

CITY OF MONTE VISTA, COLORADO

2008 BUDGET

In this section the 2008 City of Monte Vista budget is presented in summary form. The budget is basic and within the financial capacity of the City. The following information is intended to give a general overview of the contents of the budget. Total revenues are projected at \$4,904,296 while total expenditures are projected at \$4,774,159 including grants and inter-fund transfers. Cash positions within each fund have improved each year since 2004 and will continue to improve due to prudent fiscal management and responsible oversight by the city council and city staff.

Revenue Projections:

Revenue projections are based on data relevant to each line item. Using historical data and current trends, we believe the projections to be cautiously optimistic yet realistic.

GENERAL FUND	\$2,577,408
CONSERVATION TRUST FUND	45,000
URBAN RENEWAL AUTHORITY	3,300
GRANT FUND	10,000
PARKS & RECREATION	197,015
CITY SERVICE UTILITY FUND	1,436,000
CAPITAL IMPROVEMENT (1% TAX)	339,000
DEBT SERVICE FUND	216,573
CAPITAL CONSTRUCTION	80,000
TOTAL REVENUE	\$4,904,296

Expenditure Projections:

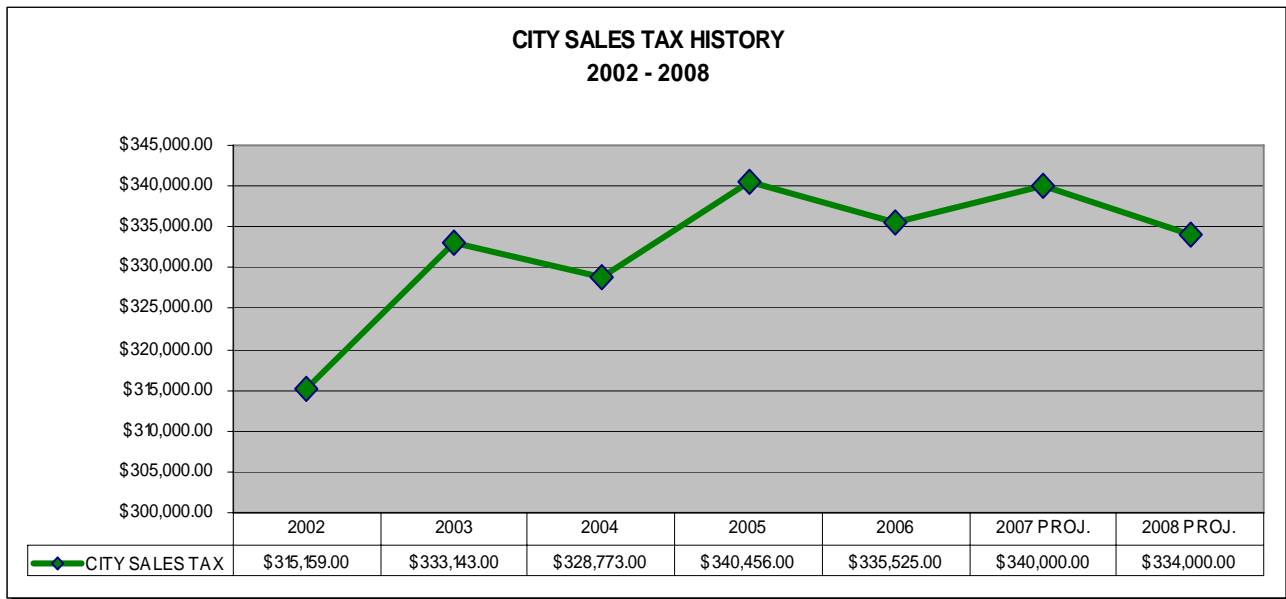
GENERAL FUND	\$2,577,036
CONSERVATION TRUST FUND	35,000
URBAN RENEWAL AUTHORITY	3,300
GRANT FUND	10,000
PARKS & RECREATION	197,015
CITY SERVICE UTILITY FUND	1,430,744
CAPITAL IMPROVEMENT (1% TAX)	224,491
DEBT SERVICE FUND	216,573
CAPITAL CONSTRUCTION	80,000
TOTAL EXPENDITURE	\$4,774,159
DIFFERENCE	\$130,137

The four most significant revenues for the city general fund are: City Sales Tax, County Sales Tax, General Property Tax and Payment in Lieu of Tax.

City Sales Tax:

The General Fund City Sales Tax is 1%. The overall increase from 2001 thru 2006 is 3.19%. A conservative approach is best when calculating sales tax particularly given the recent volatility of the local, regional, national, and world economy. City sales tax has been flat the last 5 years and there is no reason to expect otherwise in the foreseeable future. The opening in October 2008 of a “big box” in a neighboring community is expected to have a long-term negative effect on local businesses that will compete directly with the goods provided by the large retail store.

Year	Amount	% Change from Previous Year
• 2001	\$325,153	-0.53%
• 2002	\$315,159	-3.07%
• 2003	\$333,143	5.71%
• 2004	\$328,773	-1.31%
• 2005	\$340,456	3.55%
• 2006	\$335,525	-1.45%
• 2007 budgeted	\$340,000	1.33%
• 2008 budgeted	\$334,000	-1.76%



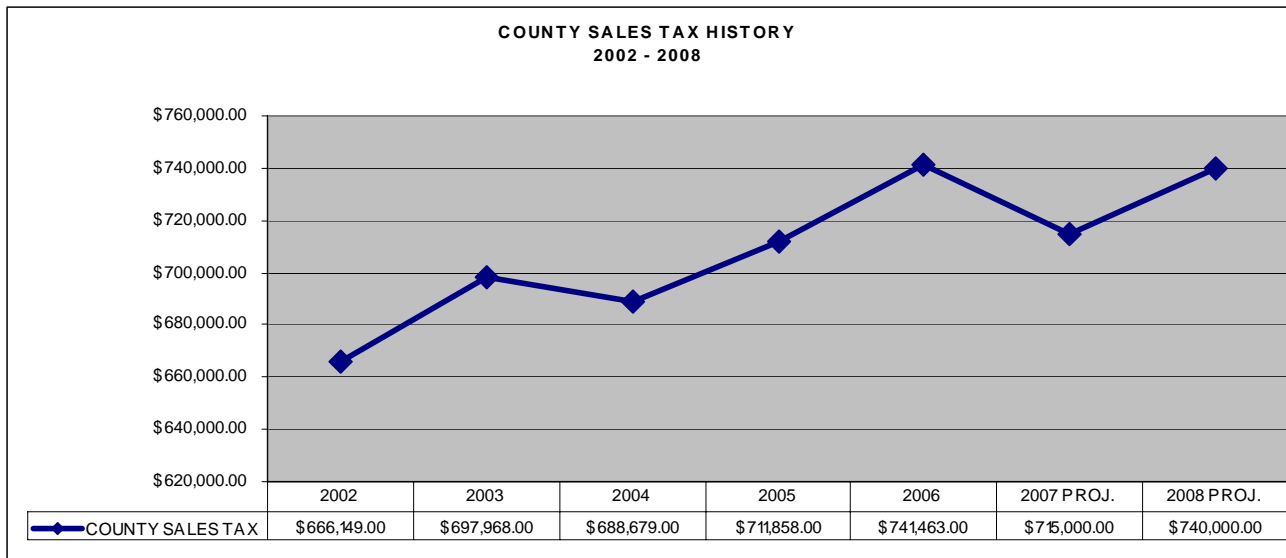
County Sales Tax:

County Sales Tax collections for the City consist of two parts:

1. The City receives 35% of the first penny of sales tax collected Countywide.
2. The second penny of County Sales Tax, approved by the voters in November 1995, is distributed thus: The City receives 100% of County tax collected within the City limits plus an additional 4%, if available; plus an additional 32.34% of any balance remaining. This method of distribution is according to an intergovernmental agreement between Rio Grande County, the City of Monte Vista, the Town of Del Norte and the Town of South Fork.

County Sales Tax has experienced an overall increase of 15.17% from 2001-2006. The percent increase for 2008 is expected to remain relatively flat. The County Sales Tax Collections for 2007 are projected based upon a conservative approach particularly given the recent volatility of the local, regional, and national economy.

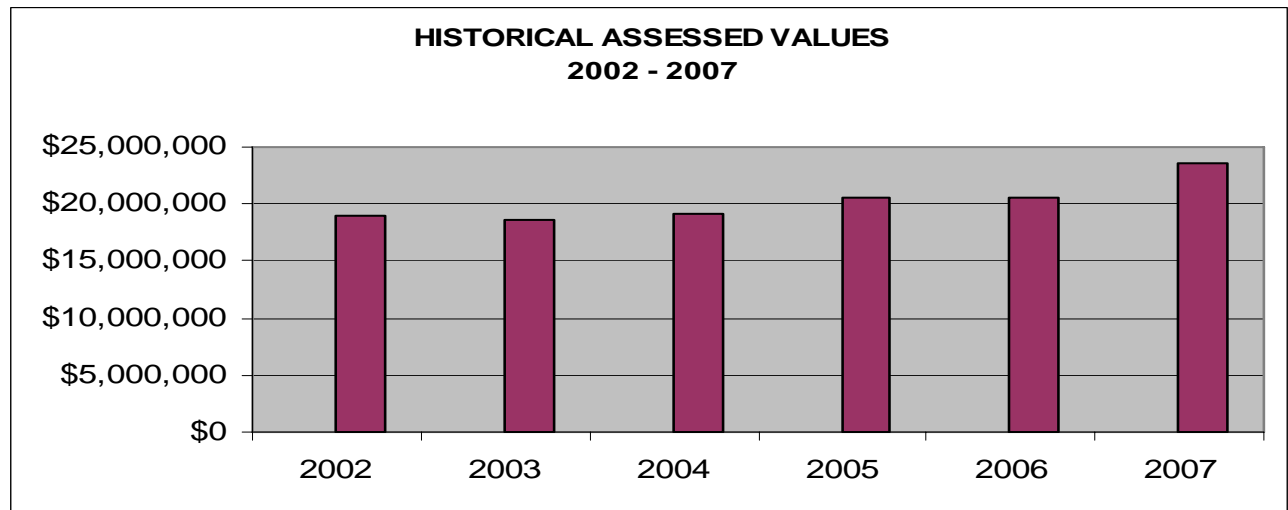
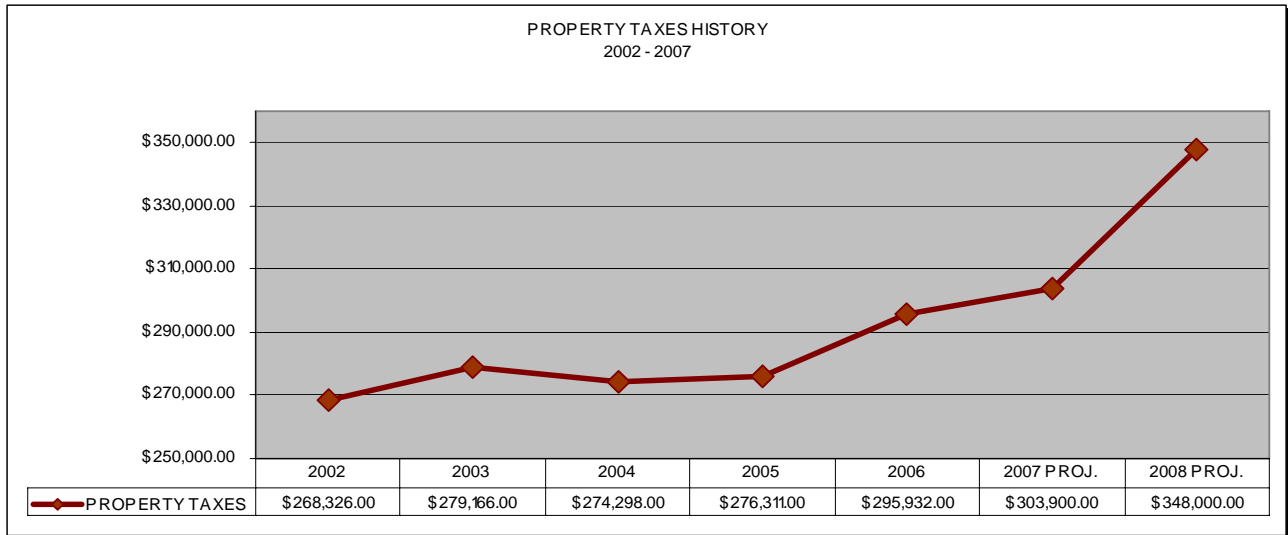
Year	Amount	% Change from Previous Year
• 2001	\$643,800	-.97%
• 2002	\$666,149	3.47%
• 2003	\$697,968	4.78%
• 2004	\$688,679	-1.33%
• 2005	\$711,858	3.37%
• 2006	\$741,463	4.16%
• 2007 Budgeted	\$715,000	-3.57%
• 2008 Budgeted	\$740,000	3.50%



Property Tax:

Property tax is based on the assessed valuation for all taxable property. The levying of taxes is authorized under Colorado Statutes and the City Charter. The adopted 2008 mill levy is 14.740 mills. Revenues are collected by Rio Grande County and remitted to the City monthly. Given the uncertainty of the real estate market and the volatility of the lending market, it is anticipated that by 2009 the city may experience an increase in foreclosures and a corresponding market adjustment in the number and price of homes on the market.

	<u>2007</u>	<u>2008</u>
Budgeted	\$303,883	\$348,000
Assessed Valuation	\$20,616,210	\$23,580,660
Mill Levy	14.740 Mills	14.740 Mills



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Payment in Lieu of Tax (PILT):

“PILT” is paid from the Enterprise Fund to the General Fund. If “government owned businesses” were privately owned they would produce tax revenue to the General Fund. The payment compensates for administrative time and materials such as elected officials, support staff, management and legal representation not otherwise allocated to the enterprise funds. PILT Payment for 2008 totals \$158,165.

Enterprise Fund Projections:

All Enterprise Funds have revenue projections based on fees charged for services and contractual agreements in place or projected.

City Service Utility Fund. Current data indicates a reduction in water consumption will continue as residents become more efficient in their irrigation practices. The city will not increase utility rates in 2008. Instead the city will undertake a rate study that will determine utility rates for the next five years.

Services Provided:

Service levels have improved compared to prior years through updating equipment, training and an increase in efficiencies. The major services provided include, but are not limited to, Police Protection, Streets and Roads, Pest Control, Water and Wastewater, Parks and Recreation and General Administration.

Personnel:

Regular Full-time and Regular Part-time: The budget includes a 3% Cost of Living Adjustment (COLA). The COLA is effective with the first checks issued after January 1, 2007.

No additional staff positions were budgeted for 2008. The city has hired a consultant to undertake a market study to determine the city’s wage and benefit competitiveness against the private and public sector. The study will also review job descriptions and develop a comprehensive performance evaluation system. The study is expected to be completed by early 2008 and begin implementation in late 2008 or early 2009.

Insurance:

Employee Health, Dental, Vision Coverage:

- The City will continue with the current fully funded health care program provided by Rocky Mountain Health Plans. In 2008 we received an increase of approximately fifty percent. Since the increase would cause a financial strain on the City’s budget, the policy was changed to include a higher deductible rate. Even with this change the impact to the City’s budget will increase by approximately 25%.
- The city’s dental and vision program continue to be self-funded.

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Term Life Insurance, AD&D, EAP and Long Term Disability:

The City provides this coverage for all regular full-time employees. The cost is based on a percentage of gross salary for each individual employee.

Worker's Compensation:

Total citywide cost is based on Colorado Intergovernmental Risk Sharing Agency's (CIRSA) quote of \$42,418 and compares to the 2007 quote of \$44,096. The rate is based on our estimates of the 2008 personnel budget before increases or the proposed hiring of additional FTE's; The final billing is adjusted at the completion of the year and is based on actual payroll versus the estimate.

Property, Casualty, Airport Property Casualty:

The quote for Property/Casualty coverage for 2008 is \$86,827 and compares to the 2007 premium of \$92,622; The City carries a \$500/\$1000 deductible. Airport liability policies are purchased separately. Airport liability is anticipated to cost approximately \$4,000.

Employee Retirement:

All employees, other than sworn police officers, participate in FICA (Social Security). The contribution is required and is 6.20% for both the employee and employer. The Medicare rate is an additional 1.45% for all employees except for sworn officers hired before 1989.

The City also provides additional retirement for all full-time regular employees through ICMA (International City Management Association). Three distinct plans are provided:

1. 457 Deferred Compensation Plan

Available to all employees; no employer contribution. This allows employees to save funds with pre-tax dollars. Tax is paid upon withdrawal at retirement. The Internal Revenue Service sets the rules.

2. 401(A) Money Purchase Plan - Sworn Police Officers

Mandatory participation is required for all sworn Police Officers. This is instead of participation in Social Security as elected in the 1970's. The current contribution is an employer contribution of 14.2% and employee contribution of 6.2%. Vesting is 0% for the first five years of employment after which vesting is 100%. The contribution is with pre-tax dollars. IRS rules apply.

3. 401(A) Money Purchase Plan-Employees other than Sworn Police Officers

All other full-time employees are required to participate in this pre-tax retirement benefit. The current contribution is an employer contribution of 8% and an employee contribution of 0%. Vesting is 0% for the first three years of employment, after which vesting is 100%.

Capital Equipment and Service Purchases:

Capital purchases are defined as single items costing \$5,000 or more and with at least a five-year useful life. Major capital leases for the 2008 budget include:

Police Department

- Technology Enhancement Project Grant for the purpose of purchasing a Fingerprint System and Mobile Terminals, estimated cost of \$103,675.

Parks

- Final capital purchases for the GOCO Playground and Pavilion grant project, final costs are anticipated to be \$55,000.

Conservation Trust Fund

- Purchase of a new Parks Maintenance Vehicle, estimated cost of \$20,000.

City Services

- Purchase of an all terrain vehicle with Sprayer and Plow, estimated cost of \$10,000. The cost will be distributed among streets, wastewater, sewer, and water.
- Water and Sewer Rate Study, estimated cost of \$40,000.

Debt Service:

An attached debt service schedule identifies with narrative the annual obligation for specific funds.

External Funding Requests:

In 2008 minimal funds were allocated to outside agencies.

GRANTS TO OUTSIDE AGENCIES:

The following are projected to receive funding in the 2008 Budget:

Tri-County Sr. Citizens	\$1,400
SLV Hazardous Substance Board	\$ 841
San Luis Valley SBDC	\$2,500
Chamber of Commerce	\$3,000
TOTAL	\$7,741

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The Capital Project 1% Tax Fund

A request for a minimum of \$80,000 will be made by the Street Department for street repair and maintenance. The 2008 1% sales tax revenue estimate is \$334,000. The majority of funds (\$218,573) is designated for debt service on the 1998 bond. An advisory committee follows this fund to assure it is spent according to the ballot.

Use of Fund Balance

- The Capital Project Construction Fund will use \$66,000 in fund balance for the purpose of street repair & maintenance.

Estimated January 1, 2008 beginning balances for each fund are as follows:

General Fund	\$560,049
Conservation Trust Fund	\$26,795
Urban Renewal Authority	\$8,462
Parks & Recreation Fund	\$6,250
City Service Utility Fund	\$1,599,668
Capital Improvement 1% Tax	\$247,043
Debt Service	\$337,501
<u>Capital Project Construction</u>	<u>\$326,685</u>
	\$3,112,453

Prepared and respectively submitted by: Don Van Wormer, City Manager and Debbie Phillips, Finance Director this 24th day of September, 2007.