$ 13,391,717	\$ 2,648,738	\$ 1,593,730	(26,751,809)	277,697	(26,474,112)
<u>General Revenues</u>							
Taxes:							
Sales and use taxes					29,509,775	-	29,509,775
Franchise and occupational tax					1,055,085	-	1,055,085
Cigarette tax					67,985	-	67,985
Earnings on investments					42,888	14,127	57,015
Miscellaneous					59,743	14,441	74,184
Gain on disposal of assets					255,427	-	255,427
Administrative charges					561,822	(561,822)	-
Contributions to permanent endowment					200	-	200
Total general revenues					31,552,925	(533,254)	31,019,671
Transfers					(564,716)	564,716	-
Total general revenues and transfers					30,988,209	31,462	31,019,671
Change in Net Position					4,236,400	309,159	4,545,559
Net Position, Beginning as restated					84,203,974	69,796,209	154,000,183
Net Position, Ending					\$ 88,440,374	\$ 70,105,368	\$ 158,545,742

**The City of Montrose, COLORADO**

Balance Sheet

Governmental Funds

December 31, 2021

(With Comparative Totals for December 31, 2020)

	Montrose Urban					Totals	
	General	Renewal	Public Safety	Capital	Nonmajor	2021	2020
		Authority		Improvement			
<b>ASSETS</b>							
Cash and Equivalents	\$ 15,044,709	\$ -	\$ 4,842,856	\$ 3,789,937	\$ 3,257,379	\$ 26,934,881	\$ 19,692,607
Certificates of Deposit	3,074,122	-	-	-	964,765	4,038,887	2,951,687
Accounts Receivable, net	262,843	-	5,460	-	56,987	325,290	499,018
Due from other funds	1,396,962	-	-	5,514,688	-	6,911,650	6,911,650
Franchise fee receivable	208,412	-	-	-	-	208,412	196,627
Due from other governments	6,487	137,726	15,603	-	-	159,816	1,323,724
Sales tax receivable	2,752,105	-	1,201	-	-	2,753,306	2,581,183
Special Assessment receivable	-	-	-	-	292,796	292,796	338,854
Interest receivable	-	-	-	-	-	-	-
Prepaid Expenses	10,849	-	6,488	-	17,408	34,745	69,198
Inventory of supplies	16,958	-	-	-	48,547	65,505	49,480
<b>Total Assets</b>	<b>\$ 22,773,447</b>	<b>\$ 137,726</b>	<b>\$ 4,871,608</b>	<b>\$ 9,304,625</b>	<b>\$ 4,637,882</b>	<b>\$ 41,725,288</b>	<b>\$ 34,614,028</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 1,096,656	\$ 198,665	\$ 45,151	\$ 126,378	193,036	\$ 1,659,886	1,330,925
Overdraft accounts	-	3,221,047	-	-	-	3,221,047	-
Customer deposits and deposits in escrow	309,587	-	-	-	590	310,177	230,302
Accrued salaries and benefits	251,141	-	105,524	-	23,210	379,875	192,908
Unearned revenue	2,415,005	-	-	-	334,781	2,749,786	1,309,026
Due to other Funds	-	8,815,650	-	-	-	8,815,650	8,815,649
<b>Total Liabilities</b>	<b>4,072,389</b>	<b>12,235,362</b>	<b>150,675</b>	<b>126,378</b>	<b>551,617</b>	<b>17,136,421</b>	<b>11,878,810</b>
<b>FUND BALANCE</b>							
<b>Unspendable:</b>							
Prepays and Inventory	27,807	-	6,488	-	65,955	100,250	118,678
Permanent funds or other corpus	-	-	-	-	445,102	445,102	445,840
Interfund advances	1,223,543	-	-	5,127,246	-	6,350,789	6,350,789
<b>Restricted:</b>							
For emergencies	1,340,000	-	-	-	-	1,340,000	1,240,950
For economic development	-	-	-	-	148,438	148,438	118,191
For debt service	-	-	-	-	346,315	346,315	109,585
For beautification	-	-	-	-	7,846	7,846	30,286
For capital projects	321,088	-	-	-	681,140	1,002,228	1,628,812
For public safety	-	-	4,714,445	-	-	4,714,445	2,108,837
For parks	-	-	-	-	-	-	-
<b>Committed:</b>							
For economic development	-	-	-	-	544,980	544,980	539,552
For public education	-	-	-	-	99,722	99,722	97,341
<b>Assigned:</b>							
For capital projects	-	-	-	4,051,001	1,436,775	5,487,776	6,770,446
For competitive youth sports	-	-	-	-	-	-	10,059
For parks/pavilion improvements	-	-	-	-	137,968	137,968	166,675
For animal shelter	-	-	-	-	172,024	172,024	172,024
For subsequent year's expenditures	-	-	-	-	-	-	-
Unassigned	15,788,620	(12,097,636)	-	-	-	3,690,984	2,827,153
<b>Total Fund Balance</b>	<b>18,701,058</b>	<b>(12,097,636)</b>	<b>4,720,933</b>	<b>9,178,247</b>	<b>4,086,265</b>	<b>24,588,867</b>	<b>22,735,218</b>
<b>Total Liabilities, Deferred Inflow and Fund Balances</b>	<b>\$ 22,773,447</b>	<b>\$ 137,726</b>	<b>\$ 4,871,608</b>	<b>\$ 9,304,625</b>	<b>\$ 4,637,882</b>	<b>\$ 41,725,288</b>	<b>\$ 34,614,028</b>

**The City of Montrose, COLORADO**

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2021

	<u>2021</u>
Total Fund Balances for the Governmental Funds	\$ 24,588,867
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	14,313,940
Capital assets being depreciated	58,835,294
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	
	14,812,311
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	
Net deferred FPPA pension outflows	700,615
Net pension asset	968,788
Net deferred FPPA pension inflows	(998,938)
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.	
Certificates of participation	(15,980,000)
Capital leases and long term debt payable	(8,379,694)
Compensated absences	(420,809)
Total Net Position for Governmental Activities	<u>\$ 88,440,374</u>

**The City of Montrose, COLORADO**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Montrose Urban					Totals	
	General	Renewal Authority	Public Safety Fund	Capital Improvement	Nonmajor Funds	2021	2020
<b>REVENUES</b>							
Taxes	\$ 24,833,065	\$ -	\$ 4,607,569	\$ -	\$ 1,268,341	\$ 30,708,975	\$ 25,822,491
Licenses and permits	774,934	-	-	-	-	774,934	792,099
Intergovernmental	1,271,904	1,052,843	98,981	(11,693)	366,957	2,778,992	4,480,681
Charges for services	228,331	-	87,984	-	750	317,065	182,888
Fines and forfeits	139,437	-	-	-	-	139,437	125,107
Special Assessments	-	-	-	-	74,543	74,543	110,083
Contributions and donations	9,104	-	119	237,634	43,650	290,507	-
Miscellaneous	16,637	-	22,078	-	21,264	59,979	282,874
Administrative reimbursement	561,585	-	-	-	-	561,585	591,324
Contributions to permanent endowment	-	-	-	-	200	200	2,200
Investment earnings	31,464	43	1,290	2,893	7,198	42,888	435,507
Total revenues	<u>27,866,461</u>	<u>1,052,886</u>	<u>4,818,021</u>	<u>228,834</u>	<u>1,782,903</u>	<u>35,749,105</u>	<u>32,825,254</u>
<b>EXPENDITURES</b>							
General Government	4,526,208	-	-	-	16,927	4,543,135	4,846,384
Community development	289,363	2,187,057	-	-	1,195,554	3,671,974	1,687,249
Public safety	-	-	9,315,612	-	-	9,315,612	9,490,961
Engineering and inspection	315,954	-	-	-	-	315,954	302,282
Public works	3,196,145	-	-	-	-	3,196,145	2,717,761
Parks, recreation and cemetery	1,779,313	-	-	-	-	1,779,313	1,695,371
Insurance	143,681	-	-	-	-	143,681	133,838
Capital Outlay	1,705,706	1,148,460	550,655	4,993,548	1,012,070	9,410,439	20,491,134
Debt service	-	-	-	-	1,209,914	1,209,914	1,351,623
Total expenditures	<u>11,956,370</u>	<u>3,335,517</u>	<u>9,866,267</u>	<u>4,993,548</u>	<u>3,434,465</u>	<u>33,586,167</u>	<u>42,716,603</u>
Revenues in excess of expenditures	<u>15,910,091</u>	<u>(2,282,631)</u>	<u>(5,048,246)</u>	<u>(4,764,714)</u>	<u>(1,651,562)</u>	<u>2,162,938</u>	<u>(9,891,349)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of capital assets	255,427	-	-	-	-	255,427	-
Debt proceeds	-	-	-	-	-	-	15,980,000
Transfers in	1,000	-	7,655,343	3,945,402	1,539,247	13,140,992	12,385,726
Transfers out	(12,956,841)	-	-	-	(748,867)	(13,705,708)	(12,833,410)
Net other financing sources (uses)	<u>(12,700,414)</u>	<u>-</u>	<u>7,655,343</u>	<u>3,945,402</u>	<u>790,380</u>	<u>(309,289)</u>	<u>15,532,316</u>
Change in fund balance	<u>3,209,677</u>	<u>(2,282,631)</u>	<u>2,607,097</u>	<u>(819,312)</u>	<u>(861,182)</u>	<u>1,853,649</u>	<u>5,640,967</u>
FUND BALANCE, Beginning	15,491,381	(9,815,005)	2,113,836	9,997,559	4,947,447	22,735,218	17,094,251
FUND BALANCE, Ending	<u>\$ 18,701,058</u>	<u>\$ (12,097,636)</u>	<u>\$ 4,720,933</u>	<u>\$ 9,178,247</u>	<u>\$ 4,086,265</u>	<u>\$ 24,588,867</u>	<u>\$ 22,735,218</u>

**The 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, 2021

	<u>2021</u>
Net change in fund balances - governmental funds	\$ 1,853,649
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	5,084,685
Depreciation expense	(6,427,752)
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.	
	3,121,492
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 accrued compensated absences	49,870
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.	
Pension (expense)/benefit	141,609
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	412,847
Change in net position of governmental activities	<u>\$ 4,236,400</u>

**The City of Montrose, COLORADO**

Statement of Net Position

Proprietary Funds

December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Enterprise Funds				Total		Totals	
	Water	Sewer	Trash and Recycling	Black Canyon Golf Course	Enterprise Funds	Internal Service Funds	2021	2020
<b>ASSETS</b>								
Current Assets								
Cash and Equivalents	\$ 6,470,461	\$ 1,715,637	\$ 576,172	\$ 196,955	\$ 8,959,225	\$ 5,948,795	\$ 14,908,020	\$ 17,595,396
Certificates of Deposit	654,836	1,171,428	-	-	1,826,264	529,113	2,355,377	2,342,964
Accounts Receivable, net	496,692	246,154	157,666	1,563	902,075	233,788	1,135,863	862,955
Due from other funds	1,904,000	-	-	-	1,904,000	-	1,904,000	1,904,000
Interest receivable	-	6,380	-	-	6,380	-	6,380	6,380
Prepaid Expenses	-	-	100	4,425	4,525	167,709	172,234	271,943
Inventory of supplies	29,189	77,558	50,954	72,699	230,400	416	230,816	214,932
Total Current Assets	9,555,178	3,217,157	784,892	275,642	13,832,869	6,879,821	20,712,690	23,198,570
Noncurrent Assets								
Capital Assets, not being depreciated	526,338	936,752	-	219,435	1,682,525	-	1,682,525	1,682,525
Capital Assets, net	29,664,873	26,668,286	-	726,370	57,059,529	8,800,065	65,859,594	59,895,156
Total Assets	39,746,389	30,822,195	784,892	1,221,447	72,574,923	15,679,886	88,254,809	84,776,251
<b>LIABILITIES</b>								
Current Liabilities								
Accounts payable	751,194	210,901	72,300	28,219	1,062,614	201,179	1,263,793	903,394
Customer deposits and deposits in escrow	130,097	200	-	-	130,297	-	130,297	233,713
Accrued salaries and benefits	42,945	18,040	14,980	8,044	84,009	19,765	103,774	67,817
Unearned revenue	-	4,800	-	11,351	16,151	-	16,151	8,526
Accrued compensated absences	38,109	8,160	32,362	7,983	86,614	54,437	141,051	153,050
Accrued interest payable	-	-	-	-	-	-	-	7,540
Claims payable	-	-	-	-	-	592,194	592,194	462,187
Current portion long term debt	181,500	158,500	-	33,170	373,170	-	373,170	378,042
Total Current Liabilities	1,143,845	400,601	119,642	88,767	1,752,855	867,575	2,620,430	2,214,269
Noncurrent Liabilities								
Revenue bonds - net of premium	382,250	302,750	-	-	685,000	-	685,000	1,025,000
Capital lease payable	-	-	-	31,700	31,700	-	31,700	49,954
Total Liabilities	1,526,095	703,351	119,642	120,467	2,469,555	867,575	3,337,130	3,289,223
<b>NET POSITION</b>								
Net Investment in Capital Assets	29,282,623	26,365,536	-	694,670	56,342,829	8,800,065	65,142,894	58,820,202
Unrestricted	8,937,671	3,753,308	665,250	406,310	13,762,539	6,012,246	19,774,785	22,666,826
Total Net Position	\$ 38,220,294	\$ 30,118,844	\$ 665,250	\$ 1,100,980	\$ 70,105,368	\$ 14,812,311	\$ 84,917,679	\$ 81,487,028

**The City of Montrose, COLORADO**

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Enterprise Funds						Totals	
	Water	Sewer	Trash and Recycling	Black Canyon Golf Course	Total Enterprise Funds	Internal Service Funds	2021	2020
<b>OPERATING REVENUES</b>								
Water sales	\$ 5,914,437	\$ -	\$ -	\$ -	\$ 5,914,437	\$ -	\$ 5,914,437	\$ 5,444,732
Sewer charges	-	3,039,646	-	-	3,039,646	-	3,039,646	2,997,552
Tap fees unpledged	141,322	53,424	-	-	194,746	-	194,746	154,829
Sanitation charges	-	-	1,842,948	-	1,842,948	-	1,842,948	1,617,381
Golf charges	-	-	-	844,343	844,343	-	844,343	459,239
Interfund charges	-	-	-	-	-	8,372,314	8,372,314	6,344,670
Other charges	-	2,294	-	-	2,294	449,914	452,208	887,672
Total Operating Revenues	6,055,759	3,095,364	1,842,948	844,343	11,838,414	8,822,228	20,660,642	17,906,075
<b>OPERATING EXPENSES</b>								
Administration	273,839	172,259	115,724	296,215	858,037	2,958,166	3,816,203	627,678
Operations and maintenance	4,385,627	2,359,672	1,712,239	934,488	9,392,026	1,299,229	10,691,255	12,160,397
Medical claims	-	-	-	-	-	2,824,759	2,824,759	1,483,756
Insurance premiums	-	-	-	-	-	531,737	531,737	510,320
Depreciation	1,261,455	1,729,315	-	105,448	3,096,218	1,204,409	4,300,627	4,235,782
Capital Outlay	68	119,868	-	486	120,422	301,098	421,520	133,021
Total Operating Expenses	5,920,989	4,381,114	1,827,963	1,336,637	13,466,703	9,119,398	22,586,101	19,150,954
Net Operating Income	134,770	(1,285,750)	14,985	(492,294)	(1,628,289)	(297,170)	(1,925,459)	(1,244,879)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Intergovernmental revenues	-	-	-	-	-	17,806	17,806	5,669
Capacity fees	386,045	958,119	-	-	1,344,164	-	1,344,164	802,076
Investment earnings	4,538	9,136	408	45	14,127	7,132	21,259	420,946
Gain (loss) on sale of assets	-	-	-	-	-	203,743	203,743	12,925
Other miscellaneous revenue	25,994	1,559	6,446	3,479	37,478	20,213	57,691	15,589
Interest expense	(13,415)	(7,583)	-	(2,037)	(23,035)	-	(23,035)	(39,451)
Net Nonoperating Revenues (Expenses)	403,162	961,231	6,854	1,487	1,372,734	248,894	1,621,628	1,217,754
Income Before Contributions and Transfers	537,932	(324,519)	21,839	(490,807)	(255,555)	(48,276)	(303,831)	(27,125)
<b>Contributions and Transfers</b>								
Dedicated and contributed capital assets	-	-	-	-	-	3,169,768	3,169,768	789,140
Transfers In	-	-	-	639,716	639,716	-	639,716	466,632
Transfers Out	-	(75,000)	-	-	(75,000)	-	(75,000)	-
Net Contributions and Transfers	-	(75,000)	-	639,716	564,716	3,169,768	3,734,484	1,255,772
Change in Net Position	537,932	(399,519)	21,839	148,909	309,161	3,121,492	3,430,653	1,228,647
NET POSITION, Beginning	37,682,362	30,518,363	643,411	952,071	69,796,207	11,690,819	81,487,026	78,645,307
NET POSITION, ENDING	\$ 38,220,294	\$ 30,118,844	\$ 665,250	\$ 1,100,980	\$ 70,105,368	\$ 14,812,311	\$ 84,917,679	\$ 79,873,954

**The City of Montrose, COLORADO**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	Enterprise Funds						Totals	
	Water	Sewer	Trash and Recycling	Black Canyon Golf Course	Total Enterprise Funds	Internal Service Funds	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 5,820,301	\$ 3,086,740	\$ 1,828,220	\$ 851,967	\$ 11,587,228	\$ 3,357,424	\$ 14,944,652	\$ 12,279,175
Receipts from interfund services provided	-	-	-	-	-	5,341,139	5,341,139	6,946,969
Payments to suppliers	(3,037,873)	(1,300,101)	(838,154)	(881,429)	(6,057,557)	(7,622,858)	(13,680,415)	(11,830,749)
Payments to employees	(638,843)	(714,087)	(417,210)	(189,580)	(1,959,720)	(220,876)	(2,180,596)	(2,829,293)
Payments for internal services used	(515,042)	(496,539)	(585,125)	(177,303)	(1,774,009)	(45,266)	(1,819,275)	(1,797,613)
Net cash provided (used) by operating activities	1,628,543	576,013	(12,269)	(396,345)	1,795,942	809,563	2,605,505	2,768,489
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Other Revenues	25,994	1,559	6,446	3,478	37,477	38,022	75,499	154,546
Transfers in	-	-	-	639,716	639,716	1,540,873	2,180,589	458,043
Transfers out	-	(75,000)	-	-	(75,000)	(1,011,772)	(1,086,772)	-
Net cash provided (used) by noncapital financing activities	25,994	(73,441)	6,446	643,194	602,193	567,123	1,169,316	612,589
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Capital contributions and tap fees	386,045	958,119	-	-	1,344,164	2,680,472	4,024,636	945,698
Capital grants	-	-	-	45	45	-	45	-
Proceeds from sale of assets	-	-	-	-	-	203,743	203,743	107,644
Acquisition and construction of capital assets	(4,382,609)	(1,285,059)	-	(115,110)	(5,782,778)	(4,522,088)	(10,304,866)	(4,199,674)
Principal paid on long-term debt	(181,500)	(148,500)	-	(33,126)	(363,126)	-	(363,126)	(357,013)
Interest paid on long-term debt	(13,415)	(10,976)	-	(2,037)	(26,428)	-	(26,428)	(32,065)
Net cash provided (used) by capital and related financing activities	(4,191,479)	(486,416)	-	(150,228)	(4,828,123)	(1,637,873)	(6,465,996)	(3,535,410)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Investment in certificates of deposits	118	(8,410)	-	-	(8,292)	(4,123)	(12,415)	4,334,016
Interest on investments	4,538	9,136	408	-	14,082	7,132	21,214	228,479
Net cash provided (used) by investing activities	4,656	726	408	-	5,790	3,009	8,799	4,562,495
Net increase (decrease) in cash and cash equivalents	(2,532,286)	16,882	(5,415)	96,621	(2,424,198)	(258,178)	(2,682,376)	4,408,163
CASH AND CASH EQUIVALENTS, Beginning	9,002,747	1,698,755	581,587	100,334	11,383,423	6,206,973	17,590,396	13,182,213
CASH AND CASH EQUIVALENTS, Ending	\$ 6,470,461	\$ 1,715,637	\$ 576,172	\$ 196,955	\$ 8,959,225	\$ 5,948,795	\$ 14,908,020	\$ 17,590,376
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income (loss)	\$ 134,770	\$ (1,285,750)	\$ 14,985	\$ (492,294)	(1,628,289)	\$ (297,170)	\$ (1,925,459)	\$ (1,156,186)
Adjustments to reconcile operating income to net cash provided by operating activities								
Depreciation	1,261,455	1,729,315	-	105,448	3,096,218	1,204,409	4,300,627	4,234,142
Changes in assets and liabilities								
(Increase) decrease in accounts receivable	(132,042)	(8,623)	(14,728)	-	(155,393)	(117,523)	(272,916)	(105,523)
(Increase) decrease in inventory of supplies	31,017	(9,236)	(7,731)	(31,183)	(17,133)	1,249	(15,884)	33,954
(Increase) decrease in prepaid expenses	508	130	(101)	(4,425)	(3,888)	103,593	99,705	(115,287)
Increase (decrease) in accounts payable	429,593	158,025	(12,886)	15,021	589,753	(224,352)	365,401	(79,152)
Increase (decrease) in customer deposits and deposits in escrow	(103,416)	-	-	-	(103,416)	-	(103,416)	9,320
Increase (decrease) in accrued salaries and benefits	26,969	933	4,482	2,917	35,301	660	35,961	(92,146)
Increase (decrease) in due to other funds	-	-	-	-	-	-	-	(68,000)
Increase (decrease) in deferred revenues	(4,147)	-	-	7,625	3,478	-	3,478	(12,429)
Increase (decrease) in accrued compensated absences	(16,164)	(8,781)	3,710	546	(20,689)	8,690	(11,999)	(7,051)
Increase (decrease) in claims payable	-	-	-	-	-	130,007	130,007	126,847
Net cash provided (used) by operating activities	\$ 1,628,543	\$ 576,013	\$ (12,269)	\$ (396,345)	\$ 1,795,942	\$ 809,563	\$ 2,605,505	\$ 2,768,489
<b>SCHEDULE OF NON-CASH ACTIVITIES</b>								
Donated capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,169,768	\$ 3,169,768	\$ 906,916

**The City of Montrose, Colorado**  
**Fiduciary Funds**  
Statement of Net Position  
December 31, 2021

	Custodial Fund
	Tax Passthrough Fund
	<u>                    </u>
ASSETS	
Restricted Cash and Cash equivalents	\$ 155,495
Sales taxes receivable	<u>216,734</u>
Total Assets	<u>372,229</u>
LIABILITIES	
Sales taxes payable	<u>372,229</u>
Total Liabilities	<u>372,229</u>
Net Position	<u><u>\$ -</u></u>

**The City of Montrose, COLORADO**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2021

	Custodial Fund Tax Passthrough Fund
	<u>                    </u>
Additions	
Contributions:	
Taxes Collected for Other Governments	\$ 2,371,844
Total Additions	<u>2,371,844</u>
Deductions	
Taxes Distributed to Other Governments	\$ 2,371,844
Total Deductions	<u>2,371,844</u>
CHANGES IN NET POSITION	-
Net Position, beginning	-
Net position, ending	<u>\$ -</u>

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**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.

Montrose applies the criteria set forth in GASB Statement No. 61 to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials’ accountability to their constituents, and the financial reporting entity follows the same accountability. 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, these statements also include the Montrose Urban renewal authority, a blended component unit.

Included within the reporting entity, in blended presentation:

Montrose Urban Renewal Authority (MURA) – The Authority was organized pursuant to Colorado Revised Statutes, Part I, Article 25, Title 31 to finance various improvement projects within the Authority’s boundaries. The Authority is fiscally dependent upon Montrose because the City Council approves the Authority’s budget, levies taxes, and must approve any debt issuances. MURA is presented as a major governmental fund and is a component unit of the City because the governing bodies are substantively the same. Also, there is either a financial benefit or burden relationship between MURA and the City of Montrose.

**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 blended component unit: the Montrose Urban renewal authority. 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.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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 non-major funds. The City does not have fiduciary fund types.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Montrose's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Public Safety Fund – In November of 2019, the voters approved a .58% sales and use tax to be collected and fund public safety. The fund issued certificates of participation in 2020 to fund capital improvements.

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 downtown Montrose

Capital Improvement Fund – This fund accounts for the City's major Capital Improvements not accounted for in an enterprise or 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 where the deed restricted it from becoming anything other than greenspace and the City owned the back nine already.

The City reports the following fund type:

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

Government-wide and Proprietary Fund and Fiduciary Financial Statements -The government wide, proprietary fund and fiduciary 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 exchange, 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.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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 six months after year-end, with the exception of sales taxes, which must be within 90 days. Sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Fiduciary Funds - As required under GASB Statement No. 84 the City created one new fiduciary funds in 2020, the Tax Passthrough Fund. The tax passthrough fund records the activity related to sales tax collected by the City on behalf of other entities. The City then passes these tax payments along to these entities.

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**

Although GASB Statement No. 34 eliminates the presentation of account groups, it does provide for the maintenance of the underlying records. The non-current governmental assets/liabilities are presented within the governmental column in the government-wide statement of net position.

All Governmental Accounting Standards Board (GASBs) pronouncements are followed in the government-wide, proprietary fund, and governmental fund financial statements.

During the course of operations the government has activity between funds. Balances at year-end are reported as interfund receivables/payables and transfers to/from funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Also, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

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 Water and Sewer Funds also recognize as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service fund 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.

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, 2021, 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.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

*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* – Since the DDA was dissolved in March of 2019, there are no mill levies certified for the city.

*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, 2021 for governmental activities are deferred and amortized over the life of the bond issues.

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

*Compensated absences* - The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated 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* - Both government-wide and governmental funds report deferred inflows on their balance sheets. Deferred inflows arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received by Montrose before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

subsequent periods, when both revenue recognition criteria are met, or when Montrose has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

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

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

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

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

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

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

*Pension:* For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Statewide Defined Benefit Plan (SWDB) administered by Fire and Police Pension Association of Colorado (FPPA), and additions to/deductions from these plans' fiduciary net pension have been determined on the same basis as they are reported by FPPA. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which the contributions are due. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. All employees who participate in the plans are funded through a governmental fund and therefore the net pension liability (asset) is recorded at the government-wide level only.

Limited comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in Montrose's financial position. However, comparative data has not been presented in all statements since its inclusion would make the statements unduly complex and difficult to read. The partial comparative data included in the basic financial statements is displayed in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Montrose's financial statements for the year ended December 31, 2020, from which the partial information is derived.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**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.

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 Retail sales enhancement and Special benefit funds, which may be a violation of Colorado statutes.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

A summary of the City's cash and investment balances as of December 31, 2021 and how they are displayed in the financial statements is shown below:

Cash and Investments:	
Cash and Cash Equivalents	\$ 8,594,192
Investments in Local Government Investment Pools	30,027,662
Cash Overdraft	(3,221,047)
	<u>\$ 35,400,807</u>
Certificates of Deposits at Amortized Cost	<u>\$ 6,394,264</u>

**A. DEPOSITS**

Custodial Credit Risk

The City and County of Montrose has deposits at the bank with a balance of \$7,748,951 in excess of FDIC coverage.

Guidance from the Colorado Division of Banking concludes that public deposits collateralized under the Colorado Public Deposit Protection Act (PDPA) and held in the name of the government have no custodial credit risk. Colorado state statutes govern Montrose's deposit of cash. The PDPA requires that all units of local government deposit cash in eligible

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

public depositories. Eligibility is determined by state regulations. State regulatory commissioners have indicated that all financial institutions holding deposits for Montrose are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA.

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits.

**B. INVESTMENTS IN LOCAL GOVERNMENT INVESTMENT POOLS**

Montrose's invests in local government investment pools as follows:

ColoTrust- Montrose has invested \$17,527,802 in Colorado Local Government Liquid Asset Trust Plus+ (ColoTrust). ColoTrust is valued using the NAV per share (or its equivalent) of the investments. ColoTrust does not have any unfunded commitments, redemption restrictions or redemption notice periods. ColoTrust has a rating of AAAM. Information related to ColoTrust can be found on their website, [www.colotruster.com](http://www.colotruster.com).

CSafe- Montrose has invested \$12,499,860 in the Colorado Surplus Asset Trust Fund (CSafe). CSafe is valued at amortized cost. The investments conform to its permitted investments and will meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool. Information related to CSAFE can be found at their website, [www.csafe.org](http://www.csafe.org).

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.

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 39% of the City's total investments for the year ended December 31, 2021, were in a single financial institution, Colotruster.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year follows:

	<b>Balance 1/1/2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 12/31/2021</b>
Capital assets not being depreciated:				
Land	\$ 12,967,293	\$ 1,382,646	\$ 36,000	\$ 14,313,939
Capital assets being depreciated:				
Infrastructure - Road Network	137,131,836	3,456,730	-	140,588,566
Land Improvements	8,154,678	44,031	-	8,198,709
Buildings	23,277,892	212,035	-	23,489,927
Equipment	6,422,367	113,693	373,474	6,162,586
Internal Service Vehicles	14,019,220	1,666,532	2,748,382	12,937,370
Internal Service Equipment	1,452,891	2,860,556	-	4,313,447
<b>Total capital assets being depreciated</b>	<b>190,458,884</b>	<b>8,353,576</b>	<b>3,121,856</b>	<b>195,690,604</b>
Less: accumulated depreciation for:				
Land Improvements	1,841,908	211,757	-	2,053,665
Infrastructure - Road Network	94,493,426	5,628,946	-	100,122,372
Buildings	11,542,633	439,344	-	11,981,977
Equipment	5,586,673	144,830	285,025	5,446,479
Internal Service Vehicles	9,026,130	1,092,172	2,720,420	7,397,882
Internal Service Equipment	920,916	131,955	-	1,052,871
<b>Total accumulated depreciation</b>	<b>123,411,686</b>	<b>7,649,004</b>	<b>3,005,445</b>	<b>128,055,246</b>
<b>Total capital assets being depreciated, net</b>	<b>67,047,198</b>	<b>704,572</b>	<b>116,411</b>	<b>67,635,358</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 80,014,491</b>	<b>\$ 2,087,218</b>	<b>\$ 152,411</b>	<b>\$ 81,949,298</b>
Business-Type Activities:				
Capital assets not being depreciated:				
Land and Easements	\$ 1,682,525	\$ -	\$ -	\$ 1,682,525
Capital assets being depreciated:				
Reservoirs	10,607,815	3,619,036	52,171	14,174,680
Buildings	502,605	-	-	502,605
Land Improvements	90,157	115,111	-	205,268
Transmission, collection and distribution lines	67,848,705	1,894,170	-	69,742,875
Treatment Plant	14,656,535	134,550	-	14,791,085
Equipment	3,007,905	81,728	93,515	2,996,118
<b>Total capital assets being depreciated</b>	<b>96,713,722</b>	<b>5,844,595</b>	<b>145,686</b>	<b>102,412,631</b>
Less: accumulated depreciation for:				
Transmission, collection and distribution lines	27,462,236	1,729,313	-	29,191,549
Treatment Plant	14,488,295	1,261,455	52,169	15,697,581
Equipment	390,225	105,448	31,700	463,973
<b>Total accumulated depreciation</b>	<b>42,340,756</b>	<b>3,096,215</b>	<b>83,869</b>	<b>45,353,102</b>
<b>Total capital assets being depreciated, net</b>	<b>54,372,966</b>	<b>2,748,380</b>	<b>61,817</b>	<b>57,059,529</b>
<b>Business-type activity capital assets, net</b>	<b>\$ 56,055,491</b>	<b>\$ 2,748,380</b>	<b>\$ 61,817</b>	<b>\$ 58,742,054</b>

Depreciation expense was charged to the functions/programs of the primary government as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
General government	\$ 386,329	\$ -
Public Safety	107,873	-
Public Works	5,666,502	-
Parks and cemetery	267,048	-
Water	-	1,261,455
Sewer	-	1,729,315
Black Canyon Golf Course	-	105,448
<b>Total</b>	<b>\$ 6,427,752</b>	<b>\$ 3,096,218</b>

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**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 \$7,238,993. Contributions of up to 8% for employees amounted to \$472,373 for 2021.

**B. Certified/Sworn Police Employees**

**STATEWIDE DEFINED BENEFIT PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The Fire and Police Pension Association of Colorado (FPPA) administers a statewide multiple employer public employee retirement system providing defined benefit plan coverage for police officers and firefighters throughout the State of Colorado. The Affiliated Local Plans are plans for which FPPA has been asked to and has undertaken investment and recordkeeping responsibility, but are not plans for which FPPA has determined or set the benefits or funding policy. Volunteer Plans that have chosen to affiliate with FPPA for investment and administrative purposes are still governed by their local plan document or by the Colorado Statutes and local pension board; each has a separate actuarial valuation.

Net pension liability (asset) is the difference between the total pension liability and the fiduciary net position as of the measurement date. If the fiduciary net position exceeds the total pension liability as of the measurement date, there is a net pension asset. Deferred inflows of resources and deferred outflows of resources are the amounts that are required to be deferred and recognized in subsequent period. Deferred outflows of resources are reported on the Statement of Net Position or balance sheet below assets, while deferred inflows are reported below liabilities. These amounts refer to items that are not yet recognized in the net pension liability (asset) or pension expense and include:

- Changes in actuarial assumptions
- Differences between projected and actual investment earnings on pension plan investments
- Changes in proportion
- Employer contributions made subsequent to the measurement date through the fiscal yearend

Deferred outflows of resources and deferred inflows of resources will be recognized as follows:

- Differences in plan experience, changes in assumptions, and changes in proportion will be amortized over the remaining service lives of current and former employees, and retirees.
- The difference between expected and actual investment earnings will be amortized over a five year period.
- Contributions made subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the subsequent year.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**General Information about the Pension Plan**

The City began participation in the Plan during the year ended December 31, 2018.

*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 that includes financial statements and required supplementary information for both the SWDB and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 or on FPPA's website 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. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten year, plus 2.5% for each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1st.

The amount of any cost of living adjustment (COLA) is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index. A member is eligible for an early retirement at age 50 after 30 years of service 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% 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% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

*Contributions.* The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. 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 8 percent of base salary for a total contribution rate of 16 percent through 2014. 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 increase to 9 percent and 12 percent for the re-entry plan, resulting in a combined contribution rate of 21 and 24 percent, respectively, in 2022.

Contributions from members and employer 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% of base salary for 2020. The members pay an additional 4% contribution. The re-entry group is scheduled to have their required member contribution rate increase 0.5% annually through 2022 for a total combined member and employer contribution rate of 24% in 2022. Total contributions to the SWDB Police Plan from the City were \$283,241 for the year ended December 31, 2021.

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

At December 31, 2021, the City reported an asset of \$968,788 for its proportionate share of the SWDB's net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of January 1, 2020. The City's proportion of the net pension asset was based on a projection of the City's share of contributions to the pension plan relative to the contributions of all participating employers and the State. At December 31, 2021, the City's proportion for the SWDB Police Plan was .446240%.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

For the year ended December 31, 2021, the City recognized pension benefit of \$(141,609). At December 31, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Beginning Deferral amounts as of Prior measurement date, December 31, 2019	\$ 415,385	\$ (429,524)
Difference between actual and expected experience	(91,658)	1,430
Changes in assumptions	(100,384)	-
Net difference between actual and projected earnings on pension plan investments	-	(570,844)
Changes in proportion and differences between city contributions and proportionate share of contributions	207,483	-
City contributions subsequent to the measurement date	(3,337)	-
Total	\$ 427,489	\$ (998,938)

The SWDB reported \$283,402 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, 2022.

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,	Amounts reported as deferred outflows and deferred inflows of resources recognized in pension expense
2021	\$ (125,511)
2022	(125,511)
2023	(125,511)
2024	(125,511)
2025	(125,511)
Thereafter	(306,188)
Total	\$ (933,743)

*Actuarial assumptions.* The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

The RP-2014 Mortality Table with Blue Collar Employees, projected with Scale BB, 55% multiplier for off duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-employment benefits for members under age 55. For post-employment members age 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-employment retirement members ages 55 through 64, a blend of the previous tables is used.

Changes in assumptions – There were no changes in assumptions or benefit terms.

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. 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income - Rates	10%	4.01%
Fixed Income - Credit	5%	5.25%
Absolute Return	10%	5.60%
Cash	2%	2.32%
<b>Total</b>	<b>100%</b>	

*Discount Rate.* 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.

*Sensitivity of the District’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

<b>Single Discount Rate</b>		
<b>1% Decrease</b>	<b>Assumption</b>	<b>1% Increase</b>
<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
\$ 974,933	\$ (968,788)	\$ (2,578,433)

*Pension plan fiduciary net position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued FPPA financial report.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**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 \$2,065,846, exclusive of dental benefits, based on approximately 156 employees and dependents covered in 2021. 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, 2021 are as follows:

	<u>Beginning Balance</u>	<u>Claims &amp; Changes in Estimates</u>	<u>Claim Balance Payment</u>	<u>Ending Balance</u>
2020	335,340	2,265,378	2,138,531	462,187
2021	462,187	2,559,813	3,022,000	592,194

**NOTE 6 - COMMITMENTS**

**Raw Water Purchase**

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

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

The purchase price per acre-foot shall not exceed the average cost of all municipal and industrial water for which the Tri-County Water Conservancy District is obligated to pay the United States for such water, which is limited to \$38,000,000. The purchase price is currently \$77.61 per acre-foot, with potential cost adjustments at no longer than five year intervals. Such annual payments are subject to adjustment as a result of rate adjustments. In addition, the City pays the District a proportionate amount of the operations, maintenance and replacement costs of the project attributable to municipal and industrial uses which we reset at \$4.00 per acre-foot subject to annual adjustment. In 2021, the rate for operations and maintenance was \$8.50 per acre-foot.

**NOTE 7 - LONG-TERM LIABILITIES**

**A. CHANGES IN DEBT**

Long-term liability activity for the year ended December 31, 2021 was as follows:

	<u>January 1, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31, 2021</u>
<i>Governmental Activities</i>				
Certificate of Deposit	\$ 15,980,000	\$ -	\$ -	\$ 15,980,000
Lease Liability	8,792,541	-	(412,847)	8,379,694
<i>Business-Type Activities</i>				
Notes Payable	1,355,000	-	(330,000)	1,025,000
Lease Liability	97,997	-	(33,127)	64,870
Total	<u>\$ 26,225,538</u>	<u>\$ -</u>	<u>\$ (775,974)</u>	<u>\$ 25,449,564</u>

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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

Revenue Bonds in the amount of \$6,045,000 were issued on March 15, 2004 for the purpose of refunding City's outstanding 1993 water and sewer revenue refunding bonds and financing \$4,000,000 in improvements to the City's water and sewer systems. In 2016, the remaining debt was refunded by a note with a principal balance of \$2,855,000 which resulted in a savings of \$295,000. This note is paid from the net revenue derived from the operation and use of the City's water and sewer enterprise system. Interest rate for this note is 1.8% payable semi-annually. The paying agent is UMB Bank.

**D. CAPITAL LEASE AGREEMENTS**

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 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 1<sup>st</sup> 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 1<sup>st</sup>. Total debt service payments of \$285,465 will be made until maturity in 2032.

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.

**E. CERTIFICATE OF PARTICIPATION**

Through U.S Bank, Montrose uses Certificates of Participation (COP's) for the acquisition and construction of major public safety capital facilities and improvements. The debt is secured by the constructed facilities and improvements. Debt service payments are made from the rents collected by U.S Bank, based upon lease agreements between Montrose and U.S Bank. As of December 31, 2021, Montrose had \$15,980,000 of COP's outstanding for governmental activities.

**F. SUMMARY OF ANNUAL REQUIREMENTS TO AMORTIZE OUTSTANDING BONDS, NOTES AND LEASE PRINCIPAL**

The following tables display the debt service and lease payment requirements for the obligations described above, as of December 31:

	<b>Governmental Activities</b>		<b>Business Type Activities</b>	
	Certificate of Participation	Lease Liability	Notes Payable	Lease Liability
2022	\$ -	\$ 442,441	\$ 330,000	\$ 33,170
2023	330,000	438,727	340,000	31,700
2024	345,000	450,741	345,000	-
2025	360,000	463,084	-	-
2026	375,000	457,766	-	-
Thereafter	14,570,000	6,108,935	-	-
	<b>\$ 15,980,000</b>	<b>\$ 8,379,694</b>	<b>\$ 1,025,000</b>	<b>\$ 64,870</b>

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**A. INTERFUND TRANSFERS**

	General Fund	Capital Improvement Fund	Public Safety Fund	Nonmajor Funds	Enterprise Funds
Transfers In (Out) - Net	(12,955,841)	3,945,402	7,655,343	790,380	564,716

The above amounts were transferred for operations.

**B. INTERNAL CHARGES**

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

	Internal Fleet Equipment Lease	Information Services Charges	Facility Lease Charges	Admin Charges	Health Benefits
General Fund	976,236	484,517	464,427		176,894
Public Safety Fund	698,213	709,368	184,337		229,481
Nonmajor Govt Funds	-	123,636	41,432		8,446
Enterprise Funds	1,024,968	187,456	633,499	561,585	100,703
Internal Service Funds	37,557	48,459	102,940		38,779

**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, 2021:

	Due From	Due To
General Fund		1,430,414
Montrose Urban Renewal Authority	8,815,650	
Public Safety Fund	33,452	
Capital Improvement Fund		5,514,688
Enterprise Funds		1,904,000

During the course of operations the government has activity between funds. Balances at year-end are reported as interfund and transfers to/from funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Also, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**NOTE 9 - JOINTLY GOVERNED ORGANIZATION**

**Project 7 Water Authority**

In 1977, the City along with the City of Delta, the Town of Olathe, the Tri-County Water Conservancy District, 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 2021 was \$1.15 per thousand gallons, which results in a minimum annual purchase commitment of \$825,000, but the rate charged may be changed by action of the Authority. During 2021, the City purchased treatment of 1,232,290,506 gallons for \$1,417,134. At December 31, 2021, the City owed the Authority \$58,788 for 51,120,000 gallons of water. Separate financial statements of Project 7 Water Authority are available from the City or the Authority.

**NOTE 10 - PARTICIPATION IN PUBLIC ENTITY RISK POOL**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a participant in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

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 - TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including the raising of revenue, spending abilities, and other specific requirements of state and local governments. The Amendment 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.

The Amendment requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. At December 31, 2021, the amount required as emergency reserves in compliance with the amendment is \$1,340,000. This amount is disclosed as restricted net position on the Statement of Net Position and restricted fund balance on the Governmental Fund Balance Sheet.

**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.

**The City of Montrose, Colorado**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**NOTE 13 – INTERGOVERNMENTAL AGREEMENTS**

In 2017 the City and Montrose (City) Recreation District (MRD) determined there were cost savings to the tax payers in Montrose if certain City services were made available to MRD for a fee. This arrangement has continued with small amendments to the IGA annually. In 2021, the City provided MRD fleet, information services, facility and finance services for \$34,105.

**NOTE 14 – RELATED PARTIES**

In 2016, the City along with the Montrose Fire Protection District, The town of Mountain Village, The Town of Telluride, The Telluride Fire Protection District and the Town of Olathe created a new dispatch center, Western Colorado Regional Dispatch Center (WestCO), to provide emergency services. Article VII section 3 of the bylaws provides City services to WestCO without compensation. WestCo employees participate in the City self-insurance plan and reimburse the City for all costs paid on their behalf. WestCo paid \$358,374 related to the self-insurance plan.

**The City of Montrose, Colorado**  
 Budgetary Comparison Schedule for the  
 General Fund  
 For the Year Ended December 31, 2021  
 (With Comparative Totals for the Year Ended December 31, 2020)

	2021		
	Original & Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes	\$ 21,571,900	\$ 24,833,065	\$ 3,261,165
Licenses and permits	458,200	774,934	316,734
Intergovernmental	1,089,577	1,271,904	182,327
Charges for services	177,900	228,331	50,431
Fines and forfeits	166,300	139,437	(26,863)
Contributions and donations	10,000	9,104	(896)
Miscellaneous	117,599	16,637	(100,962)
Administrative reimbursement	601,000	561,585	(39,415)
Investment earnings	113,900	31,464	(82,436)
Total revenues	<u>24,306,376</u>	<u>27,866,461</u>	<u>3,560,085</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
<b>General Government</b>			
City Council	152,399	351,221	(198,822)
Youth Council	4,750	2,410	2,340
Community Program Support	-	109,750	(109,750)
Economic Support	284,000	285,849	(1,849)
City Attorney	442,440	575,286	(132,846)
City Manager	296,396	334,859	(38,463)
Website/Communications	129,001	123,603	5,398
Human Resources	402,344	386,157	16,187
Montrose Pavilion	583,970	568,069	15,901
GIS	324,163	318,225	5,938
Finance	774,512	783,321	(8,809)
Municipal Court	255,135	258,479	(3,344)
Teen Court	8,190	2,725	5,465
Innovation and Citizen engagement	206,135	146,715	59,420
City Clerk	256,650	250,380	6,270
Clearing account	29,070	29,161	(91)
Total general government	<u>4,149,155</u>	<u>4,526,210</u>	<u>(377,055)</u>
<b>Community Development</b>			
Planning services	238,648	289,363	(50,715)
Total community development	<u>238,648</u>	<u>289,363</u>	<u>(50,715)</u>
<b>Engineering and Inspection</b>			
Building Services	340,986	315,954	25,032

**The City of Montrose, Colorado**  
 Budgetary Comparison Schedule for the  
 General Fund  
 For the Year Ended December 31, 2021  
 (With Comparative Totals for the Year Ended December 31, 2020)

	2021		Variance With Final Budget
	Original & Final Budget	Actual	
(Continued)			
Public Works			
Engineer	255,215	294,331	(39,116)
Administration	368,312	327,507	40,805
Street maintenance	2,298,107	2,354,950	(56,843)
Street cleaning	363,096	219,357	143,739
Total public works	<u>3,284,730</u>	<u>3,196,145</u>	<u>88,585</u>
Parks, recreation and cemetery			
Parks Maintenance	1,456,581	1,270,366	186,215
Tree Program	20,000	11,680	8,320
Sunset Mesa Maintenance	150,804	306,340	(155,536)
Cemetery	154,338	124,821	29,517
Competitive Youth Sports	72,164	66,107	6,057
Total parks and cemetery	<u>1,853,887</u>	<u>1,779,314</u>	<u>74,573</u>
Insurance	<u>198,006</u>	<u>143,681</u>	<u>54,325</u>
Capital Outlay			
General Government	15,000	1,520,439	(1,505,439)
Public Works	100,600	89,719	10,881
Parks and Recreation	94,500	95,548	(1,048)
Total capital outlay	<u>210,100</u>	<u>1,705,706</u>	<u>(1,495,606)</u>
Total expenditures	<u>10,275,512</u>	<u>11,956,373</u>	<u>(1,680,861)</u>
Revenues in excess of expenditures	<u>14,030,864</u>	<u>15,910,088</u>	<u>5,240,946</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,000	255,427	(254,427)
Transfers In	2,000	1,000	1,000
Transfers Out	(16,698,056)	(12,956,841)	(3,741,215)
Net other financing sources (uses)	<u>(16,696,056)</u>	<u>(12,700,414)</u>	<u>(3,740,215)</u>
Change in fund balance	(2,665,192)	3,209,674	1,500,731
FUND BALANCE, Beginning	<u>15,491,383</u>	<u>15,491,383</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 12,826,191</u>	<u>\$ 18,701,057</u>	<u>\$ 1,500,731</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the  
Montrose Urban Renewal Authority Fund  
For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental	200,000	200,000	1,052,843	\$ 852,843
Investment Earnings	2,500	2,500	43	(2,457)
Total revenues	<u>202,500</u>	<u>202,500</u>	<u>1,052,886</u>	<u>850,386</u>
<b>EXPENDITURES</b>				
Current				
Community Development				
Special Benefit	-	3,555,100	2,187,057	(1,368,043)
Capital Outlay				
General Government	800,000	800,000	1,148,460	348,460
Debt Service				
Interest and fees	-	-	-	-
Total expenditures	<u>800,000</u>	<u>4,355,100</u>	<u>3,335,517</u>	<u>(1,019,583)</u>
Change in fund balance	(597,500)	(4,152,600)	(2,282,631)	1,869,969
FUND BALANCE, Beginning	<u>(9,815,005)</u>	<u>(9,815,005)</u>	<u>(9,815,005)</u>	-
FUND BALANCE, Ending	<u>\$ (10,412,505)</u>	<u>\$ (13,967,605)</u>	<u>\$ (12,097,636)</u>	<u>\$ 1,869,969</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Public Safety Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original & Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>			
Taxes	\$ 3,475,300	4,607,569	1,132,269
Intergovernmental	78,000	98,981	20,981
Charges for services	100,100	87,984	(12,116)
Miscellaneous	86,800	22,197	(64,603)
Investment earnings	-	1,290	1,290
Total revenues	<u>3,740,200</u>	<u>4,818,021</u>	<u>1,077,821</u>
<b>EXPENDITURES</b>			
Community development			
Public Safety	11,165,196	9,315,613	1,849,583
Capital Outlay	380,706	550,655	(169,949)
Total expenditures	<u>11,545,902</u>	<u>9,866,268</u>	<u>1,679,634</u>
Revenues in excess of expenditures	(7,805,702)	(5,048,247)	2,757,455
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	7,655,343	7,655,343	-
Transfers out	-	-	-
Net other financing sources (uses)	<u>7,655,343</u>	<u>7,655,343</u>	<u>-</u>
Change in fund balance	(150,359)	2,607,096	2,757,455
FUND BALANCE, Beginning	<u>2,113,836</u>	<u>2,113,836</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,963,477</u>	<u>\$ 4,720,932</u>	<u>\$ 2,757,455</u>

**The City of Montrose, Colorado**  
**Schedule of Employer Pension Contributions**  
**For the Year Ended December 31, 2021**

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Year Ended December 31,	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2019	271,826	271,826	3,397,825	8.00%
2020	281,351	281,351	2,601,018	10.82%
2021	283,402	283,402	2,697,715	10.51%

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**The City of Montrose, Colorado**  
**Schedule of the City's Proportionate Share of Net Pension Liability**  
**For the Year Ended December 31, 2021**

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Year Ended December 31,	Cumulative Proportion of Net Pension Liability/Asset	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net Pension Liability
2019	0.50725%	(641,298)	3,397,825	-18.87%	95.20%
2020	0.47717%	603,272	2,601,018	23.19%	101.90%
2021	0.44624%	252,377	2,697,715	9.36%	106.70%

Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**The City of Montrose, Colorado**  
Balance Sheet  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	Special Revenue Funds										
	Retail Sales	CDBG	Downtown	Greater	Downtown	Surplus &	Conservation	Pavilion	Public/Education/G	Special	Tourism
	Enhancement	Passthrough	Opportunity	Montrose Loan	Improvement	Deficiency	Trust	Improvement	overnment Fund	Benefits	Promotional
<b>ASSETS</b>											
Cash and Equivalents	\$ 411,297	\$ 175,000	\$ 74,192	\$ -	\$ 106,367	\$ 13,811	\$ 335,955	\$ 16,298	\$ 105,451	\$ 297,499	\$ 94,625
Certificates of Deposit	-	-	82,742	-	-	50,958	-	-	-	-	50,876
Accounts Receivable, net	1,600	-	36,503	-	-	-	-	-	-	560	18,323
Franchise fee receivable	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Sales tax receivable	-	-	-	-	-	-	-	-	-	-	-
Special Assessment receivable	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-	-
Inventory of supplies	-	-	-	-	-	-	-	-	-	-	48,547
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	17,408
<b>Total Assets</b>	<b>\$ 412,897</b>	<b>\$ 175,000</b>	<b>\$ 193,437</b>	<b>\$ -</b>	<b>\$ 106,367</b>	<b>\$ 64,769</b>	<b>\$ 335,955</b>	<b>\$ 16,298</b>	<b>\$ 105,451</b>	<b>\$ 298,059</b>	<b>\$ 229,779</b>
<b>LIABILITIES AND FUND EQUITY</b>											
<b>LIABILITIES</b>											
Accounts payable	\$ 1,068	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,729	\$ 4,365	\$ 6,873
Customer deposits and deposits in escrow	-	-	-	-	-	-	-	-	-	-	590
Accrued salaries and benefits	13,698	-	-	-	-	-	-	-	-	-	9,512
Unearned revenue	-	-	44,999	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>14,766</b>	<b>175,000</b>	<b>44,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,729</b>	<b>4,365</b>	<b>16,975</b>
<b>FUND BALANCE</b>											
<b>Nonspendable</b>											
Prepays and inventory	-	-	-	-	-	-	-	-	-	-	65,955
Permanent fund or other corpus	-	-	-	-	-	-	-	-	-	-	-
<b>Restricted:</b>											
For economic development	-	-	148,438	-	-	-	-	-	-	-	-
For debt service	-	-	-	-	-	-	-	-	-	-	-
For beautification - expendable	-	-	-	-	-	-	-	-	-	-	-
For parks	-	-	-	-	-	-	-	-	-	-	-
For public safety	-	-	-	-	-	-	-	-	-	-	-
For capital projects	-	-	-	-	106,367	64,769	335,955	-	-	-	-
<b>Committed:</b>											
For economic development	398,131	-	-	-	-	-	-	-	-	-	146,849
For community development	-	-	-	-	-	-	-	-	-	-	-
For public education	-	-	-	-	-	-	-	-	99,722	-	-
<b>Assigned:</b>											
For capital projects	-	-	-	-	-	-	-	-	-	-	-
For parks/pavilion improvements	-	-	-	-	-	-	-	16,298	-	121,670	-
For animal shelter	-	-	-	-	-	-	-	-	-	172,024	-
For next year's expenditures	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>398,131</b>	<b>-</b>	<b>148,438</b>	<b>-</b>	<b>106,367</b>	<b>64,769</b>	<b>335,955</b>	<b>16,298</b>	<b>99,722</b>	<b>293,694</b>	<b>212,804</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 412,897</b>	<b>\$ 175,000</b>	<b>\$ 193,437</b>	<b>\$ -</b>	<b>\$ 106,367</b>	<b>\$ 64,769</b>	<b>\$ 335,955</b>	<b>\$ 16,298</b>	<b>\$ 105,451</b>	<b>\$ 298,059</b>	<b>\$ 229,779</b>

**CITY OF MONTROSE, COLORADO**  
Balance Sheet  
Nonmajor Governmental Funds (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	Permanent Funds					Capital Project Fund		2021	2020
	2017	Demoret Trust	Cemetery Perpetual Care	Special Improvements Revolving	Grand/Rio Grande Project	2021	2020		
	Certificates of Participation								
<b>ASSETS</b>									
Cash and Equivalents	\$ 346,315	\$ 2,214	\$ 123,721	(32,468)	\$ 1,187,105	\$ 3,257,382	\$ 2,355,250		
Certificates of Deposit	-	327,013	-	203,505	249,670	964,764	2,049,626		
Accounts Receivable, net	-	-	-	-	-	56,986	78,425		
Franchise fee receivable	-	-	-	-	-	-	3,962		
Due from other governments	-	-	-	-	-	-	-		
Sales tax receivable	-	-	-	-	-	-	80,154		
Special Assessment receivable	-	-	-	292,795	-	292,795	441,790		
Interest receivable	-	-	-	-	-	-	10,600		
Inventory of supplies	-	-	-	-	-	48,547	34,039		
Prepaid Expenses	-	-	-	-	-	17,408	29,676		
<b>Total Assets</b>	<b>\$ 346,315</b>	<b>\$ 329,227</b>	<b>\$ 123,721</b>	<b>\$ 463,832</b>	<b>\$ 1,436,775</b>	<b>\$ 4,637,882</b>	<b>\$ 5,083,522</b>		
<b>LIABILITIES AND FUND EQUITY</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,035	\$ 144,024		
Customer deposits and deposits in escrow	-	-	-	-	-	590	-		
Accrued salaries and benefits	-	-	-	-	-	23,210	14,947		
Unearned revenue	-	-	-	289,782	-	334,781	501,438		
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>289,782</b>	<b>-</b>	<b>551,616</b>	<b>660,409</b>		
<b>FUND BALANCE</b>									
<b>Nonspendable</b>									
Prepays and inventory	-	-	-	-	-	65,955	63,715		
Permanent fund or other corpus	-	321,381	123,721	-	-	445,102	443,501		
<b>Restricted:</b>									
For economic development	-	-	-	-	-	148,438	126,547		
For debt service	346,315	-	-	-	-	346,315	109,596		
For beautification - expendable	-	7,846	-	-	-	7,846	26,625		
For parks	-	-	-	-	-	-	303,323		
For public safety	-	-	-	-	-	-	-		
For capital projects	-	-	-	174,050	-	681,141	2,170,080		
<b>Committed:</b>									
For economic development	-	-	-	-	-	544,980	183,120		
For community development	-	-	-	-	-	-	73,547		
For public education	-	-	-	-	-	99,722	66,735		
<b>Assigned:</b>									
For capital projects	-	-	-	-	1,436,775	1,436,775	-		
For parks/pavilion improvements	-	-	-	-	-	137,968	101,694		
For animal shelter	-	-	-	-	-	172,024	207,286		
For next year's expenditures	-	-	-	-	-	-	547,344		
<b>Total Fund Balance</b>	<b>346,315</b>	<b>329,227</b>	<b>123,721</b>	<b>174,050</b>	<b>1,436,775</b>	<b>4,086,266</b>	<b>4,423,113</b>		
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 346,315</b>	<b>\$ 329,227</b>	<b>\$ 123,721</b>	<b>\$ 463,832</b>	<b>\$ 1,436,775</b>	<b>\$ 4,637,882</b>	<b>\$ 5,083,522</b>		

**The City of Montrose, Colorado**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	Special Revenue Funds										
	Retail Sales Enhancement	CDBG Passthrough Grant	Downtown Opportunity Fund	Greater Montrose Loan	Downtown Improvement	Surplus & Deficiency	Conservation Trust	Pavilion Improvement	Public/Education/G overnment Fund	Special Benefits	Tourism Promotional
<b>REVENUES</b>											
Taxes	\$ 558,044	\$ -	\$ -	\$ -	\$ 56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 710,241
Intergovernmental	2,624	175,000	30,403	-	-	-	119,621	-	15,684	23,625	-
Charges for services	100	-	(2)	-	-	-	-	-	-	-	650
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	21,264
Contributions to permanent endowment	-	-	-	-	-	-	-	-	-	-	-
Contributions and donations	14,800	-	-	-	8,312	-	-	-	-	19,010	1,528
Investment earnings	81	-	75	-	2	(9)	209	10	45	45	397
Total revenues	575,649	175,000	30,476	-	8,370	(9)	119,830	10	15,729	42,680	734,080
<b>EXPENDITURES</b>											
Current											
General government	10	-	-	-	-	-	-	-	14,717	-	-
Community development	444,024	-	-	-	1,276	-	-	-	-	64,268	685,983
Parks, recreation and cemetery	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	175,000	-	-	-	-	189,941	-	-	7,129	-
Debt service	16,263	-	-	-	-	-	-	-	-	-	-
Total expenditures	460,297	175,000	-	-	1,276	-	189,941	-	14,717	71,397	685,983
Revenues in excess of expenditures	115,352	-	30,476	-	7,094	(9)	(70,111)	10	1,012	(28,717)	48,097
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	29,207	-	77,659	-	-	-	-	-	-	-	-
Transfers out	(65,000)	-	-	(77,659)	-	-	-	-	-	-	(115,000)
Net other financing sources (uses)	(35,793)	-	77,659	(77,659)	-	-	-	-	-	-	(115,000)
Change in fund balance	79,559	-	108,135	(77,659)	7,094	(9)	(70,111)	10	1,012	(28,717)	(66,903)
FUND BALANCE, Beginning	318,572	-	40,303	77,659	99,273	64,778	406,066	16,288	98,710	322,411	279,707
FUND BALANCE, Ending	\$ 398,131	\$ -	\$ 148,438	\$ -	\$ 106,367	\$ 64,769	\$ 335,955	\$ 16,298	\$ 99,722	\$ 293,694	\$ 212,804

**CITY OF MONTROSE, COLORADO**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Totals for the Year Ended December 31, 2020)

	Permanent Funds			Capital Project Funds			Total Nonmajor Funds	
	2017 Certificates of Participation	Demoret Trust	Cemetery Perpetual Care	Special Improvements Revolving	Building Renovation Fund	Grand/Rio Grande Project	2021	2020
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,268,341	\$ 1,042,010
Intergovernmental	-	-	-	-	-	-	366,957	904,578
Charges for services	-	-	-	-	-	-	748	47,850
Special assessments	-	-	-	74,543	-	-	74,543	110,083
Miscellaneous	-	-	-	-	-	-	21,264	124,142
Contributions to permanent endowment	-	-	200	-	-	-	200	2,200
Contributions and donations	-	-	-	-	-	-	43,650	-
Investment earnings	-	2,560	62	1,871	-	1,850	7,198	33,867
Total revenues	-	2,560	262	76,414	-	1,850	1,782,901	2,264,730
<b>EXPENDITURES</b>								
Current								
General government	2,000	-	-	200	-	-	16,927	31,623
Community development	-	-	-	-	-	-	1,195,551	1,458,760
Parks, recreation and cemetery	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	640,000	-	-	1,012,070	312,340
Debt service	1,193,651	-	-	-	-	-	1,209,914	964,254
Total expenditures	1,195,651	-	-	640,200	-	-	3,434,462	2,766,977
Revenues in excess of expenditures	(1,195,651)	2,560	262	(563,786)	-	1,850	(1,651,561)	(502,247)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	1,432,381	-	-	-	-	-	1,539,247	1,237,320
Transfers out	-	(25,000)	(1,000)	-	(465,208)	-	(748,867)	(210,739)
Net other financing sources (uses)	1,432,381	(25,000)	(1,000)	-	(465,208)	-	790,380	1,026,581
Change in fund balance	236,730	(22,440)	(738)	(563,786)	(465,208)	1,850	(861,181)	524,334
FUND BALANCE, Beginning	109,585	351,667	124,459	737,836	465,208	1,434,925	4,947,447	4,423,113
FUND BALANCE, Ending	\$ 346,315	\$ 329,227	\$ 123,721	\$ 174,050	\$ -	\$ 1,436,775	\$ 4,086,266	\$ 4,947,447

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

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Retail Sales Enhancement Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021				
	Original	Original &		Variance	2020
	Budget	Final	Actual	With Final	Actual
<b>REVENUES</b>					
Taxes	\$ 428,000	\$ 428,000	\$ 558,044	\$ 130,044	\$ 466,671
Intergovernmental	2,500	2,500	2,624	124	56,024
Charges for services	-	-	100	100	-
Contributions and donations	-	-	14,800	14,800	-
Investment earnings	-	-	81	81	-
Miscellaneous	10,000	10,000	-	(10,000)	14,776
Total revenues	440,500	440,500	575,649	135,149	537,471
<b>EXPENDITURES</b>					
Current					
General Government	-	-	10	(10)	-
Retail Sales Enhancement	386,675	441,736	444,024	(2,288)	395,249
Capital Outlay	-	-	-	-	12,111
Debt service	16,264	16,264	16,263	1	15,780
Total expenditures	402,939	458,000	460,297	(2,297)	423,140
Revenues in excess of expenditures	37,561	(17,500)	115,352	137,446	114,331
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	47,207	47,207	29,207	(18,000)	88,857
Transfers out	(65,000)	(65,000)	(65,000)	-	(35,000)
Net other financing sources (uses)	(17,793)	(17,793)	(35,793)	(18,000)	53,857
Change in fund balance	19,768	(35,293)	79,559	119,446	168,188
FUND BALANCE, Beginning	26,660	26,660	318,572	291,912	150,384
FUND BALANCE, Ending	\$ 338,339	\$ 283,278	\$ 398,130	\$ 119,446	\$ 318,572

**The City of Montrose, Colorado**  
 Budgetary Comparison Schedule for the  
 Downtown Improvement Fund  
 For the Year Ended December 31, 2021  
 (With Comparative Totals for the Year Ended December 31, 2020)

	2021		Variance With Final Budget	2020	
	Original & Final Budget	Actual		Budget	Actual
<b>REVENUES</b>					
Taxes	\$ -	\$ 56	\$ 56	\$ 6,902	
Intergovernmental	-	-	-	35,000	
Contributions and donations	-	8,312	8,312	-	
Miscellaneous	-	-	-	1,041	
Investment earnings	-	2	2	13	
Total revenues	-	8,370	8,370	42,956	
<b>EXPENDITURES</b>					
Current					
Community Development					
Downtown Development	50,000	1,276	(48,724)	64,085	
Capital Outlay					
Community development outlays	-	-	-	9,145	
Total expenditures	50,000	1,276	(48,724)	73,230	
Change in fund balance	(50,000)	7,094	57,094	(30,274)	
FUND BALANCE, Beginning	(79,436)	99,273	178,709	129,547	
FUND BALANCE, Ending	\$ (129,436)	\$ 106,367	\$ 235,803	\$ 99,273	

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Downtown Opportunity Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021				
	Original	Final	Actual	Variance	2020
	Budget	Budget		With Final	Actual
<b>REVENUES</b>					
Intergovernmental	21,075	21,075	30,401	9,326	87,750
Investment earnings	-	-	75	75	-
Miscellaneous	-	-	-	-	3,910
Total revenue	<u>21,075</u>	<u>21,075</u>	<u>30,476</u>	<u>9,401</u>	<u>91,660</u>
<b>EXPENDITURES</b>					
Current					
Community Development					
Downtown development	<u>40,000</u>	<u>40,000</u>	-	<u>40,000</u>	<u>73,435</u>
Change in fund balance	<u>(18,925)</u>	<u>(18,925)</u>	<u>30,476</u>	<u>(30,599)</u>	<u>18,225</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	77,659	77,659	-
Transfers out	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>77,659</u>	<u>77,659</u>	<u>-</u>
FUND BALANCE, Beginning	40,303	40,303	40,303	-	22,078
FUND BALANCE, Ending	<u>\$ 21,378</u>	<u>\$ 21,378</u>	<u>\$ 148,438</u>	<u>\$ 47,060</u>	<u>\$ 40,303</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Greater Montrose Loan

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021				
	Original	Final		Variance	2020
	Budget	Budget	Actual	With Final	Actual
REVENUES					
Miscellaneous	-	-	-	-	7,823
Intergovernmental	-	-	-	-	1,000
Investment earnings	-	-	-	-	-
Total revenues	-	-	-	-	8,823
EXPENDITURES					
Current					
Community development					
Planning services	-	40,000	-	40,000	28,050
Revenues in excess of expenditures	-	(40,000)	-	(40,000)	(19,227)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(77,659)	77,659	(10,000)
Change in fund balance	-	(40,000)	(77,659)	(117,659)	(29,227)
FUND BALANCE, Beginning	77,659	77,659	77,659	-	106,886
FUND BALANCE, Ending	<u>\$ 77,659</u>	<u>\$ 37,659</u>	<u>\$ -</u>	<u>\$ (117,659)</u>	<u>\$ 77,659</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Public/Education/Government Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>			
	Original & Final Budget	Actual	Variance With Final Budget	<u>2020</u> Actual
	REVENUES			
Taxes	\$ -	\$ -	\$ -	\$ 12,648
Intergovernmental	-	15,684	15,684	12,721
Investment earnings	<u>500</u>	<u>45</u>	<u>(455)</u>	<u>(2,073)</u>
Total revenues	500	15,729	15,229	23,296
EXPENDITURES				
Current				
Community Development				
Special benefit	<u>22,884</u>	<u>14,717</u>	<u>8,167</u>	<u>17,914</u>
Change in fund balance	(22,384)	1,012	7,062	5,382
FUND BALANCE, Beginning	<u>98,710</u>	<u>98,710</u>	<u>-</u>	<u>93,328</u>
FUND BALANCE, Ending	<u>\$ 76,326</u>	<u>\$ 99,722</u>	<u>\$ 23,396</u>	<u>\$ 98,710</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Surplus & Deficiency Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
REVENUES				
Investment earnings	\$ 1,000	\$ (9)	\$ (1,009)	\$ 4,344
Revenues in excess of expenditures	1,000	(9)	(1,009)	4,344
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(100,000)
Change in fund balance	1,000	(9)	(1,009)	(95,656)
FUND BALANCE, Beginning	<u>64,778</u>	<u>64,778</u>	<u>-</u>	<u>160,434</u>
FUND BALANCE, Ending	<u>\$ 65,778</u>	<u>\$ 64,769</u>	<u>\$ (1,009)</u>	<u>\$ 64,778</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Capital Improvement Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021				2020 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
<b>REVENUES</b>					
Intergovernmental	\$ 85,000	\$ 85,000	\$ (11,693)	\$ (96,693)	\$ 1,380,037
Contributions and donations	-	-	237,634	237,634	-
Miscellaneous	-	-	-	-	-
Investment earnings	17,500	17,500	2,893	(14,607)	197,118
Total revenues	<u>102,500</u>	<u>102,500</u>	<u>228,834</u>	<u>126,334</u>	<u>1,577,155</u>
<b>EXPENDITURES</b>					
Current					
Capital Outlay	<u>8,283,304</u>	<u>8,283,304</u>	<u>4,993,549</u>	<u>3,289,755</u>	<u>1,863,491</u>
Revenues in excess of expenditures	(8,180,804)	(8,180,804)	(4,764,715)	(3,163,421)	(286,336)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>6,833,498</u>	<u>6,833,498</u>	<u>3,480,194</u>	<u>(3,353,304)</u>	<u>3,125,194</u>
Change in fund balance	(1,347,306)	(1,347,306)	(1,284,521)	(6,516,725)	2,838,858
FUND BALANCE, Beginning	<u>9,997,559</u>	<u>9,997,559</u>	<u>9,997,559</u>	-	<u>7,158,701</u>
FUND BALANCE, Ending	<u>\$ 8,650,253</u>	<u>\$ 8,650,253</u>	<u>\$ 9,178,247</u>	<u>\$ (6,051,516)</u>	<u>\$ 9,997,559</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Conservation Trust Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
<b>REVENUES</b>				
Intergovernmental	\$ 100,000	\$ 119,621	\$ 19,621	\$ 100,204
Investment earnings	5,000	209	(4,791)	2,539
Total revenues	<u>105,000</u>	<u>119,830</u>	<u>14,830</u>	<u>102,743</u>
<b>EXPENDITURES</b>				
Current				
Parks, recreation and cemetery				
Parks maintenance	-	-	-	-
Capital Outlay	420,000	189,941	230,059	-
Parks & recreation outlay	-	-	-	-
Total expenditures	420,000	189,941	230,059	-
Change in fund balance	(315,000)	(70,111)	(215,229)	102,743
FUND BALANCE, Beginning	<u>406,066</u>	<u>406,066</u>	-	<u>303,323</u>
FUND BALANCE, Ending	<u>\$ 91,066</u>	<u>\$ 335,955</u>	<u>\$ (215,229)</u>	<u>\$ 406,066</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Pavilion Improvement Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
REVENUES				
Investment earnings	\$ -	\$ 10	\$ 10	\$ 1
Miscellaneous	200	-	(200)	135
Change in fund balance	200	10	(190)	136
FUND BALANCE, Beginning	16,288	16,288	-	16,152
FUND BALANCE, Ending	<u>\$ 16,488</u>	<u>\$ 16,298</u>	<u>\$ (190)</u>	<u>\$ 16,288</u>

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

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Special Benefits Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>			
	Original & Final	Actual	Variance With Final	2020
	Budget		Budget	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 37,000	\$ 23,625	\$ (13,375)	\$ 91,283
Contributions and donations	68,300	19,010	(49,290)	-
Investment earnings	<u>(300)</u>	<u>45</u>	<u>345</u>	<u>6</u>
Total revenues	<u>105,000</u>	<u>42,680</u>	<u>(62,320)</u>	<u>91,289</u>
<b>EXPENDITURES</b>				
Community Development				
Special benefit	54,000	64,268	(10,268)	31,212
Capital Outlay	<u>10,512</u>	<u>7,129</u>	<u>3,383</u>	<u>68,477</u>
Total expenditures	<u>64,512</u>	<u>71,397</u>	<u>(6,885)</u>	<u>99,689</u>
Revenues in excess of expenditures	40,488	(28,717)	(69,205)	(8,400)
FUND BALANCE, Beginning	<u>322,411</u>	<u>322,411</u>	<u>-</u>	<u>330,811</u>
FUND BALANCE, Ending	<u>\$ 362,899</u>	<u>\$ 293,694</u>	<u>\$ (69,205)</u>	<u>\$ 322,411</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Tourism Promotional Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<b>2021</b>			
	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
	Budget	Actual	Budget	Actual
<b>REVENUES</b>				
Taxes	\$ 546,500	\$ 710,241	\$ 163,741	\$ 555,789
Intergovernmental	-	-	-	1,032
Charges for services	1,000	650	(350)	47,850
Miscellaneous	8,500	21,264	12,764	5,174
Contributions and donations	-	1,528	1,528	-
Investment earnings	1,000	397	(603)	1,328
Total revenues	<u>557,000</u>	<u>734,080</u>	<u>177,080</u>	<u>611,173</u>
<b>EXPENDITURES</b>				
Current				
Community Development				
Tourism	688,583	685,983	2,600	626,834
Capital Outlay	-	-	-	-
Total expenditures	<u>688,583</u>	<u>685,983</u>	<u>2,600</u>	<u>626,834</u>
Revenues in excess of expenditures	(131,583)	48,097	174,480	(15,661)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(115,000)</u>	<u>(115,000)</u>	-	<u>(65,000)</u>
Change in fund balance	(246,583)	(66,903)	174,480	(80,661)
FUND BALANCE, Beginning	<u>279,707</u>	<u>279,707</u>	-	<u>360,368</u>
FUND BALANCE, Ending	<u>\$ 33,124</u>	<u>\$ 212,804</u>	<u>\$ 174,480</u>	<u>\$ 279,707</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

2017 Certificates of Participation Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original Budget	Final Budget	Actual	Variance With Final Budget	2020 Actual
<b>EXPENDITURES</b>					
Current					
Debt service	\$ 1,193,651	1,193,651	\$ 1,193,651	\$ -	\$ 948,474
General government	4,000	-	2,000	2,000	-
Total expenditures	4,000	-	1,195,651	2,000	948,474
Revenues in excess of expenditures	(4,000)	-	(1,195,651)	(2,000)	(948,474)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,193,651	1,193,651	1,432,381	238,730	948,463
Change in fund balance	1,189,651	1,193,651	236,730	236,730	(11)
FUND BALANCE, Beginning	109,585	109,585	109,585	-	109,596
FUND BALANCE, Ending	<u>\$ 1,299,236</u>	<u>\$ 1,303,236</u>	<u>\$ 346,315</u>	<u>\$ 236,730</u>	<u>\$ 109,585</u>

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

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Demoret Trust Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>			
	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES</b>				
Investment earnings	\$ (100)	2,560	2,660	3,661
Change in fund balance	(100)	2,560	2,660	3,661
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(25,000)	(25,000)	-	-
Change in fund balance	(25,100)	(22,440)	2,660	3,661
FUND BALANCE, Beginning	351,667	351,667	-	348,006
FUND BALANCE, Ending	<u>\$ 351,567</u>	<u>\$ 329,227</u>	<u>\$ 2,660</u>	<u>\$ 351,667</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Cemetery Perpetual Care Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>			
	Original & Final Budget	Actual	Variance With Final Budget	<u>2020</u> Actual
	REVENUES			
Contributions to permanent endowment	\$ 2,000	200	(1,800)	2,200
Investment earnings	<u>1,000</u>	<u>62</u>	<u>(938)</u>	<u>878</u>
Total revenues	3,000	262	(2,738)	3,078
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	-	<u>(739)</u>
Change in fund balance	2,000	(738)	(2,738)	2,339
FUND BALANCE, Beginning	<u>124,459</u>	<u>124,459</u>	-	<u>122,120</u>
FUND BALANCE, Ending	<u>\$ 126,459</u>	<u>\$ 123,721</u>	<u>\$ (2,738)</u>	<u>\$ 124,459</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Special Improvements Revolving Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
	REVENUES			
Special assessments	33,500	74,543	41,043	110,083
Investment earnings	10,000	1,871	(8,129)	4,304
Total revenues	<u>43,500</u>	<u>76,414</u>	<u>32,914</u>	<u>114,387</u>
EXPENDITURES				
Current				
General Government				
Innovation and citizen engagement	1,000	200	800	1,133
Capital Outlay	640,000	640,000	-	-
Total expenditures	<u>641,000</u>	<u>640,200</u>	<u>800</u>	<u>1,133</u>
Change in fund balance	(597,500)	(563,786)	33,714	113,254
FUND BALANCE, Beginning	<u>737,836</u>	<u>737,836</u>	<u>-</u>	<u>624,582</u>
FUND BALANCE, Ending	<u>\$ 140,336</u>	<u>\$ 174,050</u>	<u>\$ 33,714</u>	<u>\$ 737,836</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Grand/Rio Grande Project Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>			
	Original & Final	Actual	Variance With Final	2020
	Budget		Budget	Actual
REVENUES				
Investment earnings	\$ 2,000	\$ 1,850	\$ (150)	\$ 16,291
Change in fund balance	2,000	1,850	(150)	16,291
FUND BALANCE, Beginning	<u>1,434,925</u>	<u>1,434,925</u>	<u>-</u>	<u>1,418,634</u>
FUND BALANCE, Ending	<u>\$ 1,436,925</u>	<u>\$ 1,436,775</u>	<u>\$ (150)</u>	<u>\$ 1,434,925</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Building Renovation Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
<b>REVENUES</b>				
Intergovernmental	\$ -	-	-	195,952
Investment earnings	-	-	-	2,575
Total revenues	-	-	-	198,527
<b>EXPENDITURES</b>				
Current				
Community development				
Special benefit	-	-	-	12,574
Capital Outlay	-	-	-	47,607
Total expenditures	-	-	-	60,181
Revenues in excess of expenditures	-	-	-	138,346
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	275,000	-	(275,000)	200,000
Transfers out	-	(465,208)	(465,208)	-
Net other financing sources (uses)	275,000	(465,208)	(740,208)	200,000
Change in fund balance	275,000	(465,208)	(740,208)	338,346
FUND BALANCE, Beginning	465,208	465,208	-	126,862
FUND BALANCE, Ending	\$ 740,208	\$ -	\$ (740,208)	\$ 465,208

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Water Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021				
	Original	Final	Actual	Variance	2020
	Budget	Budget		With Final	Actual
<b>OPERATING REVENUES</b>					
Water sales	\$ 5,489,069	\$ 5,489,069	\$ 5,914,437	\$ 425,368	\$ 6,028,378
Tap fees unpledged	101,125	101,125	141,322	40,197	95,818
Total revenues	<u>5,590,194</u>	<u>5,590,194</u>	<u>6,055,759</u>	<u>465,565</u>	<u>6,124,196</u>
<b>OPERATING EXPENSES</b>					
Enterprise administration	273,839	273,839	273,839	-	258,298
Operations and maintenance	4,005,184	4,005,184	4,389,842	(384,658)	3,974,700
Capital outlay	5,609,400	5,609,400	4,382,609	1,226,791	2,224,697
Total operating expenses	<u>9,888,423</u>	<u>9,888,423</u>	<u>9,046,290</u>	<u>842,133</u>	<u>6,457,695</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capacity fees	242,549	242,549	386,045	143,496	246,535
Principal	-	-	-	-	(178,750)
Interest expense	(13,415)	(13,415)	(13,415)	-	(16,632)
Gain (loss) on sale of assets	-	-	-	-	-
Other miscellaneous revenues	-	-	25,994	25,994	465
Investment earnings	19,250	19,250	4,538	(14,712)	151,404
Dedicated and contributed capital assets	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>248,384</u>	<u>248,384</u>	<u>403,162</u>	<u>154,778</u>	<u>203,022</u>
Change in net position - budgetary basis	<u>\$ (4,298,229)</u>	<u>\$ (4,298,229)</u>	<u>(2,587,369)</u>	<u>\$ 1,307,698</u>	<u>(130,477)</u>
Reconciliation of budgetary to GAAP basis:					
Capitalized assets			4,382,609		2,129,244
Depreciation			(1,261,455)		(1,241,946)
Debt principal payments			-		178,750
Change in net position - GAAP basis			533,785		935,571
NET POSITION, Beginning			<u>37,682,362</u>		<u>36,746,791</u>
NET POSITION, Ending			<u>\$ 38,216,147</u>		<u>\$ 37,682,362</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Sewer Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
<b>OPERATING REVENUE</b>				
Sewer charges	\$ 2,797,828	\$ 3,039,646	\$ 241,818	\$ 2,994,741
Tap fees unpledged	50,000	53,424	3,424	47,628
Total revenues	<u>2,847,828</u>	<u>3,093,070</u>	<u>245,242</u>	<u>3,042,369</u>
<b>OPERATING EXPENSES</b>				
Enterprise administration	172,200	172,259	(59)	220,648
Operations and maintenance	2,626,516	2,359,672	266,844	2,333,489
Capital outlay	2,461,000	254,418	2,206,582	1,105,295
Total expenses	<u>5,259,716</u>	<u>2,786,349</u>	<u>2,473,367</u>	<u>3,659,432</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Capacity fees	553,314	958,119	404,805	699,163
Principal	(148,500)	-	(148,500)	(146,250)
Interest expense	(10,976)	(10,976)	-	(13,608)
Other charges	-	2,294	2,294	-
Other miscellaneous revenues	-	1,559	1,559	8,081
Investment earnings	6,500	9,136	2,636	38,570
Transfers out	(75,000)	(75,000)	-	38,570
Total nonoperating revenues (expenses)	<u>325,338</u>	<u>885,132</u>	<u>262,794</u>	<u>624,526</u>
Change in net position - budgetary basis	<u>\$ (2,086,550)</u>	<u>\$ 1,191,853</u>	<u>\$ (1,965,331)</u>	<u>\$ 7,463</u>
Reconciliation of budgetary to GAAP basis:				
Capitalized assets		134,550		1,099,751
Depreciation		(1,729,315)		(1,733,069)
Debt principal payments		-		146,250
Change in net position - GAAP basis		(402,912)		(479,605)
NET POSITION, Beginning		<u>30,556,934</u>		<u>31,036,539</u>
NET POSITION, Ending		<u>\$ 30,154,022</u>		<u>\$ 30,556,934</u>

**The City of Montrose, Colorado**  
 Budgetary Comparison Schedule for the  
 Trash/Recycling Fund  
 For the Year Ended December 31, 2021  
 (With Comparative Totals for the Year Ended December 31, 2020)

	Original and Final Budget	Actual	Variance With Final Budget	2020 Actual
<b>OPERATING REVENUES</b>				
Sanitation Charges	\$ 1,776,371	\$ 1,842,948	\$ 66,577	\$ 1,675,288
Other charges	-	-	-	-
Investment earnings	4,000	408	(3,592)	4,801
Other miscellaneous revenue	3,918	6,446	2,528	244
Total revenues	<u>1,784,289</u>	<u>1,849,802</u>	<u>65,513</u>	<u>1,680,333</u>
<b>OPERATING EXPENSES</b>				
Enterprise administration	115,546	115,725	(179)	112,378
Operations and maintenance	1,833,439	1,712,239	121,200	1,664,377
Capital outlay	-	-	-	276,378
Total expenses	<u>1,948,985</u>	<u>1,827,964</u>	<u>121,021</u>	<u>2,053,133</u>
Change in net position - budgetary basis	<u>\$ (164,696)</u>	21,838	<u>\$ 186,534</u>	(372,800)
NET POSITION, Beginning		<u>643,412</u>		<u>1,016,212</u>
NET POSITION, Ending		<u>\$ 665,250</u>		<u>\$ 643,412</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Black Canyon Golf Course Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original & Final	Actual	Variance With Final	2020
	Budget		Budget	Actual
<b>REVENUES</b>				
Golf Charges	\$ 454,500	665,259	210,759	531,077
Other miscellaneous revenue	700	3,479	2,779	12,511
Investment earnings	-	45	45	-
Gain (loss) on sale of assets	-	-	-	-
Transfers In	642,354	639,716	(2,638)	447,685
Total revenues	<u>1,097,554</u>	<u>1,308,499</u>	<u>210,945</u>	<u>991,273</u>
<b>EXPENDITURES</b>				
Administration	250,132	296,215	(46,083)	846,372
Operations and maintenance	959,032	934,488	24,544	846,372
Capital outlay	102,700	486	102,214	14,693
Interest expense	2,038	2,037	1	1,825
Total expenditures	<u>1,313,902</u>	<u>1,233,226</u>	<u>126,759</u>	<u>862,890</u>
Change in net position - budgetary basis	<u>\$ (216,348)</u>	75,273	<u>\$ 337,704</u>	128,383
Reconciliation of budgetary to GAAP basis:				
Depreciation		(105,448)		(114,295)
Change in net position - GAAP basis		(30,175)		14,088
NET POSITION, Beginning		<u>952,071</u>		<u>937,983</u>
NET POSITION, Ending		<u>\$ 921,896</u>		<u>\$ 952,071</u>

**The City of Montrose, Colorado**

Statement of Net Position

Internal Service Funds

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Fleet Management Fund	Employee Insurance	Total	
			2021	2020
<b>ASSETS</b>				
Current Assets				
Cash and Equivalents	\$ 2,936,446	\$ 3,012,350	\$ 5,948,796	\$ 6,211,973
Certificates of Deposit	529,113	-	529,113	524,991
Accounts Receivable, net	37,016	196,772	233,788	116,273
Inventory of supplies	416	-	416	1,665
Prepaid Expenses	167,709	-	167,709	271,302
Total Current Assets	<u>3,670,700</u>	<u>3,209,122</u>	<u>6,879,822</u>	<u>7,126,204</u>
Noncurrent Assets				
Capital Assets, net	8,800,065	-	8,800,065	5,522,190
Total Assets	<u>12,470,765</u>	<u>3,209,122</u>	<u>15,679,887</u>	<u>12,648,394</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	201,088	88	201,176	430,533
Accrued salaries and benefits	19,765	-	19,765	19,109
Accrued compensated absences	54,437	-	54,437	45,746
Claims payable	-	592,194	592,194	462,187
Total Liabilities	<u>275,290</u>	<u>592,282</u>	<u>867,572</u>	<u>957,575</u>
<b>NET POSITION</b>				
Invested in capital assets net of related debt	8,800,065	-	8,800,065	5,522,190
Unrestricted	3,395,410	2,616,840	6,012,250	6,168,629
Total Net Position	<u>\$ 12,195,475</u>	<u>\$ 2,616,840</u>	<u>\$ 14,812,315</u>	<u>\$ 11,690,819</u>

**The City of Montrose, Colorado**

Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Internal Service Funds				Totals	
	Fleet Management Fund	Information Technologies	Employee Insurance	Facilities	2021	2020
<b>OPERATING REVENUES</b>						
Interfund charges	\$ 5,766,541	-	2,605,773	-	8,372,314	7,000,592
Other charges	66,820	-	383,094	-	449,914	961,253
Total Operating Revenues	5,833,361	-	2,988,867	-	8,822,228	7,961,845
<b>OPERATING EXPENSES</b>						
Administration	2,790,274	-	167,889	-	2,958,163	98,764
Operations and maintenance	1,264,241	-	34,988	-	1,299,229	3,844,343
Medical claims	-	-	2,824,759	-	2,824,759	1,929,513
Insurance premiums	-	-	531,737	-	531,737	581,871
Depreciation	1,204,409	-	-	-	1,204,409	1,144,832
Capital outlay	301,098	-	-	-	301,098	-
Total Operating Expenses	5,560,022	-	3,559,373	-	9,119,395	7,599,323
Net Operating Income	273,339	-	(570,506)	-	(297,167)	362,522
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues	17,807	-	-	-	17,807	133,246
Investment earnings	5,508	-	1,624	-	7,132	33,704
Gain (loss) on sale of assets	203,743	-	-	-	203,743	107,644
Other miscellaneous revenue	14,665	-	5,548	-	20,213	10,358
Interest expense	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	241,723	-	7,172	-	248,895	284,952
Income Before Contributions and Transfers	515,062	-	(563,334)	-	(48,272)	647,474
<b>Contributions and Transfers</b>						
Dedicated & contributed assets	3,169,768	-	-	-	3,169,768	906,916
Transfers in	1,540,873	-	-	-	1,540,873	-
Transfers out	-	(1,441,295)	-	(99,578)	(1,540,873)	-
Net Contributions and Transfers	4,710,641	(1,441,295)	-	(99,578)	3,169,768	906,916
Change in Net Position	5,225,703	(1,441,295)	(563,334)	(99,578)	3,121,496	1,554,390
NET POSITION, Beginning	6,969,772	1,441,295	3,180,174	99,578	11,690,819	10,136,429
NET POSITION, Ending	\$ 12,195,475	\$ -	\$ 2,616,840	\$ -	\$ 14,812,315	\$ 11,690,819

**The City of Montrose, Colorado**

Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Internal Service Funds				Totals	
	Fleet Management Fund	Information Technologies	Employee Insurance	Facilities	2021	2020
<b>CASH FLOWS FUOM OPERATING ACTIVITIES</b>						
Receipts From customers and users	\$ 3,096,388	\$ -	\$ 261,036	\$ -	\$ 3,357,424	\$ 930,637
Receipts from interfund services provided	2,721,098	14,268	2,605,773	-	5,341,139	6,946,968
Payments to suppliers	(4,345,219)	247,386	(3,430,764)	(94,261)	(7,622,858)	(5,350,646)
Payments to employees	(174,778)	(37,119)	-	(8,979)	(220,876)	(792,767)
Payments for internal services used	(45,266)	-	-	-	(45,266)	(56,725)
Net cash provided (used) by operating activities	<u>1,252,223</u>	<u>224,535</u>	<u>(563,955)</u>	<u>(103,240)</u>	<u>809,563</u>	<u>1,677,467</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Intergovernmental Receipts	-	-	-	-	-	133,246
Other Receipts	32,471	-	5,551	-	38,022	10,358
Transfers in	1,540,873	-	-	-	1,540,873	-
Transfers out	-	(951,998)	-	(59,774)	(1,011,772)	-
Net cash provided (used) by noncapital financing activities	<u>1,573,344</u>	<u>(951,998)</u>	<u>5,551</u>	<u>(59,774)</u>	<u>567,123</u>	<u>143,604</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Contributed assets	2,680,472	-	-	-	2,680,472	-
Proceeds from sale of assets	203,743	-	-	-	203,743	107,644
Acquisition and construction of capital assets	(4,522,088)	-	-	-	(4,522,088)	(948,161)
Principal paid on long-term debt	-	-	-	-	-	-
Interest paid on long-term debt	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(1,637,873)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,637,873)</u>	<u>(840,517)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment in certificates of deposits	(4,122)	-	-	-	(4,122)	(1,105)
Interest on investments	5,508	-	1,624	-	7,132	33,704
Net cash provided (used) by investing activities	<u>1,386</u>	<u>-</u>	<u>1,624</u>	<u>-</u>	<u>3,010</u>	<u>32,599</u>
Net increase (decrease) in cash and cash equivalents	1,189,080	(727,463)	(556,780)	(163,014)	(258,177)	1,013,153
CASH AND CASH EQUIVALENTS, Beginning	<u>1,747,366</u>	<u>727,463</u>	<u>3,569,130</u>	<u>163,014</u>	<u>6,206,973</u>	<u>5,193,799</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 2,936,446</u>	<u>\$ -</u>	<u>\$ 3,012,350</u>	<u>\$ -</u>	<u>\$ 5,948,796</u>	<u>\$ 6,206,952</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>						
Operating income (loss)	\$ 273,339	\$ -	\$ (570,506)	\$ -	\$ (297,167)	\$ 362,523
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation	1,204,409	-	-	-	1,204,409	1,144,832
(Increase) decrease in accounts receivable	(15,875)	14,268	(122,062)	6,146	(117,523)	(84,242)
(Increase) decrease in inventory of supplies	253	996	-	-	1,249	12,856
(Increase) decrease in prepaid expenses	(167,709)	268,978	-	2,324	103,593	(115,126)
Increase (decrease) in accounts payable	(97,638)	(22,588)	(1,394)	(102,732)	(224,352)	245,675
Increase (decrease) in accrued salaries and benefits	14,245	(9,373)	-	(4,215)	657	(27,305)
Increase (decrease) in accrued compensated absences	41,199	(27,746)	-	(4,763)	8,690	11,407
Increase (decrease) in claims payable	-	-	130,007	-	130,007	126,847
Net cash provided (used) by operating activities	<u>\$ 1,252,223</u>	<u>\$ 224,535</u>	<u>\$ (563,955)</u>	<u>\$ (103,240)</u>	<u>\$ 809,563</u>	<u>\$ 1,677,467</u>
<b>SUPPLEMENTAL INFORMATION</b>						
Contributed Capital Assets	\$ 2,640,668	\$ -	\$ -	\$ -	\$ 2,640,668	\$ 906,916
Assets transferred to other funds	\$ 529,100	\$ (489,296)	\$ -	\$ (39,804)	\$ -	\$ -

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Fleet Management Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
<b>REVENUES</b>				
Interfund charges	\$ 5,867,355	5,766,541	(100,814)	2,354,866
Other charges	61,200	66,820	5,620	12,624
Investment earnings	2,000	5,508	3,508	8,413
Intergovernmental revenues	-	17,807	17,807	-
Gain (loss) on sale of assets	(500)	203,743	204,243	107,049
Other miscellaneous revenue	-	14,665	14,665	5,096
Transfers in	-	1,540,873	1,540,873	-
Dedicated & contributed capital assets	-	3,169,770	3,169,770	906,916
Total revenues	<u>5,930,055</u>	<u>10,785,727</u>	<u>4,855,672</u>	<u>3,394,964</u>
<b>EXPENDITURES</b>				
Administration	2,669,289	2,790,275	(120,986)	-
Operations and maintenance	1,147,082	1,264,242	(117,160)	1,105,094
Capital outlay	1,880,038	301,098	1,578,940	880,974
Total expenditures	<u>5,696,409</u>	<u>4,355,615</u>	<u>1,340,794</u>	<u>1,986,068</u>
Change in net position - budgetary basis	<u>\$ 233,646</u>	6,430,112	<u>\$ 6,196,466</u>	1,408,896
Reconciliation of budgetary to GAAP basis:				
Capital outlay		-		880,974
Depreciation		(1,204,409)		(994,467)
Change in net position - GAAP basis		5,225,703		1,295,403
NET POSITION, Beginning		<u>6,969,772</u>		<u>5,674,369</u>
NET POSITION, Ending		<u>\$ 12,195,475</u>		<u>\$ 6,969,772</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Information Technologies Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original & Final	Variance		2020
	Budget	Actual	With Final Budget	Actual
<b>REVENUES</b>				
Interfund charges	\$ 1,746,766	-	(1,746,766)	1,503,967
Other charges	-	-	-	61,843
Intergovernmental revenues	-	-	-	95,734
Investment earnings	-	-	-	7,086
Other miscellaneous revenues	-	-	-	-
Gain (loss) on sale of assets	-	-	-	595
Total revenues	<u>1,746,766</u>	<u>-</u>	<u>(1,746,766)</u>	<u>1,669,225</u>
<b>EXPENDITURES</b>				
Operations and maintenance	1,592,766	-	1,592,766	1,454,226
Capital outlay	-	-	-	53,253
Principal	-	-	-	-
Interest expense	-	-	-	-
Transfers out	-	(1,441,295)	1,441,295	-
Total expenditures	<u>1,592,766</u>	<u>(1,441,295)</u>	<u>3,034,061</u>	<u>1,507,479</u>
Change in net position - budgetary basis	<u>\$ 154,000</u>	<u>(1,441,295)</u>	<u>\$ 1,287,295</u>	<u>161,746</u>
Reconciliation of budgetary to GAAP basis:				
Capital outlay		-		53,255
Depreciation		-		(147,490)
Debt principal payments		-		-
Change in net position - GAAP basis		(1,441,295)		67,511
NET POSITION, Beginning		<u>1,441,295</u>		<u>1,373,784</u>
NET POSITION, Ending		<u>\$ -</u>		<u>\$ 1,441,295</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Employee Insurance Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
	<b>REVENUES</b>			
Interfund charges	\$ 2,450,000	2,605,773	155,773	1,922,397
Other charges	360,000	383,094	23,094	886,785
Investment earnings	10,000	1,624	(8,376)	17,781
Other miscellaneous revenue	7,000	5,548	(1,452)	5,262
Total revenues	<u>2,827,000</u>	<u>2,996,039</u>	<u>169,039</u>	<u>2,832,225</u>
<b>EXPENSES</b>				
Administration	155,457	167,889	(12,432)	98,763
Operations and maintenance	40,000	34,988	5,012	32,304
Medical claims	2,690,303	2,824,759	(134,456)	1,929,513
Insurance premiums	581,800	531,737	50,063	581,871
Total expenses	<u>3,467,560</u>	<u>3,559,373</u>	<u>(91,813)</u>	<u>2,642,451</u>
Change in net position - budgetary basis	<u>\$ (640,560)</u>	(563,334)	<u>\$ 77,226</u>	189,774
NET POSITION, Beginning		<u>3,180,174</u>		<u>2,990,400</u>
NET POSITION, Ending		<u>\$ 2,616,840</u>		<u>\$ 3,180,174</u>

**The City of Montrose, Colorado**

Budgetary Comparison Schedule for the

Facilities Fund

For the Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original & Final Budget	Actual	Variance With Final Budget	2020 Actual
<b>REVENUES</b>				
Interfund charges	\$ 1,426,982	\$ -	\$ (1,426,982)	\$ 1,219,362
Other charges	-	-	-	-
Intergovernmental revenues	-	-	-	37,510
Investment earnings	-	-	-	425
Total revenues	<u>1,426,982</u>	<u>-</u>	<u>(1,426,982)</u>	<u>1,257,297</u>
<b>EXPENDITURES</b>				
Operations and maintenance	1,440,883	-	1,440,883	1,252,720
Capital outlay	-	-	-	-
Transfers out	-	(99,578)	99,578	-
Total expenditures	<u>1,440,883</u>	<u>(99,578)</u>	<u>1,540,461</u>	<u>1,252,720</u>
Change in net position - budgetary basis	<u>\$ (13,901)</u>	<u>(99,578)</u>	<u>\$ 113,479</u>	<u>4,577</u>
Reconciliation of budgetary to GAAP basis:				
Depreciation		-		(2,875)
Capital outlay		-		-
Change in net assets - GAAP basis		(99,578)		1,702
NET POSITION, Beginning		<u>99,578</u>		<u>97,876</u>
NET POSITION, Ending		<u>\$ -</u>		<u>\$ 99,578</u>

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-21			
This Information From The Records Of (example - City of _ or County of _): City of Montrose		Prepared By: Shani Wittenberg Phone: 970-240-1462			
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>			
ITEM	AMOUNT	ITEM	AMOUNT		
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>			
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,054,476		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,433,655		
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	6,676,883	b. Snow and ice removal	178,169		
3. Other local imposts (from page 2)	-	c. Other			
4. Miscellaneous local receipts (from page 2)	122,670	d. Total (a. through c.)	178,169		
5. Transfers from toll facilities		4. General administration & miscellaneous	327,507		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,127,043		
a. Bonds - Original Issues		6. Total (1 through 5)	7,120,850		
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	-	a. Interest	-		
7. Total (1 through 6)	6,799,552	b. Redemption	-		
<b>B. Private Contributions</b>		c. Total (a. + b.)	-		
<b>C. Receipts from State government</b> (from page 2)	949,156	2. Notes:			
<b>D. Receipts from Federal Government</b> (from page 2)	-	a. Interest	215,010		
<b>E. Total receipts (A.7 + B + C + D)</b>	7,748,708	b. Redemption	412,847		
		c. Total (a. + b.)	627,857		
		3. Total (1.c + 2.c)	627,857		
		<b>C. Payments to State for highways</b>			
		<b>D. Payments to toll facilities</b>			
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	7,748,708		
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
<b>A. Bonds (Total)</b>	-		-	-	
1. Bonds (Refunding Portion)					
<b>B. Notes (Total)</b>	8,792,541.00	-	-	8,792,541.00	
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		7,748,708	7,748,708		0.00
<b>Notes and Comments:</b>					

FORM FHWA-536 (Rev. 1-05)

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(Next Page)

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
12/31/2021

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	4,744
b. Other local imposts:		b. Traffic Fines & Penalties	117,926
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.)	122,670
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	857,329	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	91,826	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.)	91,826	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	949,156	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		991,854	991,854
(3). System Preservation		1,022,734	1,022,734
(4). System Enhancement & Operation		39,887	39,887
(5). Total Construction (1) + (2) + (3) + (4)	0	2,054,476	2,054,476
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,054,476	2,054,476
			(Carry forward to page 1)

Notes and Comments: