

CITY OF SALIDA, COLORADO
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010



**CITY OF SALIDA, COLORADO
CITY COUNCIL AND KEY EMPLOYEES
December 31, 2010**

City Council

Charles Rose, Mayor

Scott Damman, Councilmember
Keith Baker, Councilmember
Jim McCormick, Councilmember
Jay Moore, Councilmember
Steven Stewart, Councilmember
Tom Yerkey, Councilmember

Key Employees

Jack Lewis, City Administrator
Betty Schwitzer, Elected City Clerk
Janella Martinez, Deputy City Clerk
Eileen Rogers, City Treasurer
Jan Schmidt, Finance Director

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides highlights of the financial activities of the City of Salida (the City or Salida) and an overview of the financial statements included in this report. We encourage readers to consider this information in conjunction with the basic financial statements and information contained in the notes to the financial statements.

Financial Highlights

- The City's net assets increased by \$1,851,000 (6.3%) during 2010 despite overall weak economic conditions and a 1.3% decrease in taxable sales reported within the City. The sales tax trends improved in the later part of the year and a modest improvement in development related revenue was realized in comparison to 2009.
- Total assets on Salida's Statement of Net Assets were \$38,272,000, which exceeded liabilities by \$31,059,000 at the end of 2010. The \$1,851,000 increase in net assets during 2010 was primarily driven by grant and other revenues that the City invested in capital assets. In addition, the City deferred capital spending and reduced operating expenses due to economic uncertainties, which also improved general fund equity.
- Unrestricted net assets of \$4,664,000 as of December 31, 2010 were available to meet the City's future obligations to citizens, employees and creditors:
 - For government activities - \$2,230,000, an increase of \$501,000 (29.0%)
 - For business-type activities - \$2,434,000, a decrease of \$374,000 (13.3%)
 - The unreserved fund balances were 53.4% and 143.8% of the 2011 operating expenditures budget for government and business-type activities, respectively.
- As of December 31, 2010 the total fund equity for governmental activities was \$2,994,000, of which \$157,000 was in the Conservation Trust Fund. The total increase in the governmental fund balance during 2010 was \$263,000 (9.6%). Because the government fund balance sheet excludes the value of capital assets, a different financial result is reflected when compared to the Statement of Net Assets (discussed above) for the same period of time.
- Total cash and investments were \$4,459,000, of which \$2,965,000 was unrestricted. Of that amount, \$804,000 was available for general government activities and \$2,161,000 was held in funds for business-type activities. Funds designated by council for specific uses are included in unrestricted cash and investments.
- Within the business-type activities of the City, unrestricted funds available for water operations were depleted in 2010 to pay for current capital projects and meet debt service requirements. An "intra-fund" loan from sewer reserves was utilized for cash flow needs pending the closing of an approved loan and increase in water rates in 2011.
- In total, cash and investments balances decreased \$49,000 during 2010. Debt service required \$1,041,000, of which \$702,000 was repayment of principal. The City invested \$3,120,000 in capital assets, most significantly the wastewater treatment facility upgrade, renovation of municipal facilities and largely grant-funded recreation assets.

Overview of the Financial Statements

The MD&A serves as an introduction to Salida's basic financial statements, which are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
 - a. Governmental Funds
 - b. Proprietary Funds
- 3) Notes to the financial statements
- 4) Supplementary information

Financial analysis and commentary on both types of financial statement views is included in the MD&A for more information and perspective than the numbers alone provide readers. In addition, the report contains supplementary information to the basic financial statements for more detailed information on some areas of expenditures.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Government-wide financial statements combine information for all of the City's funds that reflect the entire financial picture. The government-wide financial statements consist of the *Statement of Net Assets* and the *Statement of Activities*.

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

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. tax revenues earned but not collected and unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*government activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Salida's governmental activities include general government; public safety; public works; and culture, parks and recreation. Business-type activities include the operations of water and wastewater treatment facilities and of the SteamPlant Theater and Event Center.

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

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Salida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of Salida's funds can be divided into two categories: governmental funds and proprietary funds. The fund financial statements consist of the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balances* for each type of fund.

- **Governmental funds** are used to account for the same functions reported as *government activities* in the government-wide financial statements. However, 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. This information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements; therefore, it is useful to compare the information presented for government funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Balance Sheet* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities as presented in the government-wide financial statements.

Salida maintains two governmental funds, the General Fund and the Conservation Trust Fund, for which information is presented separately.

The basic governmental fund financial statements can be found on pages 4-6.

- **Proprietary funds** can be *enterprise funds*, to report the same functions presented as *business-type activities* in the government-wide financial statements, or *internal service funds*, used as an accounting device to accumulate and allocate costs internally among the City's various functions. Salida maintains one enterprise fund to account for the water and the wastewater treatment utilities and a separate enterprise fund established in 2008 to account for operations of the SteamPlant Event Center.

Proprietary funds provide the same type of information as the government-wide financial statements in more detail. The proprietary fund financial statements provide separate information for the water and wastewater operations, which are considered to be major funds of the City of Salida Water Activity Enterprise Fund.

The basic proprietary fund financial statements can be found on pages 7-9 of the 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 10-32 of this report.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Included in this report is a budgetary comparison statement for all funds to demonstrate compliance with the budget. Salida's City council adopts an annual appropriated budget for all its funds.

The budgetary comparison schedules are on pages 33-41 of this report, and the Local Highway Finance Report is included on page 42.

Financial Analysis – Government-wide Financial Statements

This discussion of government-wide financial statements focuses primarily on the key indicator, net assets, and activity that generated increases or decreases in this measurement. Salida's assets exceeded liabilities by \$31,059,000 at December 31, 2010.

Statement of Net Assets. At December 31, 2010, \$25,329,000 (81.6%) of the City's net assets were invested in capital assets (such as land, roads, buildings, water rights, machinery, equipment, etc.) less any related debt used to acquire those assets that was still owed. The City uses substantially all of these capital assets to provide services to citizens; consequently, these assets are generally not available for future spending. Although the City's investments in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves generally cannot be used to liquidate the debt.

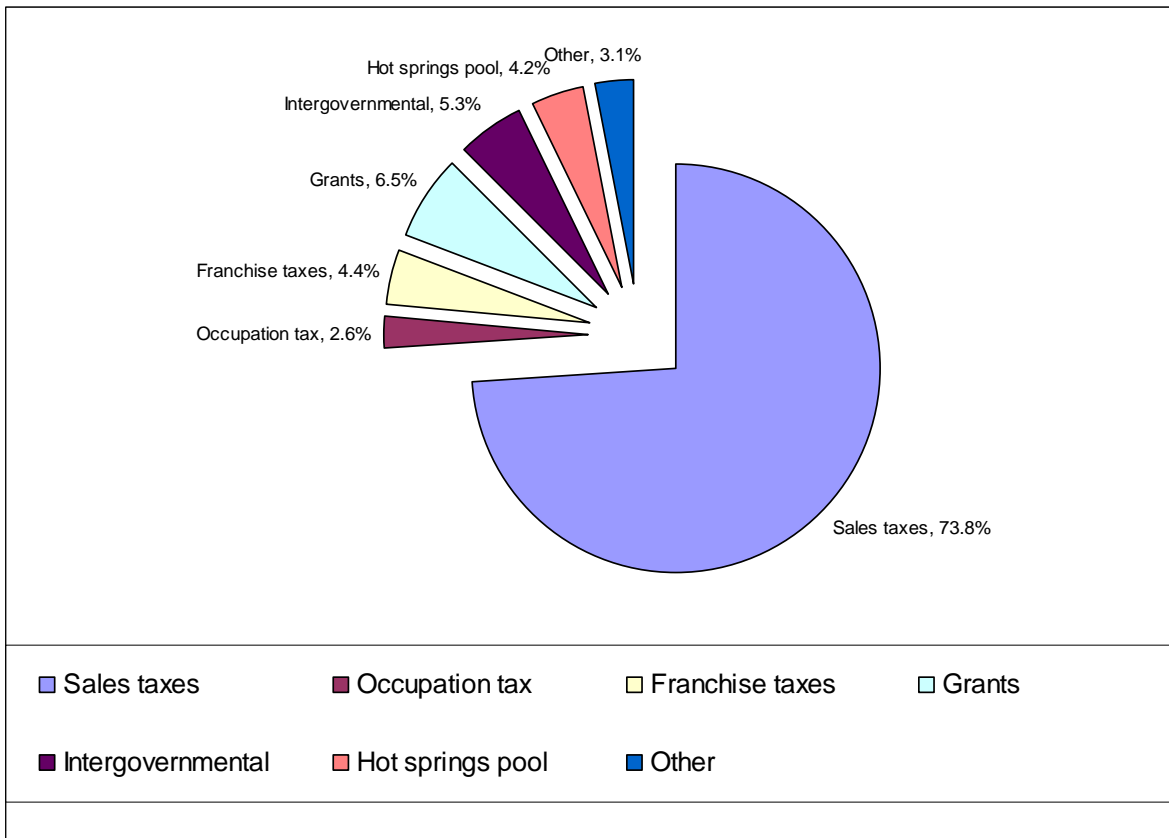
External restrictions limit the use of \$1,065,000 (3.4%) of the City's net assets. The remaining balance of \$4,664,000 (15.0%) represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors. Of the unrestricted assets, \$2,434,000 (52.2%) were held for business type activities and \$2,230,000 (47.8%) were held for government activities.

Statement of Activities. As the following table illustrates, the City's total net assets increased \$1,851,000 (6.3%) during 2010. By fund group, governmental activities increased net assets by \$1,574,000 (10.9%) and business-type activities generated a \$277,000 (1.9%) increase in net assets.

	Governmental Activities		Business-type Activities		Total Primary Government		Year over Year Changes	
	2010	2009	2010	2009	2010	2009		
Revenues								
Program revenues:								
Charges for services	\$ 494,456	\$ 515,977	\$ 2,258,152	\$ 2,111,797	\$ 2,752,608	\$ 2,627,774	\$ 124,834	4.8%
Operating grants/contribs	333,509	1,224,456	-	-	333,509	1,224,456	(890,947)	-72.8%
Capital grants/contribs	473,930	1,203,591	279,839	1,425,451	753,769	2,629,042	(1,875,273)	-71.3%
General revenues:								
Property taxes	-	3,135	-	354	-	3,489	(3,489)	-100.0%
Sales and use taxes	4,775,885	4,692,939	-	-	4,775,885	4,692,939	82,946	1.8%
Franchise taxes	287,580	294,584	-	-	287,580	294,584	(7,004)	-2.4%
Other taxes	170,304	109,918	-	-	170,304	109,918	60,386	54.9%
Other general revenue	55,214	475,413	21,244	41,131	76,458	516,544	(440,086)	-85.2%
Total revenues	\$ 6,590,878	\$ 8,520,013	\$ 2,559,235	\$ 3,578,733	\$ 9,150,113	\$ 12,098,746	(2,948,633)	-24.4%
Expenses								
General government	1,171,674	1,101,872	-	-	1,171,674	1,101,872	69,802	6.3%
Public safety	2,110,806	1,968,399	-	-	2,110,806	1,968,399	142,407	7.2%
Public works	597,372	651,654	-	-	597,372	651,654	(54,282)	-8.3%
Culture, parks & recreation	896,382	891,034	-	-	896,382	891,034	5,348	0.6%
Interest	153,177	348,306	190,716	205,662	343,893	553,968	(210,075)	-37.9%
Water operations	-	-	1,028,275	936,413	1,028,275	936,413	91,862	9.8%
Sewer operations	-	-	820,028	848,464	820,028	848,464	(28,436)	-3.4%
Event center operations	-	-	330,672	327,409	330,672	327,409	3,263	1.0%
Transfers	87,800	100,000	(87,800)	(100,000)	-	-	-	
Total expenses	\$ 5,017,211	\$ 5,061,265	\$ 2,281,891	\$ 2,217,948	\$ 7,299,102	\$ 7,279,213	19,889	0.3%
Increase in net assets								
Beginning net assets	\$ 14,440,000	\$ 10,981,252	\$ 14,767,732	\$ 13,406,947	\$ 29,207,732	\$ 24,388,199	\$ 4,819,533	19.8%
Ending net assets	\$ 16,013,667	\$ 14,440,000	\$ 15,045,076	\$ 14,767,732	\$ 31,058,743	\$ 29,207,732	\$ 1,851,011	6.3%

Governmental activities. Financing for governmental activities was primarily from City and county sales tax revenues, which provided 79% of general fund revenue in 2010 excluding one-time grants. One-time grants accounted for 7% of total revenue. No other income source provided 10% of total government revenue.

This chart shows total general fund revenue provided by each major source during 2010.



Key elements of the \$1,574,000 increase in net assets for governmental activities during 2010 and a comparison to 2009 follow:

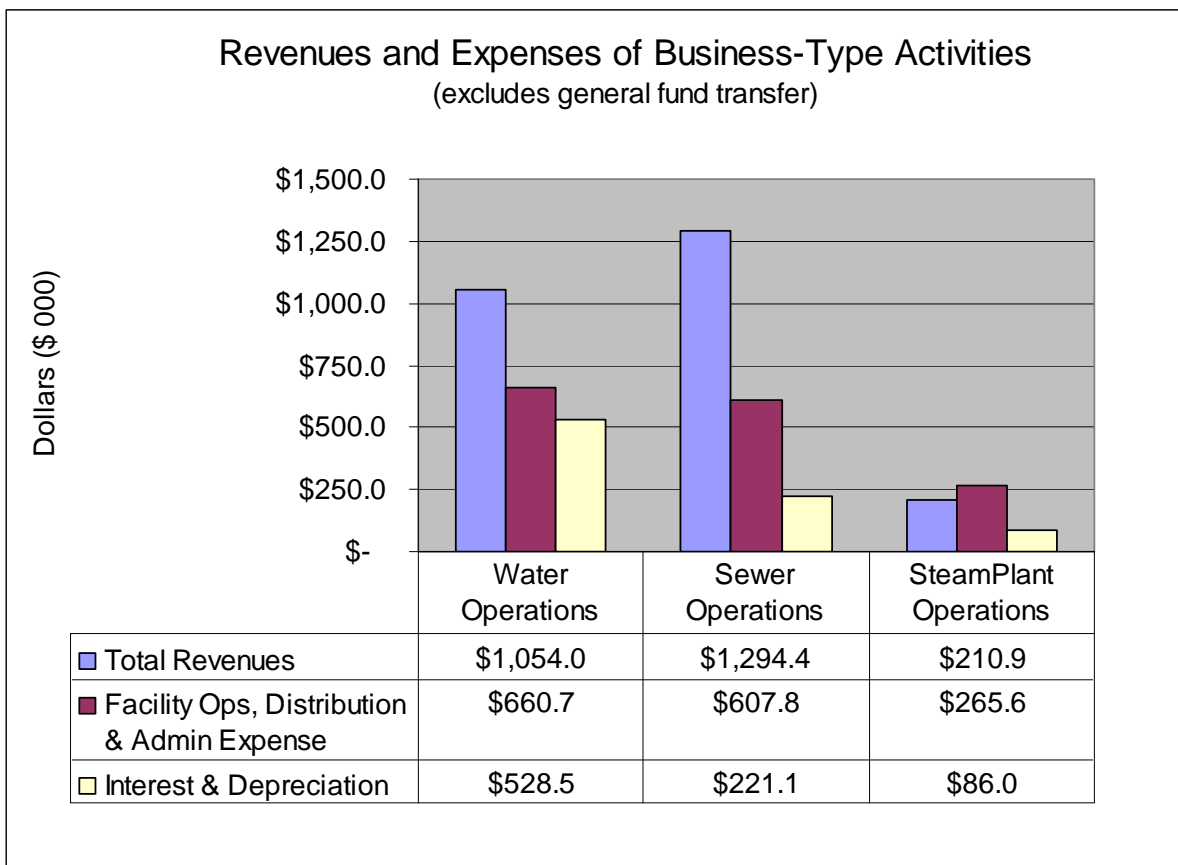
- Sales tax receipts increased \$83,000 (1.8%) over the prior year due to the collection of funds identified by an audit of a major vendor within the county.
- Capital grants and contribution revenue combined provided \$474,000 in funding for projects during the year, including a new climbing wall, whitewater park features, open space land purchase and an upgrade of the hot springs water line serving the municipal pool. Although significant in 2010, this revenue classification decreased from the previous year by \$730,000 (60.6%).
- The City collects franchise taxes from utility companies, including the providers of gas, electric and cable services. Franchise tax receipts decreased \$7,000 (2.3%) due to fluctuations in the utility revenue of the franchisees upon which most of the taxes are based.
- Other taxes increased \$60,000 (54.9%) due to a full year of an occupation tax on lodging within the City limits that became effective March 1, 2009.
- Other general revenue decreased by \$420,000 (88.4%) in 2010 compared to the previous year. The 2009 revenue was primarily due to an adjustment related to the contribution of fixed assets to the SteamPlant, along with the forfeiture of a deposit of the Vandaveer property. The 2010 revenue was primarily due to proceeds from rents, interest and miscellaneous small items.
- Total expenditures decreased \$44,000 (0.9%) in 2010 compared to 2009, with a largely offsetting increase in spending for public works and decrease in interest expense, along with a few relatively small changes between years in other areas.

Business-Type Activities. Financing for business-type activities is generated primarily from fees charged for services. Revenue derived from operations is supplemented by grants and capital contributions (including water and sewer development fees), which provided 11% of all funding in 2010 compared to 40% in 2009.

Key elements of the \$277,000 increase in net assets for business-type activities during 2010 compared to 2009 follow:

- Charges for services increased \$146,000 (6.9%) due to increases in the quarterly service fees and usage rates for water and sewer. The Salida Municipal Code provides for automatic annual increases in fees for both water and sewer service.
- Capital revenue decreased \$1,174,000 (80.3%). In 2009, \$1,174,000 of a \$1,350,000 state grant was recognized for costs incurred for the wastewater treatment facility upgrade. System development and resource fees in the water and sewer fund increased \$58,000 (30.2%) in 2010 compared to 2009.
- Excluding transfers between funds, total expenses of \$2,370,000 increased by \$52,000 (2.2%).
- Interest expense decreased \$15,000 (7.3%) due to reduced debt, including the final payment of the 1990 General Obligation Limited Water Refunding Bonds.

The following chart demonstrates the current level of recovery for enterprise funds.



Financial Analysis – Fund Financial Statements

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

Governmental funds. The focus of the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Salida's financial requirements.

As of December 31, 2010, the City of Salida's governmental fund reported combined ending fund equity of \$2,994,000, an increase of \$263,000 compared to December 31, 2009. The unreserved fund equity, which is available for spending at the City's discretion, represented 76.0% or \$2,277,000 of the fund equity. The unreserved fund balance for the General Fund is \$2,120,000, while \$157,000 of unreserved fund balance is in the Conservation Trust Fund. In addition, the City council may designate portions of the unrestricted cash and investments for specific purposes. Footnote 6 (page 27) shows supplemental information regarding the future categorization of fund balance in accordance with GASB 54, which will be effective for the City's 2011 financial statements.

The General Fund is the City's primary operating fund. All activities not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund. The Statement of Revenues, Expenditures and Changes in Fund Balances shows General Fund revenues exceeded revenues by \$269,000 in 2010. This was the result of budget cuts in the first part of the year when sales tax revenue had continued to decline for several months in a row.

The Conservation Trust Fund (CTF) decreased fund balance by \$6,000 due to qualified spending that exceeded the current year revenue. A portion of the 2010 spending was for an open space land purchase budgeted in 2009 that did not close until early 2010. The CTF receives money from lottery proceeds that are distributed by the state to local governments based on population.

Proprietary funds. The Statement of Net Assets and Statement of Revenues, Expenditures and Changes in Fund Balances – Proprietary Funds provides the same type of information found in the government-wide financial statements but in more detail.

Total unrestricted net assets as of December 31, 2010 were \$2,434,000, a decrease of \$374,000 from December 31, 2009. The decrease is due to the use of reserves for capital improvements and debt service. The unrestricted net assets equal 144% of the Proprietary Fund 2011 budgeted operating expenditures. However, a substantial portion of these funds are expected to be used for a major upgrade of the wastewater treatment facility within the next two years.

The investment in capital assets net of debt increased by \$1,246,000 (11%) in 2010 primarily due to the costs of the wastewater treatment plan upgrade, improvements to one of the water storage tanks, purchase and installation of new radio read water meters, and other infrastructure improvements. These capital investments help to ensure service for residents and will generate future revenues for the water and sewer funds.

The Statement of Cash Flows provides additional information on the sources and uses of cash for the proprietary funds. Operating activities generated more cash in 2010 compared to 2009 due primarily to the increase in service fees and an increase in system development and resource fees. Sewer operations generated \$915,000 in cash that will be needed for the pending facility upgrade to comply with current regulatory standards. Water operations generated \$137,000 in cash that was needed to meet debt service requirements and current capital investments. The SteamPlant is not expected to breakeven or generate cash in its initial years of operations. In 2010, the SteamPlant used \$74,000 more in cash than it generated through operations, which was a \$70,000 improvement from 2009.

Budgetary Highlights

The original budget, final budget (which includes amendments passed by council during the year) and actual expenditures for each fund are shown on pages 32 through 41.

General Fund. Actual financial results differed from the budget primarily due to greater sales tax revenue than was expected in the first half of the year. Negative sales tax trends during the first part of 2011 prompted the council to implement budget cuts and defer or scale back certain projects, which ultimately resulted in the \$269,000 increase in fund balance at the end of 2010.

2011 sales tax was originally budgeted to be the same as the previous year. In May, a budget amendment was passed to reflect an expectation of a 5% decrease for the year. However, the City's actual sales tax revenue for the year decreased by a more modest 1.3% compared to 2009. In addition, Salida benefited from a portion of a county sales tax audit recovery from a vendor's tax returns from 2003 to 2008. An intergovernmental agreement provides for an allocation of the Chaffee County sales tax to municipalities located within the county and Salida received \$134,000 of the audit adjustment. Excluding the audit adjustment, Salida's share of the county-wide sales tax was \$1,127,000 in 2010, a 0.5% decrease from 2009.

State grant revenue was \$90,000 less than the 2010 budget. The shortfall was related to the exterior renovation of the historic portion of the Touber Building and will be recognized in 2011 when the project will be completed. An offsetting decrease in capital outlay is reflected in the expenditures budget.

The growth in revenue from the municipal hot springs pool and City park rentals was not realized in 2010, resulting in a \$67,000 shortfall from budget.

Water Enterprise. Operating results of the water fund were generally unfavorable compared to the budget in 2010 due to \$62,000 (7%) less than expected revenue from water usage and a delay in closing a \$525,000 loan. Capital spending reductions and deferrals more than offset the revenue shortfalls.

The City added 17 new customers compared to 24 included in the budget. The average revenue per customer was relatively unchanged compared to 2009 and fell short of budget expectations. Total operating expenditures were less than the approved budget figures primarily due to the deferral of a consulting project and reduced legal fees. Debt service was less than budgeted due to the delay in closing an approved loan. In addition, capital expenditures were less than budgeted due to the deferral of portions of a water tank rehabilitation project and cost savings on the project.

Sewer Enterprise. Operating results of the sewer fund were favorable overall, driven primarily by overestimating the amount of allocated staff time that would be devoted to sewer infrastructure work along with the delay in incurring new debt for the wastewater treatment upgrade project. Charges for services were \$99,000 (8%) less than budgeted.

The City added 26 new customers compared to 24 included in the budget. The sewer facility is operated as a regional facility with a larger service plan area than the City's water system, accounting for the greater number of sewer taps as compared to water taps. The average revenue per customer increased compared to 2009 due to rate increases of at least 15% for all customers were implemented mid-year 2009 following a rate study completed by the City's outside engineering firm. Total operating expenditures were less than the approved budget figures primarily due to less than expected levels of spending on legal services, utilities and chemicals.

SteamPlant Theater and Event Center Enterprise. 2010 financial results reflect the second full year of operations of this recently renovated and expanded facility. Formerly a standalone theater owned by the City but operated by a nonprofit group, this property is expected to contribute to economic development by hosting events that Salida could previously not accommodate. Revenue (excluding general fund transfers) fell \$35,000, 14%, short of the final budget. Expenditures were closely monitored and were \$20,000, 6%, less than the final budget. The number of revenue generating events increased 29% and revenue from those events increased \$33,000, 18%, compared to 2009. The general fund transferred \$87,000 to the SteamPlant in 2010 to subsidize its operations.

Long-term Debt

As of December 31, 2010 the City had total long-term financing obligations outstanding of \$6,552,000, with \$900,000 of principle and \$768,000 of interest due within one year. The general fund had obligations of \$2,530,000, with \$553,000 due within one year. The City's financing obligations were 21.1% of total net assets at December 31, 2010, down from 24.8% a year ago.

Total bonded debt at December 31, 2010 was \$685,000 and \$3,255,000 in the general fund and water and sewer enterprise fund, respectively. The City's bonds are not rated. Two new debt issuances were approved during 2010 in the water and sewer enterprise fund; neither were closed and funded during the year.

Please see note 4 on pages 19 through 25 for additional information about long-term debt and financing arrangements.

Economic Factors and Financial Outlook

2011 Budget. The economic outlook remained uncertain as the City prepared its 2011 budget. In addition, the final year of a major General Obligation Debt issuance will require a \$456,000 cash outlay, increasing overall debt service requirements. The budget was balanced through a reduction in staffing levels, salary freezes and tight controls over any discretionary spending. Some of the key budget assumptions are outlined below:

- Staffing – Reduced headcount by 2 people due to attrition in 2010; personnel costs are 3% lower than the 2010 final budget
- Employee Pay – the salary freeze currently in place will be continued in 2011.

- Employee health insurance – 15% increase from 2010/2011 plan year or 7.5% budget effect
- Sales tax revenue – 0% growth in taxable sales
- Sewer rates – 5% increase in service / usage fees
- Water rates – will complete a rate study early in the year and increase rates
- Development and resource fees – 24 new water and sewer taps projected
- Hot springs pool, park rental rates – no rate increases in 2011
- SteamPlant – Reduced revenue growth expectations and reduction in cost of revenue and operating costs. No capital spending. General fund subsidy of \$99,000.

Total fund equity is projected to further decrease by the end of 2011 due to the investment of reserves for capital projects. In particular, the wastewater treatment facility will utilize reserves saved specifically for this purpose. The project will also receive substantial grant funding that will increase net assets as reported on the government-wide financial statement. In the general fund, debt service reserves will decrease and unreserved funds are expected to increase by over \$200,000.

The City anticipates the issuance of debt to pay for a portion of future capital investments for both wastewater and water operations. In 2010, the City entered into an agreement with the USDA / Rural Development to provide a \$12.1 million loan and \$2.3 million grant to help finance the wastewater treatment facility upgrade. The program requires the City secure interim financing until the full loan amount has been spent; this financing is expected to be closed in mid 2011 and be replaced with the USDA loan in 2013. In addition, the City secured a \$545,000 loan through the Colorado Water Resources and Power Development Authority for a project to rehabilitate one of the City's water storage tanks. The project is expected to be completed in early 2011 and the City will then close the loan.

2011 budget appropriations are \$17,164,000, of which \$6,038,000 is for governmental activities and \$11,126,000 is for business-type activities. The budget includes higher than normal capital spending due to the wastewater treatment facility upgrade.

Fiscal Sustainability Issues. Beyond the next calendar year, major fiscal sustainability concerns are expected cost inflation for employee healthcare, fuel, asphalt, natural gas and electricity. City leaders are focused on defining the role of local government in our community, balancing limited resources with requests for additional services. In addition, risks to government funding are concentrated on the local economy and retail sales due to the fact that three-quarters of the City's general fund revenue is derived from sales tax. The City repealed its property tax in 2008.

Due to the 1% incremental sales tax that became effective in 2009 and decreases in future debt service, the City will continue an increased level of capital spending for roads and public infrastructure as compared to historic levels. Decreasing debt service obligations free a greater portion of financial resources for current capital and operating needs.

Requests for information

This financial report is designed to provide a general overview of the City of Salida's financial position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director at finance@Cityofsalida.com or 448 East First Street, Suite 112, Salida, CO 81201.

City Council
City of Salida
Salida, Colorado

Independent Auditors' Report

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

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

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

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

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Salida. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



March 4, 2011
Centennial, CO

BASIC FINANCIAL STATEMENTS

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CITY OF SALIDA, COLORADO

STATEMENT OF NET ASSETS

December 31, 2010

	Government Activities	Business - Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 804,168	\$ 2,161,183	\$ 2,965,351
Cash with Fiscal Agent	1,835	-	1,835
Intergovernmental Receivables	1,260,371	-	1,260,371
Accounts Receivable	24,750	475,531	500,281
Total Current Assets	<u>2,091,124</u>	<u>2,636,714</u>	<u>4,727,838</u>
Noncurrent Assets			
Capital Assets	21,065,975	23,259,154	44,325,129
Accumulated Depreciation	(5,469,668)	(6,974,169)	(12,443,837)
Bond Issuance Costs - Net	-	76,169	76,169
Notes Receivable	-	92,757	92,757
Restricted Cash and Investments	1,145,928	347,771	1,493,699
Total Noncurrent Assets	<u>16,742,235</u>	<u>16,801,682</u>	<u>33,543,917</u>
TOTAL ASSETS	<u>18,833,359</u>	<u>19,438,396</u>	<u>38,271,755</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	196,011	194,606	390,617
Other Accrued Liabilities	264	5,470	5,734
Accrued Interest	11,248	14,126	25,374
Unearned Revenue	15,790	150,000	165,790
Accrued Salaries and Benefits	30,562	7,432	37,994
Current Portion of Long-Term Debt	552,629	347,045	899,674
Total Current Liabilities	<u>806,504</u>	<u>718,679</u>	<u>1,525,183</u>
Noncurrent Liabilities			
General Obligation Bonds Payable	195,000	-	195,000
Notes Payable	-	236,511	236,511
Capital Lease Payable	1,782,823	433,130	2,215,953
Revenue Bonds Payable	-	3,005,000	3,005,000
Accrued Compensated Absences	35,365	-	35,365
Total Noncurrent Liabilities	<u>2,013,188</u>	<u>3,674,641</u>	<u>5,687,829</u>
TOTAL LIABILITIES	<u>2,819,692</u>	<u>4,393,320</u>	<u>7,213,012</u>
NET ASSETS			
Invested in Capital Assets, net of Related Debt	13,065,855	12,263,299	25,329,154
Restricted Net Assets	717,698	347,771	1,065,469
Unrestricted Net Assets	2,230,114	2,434,006	4,664,120
TOTAL NET ASSETS	<u>\$ 16,013,667</u>	<u>\$ 15,045,076</u>	<u>\$ 31,058,743</u>

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

CITY OF SALIDA, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Government Activities				
Current:				
General Government	\$ 1,171,674	\$ 82,608	\$ 50,906	\$ -
Public Safety	2,110,806	69,059	64,137	-
Public Works	597,372	29,923	218,466	427,787
Culture, Parks and Recreation	896,382	312,866	-	46,143
Interest on Debt	153,177	-	-	-
TOTAL GOVERNMENT ACTIVITIES	<u>4,929,411</u>	<u>494,456</u>	<u>333,509</u>	<u>473,930</u>
Business - Type Activities				
Current:				
Water Operations	1,189,219	911,884	-	136,488
Sewer Operations	828,925	1,162,832	-	115,907
Theater and Events Center	351,547	183,436	-	27,444
TOTAL BUSINESS - TYPE ACTIVITIES	<u>2,369,691</u>	<u>2,258,152</u>	<u>-</u>	<u>279,839</u>
TOTAL GOVERNMENT	<u>\$ 7,299,102</u>	<u>\$ 2,752,608</u>	<u>\$ 333,509</u>	<u>\$ 753,769</u>
GENERAL REVENUES				
TAXES				
Sales Taxes				
Franchise Taxes				
Lodging Occupation Tax				
INTEREST INCOME				
TRANSFERS IN (OUT)				
OTHER REVENUES				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - Beginning of Year				
NET ASSETS - End of Year				

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (1,038,160)	\$ -	\$ (1,038,160)
(1,977,610)	-	(1,977,610)
78,804	-	78,804
(537,373)	-	(537,373)
(153,177)	-	(153,177)
<u>(3,627,516)</u>	<u>-</u>	<u>(3,627,516)</u>
-	(140,847)	(140,847)
-	449,814	449,814
<u>-</u>	<u>(140,667)</u>	<u>(140,667)</u>
<u>-</u>	<u>168,300</u>	<u>168,300</u>
<u>(3,627,516)</u>	<u>168,300</u>	<u>(3,459,216)</u>
4,775,885	-	4,775,885
287,580	-	287,580
170,304	-	170,304
5,681	21,244	26,925
(87,800)	87,800	-
49,533	-	49,533
<u>5,201,183</u>	<u>109,044</u>	<u>5,310,227</u>
1,573,667	277,344	1,851,011
<u>14,440,000</u>	<u>14,767,732</u>	<u>29,207,732</u>
<u>\$ 16,013,667</u>	<u>\$ 15,045,076</u>	<u>\$ 31,058,743</u>

CITY OF SALIDA, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2010
With Comparative Totals for December 31, 2009

	<u>GENERAL</u>	<u>CONSERVATION TRUST</u>	<u>TOTALS</u>	
			<u>2010</u>	<u>2009</u>
ASSETS				
Cash and Investments	\$ 647,254	\$ 156,914	\$ 804,168	\$ 662,595
Cash with Fiscal Agent	1,835	-	1,835	2,042
Intergovernmental Receivables	1,260,371	-	1,260,371	1,884,190
Accounts Receivable	24,750	-	24,750	34,635
Restricted Cash and Investments	<u>1,145,928</u>	<u>-</u>	<u>1,145,928</u>	<u>686,351</u>
TOTAL ASSETS	<u>\$ 3,080,138</u>	<u>\$ 156,914</u>	<u>\$ 3,237,052</u>	<u>\$ 3,269,813</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 196,011	\$ -	\$ 196,011	\$ 478,117
Other Accrued Liabilities	264	-	264	1,444
Unearned Revenue	15,790	-	15,790	39,350
Accrued Salaries and Benefits	<u>30,562</u>	<u>-</u>	<u>30,562</u>	<u>19,256</u>
TOTAL LIABILITIES	<u>242,627</u>	<u>-</u>	<u>242,627</u>	<u>538,167</u>
FUND BALANCE				
Reserved for TABOR Emergencies	186,054	-	186,054	325,520
Reserved for Capital Expenditures	61,978	-	61,978	-
Reserved for Debt Service	456,316	-	456,316	617,606
Reserved for Economic Development	7,276	-	7,276	14,538
Reserved for Drug Surcharge Expenditures	3,663	-	3,663	3,655
Reserved for Employees	2,411	-	2,411	380
Unreserved	<u>2,119,813</u>	<u>156,914</u>	<u>2,276,727</u>	<u>1,769,947</u>
TOTAL FUND EQUITY	<u>2,837,511</u>	<u>156,914</u>	<u>2,994,425</u>	<u>2,731,646</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,080,138</u>	<u>\$ 156,914</u>	<u>\$ 3,237,052</u>	<u>\$ 3,269,813</u>
TOTAL FUND BALANCE - GOVERNMENTAL FUNDS			\$ 2,994,425	
Capital assets used in governmental activities are not resources and are not reported in the funds:				
Capital Assets			21,065,975	
Accumulated Depreciation			(5,469,668)	
Earned but unpaid accumulated leave balances are not reported in the funds:				
Accrued Compensated Absences			(35,365)	
Long-term liabilities are not due and payable in the current period				
Bonds Payable			(685,000)	
Capital Lease Payable			(1,845,452)	
Accrued Interest Payable			<u>(11,248)</u>	
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES			<u>\$ 16,013,667</u>	

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

CITY OF SALIDA, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	GENERAL	CONSERVATION TRUST	TOTALS	
			2010	2009
REVENUES				
Taxes	\$ 5,233,769	\$ -	\$ 5,233,769	\$ 5,100,576
Licenses and Permits	18,687	-	18,687	20,276
Intergovernmental	761,739	46,143	807,882	2,444,178
Fines and Forfeits	69,059	-	69,059	76,568
Charges for Services	351,677	-	351,677	361,828
Interest Revenue	5,486	195	5,681	13,616
Other	117,773	-	117,773	507,740
TOTAL REVENUES	<u>6,558,190</u>	<u>46,338</u>	<u>6,604,528</u>	<u>8,524,782</u>
EXPENDITURES				
Current				
General Government	982,444	-	982,444	1,037,708
Public Safety	1,993,250	-	1,993,250	1,921,103
Public Works	565,164	-	565,164	579,436
Culture and Recreation	693,087	-	693,087	768,422
Capital Outlay	1,503,976	52,145	1,556,121	4,251,578
Debt Service				
Principal	309,367	-	309,367	2,133,943
Interest	154,516	-	154,516	213,559
TOTAL EXPENDITURES	<u>6,201,804</u>	<u>52,145</u>	<u>6,253,949</u>	<u>10,905,749</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	356,386	(5,807)	350,579	(2,380,967)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(87,800)	-	(87,800)	(100,000)
Debt Proceeds	-	-	-	1,100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(87,800)</u>	<u>-</u>	<u>(87,800)</u>	<u>1,000,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	268,586	(5,807)	262,779	(1,380,967)
FUND BALANCES, Beginning	<u>2,568,925</u>	<u>162,721</u>	<u>2,731,646</u>	<u>4,112,613</u>
FUND BALANCES, Ending	<u>\$ 2,837,511</u>	<u>\$ 156,914</u>	<u>\$ 2,994,425</u>	<u>\$ 2,731,646</u>

(Continued)

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

CITY OF SALIDA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2010

NET CHANGE IN FUND BALANCES - ALL GOVERNMENTAL FUNDS	\$ 262,779
Principal payments on debt are reported as expenditures in the funds and debt proceeds are shown as revenues:	
Principal Payments on Bonds Payable	250,000
Principal Payments on Capital Lease	59,368
Earned but unpaid accumulated leave balances are not reported in the funds:	
Change in Accrued Compensated Absences	(6,705)
Interest is reported on the cash basis in the funds:	
Change in Accrued Interest	1,339
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Capitalized Assets	1,613,985
Depreciation Expense	(593,448)
Loss on Disposal of Capital Assets	(13,651)
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 1,573,667</u>

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

CITY OF SALIDA, COLORADO

**STATEMENT OF NET ASSETS-
PROPRIETARY FUNDS**

December 31, 2010

With Comparative Totals for December 31, 2009

	WATER	SEWER	STEAMPLANT THEATER & EVENTS CENTER	TOTALS	
				2010	2009
ASSETS					
Current Assets					
Cash and Investments	\$ 46,984	\$ 2,102,492	\$ 11,707	\$ 2,161,183	\$ 2,216,023
Accounts Receivable	176,781	289,826	8,924	475,531	595,859
Due from Other Funds	-	250,000	-	250,000	-
Total Current Assets	<u>223,765</u>	<u>2,642,318</u>	<u>20,631</u>	<u>2,886,714</u>	<u>2,811,882</u>
Capital Assets					
Property, Plant and Equipment	11,377,753	10,122,100	1,759,301	23,259,154	21,761,323
Accumulated Depreciation	(3,426,226)	(3,271,397)	(276,546)	(6,974,169)	(6,329,282)
Total Capital Assets	<u>7,951,527</u>	<u>6,850,703</u>	<u>1,482,755</u>	<u>16,284,985</u>	<u>15,432,041</u>
Other Assets					
Other Assets	76,169	-	-	76,169	84,040
Notes Receivable	92,757	-	-	92,757	152,964
Restricted Cash and Investments	347,723	48	-	347,771	942,713
Total Other Assets	<u>516,649</u>	<u>48</u>	<u>-</u>	<u>516,697</u>	<u>1,179,717</u>
TOTAL ASSETS	<u>8,691,941</u>	<u>9,493,069</u>	<u>1,503,386</u>	<u>19,688,396</u>	<u>19,423,640</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	52,012	136,110	6,484	194,606	185,804
Other Accrued Liabilities	-	-	5,470	5,470	33,331
Accrued Interest	12,985	1,141	-	14,126	16,724
Due to Other Funds	250,000	-	-	250,000	-
Deferred Revenue	-	150,000	-	150,000	-
Accrued Salaries and Benefits	2,949	3,307	1,176	7,432	5,252
Current Portion of Long-Term Debt	258,210	60,333	28,502	347,045	393,110
Total Current Liabilities	<u>576,156</u>	<u>350,891</u>	<u>41,632</u>	<u>968,679</u>	<u>634,221</u>
Long-Term Liabilities					
Notes Payable	108,433	128,078	-	236,511	305,055
Refunding and Improvement Bonds	3,005,000	-	-	3,005,000	3,255,000
Capital Lease Payable	-	-	433,130	433,130	461,632
Total Long-Term Liabilities	<u>3,113,433</u>	<u>128,078</u>	<u>433,130</u>	<u>3,674,641</u>	<u>4,021,687</u>
TOTAL LIABILITIES	<u>3,689,589</u>	<u>478,969</u>	<u>474,762</u>	<u>4,643,320</u>	<u>4,655,908</u>
NET ASSETS					
Invested in Capital Assets, net of Related Debt	4,579,884	6,662,292	1,021,123	12,263,299	11,017,244
Restricted Net Assets	347,723	48	-	347,771	942,713
Unrestricted Net Assets	74,745	2,351,760	7,501	2,434,006	2,807,775
TOTAL NET ASSETS	<u>\$ 5,002,352</u>	<u>\$ 9,014,100</u>	<u>\$ 1,028,624</u>	<u>\$ 15,045,076</u>	<u>\$ 14,767,732</u>

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

CITY OF SALIDA, COLORADO

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS**

For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	WATER	SEWER	STEAMPLANT THEATER & EVENTS CENTER	TOTALS	
				2010	2009
OPERATING REVENUES					
Charges for Services	\$ 887,834	\$ 1,149,538	\$ 183,436	\$ 2,220,808	\$ 2,095,912
Miscellaneous	24,050	13,294	-	37,344	15,885
TOTAL OPERATING REVENUES	911,884	1,162,832	183,436	2,258,152	2,111,797
OPERATING EXPENSES					
Operations	556,822	540,560	265,572	1,362,954	1,377,135
Public Works	103,849	67,286	-	171,135	158,385
Depreciation	367,604	212,182	65,100	644,886	576,768
TOTAL OPERATING EXPENSES	1,028,275	820,028	330,672	2,178,975	2,112,288
OPERATING INCOME (LOSS)	(116,391)	342,804	(147,236)	79,177	(491)
NON-OPERATING REVENUE (EXPENSE)					
Intergovernmental	-	-	-	-	1,176,966
Interest Revenue	5,580	15,664	-	21,244	41,131
Resource Fees	54,400	-	-	54,400	78,072
System Development Fees	82,088	115,907	-	197,995	115,837
Donations/Contributions	-	-	27,444	27,444	54,930
Transfers In	-	-	87,800	87,800	100,000
Interest Expense	(160,944)	(8,897)	(20,875)	(190,716)	(205,660)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(18,876)	122,674	94,369	198,167	1,361,276
NET INCOME (LOSS)	(135,267)	465,478	(52,867)	277,344	1,360,785
NET ASSETS - Beginning	5,137,619	8,548,622	1,081,491	14,767,732	13,406,947
NET ASSETS - Ending	\$ 5,002,352	\$ 9,014,100	\$ 1,028,624	\$ 15,045,076	\$ 14,767,732

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

CITY OF SALIDA, COLORADO

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	WATER	SEWER	STEAMPLANT THEATER & EVENTS CENTER	TOTAL	
				2010	2009
Cash Flows From Operating Activities:					
Cash Received from Customers	\$ 905,281	\$ 1,424,056	\$ 199,143	\$ 2,528,480	\$ 2,058,528
Cash Paid to Suppliers and Employees	(768,724)	(509,003)	(273,239)	(1,550,966)	(1,383,459)
Net Cash Provided (Used) by Operating Activities	<u>136,557</u>	<u>915,053</u>	<u>(74,096)</u>	<u>977,514</u>	<u>675,069</u>
Cash Flows From Noncapital Financing Activities:					
Notes Receivable Advances	60,207	-	-	60,207	63,948
Cash Received (Paid To) Other Funds	250,000	(250,000)	87,800	87,800	100,000
Property Taxes Received	-	-	-	-	354
Cash Flows Provided (Used) by Noncapital Financing Activities	<u>310,207</u>	<u>(250,000)</u>	<u>87,800</u>	<u>148,007</u>	<u>164,302</u>
Cash Flows From Capital and Related Financing Activities:					
System Development/Resources Fees	136,488	115,907	-	252,395	193,909
Interest Paid	(155,286)	(9,282)	(20,875)	(185,443)	(137,709)
Additions to Fixed Assets, Net	(304,339)	(1,193,491)	-	(1,497,830)	(2,298,086)
Principal Paid on Long-Term Debt	(307,819)	(57,991)	(27,301)	(393,111)	(1,233,858)
Grants Received	-	-	27,444	27,444	1,236,941
Cash Flows Used by Capital and Related Financing Activities	<u>(630,956)</u>	<u>(1,144,857)</u>	<u>(20,732)</u>	<u>(1,796,545)</u>	<u>(2,238,803)</u>
Cash Flows (Uses) From Investing Activities:					
Interest Received	5,580	15,664	-	21,244	41,131
Net Increase (Decrease) in Cash	(178,612)	(464,140)	(7,028)	(649,780)	(1,358,301)
Cash - Beginning	573,319	2,566,680	18,735	3,158,734	4,517,037
Cash - Ending	<u>\$ 394,707</u>	<u>\$ 2,102,540</u>	<u>\$ 11,707</u>	<u>\$ 2,508,954</u>	<u>\$ 3,158,736</u>
Cash and Investments	\$ 46,984	\$ 2,102,492	\$ 11,707	\$ 2,161,183	\$ 2,216,023
Restricted Cash and Investments	347,723	48	-	347,771	942,713
Total Cash - Ending	<u>\$ 394,707</u>	<u>\$ 2,102,540</u>	<u>\$ 11,707</u>	<u>\$ 2,508,954</u>	<u>\$ 3,158,736</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ (116,391)	\$ 342,804	\$ (147,236)	\$ 79,177	\$ (491)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation Expense	367,604	212,182	65,100	644,886	576,768
(Increase) Decrease in:					
Accounts Receivable	(6,603)	111,224	15,707	120,328	(103,269)
Intergovernmental Receivables	-	-	-	-	50,000
Increase (Decrease) in:					
Accounts Payable	(75,350)	98,029	(13,107)	9,572	128,367
Other Accrued Liabilities	(33,331)	-	5,470	(27,861)	33,331
Accrued Interest	-	(768)	-	(768)	-
Deferred Revenue	-	150,000	-	150,000	-
Accrued Salaries and Benefits	628	1,582	(30)	2,180	(9,637)
Total Adjustments	<u>252,948</u>	<u>572,249</u>	<u>73,140</u>	<u>898,337</u>	<u>675,560</u>
Net Cash Provided by Operating Activities	<u>\$ 136,557</u>	<u>\$ 915,053</u>	<u>\$ (74,096)</u>	<u>\$ 977,514</u>	<u>\$ 675,069</u>
Noncash assets donated	-	-	-	-	14,603

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

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Function of the Organization

The City of Salida, Colorado (the City) is organized as a statutory city under the constitution of the State of Colorado. The City operates under a council-mayor form of government and provides the following services: public safety (fire and police), public works, culture-recreation, public improvements, planning and zoning, water and sewer, and general administrative services.

Reporting Entity

The City is organized under Colorado statutes for Cities. Management of the City is independent of other state or local governments. The County Treasurer collects taxes for the City, but exercises no control over its expense/expenditure.

The membership of the Council consists of six members and a mayor elected by the public. The Council has broad control responsibilities including the approval of the annual budget, establishment of a system of accounting and budgetary control, acquisition and disposition of property, and the establishment, organization and operation of City utilities.

In accordance with governmental accounting standards, the City has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of these criteria, the City does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are not assessed by the City and therefore are not included in these financial statements. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Operating expenses for enterprise 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 nonoperating revenues and expenses.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund (Conservation Trust Fund) - This fund accounts for funds received through the State of Colorado Lottery/ Conservation Trust Fund program. These funds are required to be spent on parks and recreation. This type of fund is used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are restricted to expenditures for specified purposes.

The City also reports the following major proprietary funds:

Water, Sewer, and Steam Plant Theater Funds - These funds account for the activities related to offering services to the City's residents.

Budgetary Data

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary comparisons presented for the proprietary funds are presented on a non-GAAP budgetary basis. Under this basis debt proceeds are recognized as revenues for budget purposes. Capital outlays and debt principal payments are recognized as expenditures, while depreciation is not budgeted. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- o Budgets are required by state law for all funds. By October 15, the City Administrator submits to the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- o Public hearings are conducted by the City Council to obtain taxpayer comments.
- o Prior to December 15, the budget is adopted by formal resolution.
- o The City Administrator is authorized to transfer budgeted amounts between departments of any budgeted fund; however, any revisions that alter the total expenditures of any budgeted fund must be approved by the City Council.
- o Expenditures may not legally exceed appropriations at the fund level.
- o Budgeted amounts reported in the accompanying financial statements are as originally adopted or as revised by the City Council.
- o Encumbrance accounting is not utilized.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity

Cash – The City pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest bearing accounts which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – The City’s capital assets are recorded at original cost. Donated assets are listed at their fair value at the date of donation. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

It is the policy of the City to capitalize all fixed assets costing more than \$5,000 with an estimated useful life of two or more years.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Collection, Transmission and Distribution systems -	50 years
Infrastructure -	15 to 30 years
Buildings and Improvements -	20 to 50 years
General Equipment -	5 to 30 years

The City began recording and depreciating infrastructure in 2003. The City has not retroactively added infrastructure acquired prior to January 1, 2003.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Vacation, Sick Leave, Salary Related Payments, and Other Compensated Absences – City employees are entitled to certain compensated absences based on their length of employment. Employees are allowed to accumulate benefits up to predetermined maximums and may be compensated for these accumulated benefits either through paid time off or, in the case of vacation, are paid at termination or retirement.

Net Assets/Fund Balances – Net assets in the government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through state statute. In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable, are legally segregated for a specific purpose, or are restricted by the grant agreement. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures

Revenues and Expenditures - Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end, outstanding balances between funds are reported as "due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 2: CASH AND INVESTMENTS

Cash and Investments at December 31, 2010 were:

Type	Rating	Carrying Value
Deposits:		
Demand deposits		\$ 53,163
Country Treasurer		1,835
Cash on hand		2,109
		<u>57,107</u>
Investments:		
Certificates of Deposit		343,775
Colostrust	AAAm by S & P	4,060,003
		<u>4,403,778</u>
Total deposits and investments		\$ 4,460,885
Reconciliation to Statement of Net Assets		
Current:		
Cash and Investments		\$ 2,965,351
Cash with Fiscal Agent		1,835
Restricted Cash and Investments		1,493,699
		<u>\$ 4,460,885</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2010, all of the City's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

The City considers all cash held in checking and savings accounts, Colostrust, and all certificates of deposits as cash and cash equivalents.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

Credit Risk - Investments

Colorado statutes specify which instruments units of local government may invest, which include:

- o Obligations of the United States and certain U.S. government agency securities
- o Certain international agency securities
- o General obligation and revenue bonds of the U.S. local government entities
- o Bankers' acceptances of certain banks
- o Commercial paper
- o Local government investment pools
- o Written repurchase agreements collateralized by certain authorized securities
- o Certain money market funds
- o Guaranteed investment contracts

The City does not have an investment policy that would further limit its investment choices.

During the year ended December 31, 2010, the City invested \$4,060,003 in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes.

The City has restricted cash and investments for capital expenditures and as required by loan agreements or provisions of the Salida Municipal Code as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Restricted for:				
Capital Improvements	\$ -	\$ 3,947	\$ 48	\$ 3,995
Debt Service	456,316	343,775	-	800,091
Contingency 15%/TABOR	676,262	-	-	676,262
Employees	2,411	-	-	2,411
Drug Surcharge Expenditures	3,663	-	-	3,663
Economic Development	7,276	-	-	7,276
	<u>\$ 1,145,928</u>	<u>\$ 347,722</u>	<u>\$ 48</u>	<u>\$ 1,493,698</u>

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3: CAPITAL ASSETS

A summary of changes in governmental activity capital assets for the year is as follows:

GOVERNMENTAL ACTIVITIES:	Balance 12/31/2009	Additions/ Transfers In	Deletions/ Transfers Out	Balance 12/31/2010
Capital assets not being depreciated:				
Land and Right-of-Way	\$ 3,568,654	\$ 174,284	\$ -	\$ 3,742,938
Construction in progress	2,874,410	163,303	(2,852,708)	185,005
Total capital assets not being depreciated	6,443,064	337,587	(2,852,708)	3,927,943
Capital assets being depreciated:				
Buildings	3,279,529	2,923,412	(70,050)	6,132,891
Gen Govt Land Improvements	4,384,297	447,329	-	4,831,626
Park Land Improvements	2,224,228	660,010	-	2,884,238
Total Infrastructure	6,608,525	1,107,339	-	7,715,864
General Equipment	715,654	87,245	-	802,899
Fire Equipment	196,175	11,110	-	207,285
Equipment	911,829	98,355	-	1,010,184
Fire Vehicles	952,347	-	-	952,347
Other Vehicles	1,326,746	-	-	1,326,746
Total Vehicles	2,279,093	-	-	2,279,093
Total capital assets being depreciated	13,078,976	4,129,106	(70,050)	17,138,032
Total Capital Assets	\$ 19,522,040	\$ 4,466,693	\$ (2,922,758)	\$ 21,065,975
Accumulated depreciation:				
Buildings	\$ (1,559,595)	\$ (177,434)	\$ 56,399	\$ (1,680,630)
Gen Govt Land Improvements	(653,811)	(92,583)	-	(746,394)
Park Land Improvements	(779,603)	(103,910)	-	(883,513)
Total Infrastructure	(1,433,414)	(196,493)	-	(1,629,907)
General Equipment	(429,446)	(48,862)	-	(478,308)
Fire Equipment	(166,797)	(15,226)	-	(182,023)
Total Equipment	(596,243)	(64,088)	-	(660,331)
Fire Vehicles	(684,631)	(41,890)	-	(726,521)
Other Vehicles	(658,736)	(113,543)	-	(772,279)
Total Vehicles	(1,343,367)	(155,433)	-	(1,498,800)
Total capital assets being depreciated	(4,932,619)	(593,448)	56,399	(5,469,668)
Net capital assets	\$ 14,589,421	\$ 3,873,245	\$ (2,866,359)	\$ 15,596,307

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation has been recorded against the various governmental activities as follows:

General Government	\$187,674
Public Safety	114,401
Public Works	89,177
Culture, Parks and Recreation	202,196
	<u>\$593,448</u>

A summary of changes in business-type activity capital assets for the year is as follows:

	<u>Balance December 31, 2009</u>	<u>Additions/ Transfers</u>	<u>Deletions</u>	<u>Balance December 31, 2010</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 76,027	\$ -	\$ -	\$ 76,027
Water Rights	1,377,379	14,141	-	1,391,521
Work in Process	1,444,131	1,007,478	127,444	2,324,165
Capital assets being depreciated:				
Lines	8,405,454	210,174	9,154	8,606,474
Structures	7,854,883	135,086	-	7,989,969
Equipment	2,603,449	267,550	-	2,870,999
Total Capital Assets	<u>21,761,323</u>	<u>1,634,429</u>	<u>136,598</u>	<u>23,259,154</u>
Accumulated depreciation:				
Lines	(2,419,421)	(243,550)	-	(2,662,971)
Structures	(2,874,799)	(212,240)	-	(3,087,039)
Equipment	(1,035,063)	(189,096)	-	(1,224,159)
Total Accumulated Depreciation	<u>(6,329,283)</u>	<u>(644,886)</u>	<u>-</u>	<u>(6,974,169)</u>
Net Capital Assets	<u>\$ 15,432,040</u>	<u>\$ 989,543</u>	<u>\$ 136,598</u>	<u>\$ 16,284,985</u>

Depreciation has been charged to the various business-type activities as follows:

Depreciation allocated to:

	<u>Depreciation Expense</u>
Water Operations	\$ 367,604
Sewer Operations	212,182
Culture/Recreation Operations	65,100
Total Depreciation	<u>\$ 644,886</u>

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4: LONG-TERM DEBT

Governmental Activities - The following summarizes the changes in the City's governmental long-term debt activity for the year ended December 31, 2010:

	Balance January 1, 2010	Issued	Retired	Balance December 31, 2010	Due Within One Year
Governmental Activities					
1994 General Obligation Bonds	\$ 145,000	\$ -	\$ 25,000	\$ 120,000	\$ 25,000
1996 General Obligation Bonds	160,000	-	30,000	130,000	30,000
1998 Sales Tax Revenue Bonds	630,000	-	195,000	435,000	435,000
2008 Community Services Complex Lease Purchase	849,822	-	26,245	823,577	27,711
2009 Community Services Complex Lease Purchase	1,054,998	-	33,123	1,021,875	34,918
	\$ 2,839,820	\$ -	\$ 309,368	\$ 2,530,452	\$ 552,629

Issue: General Obligation Limited Tax Water Bonds, 1994 Series

Original Amount: \$370,000

Interest: 5.50% to 7.10%

Purpose: To pay the costs of certain water system improvements and hot springs pool improvements including the costs of a major water transmission line to transport geothermal water.

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 25,000	\$ 8,520	\$ 33,520	95,000
2012	30,000	6,745	36,745	65,000
2013	30,000	4,615	34,615	35,000
2014	35,000	2,485	37,485	-
	<u>\$ 120,000</u>	<u>\$ 22,365</u>	<u>\$ 142,365</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Issue: General Obligation Limited Tax Water Bonds, 1996 Series

Original Amount: \$410,000

Interest: 4.50% to 6.00%

Purpose: To pay the costs of certain water system improvements and hot springs pool improvements including the costs of a major water transmission line to transport geothermal water.

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 30,000	\$ 7,800	\$ 37,800	100,000
2012	30,000	6,000	36,000	70,000
2013	35,000	4,200	39,200	35,000
2014	35,000	2,100	37,100	-
	<u>\$ 130,000</u>	<u>\$ 20,100</u>	<u>\$ 150,100</u>	

Issue: Sales Tax Revenue Refunding Bonds, Series 1998

Original Amount: \$1,925,000

Interest: 4.10% to 4.90%

Purpose: To refinance the outstanding Sales Tax Revenue Refunding Bonds Series 1998

Reserve Requirement is the least of:

- (i) 10% of the principal amount of the outstanding bonds
- (ii) the maximum annual debt service in any calendar year on the outstanding bonds
- (iii) 125% of the average annual debt service on the outstanding bonds

The reserve requirement is to be calculated every 5 years

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 435,000	\$ 21,315	\$ 456,315	-
	<u>\$ 435,000</u>	<u>\$ 21,315</u>	<u>\$ 456,315</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Issue: 2008 Community Services Complex Lease Purchase - General Fund

Original Amount: \$875,000

Interest: 5.51%

Purpose: To acquire and renovate the Community Services Complex

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 27,711	\$ 45,002	\$ 72,713	\$ 795,866
2012	29,259	43,454	72,713	766,607
2013	30,893	41,820	72,713	735,714
2014	32,619	40,094	72,713	703,095
2015	34,441	38,272	72,713	668,654
2016-2020	203,303	160,262	363,565	465,351
2021-2025	266,792	96,773	363,565	198,559
2026-2028	198,559	19,580	218,139	
	<u>\$ 823,577</u>	<u>\$ 485,257</u>	<u>\$ 1,308,834</u>	

Issue: 2009 Community Services Complex Lease Purchase - General Fund

Original Amount: \$1,100,000

Interest: 5.35%

Purpose: To acquire and renovate the Community Services Complex

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 34,918	\$ 54,210	\$ 89,128	\$ 986,957
2012	36,811	52,317	89,128	950,146
2013	38,807	50,321	89,128	911,339
2014	40,911	48,217	89,128	870,428
2015	43,129	45,999	89,128	827,299
2016-2020	253,361	192,279	445,640	573,938
2021-2025	329,903	115,737	445,640	244,035
2026-2028	244,035	23,349	267,384	
	<u>\$ 1,021,875</u>	<u>\$ 582,429</u>	<u>\$ 1,604,304</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities

The following summarizes the changes in the City's business-type long-term debt activity for the year ended December 31, 2010:

	<u>January 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>December 31, 2010</u>	<u>Due Within One Year</u>
Business-Type Activities					
1990 General Obligation Bonds	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ -
2001 DOLA Note Payable - Water	124,462	-	7,819	116,643	8,210
2003 CWRPDA Loan Agreement	246,402	-	57,990	188,412	60,333
2007 Water & Sewer Refunding and Improvement Bonds	3,490,000	-	235,000	3,255,000	250,000
2008 SteamPlant Theater & Event Center Lease Purchase	488,933	-	27,301	461,632	28,502
Bond Disc./Issue Costs, Net	(84,041)	-	(7,871)	(76,170)	-
	<u>\$ 4,330,756</u>	<u>\$ -</u>	<u>\$ 385,239</u>	<u>\$ 3,945,517</u>	<u>\$ 347,045</u>

Issue: General Obligation Limited Water Refunding Bonds, Series 1990

Original Amount: \$710,000

Interest: 7.85% to 8.00%

Purpose: To restructure the City's 1987 G.O. Water Bonds and to provide improvements to the current water system. Planned improvements included the repair of a one million gallon storage tank, replacement of water lines, and upgrading of the chlorine and treatment processes of the City's water system.

Reserve requirements: None.

The bonds were entirely paid off in 2010.

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities(Continued)

Issue: 2001 Division of Local Affairs (DOLA), Energy Impact Assistance Loan

Original Amount: \$175,000

Interest: 5.00%

Purpose: The construction of a one million gallon steel tank for treated water storage and installation of approximately 9,300 linear feet of water transmission line from the tank to the existing distribution system for the City.

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 8,210	\$ 5,832	\$ 14,042	\$ 108,433
2012	8,621	5,421	14,042	99,812
2013	9,052	4,990	14,042	90,760
2014	9,504	4,538	14,042	81,256
2015	9,980	4,062	14,042	71,276
2016-2020	57,902	12,308	70,210	13,374
2021	13,374	668	14,042	-
	<u>\$ 116,643</u>	<u>\$ 37,819</u>	<u>\$ 154,462</u>	

**Issue: 2003 Colorado Water Resources and Power Development Authority
Water Pollution Control Revolving Fund Note**

Original Amount: \$550,000

Interest: 4.00%

Purpose: Construction of improvements to the existing wastewater treatment plant including installation of sludge digesters, a high solids centrifuge, and other associated appurtances

Reserve Requirement: An operating and maintenance reserve fund is to be established in an amount equal to three months of operations and maintenance expenses, excluding depreciation. Said reserve may be in the form of unobligated fund balance or other unobligated cash or securities. The entire remaining principal due at December 31, 2010 was paid in January 2011.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 60,333	\$ 6,939	\$ 67,272	\$ 128,079
2012	62,771	4,501	67,272	65,308
2013	65,308	1,964	67,272	-
	<u>\$ 188,412</u>	<u>\$ 13,404</u>	<u>\$ 201,816</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Issue: Water and Sewer Refunding and Improvement Revenue Bonds, 2007

Original Amount: \$3,940,000

Interest: 4.00%

Purpose: (i) To finance capital additions to the water system for the purpose of increasing capacity to serve customers and improving the reliability of the water system and (ii) the refunding, paying, and discharging the City's outstanding Water and Sewer Revenue Bonds Series 1996

Reserve Requirement: To be maintained in an amount equal to the least of (a) the maximum annual payments of principal and interest on the 2007 Bonds and all Parity Lien Bonds or (b) the maximum amount which may be credited to the Reserve Account and allow such account to qualify as a "reasonably required reserve or replacement fund" under Section 148(d) of the Code to prevent deficiencies in the payment of the Series 2007 Bonds. The minimum reserve requirement at December 31, 2009 was \$343,552; the City has exceeded this requirement by reserving \$343,605 on that date.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 250,000	\$ 134,463	\$ 384,463	\$ 3,005,000
2012	260,000	124,462	384,462	2,745,000
2013	250,000	114,063	364,063	2,495,000
2014	275,000	101,562	376,562	2,220,000
2015	275,000	90,563	365,563	1,945,000
2016-2020	795,000	323,787	1,118,787	1,150,000
2021-2025	785,000	179,688	964,688	365,000
2026-2027	365,000	23,375	388,375	
	<u>\$ 3,255,000</u>	<u>\$ 1,091,963</u>	<u>\$ 4,346,963</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Issue: 2008 SteamPlant Theater and Event Center Lease Purchase

Original Amount: \$530,000

Interest: 4.70%

Purpose: To finance the renovation and expansion costs of the SteamPlant Theater and Events Center

Reserve requirement: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2011	\$ 28,502	\$ 19,773	\$ 48,275	\$ 433,130
2012	29,703	18,572	48,275	403,427
2013	31,061	17,214	48,275	372,366
2014	32,427	15,848	48,275	339,939
2015	33,853	14,422	48,275	306,086
2016-2020	192,886	48,489	241,375	113,200
2021-2023	113,200	7,487	120,687	-
	<u>\$ 461,632</u>	<u>\$ 141,805</u>	<u>\$ 603,437</u>	

NOTE 5: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions and employee health claims. The City provides for this risk of loss through their participation in the Colorado Intergovernmental Risk Sharing Agency (CIRSA) and the purchase of commercial insurance. The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against CIRSA, their employees or officers. The City recognizes as an expense/expenditure the amounts paid to CIRSA annually for these coverages. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the City.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 5: RISK MANAGEMENT (Continued)

It is the intent of the members of CIRSA to create an entity in perpetuity, which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, and member of CIRSA against stated liability or loss to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the City does not approve its budget, nor does it have the ability to significantly affect the operations of the unit. CIRSA is a combination of the Colorado Intergovernmental Risk Sharing Agency Property and Casualty Pool and the Colorado Intergovernmental Risk Sharing Agency for Worker's Compensation.

The City has not materially changed its coverage from previous years. Based on the lack of previous loss occurrences, the City has not recorded any liability for unpaid claims at December 31, 2010.

NOTE 6: FUND EQUITY

Certain portions of fund equity have been reserved that represent funds not available for appropriation in the subsequent year. In addition, the City has designated portions of their unreserved fund equity for certain subsequent year's expenditures which can be appropriated in future years. The following is a description of these reserves and designations:

RESERVATIONS OF FUND EQUITY

Reserve for debt service

The reserve for debt service in the general fund represents the reserve required for future interest and principal payments on the general obligation bonds. The reserve for debt service between the water operations and sewer operations of the Water Activity Enterprise Fund represents the reserve required to be maintained under provisions of the bond indenture.

Reserve for emergencies

This represents approximately 3% of the City's estimated 2010 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, these reserves can be used for declared emergencies only.

Reserve for capital

This represents the portion of the enterprise fund equity reserved for capital improvements and expenditures, as defined in the Salida Municipal code.

Other Reserves

Other reserves consist of amounts for Economic Development (as defined in the Salida Municipal Code), Drug Surcharge (amounts received under Federal drug enforcement activities), and Employees (unspent amounts collected under the employee's health care spending plan).

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 6: FUND EQUITY (Continued)

GASB 54, FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

While the City does not intend to present its governmental balance sheet in the format required by GASB 54 until December 31, 2011, it has identified the December 31, 2010 categories to be presented as follows:

		<u>2010</u>
Restricted	TABOR	\$ 186,054
	Fed seizures	\$ 3,663
	Debt service	\$ 456,316
Committed	Sales tax	\$ 490,743
	Economic Development	\$ 7,276
Assigned	Conservation Trust Fund	\$ 139,064
	Employees	\$ 2,411

NOTE 7: INTERFUND TRANSACTIONS

DUE TO/FROM FUNDS

At December 31, the following balances existed between funds to offset cash flow shortages:

<u>Due From</u>		<u>Due To</u>
Water Fund	Sewer Fund	<u>\$250,000</u>

TRANSFERS

During 2010, the City made the following budgeted transfer:

General Fund to SteamPlant Theater Events Fund	<u>\$87,800</u>
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CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8: PENSION PLANS

The City participates in various retirement plans as follows:

OLD-HIRE FIRE PLAN

Plan description - The City of Salida, on behalf of its full-time, paid firefighters hired prior to April 7, 1978, contributes to the City of Salida old-hire fire plan, a defined benefit pension plan which is affiliated with the Colorado Fire and Police Member's Benefit Association (FPPA). Assets of the plan are commingled for investment purposes in the Fire and Police Members' Benefit Fund, an agent, multiple-employer defined benefit pension plan administered by FPPA. As outlined in Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, the plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the City of Salida. FPPA issues a publicly available annual financial report that includes the assets of the City of Salida old-hire fire plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at (303) 770-3772 in the Denver metro area, or 1-800-322-3772 from outside the metro area.

Funding Policy - Plan members and the City of Salida are required to contribute at a rate set by statute. Since all plan members are presently retired, no plan member contributions have been made for the last three years. The City of Salida's contributions to the pension plan fund for the years ended December 31, 2010, 2009 and 2008 were \$-0-, \$-0- and \$-0-. These contribution amounts have been actuarially determined and were equal to the required contribution for each year.

Annual Pension Cost/Actuarial Information - For the year ended December 31, 2010, the City of Salida's annual pension cost of \$0 for the old-hire fire plan was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions used in the valuation at January 1, 2008 were (a) life expectancy of participants obtained from the 1994 group annuity mortality table set back two years and increased at each age by .0002 for fire and police experience; (b) retirement age assumption of age 50 and 20 years experience; (c) salary increases of 3.5% for inflation and 9.75% downgraded to .5% by years of service for merit raises; and (d) investment return of 8.0% per year net of operating expenses. The plan asset valuation method used was based on a three-year moving average of expected and actual market values as adjusted for various factors outlined in the actuarial study.

The actuarial valuation utilized a level dollar amortization over a closed period of the longer of: (i) the years remaining until 2022, or (ii) 10 years from the valuation date; but in no case longer than the average remaining life expectancy of the covered group.

The plan was updated as of 1/1/2010, which affects funding contributions for 2011 and 2012. The updated plan included a change in the method used for amortization from the method described in the preceding paragraph to amortizing over the lesser of 20 years or the remaining life expectancy of the covered group. The annual required contribution for 2011 and 2012 is \$2,386.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8: PENSION PLANS (Continued)

OLD-HIRE FIRE PLAN (Continued)

The table below represents the required disclosures for the most recent actuarial valuation and the two preceding valuations:

Actuarial Valuation Date	Net Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Covered Payroll
1/1/2010	\$ 228,808	\$ 248,446	\$ (19,638)	92.1%	\$ -	\$ -
1/1/2008	296,097	262,994	33,103	112.6%	-	-
1/1/2006	289,599	282,186	7,413	102.6%	-	-

OLD-HIRE POLICE PLAN

Plan Description - The City of Salida, on behalf of its full-time, paid police officers hired prior to April 7, 1978, contributes to the City of Salida old-hire police plan, a defined plan affiliated with the Colorado Fire and Police Pension Association of the plan are commingled for investment purposes in the Fire and Benefit Fund, an agent multiple-employer defined benefit pension plan FPPA. As outlined in Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, the plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the City of Salida. FPPA issues a publicly available annual financial report that includes the assets of the City of Salida old-hire police plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at (303) 770-3772 in the Denver metro area or 1 800-332-3772 from outside the metro area.

Funding Policy - Plan members and the City of Salida are required to contribute at a rate set by statute. The City is required to contribute at an actuarially determined rate; the current rate is 4.55% of covered salaries. The City of Salida's contributions to the pension fund for the years ended December 31, 2010, 2009 and 2008, were \$35,998, \$35,998, and \$46,130. The contributions of the City of Salida were equal to the required contribution for each year.

Annual Pension Cost/Actuarial Information - For the year ended December 31, 2010, the City of Salida's annual pension cost of \$35,998 for the old-hire police plan was equal to the City's required and actual contribution. The required contribution was determined as part of the January 1, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions used in the valuation at January 1, 2008 were (a) life expectancy of participants obtained from the 1994 group annuity mortality table set back two years and increased at each age by .0002 for fire and police experience; (b) retirement age assumptions of age 55 and 20 years of service or upon completion of 25 years of service if earlier; (c) salary increases of 3.5% for inflation and 9.75% downgraded to 1.25% by years of service for merit raises; and (e) investment return of 8.0% net of operating expenses. The plan asset valuation method used was based on a three-year moving average of expected and actual market values as adjusted for various factors outlined in the actuarial study.

The actuarial valuation utilized a level dollar amortization over a closed period of the longer of: (i) the years remaining until 2022, or (ii) 10 years from the valuation date; but in no case longer than the average remaining life expectancy of the covered group.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8: PENSION PLANS (Continued)

OLD-HIRE POLICE PLAN (Continued)

The plan was updated as of 1/1/2010, which affects funding contributions for 2011 and 2012. The updated plan included a change in the method used for amortization from the method described in the preceding paragraph to amortizing over the lesser of 20 years or the remaining life expectancy of the covered group. The annual required contribution for 2011 and 2012 is \$49,069.

The table below represents the required disclosures for the most recent actuarial valuation and the two preceding valuations:

Actuarial Valuation Date	Net Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Covered Payroll
1/1/2010	\$ 845,832	\$ 1,333,608	\$ (487,776)	63.4%	\$ -	n/a
1/1/2008	1,055,166	1,373,164	(317,998)	76.8%	-	n/a
1/1/2006	1,008,884	1,425,499	(416,615)	70.8%	-	n/a

NEW-HIRE FIRE AND POLICE

The City of Salida contributes to this statewide, defined benefit pension plan which is a cost-sharing, multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The statewide defined benefit plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the statewide death and disability plan that is a non-contributory plan which is also administered by FPPA. All full-time paid police officers and firefighters of the City of Salida hired after April 7, 1978, are members of the statewide defined benefit plan and the statewide death and disability plan. Title 31, Article 30 of the Colorado Revised Statutes (CR5), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for both the statewide defined benefit plan and the statewide death and disability plan. The report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111, or by calling FPPA at (303) 770-3772 in the Denver metro area or 1-800-332-3772 from outside the metro area.

Plan members and the City of Salida are required to contribute at a rate set by statute. The contribution requirements of plan members and the City of Salida are established under Title 31, Article 30, Part 10 of the CRS, as amended. The contribution rate for members is 8% of covered salary. The City of Salida's contributions to the statewide benefit plan for the years ended December 31, 2010, 2009, and 2008 were \$86,752 \$92,088, and \$81,458 equal to their required contributions for each year.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8: PENSION PLANS (Continued)

DEFINED CONTRIBUTION PLANS

The City contributes to a simplified employee pension (SEP) on behalf of all full-time employees, except full-time fire and police personnel. The plan is administered by FTJ Fund Choice and provides that the City contributes 3% for each full-time employee and then will match employee Section 457 contributions up to an additional 3% of each employee's compensation with the City's contribution totaling \$77,711 during 2010.

NOTE 9: TAXPAYER'S BILL OF RIGHTS AND ELECTION QUESTION

At the November 3, 1992 general election, Colorado voters approved an amendment to the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (the Amendment). The Amendment was effective December 31, 1992, and its provisions limit government taxes, spending, revenues and debt without electoral approval.

The Amendment by its terms applies to local governments, such as the City, but excludes "enterprises" which are defined as a (1) government owned business, (2) authorized to issue its own debt and (3) receives less than 10% of its annual revenue in grants from all state and local governments. The City considers its Water, Sewer, and SteamPlant Funds to be "enterprise" funds and, therefore, considers them excluded from the terms of the Amendment.

In November 1993, an election question was put before and approved by the Citizen's of Salida. The election question asked the citizens for the City to retain the ability to collect and retain certain revenues generated without any increase in any tax rate and expenditures and revenues on debt service, municipal operations and capital projects without the limitation of the Amendment.

For 2010, the City was required to reserve 3% of its fiscal year spending as "emergency reserves". Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Tabor emergency reserve of \$186,054 has been recorded as reserved net assets in the General Fund.

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 10: COMPLIANCE WITH STATE STATUTES

Expenditures exceeded appropriations in the following fund which may be a violation of State statutes:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Expenditures in Excess of Appropriations</u>
Conservation Trust Fund	\$33,500	\$52,145	\$(18,645)

NOTE 11: COMMITMENTS

The City intends to enter into a Drinking Water Revolving Loan Agreement subsequent to December 31, 2010 with the Colorado Water Resources and Power Development Authority ("CWRPD") and to enter into an interim financing loan agreement with a commercial lender. The financing agreements have not been finalized at March 4, 2011 contingent upon finalization of underlying construction agreements.

NOTE 12: SUBSEQUENT EVENTS

The City has performed an evaluation of subsequent events through March 4, 2011, which is the date the financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALIDA, COLORADO

**BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND**

For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	2010			VARIANCE POSITIVE (NEGATIVE)	2009 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes:					
Specific Ownership Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,135
City Sales Tax	3,485,000	3,310,750	3,415,004	104,254	3,460,339
County Sales Tax	1,211,000	1,284,600	1,360,881	76,281	1,232,600
Lodging Occupation Tax	170,000	170,000	170,304	304	108,747
Delinquent Taxes and Interest	-	-	-	-	1,171
Franchise Taxes	256,000	256,000	287,580	31,580	294,584
Total Taxes	<u>5,122,000</u>	<u>5,021,350</u>	<u>5,233,769</u>	<u>212,419</u>	<u>5,100,576</u>
Licenses and Permits:					
Liquor Licenses	14,000	14,000	10,901	(3,099)	11,513
Permits	7,000	7,000	3,736	(3,264)	5,250
Business Licenses	52,500	2,500	2,375	(125)	2,455
Animal Licenses	2,000	2,000	1,675	(325)	1,058
Total Licenses and Permits	<u>75,500</u>	<u>25,500</u>	<u>18,687</u>	<u>(6,813)</u>	<u>20,276</u>
Intergovernmental:					
Cigarette Taxes	26,000	26,000	23,565	(2,435)	23,889
Motor Vehicle Registrations	26,000	26,000	25,110	(890)	22,856
Federal Grants	94,878	8,500	(5,863)	(14,363)	912,176
State Grants	509,194	517,400	427,787	(89,613)	1,154,313
Highway Users Taxes	198,585	198,600	210,067	11,467	186,468
Severance Taxes	17,000	17,000	2,674	(14,326)	17,190
South Ark. Fire District	70,000	70,000	70,000	-	70,000
County Road & Bridge	7,000	7,000	5,799	(1,201)	5,408
State Highway 291	2,600	2,600	2,600	-	2,600
Total Intergovernmental	<u>951,257</u>	<u>873,100</u>	<u>761,739</u>	<u>(111,361)</u>	<u>2,394,900</u>
Fines and Forfeits:					
Court Fines	80,000	80,000	57,348	(22,652)	65,507
Parking Fines	12,000	12,000	11,711	(289)	11,061
Total Fines and Forefeits	<u>92,000</u>	<u>92,000</u>	<u>69,059</u>	<u>(22,941)</u>	<u>76,568</u>
Charges for Services:					
Charges for Services	30,000	33,000	25,179	(7,821)	23,567
Vital Statistics Records	16,000	16,000	13,632	(2,368)	14,389
Hot Springs Pool Fees	330,000	330,000	274,070	(55,930)	277,479
Other Parks and Recreation Fees	50,000	50,000	38,796	(11,204)	46,393
Total Charges for Services	<u>426,000</u>	<u>429,000</u>	<u>351,677</u>	<u>(77,323)</u>	<u>361,828</u>
Interest Revenue:	<u>30,000</u>	<u>30,000</u>	<u>5,486</u>	<u>(24,514)</u>	<u>13,551</u>
Miscellaneous:					
Rents and Leases	67,000	10,000	12,441	2,441	8,868
Planning and Zoning	40,000	67,000	29,923	(37,077)	34,449
Donations	21,500	21,500	24,667	3,167	6,725
Asset contributions	-	-	-	-	304,186
Other Revenue	25,043	25,050	22,821	(2,229)	123,157
Non-Governmental	-	-	26,460	26,460	9,450
Sales of Fixed Assets	-	-	900	900	9,059
Medical/Dental Reimbursement (COBRA)	10,000	10,000	(567)	(10,567)	11,846
Insurance Proceeds	-	-	1,128	1,128	-
Total Miscellaneous	<u>163,543</u>	<u>133,550</u>	<u>117,773</u>	<u>(15,777)</u>	<u>507,740</u>
TOTAL REVENUES	<u>6,860,300</u>	<u>6,604,500</u>	<u>6,558,190</u>	<u>(46,310)</u>	<u>8,475,439</u>

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

**BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND**

For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	2010			VARIANCE POSITIVE (NEGATIVE)	2009 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
General Government:					
General Government					
Administration					
Personnel Services	340,900	329,900	316,149	13,751	385,320
Supplies	19,500	24,500	19,653	4,847	17,550
Purchased Services	386,000	411,000	384,902	26,098	423,338
Capital Outlay	463,192	567,192	267,357	299,835	1,826,160
Total Administration	<u>1,209,592</u>	<u>1,332,592</u>	<u>988,061</u>	<u>344,531</u>	<u>2,652,368</u>
Community Development					
Personnel Services	187,700	185,700	182,042	3,658	177,673
Supplies	1,400	1,400	1,567	(167)	1,191
Purchased Services	43,400	118,400	78,131	40,269	32,636
Capital Outlay	-	-	141,257	(141,257)	2,643
Total Community Development	<u>232,500</u>	<u>305,500</u>	<u>402,997</u>	<u>(97,497)</u>	<u>214,143</u>
Total General Government	<u>1,442,092</u>	<u>1,638,092</u>	<u>1,391,058</u>	<u>247,034</u>	<u>2,866,511</u>
Public Safety:					
Police					
Personnel Services	1,085,000	1,057,000	1,066,407	(9,407)	1,059,352
Supplies	56,200	64,200	66,097	(1,897)	58,808
Purchased Services	125,100	145,100	136,604	8,496	123,520
Capital Outlay	6,300	6,300	10,183	(3,883)	75,091
Total Police	<u>1,272,600</u>	<u>1,272,600</u>	<u>1,279,291</u>	<u>(6,691)</u>	<u>1,316,771</u>
Fire					
Personnel Services	643,000	648,000	649,961	(1,961)	613,117
Supplies	40,800	40,800	40,364	436	29,166
Purchased Services	51,500	51,500	33,817	17,683	37,140
Capital Outlay	12,500	42,500	39,791	2,709	30,208
Total Fire	<u>747,800</u>	<u>782,800</u>	<u>763,933</u>	<u>18,867</u>	<u>709,631</u>
Total Public Safety	<u>2,020,400</u>	<u>2,055,400</u>	<u>2,043,224</u>	<u>12,176</u>	<u>2,026,402</u>
Public Works:					
Personnel Services	379,300	374,300	371,446	2,854	394,280
Supplies	65,900	65,900	70,872	(4,972)	75,619
Purchased Services	112,700	112,700	122,845	(10,145)	108,964
Fixed Charges	-	-	-	-	573
Capital Outlay	862,373	287,000	417,853	(130,853)	1,911,756
Total Public Works	<u>1,420,273</u>	<u>839,900</u>	<u>983,016</u>	<u>(143,116)</u>	<u>2,491,192</u>
Culture, Parks and Recreation:					
Recreation					
Personnel Services	32,400	36,400	20,357	16,043	24,880
Supplies	4,700	4,700	3,409	1,291	2,236
Purchased Services	18,900	18,900	11,777	7,123	18,381
Capital Outlay	-	-	-	-	876
Total Recreation	<u>56,000</u>	<u>60,000</u>	<u>35,543</u>	<u>24,457</u>	<u>46,373</u>

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

**BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND**

For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	2010			VARIANCE POSITIVE (NEGATIVE)	2009 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES (Continued)					
Hot Springs Pool					
Personnel Services	279,800	271,800	272,884	(1,084)	284,255
Supplies	62,800	62,800	39,411	23,389	52,221
Purchased Services	123,300	123,300	84,349	38,951	100,745
Fixed Charges	-	-	384	(384)	1,810
Capital Outlay	9,000	343,100	337,567	5,533	278,034
Total Hot Springs Pool	<u>474,900</u>	<u>801,000</u>	<u>734,595</u>	<u>66,405</u>	<u>717,065</u>
Parks & Trails					
Personnel Services	133,700	131,700	116,141	15,559	101,390
Supplies	28,300	28,300	19,532	8,768	23,453
Purchased Services	65,700	60,200	70,171	(9,971)	74,850
Capital Outlay	472,135	275,816	288,734	(12,918)	30,676
Total Parks & Trails	<u>699,835</u>	<u>496,016</u>	<u>494,578</u>	<u>1,438</u>	<u>230,369</u>
Other Properties					
Purchased Services	27,700	27,700	14,672	13,028	31,416
Grants and Contributions	27,600	17,600	10,000	7,600	22,785
Capital Outlay	-	-	1,235	(1,235)	41,050
Airport Operations	30,000	30,000	30,000	-	30,000
Total Other Properties	<u>85,300</u>	<u>75,300</u>	<u>55,907</u>	<u>19,393</u>	<u>125,251</u>
Total Culture, Parks and Recreation	<u>1,316,035</u>	<u>1,432,316</u>	<u>1,320,623</u>	<u>111,693</u>	<u>1,119,058</u>
Debt Service					
Interest	309,400	153,200	154,516	(1,316)	213,559
Principal	153,200	309,400	309,367	33	2,133,943
Total Debt Service	<u>462,600</u>	<u>462,600</u>	<u>463,883</u>	<u>(1,283)</u>	<u>2,347,502</u>
TOTAL EXPENDITURES	<u>6,661,400</u>	<u>6,428,308</u>	<u>6,201,804</u>	<u>226,504</u>	<u>10,850,665</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	(87,800)	(112,800)	(87,800)	25,000	(100,000)
Debt Proceeds	-	-	-	-	1,100,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(87,800)</u>	<u>(112,800)</u>	<u>(87,800)</u>	<u>25,000</u>	<u>1,000,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	111,100	63,392	268,586	205,194	(1,375,226)
FUND BALANCE - Beginning of Year	<u>3,651,570</u>	<u>2,568,925</u>	<u>2,568,925</u>	-	<u>3,944,151</u>
FUND BALANCE - End of Year	<u>\$ 3,762,670</u>	<u>\$ 2,632,317</u>	<u>\$ 2,837,511</u>	<u>\$ 205,194</u>	<u>\$ 2,568,925</u>

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE CONSERVATION TRUST FUND

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			2009
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Intergovernmental Revenues	\$ 50,100	\$ 46,143	\$ (3,957)	\$ 49,278
Interest Revenue	-	195	195	65
Total Revenues	<u>50,100</u>	<u>46,338</u>	<u>(3,762)</u>	<u>49,343</u>
EXPENDITURES				
Other City Assets	<u>33,500</u>	<u>52,145</u>	<u>(18,645)</u>	<u>55,084</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,600	(5,807)	(22,407)	(5,741)
FUND BALANCE - Beginning of Year	<u>134,428</u>	<u>162,721</u>	<u>28,293</u>	<u>168,462</u>
FUND BALANCE - End of Year	<u>\$ 151,028</u>	<u>\$ 156,914</u>	<u>\$ 5,886</u>	<u>\$ 162,721</u>

See the accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF SALIDA, COLORADO

WATER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Year Ended December 31, 2010
 With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE POSITIVE (NEGATIVE)	2009 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 354
Intergovernmental Revenues	-	-	-	3,035
Charges for Services	950,000	887,834	(62,166)	873,927
Resource Fees	72,800	54,400	(18,400)	78,072
System Development Fees	102,300	82,088	(20,212)	56,806
Other Revenue	4,000	24,050	20,050	4,396
Interest Revenue	10,000	5,580	(4,420)	9,203
Debt Proceeds	525,000	-	(525,000)	-
TOTAL OPERATING REVENUES	1,664,100	1,053,952	(610,148)	1,025,793
EXPENDITURES				
Water Plant				
Personnel Services	264,100	266,174	(2,074)	230,958
Supplies	19,900	12,099	7,801	5,608
Chemicals, Laboratory Supplies	24,000	24,291	(291)	23,967
Purchased Water	43,200	48,576	(5,376)	16,676
Purchased Services	95,750	61,746	34,004	56,207
Utilities	37,000	34,645	2,355	37,343
Legal	25,000	49,870	(24,870)	17,247
Fixed Charges	42,000	48,185	(6,185)	45,034
Debt Service Principal	362,000	307,819	54,181	1,092,645
Interest Expense	198,000	160,944	37,056	183,012
Water Rights	40,000	14,141	25,859	156,572
Total Water Plant	1,150,950	1,028,490	122,460	1,865,269
Public Works - Water				
Personnel Services	121,800	82,638	39,162	74,371
Supplies	7,800	6,947	853	8,797
Purchased Services	4,700	10,540	(5,840)	10,780
Construction and Building	9,450	3,724	5,726	6,723
Total Public Works - Water	143,750	103,849	39,901	100,671
Capital Outlay	785,500	301,434	484,066	904,801
TOTAL EXPENDITURES	2,080,200	1,433,773	646,427	2,870,741
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES - BUDGET BASIS	(416,100)	(379,821)	36,279	(1,844,948)

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

WATER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			2009
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ (416,100)</u>	\$ (379,821)	<u>\$ 36,279</u>	\$ (1,844,948)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		304,339		973,695
Depreciation		(367,604)		(315,024)
Debt Service Principal		<u>307,819</u>		<u>1,092,645</u>
TOTAL GAAP BASIS ADJUSTMENTS		<u>244,554</u>		<u>1,751,316</u>
NET INCOME - GAAP BASIS		(135,267)		(93,632)
NET ASSETS - Beginning of Year		<u>5,137,619</u>		<u>5,231,251</u>
NET ASSETS - End of Year		<u>\$ 5,002,352</u>		<u>\$ 5,137,619</u>

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

SEWER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Year Ended December 31, 2010
 With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE POSITIVE (NEGATIVE)	2009 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 1,248,400	\$ 1,149,538	\$ (98,862)	\$ 1,071,798
Intergovernmental Revenues	-	-	-	1,173,577
System Development Fees	110,000	115,907	5,907	59,031
Other Revenue	17,000	13,294	(3,706)	11,489
Interest Revenue	15,000	15,664	664	31,928
Debt Proceeds	9,500,000	-	(9,500,000)	-
TOTAL REVENUES	10,890,400	1,294,403	(9,595,997)	2,347,823
EXPENDITURES				
Sewer Plant				
Personnel Services	319,500	312,103	7,397	270,555
Chemicals, Laboratory Supplies	40,000	28,920	11,080	43,687
Supplies	18,000	14,534	3,466	12,772
Utilities	108,500	78,233	30,267	96,113
Professional Services	7,000	6,097	903	5,300
Legal	35,000	11,057	23,943	52,447
Purchased Services	50,000	41,163	8,837	69,702
Construction and Building	1,000	269	731	-
Fixed Charges	42,000	48,184	(6,184)	43,532
Debt Service Principal	200,000	57,990	142,010	115,061
Interest Expense	250,000	8,897	241,103	11,476
Total Sewer Plant	1,071,000	607,447	463,553	720,645
Public Works - Sewer				
Personnel Services	100,200	16,673	83,527	9,462
Supplies	5,000	1,886	3,114	4,050
Sewer Cleaning	50,000	46,234	3,766	45,000
Purchased Services	6,000	158	5,842	(1,444)
Construction and Building	4,600	2,335	2,265	-
Total Public Works - Sewer	165,800	67,286	98,514	57,068
Capital Outlay	11,444,500	1,193,492	10,251,008	1,354,486
TOTAL EXPENDITURES	12,681,300	1,868,225	10,813,075	2,132,199
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	(1,790,900)	(573,822)	1,217,078	215,624

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

SEWER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE POSITIVE (NEGATIVE)	2009 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ (1,790,900)</u>	\$ (573,822)	<u>\$ 1,217,078</u>	\$ 215,624
GAAP BASIS ADJUSTMENTS				
Depreciation		(212,182)		(196,644)
Capital Outlay		1,193,492		1,353,840
Principal Paid		<u>57,990</u>		<u>115,061</u>
TOTAL GAAP BASIS ADJUSTMENTS		<u>1,039,300</u>		<u>1,272,257</u>
NET INCOME - GAAP BASIS		465,478		1,487,881
NET ASSETS - Beginning of Year		<u>8,548,622</u>		<u>7,060,741</u>
NET ASSETS - End of Year		<u>\$ 9,014,100</u>		<u>\$ 8,548,622</u>

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

STEAMPLANT THEATER & EVENTS CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			VARIANCE POSITIVE (NEGATIVE)	2009 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services	\$ 92,200	\$ 82,200	\$ 87,006	\$ 4,806	\$ 72,076
Rents and Leases	110,500	110,500	96,430	(14,070)	78,111
Donations/Contributions	18,000	53,000	27,444	(25,556)	54,930
Transfers In	112,800	112,800	87,800	(25,000)	100,000
TOTAL REVENUES	333,500	358,500	298,680	(59,820)	305,117
EXPENDITURES					
Cost of Sales	34,000	34,000	30,758	3,242	34,005
Personnel Services	185,500	185,500	169,542	15,958	140,553
Supplies	9,900	9,900	13,553	(3,653)	12,661
Purchased Services	55,825	55,825	51,719	4,106	67,773
Capital Outlay	-	-	-	-	37,446
Interest Expense	22,123	20,975	20,875	100	11,172
Debt Service Principal	26,152	27,300	27,301	(1)	26,152
TOTAL EXPENDITURES	333,500	333,500	313,748	19,752	329,762
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES - BUDGET BASIS	\$ -	\$ 25,000	(15,068)	\$ (40,068)	(24,645)
GAAP BASIS ADJUSTMENTS					
Depreciation			(65,100)		(65,100)
Capital Outlay			-		30,129
Principal Paid			27,301		26,152
TOTAL GAAP BASIS ADJUSTMENTS			(37,799)		(8,819)
NET INCOME - GAAP BASIS			(52,867)		(33,464)
NET ASSETS - Beginning of Year			1,081,491		1,114,955
NET ASSETS - End of Year			\$ 1,028,624		\$ 1,081,491

See the accompanying Independent Auditors' Report.

STATE REQUIRED REPORT SECTION

City Council
City of Salida
Salida, Colorado

**INDEPENDENT AUDITORS' REPORT ON THE
LOCAL HIGHWAY FINANCE REPORT**

We have audited the basic financial statements of the City of Salida, Colorado, as of and for the year ended December 31, 2010, and have issued our report thereon dated March 4, 2011. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the City of Salida, Colorado, taken as a whole. The accompanying local highway finance report is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that report has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Holscher & Company, P.C.

March 4, 2011
Centennial, CO

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Salida
	YEAR ENDING : December 2010

This Information From The Records Of (example - City of _ or County of) Prepared By: Brenda Wallis
Phone: 719-539-6257

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES	III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES
--	--

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	378,518
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
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		b. Snow and ice removal	3,769
3. Other local imposts (from page 2)	4,781,684	c. Other	10,425
4. Miscellaneous local receipts (from page 2)	11,711	d. Total (a. through c.)	14,194
5. Transfers from toll facilities		4. General administration & miscellaneous	14,086
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	743,746
a. Bonds - Original Issues		6. Total (1 through 5)	1,150,544
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	30,772
7. Total (1 through 6)	4,793,395	b. Redemption	195,000
B. Private Contributions		c. Total (a. + b.)	225,772
C. Receipts from State government (from page 2)	237,777	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	5,031,172	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	225,772
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			1,376,316

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	630,000		195,000	435,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		5,031,172	1,376,316		3,654,857

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2010

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	11,711
1. Sales Taxes	4,775,885	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Road & Bridge	5,799	f. Charges for Services	
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	
6. Total (1. through 5.)	4,781,684	h. Other	
c. Total (a. + b.)	4,781,684	i. Total (a. through h.)	11,711
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	210,067	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	25,110	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)	2,600	f. Other Federal	
f. Total (a. through e.)	27,710	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	237,777	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		378,518	378,518
(5). Total Construction (1) + (2) + (3) + (4)	0	378,518	378,518
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	378,518	378,518
			(Carry forward to page 1)

Notes and Comments: