

CITY OF SALIDA, COLORADO
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

**CITY OF SALIDA, COLORADO
CITY COUNCIL AND KEY EMPLOYEES
December 31, 2007**

City Council

Charles Rose, Mayor

Scott Damman, Councilmember
Keith Baker, Councilmember
Jim McCormick, Councilmember
Jay Moore, Councilmember
Hugh Young, Councilmember
Tom Yerkey, Councilmember

Key Employees

Steve Golnar, City Administrator
Janella Martinez, City Clerk
Christine Sturgeon, City Treasurer
Jan Schmidt, Finance Director

CITY OF SALIDA, COLORADO
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FINANCIAL SECTION

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, 2007, and for the year ended December 31, 2007, 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, 2007, 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.

Management has elected to omit the management's discussion and analysis. The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information for the General Fund and other major funds and business-type funds is not a required part of the basic financial statements. The required supplementary and other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Holscher & Company, P.C.

August 28, 2008

BASIC FINANCIAL STATEMENTS

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CITY OF SALIDA, COLORADO

STATEMENT OF NET ASSETS

December 31, 2007

	Government Activities	Business - Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 1,285,126	\$ 4,323,753	\$ 5,608,879
Cash with Fiscal Agent	5,790	-	5,790
Property Tax Receivable	278,663	75,230	353,893
Intergovernmental Receivables	999,554	500,000	1,499,554
Accounts Receivable	206,930	429,060	635,990
Total Current Assets	<u>2,776,063</u>	<u>5,328,043</u>	<u>8,104,106</u>
Noncurrent Assets			
Capital Assets	14,794,540	16,179,380	30,973,920
Accumulated Depreciation	(4,249,142)	(5,510,908)	(9,760,050)
Bond Issuance Costs - Net	-	114,797	114,797
Notes Receivable	-	237,917	237,917
Restricted Cash and Investments	1,546,420	831,539	2,377,959
Total Noncurrent Assets	<u>12,091,818</u>	<u>11,852,725</u>	<u>23,944,543</u>
TOTAL ASSETS	<u>14,867,881</u>	<u>17,180,768</u>	<u>32,048,649</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	82,701	133,567	216,268
Other Accrued Liabilities	21,000	-	21,000
Accrued Interest	48,397	18,950	67,347
Unearned Revenue	249,497	75,230	324,727
Accrued Salaries and Benefits	65,175	13,403	78,578
Current Portion of Long-Term Debt	386,857	433,532	820,389
Total Current Liabilities	<u>853,627</u>	<u>674,682</u>	<u>1,528,309</u>
Noncurrent Liabilities			
General Obligation Bonds Payable	1,175,000	130,000	1,305,000
Notes Payable	1,621,016	1,170,874	2,791,890
Capital Lease Payable	202,748	117,695	320,443
Revenue Bonds Payable	-	3,715,000	3,715,000
Accrued Compensated Absences	182,059	-	182,059
Total Noncurrent Liabilities	<u>3,180,823</u>	<u>5,133,569</u>	<u>8,314,392</u>
TOTAL LIABILITIES	<u>4,034,450</u>	<u>5,808,251</u>	<u>9,842,701</u>
NET ASSETS			
Invested in Capital Assets, net of Related Debt	7,159,777	5,101,371	12,261,148
Restricted Net Assets	2,005,474	831,539	2,837,013
Unrestricted Net Assets	1,668,180	5,439,608	7,107,788
TOTAL NET ASSETS	<u>\$ 10,833,431</u>	<u>\$ 11,372,518</u>	<u>\$ 22,205,949</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, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Government Activities				
Current:				
General Government	\$ 939,639	\$ 99,745	\$ 32,494	\$ -
Public Safety	1,776,290	64,831	90,410	-
Public Works	516,914	27,282	192,418	207,215
Culture, Parks and Recreation	1,083,304	262,212	-	84,221
Capital Outlay	207,391	-	-	-
Interest on Debt	63,277	-	-	-
TOTAL GOVERNMENT ACTIVITIES	<u>4,586,816</u>	<u>454,070</u>	<u>315,322</u>	<u>291,436</u>
Business - Type Activities				
Current:				
Water Operations	947,759	769,997	-	889,719
Sewer Operations	780,280	920,808	-	152,425
TOTAL BUSINESS - TYPE ACTIVITIES	<u>1,728,039</u>	<u>1,690,805</u>	<u>-</u>	<u>1,042,144</u>
TOTAL GOVERNMENT	<u>\$ 6,314,855</u>	<u>\$ 2,144,875</u>	<u>\$ 315,322</u>	<u>\$ 1,333,580</u>
GENERAL REVENUES				
TAXES				
Property Taxes Levied for General Operations				
Property Taxes Levied for Debt Repayment				
Specific Ownership Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
INTEREST INCOME				
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
\$ (807,400)	\$ -	\$ (807,400)
(1,621,049)	-	(1,621,049)
(89,999)	-	(89,999)
(736,871)	-	(736,871)
(207,391)	-	(207,391)
(63,277)	-	(63,277)
<u>(3,525,988)</u>	<u>-</u>	<u>(3,525,988)</u>
-	711,957	711,957
-	292,953	292,953
<u>-</u>	<u>1,004,910</u>	<u>1,004,910</u>
<u>(3,525,988)</u>	<u>1,004,910</u>	<u>(2,521,078)</u>
237,347	-	237,347
-	74,868	74,868
51,485	-	51,485
3,636,889	-	3,636,889
186,494	-	186,494
48	-	48
134,521	112,724	247,245
107,014	-	107,014
<u>4,353,798</u>	<u>187,592</u>	<u>4,541,390</u>
827,810	1,192,502	2,020,312
<u>10,005,620</u>	<u>10,180,016</u>	<u>20,185,636</u>
<u>\$ 10,833,430</u>	<u>\$ 11,372,518</u>	<u>\$ 22,205,948</u>

CITY OF SALIDA, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2007
With Comparative Totals for December 31, 2006

	<u>GENERAL</u>	<u>CONSERVATION TRUST</u>	<u>TOTALS</u>	
			<u>2007</u>	<u>2006</u>
ASSETS				
Cash and Investments	\$ 1,175,877	\$ 109,249	\$ 1,285,126	\$ 1,248,385
Cash with Fiscal Agent	5,790	-	5,790	5,790
Property Tax Receivable	248,497	30,166	278,663	237,883
Intergovernmental Receivables	999,554	-	999,554	782,590
Accounts Receivable	206,930	-	206,930	361,971
Restricted Cash and Investments	<u>1,546,420</u>	<u>-</u>	<u>1,546,420</u>	<u>1,478,858</u>
TOTAL ASSETS	<u>\$ 4,183,068</u>	<u>\$ 139,415</u>	<u>\$ 4,322,483</u>	<u>\$ 4,115,477</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 77,714	\$ 4,987	\$ 82,701	\$ 36,366
Other Accrued Liabilities	21,000	-	21,000	21,000
Unearned Revenue	249,497	-	249,497	255,127
Accrued Salaries and Benefits	<u>65,175</u>	<u>-</u>	<u>65,175</u>	<u>70,371</u>
TOTAL LIABILITIES	<u>413,386</u>	<u>4,987</u>	<u>418,373</u>	<u>382,864</u>
 FUND BALANCE				
Reserved for TABOR Emergencies	163,000	-	163,000	140,000
Reserved for Capital Expenditures	1,254,456	-	1,254,456	1,138,712
Reserved for Debt Service	509,446	-	509,446	210,616
Reserved for Economic Development	72,173	-	72,173	120,904
Reserved for Drug Surcharge Expenditures	3,547	-	3,547	4,896
Reserved for Employees	2,852	-	2,852	3,731
Unreserved	<u>1,764,208</u>	<u>134,428</u>	<u>1,898,636</u>	<u>2,113,754</u>
TOTAL FUND EQUITY	<u>3,769,682</u>	<u>134,428</u>	<u>3,904,110</u>	<u>3,732,613</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,183,068</u>	<u>\$ 139,415</u>	<u>\$ 4,322,483</u>	<u>\$ 4,115,477</u>
 TOTAL FUND BALANCE - GOVERNMENTAL FUNDS			 \$ 3,904,110	
Capital assets used in governmental activities are not resources and are not reported in the funds:				
Capital Assets			14,794,540	
Accumulated Depreciation			(4,249,142)	
Earned but unpaid accumulated leave balances are not reported in the funds:				
Accrued Compensated Absences			(182,059)	
Long-term liabilities are not due and payable in the current period				
Bonds Payable			(1,395,000)	
Notes Payable			(1,692,434)	
Capital Lease Payable			(298,187)	
Accrued Interest Payable			<u>(48,397)</u>	
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES			<u>\$ 10,833,431</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	GENERAL	CONSERVATION TRUST	TOTALS	
			2007	2006
REVENUES				
Taxes	\$ 4,112,263	\$ -	\$ 4,112,263	\$ 3,948,045
Licenses and Permits	27,901	-	27,901	3,486
Intergovernmental	541,908	84,221	626,129	423,683
Fines and Forfeits	64,831	-	64,831	54,487
Charges for Services	308,648	-	308,648	307,353
Interest Revenue	134,347	174	134,521	89,134
Other	140,333	-	140,333	597,810
TOTAL REVENUES	<u>5,330,231</u>	<u>84,395</u>	<u>5,414,626</u>	<u>5,423,998</u>
EXPENDITURES				
Current				
General Government	834,007	-	834,007	990,054
Public Safety	1,576,604	-	1,576,604	1,514,109
Public Works	458,804	-	458,804	370,843
Culture and Recreation	961,522	-	961,522	650,894
Capital Outlay	896,222	76,033	972,255	939,740
Debt Service				
Principal	283,672	-	283,672	434,475
Interest and Fees	156,265	-	156,265	168,729
TOTAL EXPENDITURES	<u>5,167,096</u>	<u>76,033</u>	<u>5,243,129</u>	<u>5,068,844</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	163,135	8,362	171,497	355,154
OTHER FINANCING SOURCES (USES)				
Settlement Proceeds	-	-	-	325,000
Debt Proceeds	-	-	-	553,321
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	163,135	8,362	171,497	1,233,475
FUND BALANCES, Beginning	<u>3,606,547</u>	<u>126,066</u>	<u>3,732,613</u>	<u>2,499,138</u>
FUND BALANCES, Ending	<u>\$ 3,769,682</u>	<u>\$ 134,428</u>	<u>\$ 3,904,110</u>	<u>\$ 3,732,613</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, 2007

NET CHANGE IN FUND BALANCES - ALL GOVERNMENTAL FUNDS	\$ 171,497
Principal payments on debt are reported as expenditures in the funds and debt proceeds are shown as revenues:	
Principal Payments on Bonds Payable	215,000
Principal Payments on Notes Payable	68,671
Principal Payments on Capital Lease	91,689
Earned but unpaid accumulated leave balances are not reported in the funds:	
Change in Accrued Compensated Absences	(38,649)
Interest is reported on the cash basis in the funds:	
Change in Accrued Interest	1,300
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Capitalized Assets	764,864
Depreciation Expense	(446,562)
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 827,810</u>

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

CITY OF SALIDA, COLORADO

STATEMENT OF NET ASSETS-
PROPRIETARY FUNDS

December 31, 2007

With Comparative Totals for December 31, 2006

	<u>WATER</u>	<u>SEWER</u>	<u>TOTALS</u>	
			<u>2007</u>	<u>2006</u>
ASSETS				
Current Assets				
Cash and Investments	\$ 2,539,746	\$ 1,784,007	\$ 4,323,753	\$ 1,987,022
Property Tax Receivable	75,230	-	75,230	75,031
Intergovernmental Receivables	500,000	-	500,000	-
Accounts Receivable	149,742	279,318	429,060	369,920
Total Current Assets	<u>3,264,718</u>	<u>2,063,325</u>	<u>5,328,043</u>	<u>2,431,973</u>
Capital Assets				
Property, Plant and Equipment	8,633,023	7,546,357	16,179,380	15,314,838
Accumulated Depreciation	(2,706,013)	(2,804,895)	(5,510,908)	(5,097,752)
Total Capital Assets	<u>5,927,010</u>	<u>4,741,462</u>	<u>10,668,472</u>	<u>10,217,086</u>
Other Assets				
Other Assets	114,797	-	114,797	53,101
Notes Receivable	237,917	-	237,917	205,529
Restricted Cash and Investments	580,652	250,887	831,539	723,826
Total Other Assets	<u>933,366</u>	<u>250,887</u>	<u>1,184,253</u>	<u>982,456</u>
TOTAL ASSETS	<u>10,125,094</u>	<u>7,055,674</u>	<u>17,180,768</u>	<u>13,631,515</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	104,059	29,508	133,567	26,877
Accrued Interest	14,303	4,647	18,950	32,186
Deferred Revenue	75,230	-	75,230	75,031
Accrued Salaries and Benefits	7,153	6,250	13,403	12,616
Current Portion of Long-Term Debt	352,033	81,499	433,532	254,463
Total Current Liabilities	<u>552,778</u>	<u>121,904</u>	<u>674,682</u>	<u>401,173</u>
Long-Term Liabilities				
General Obligation Bonds Payable	130,000	-	130,000	190,000
Notes Payable	868,734	302,140	1,170,874	1,264,003
Refunding and Improvement Bonds	3,715,000	-	3,715,000	1,370,000
Capital Lease Payable	58,373	59,322	117,695	226,323
Total Long-Term Liabilities	<u>4,772,107</u>	<u>361,462</u>	<u>5,133,569</u>	<u>3,050,326</u>
TOTAL LIABILITIES	<u>5,324,885</u>	<u>483,366</u>	<u>5,808,251</u>	<u>3,451,499</u>
NET ASSETS				
Invested in Capital Assets, net of Related Debt	802,870	4,298,501	5,101,371	6,912,294
Restricted Net Assets	580,652	250,887	831,539	723,827
Unrestricted Net Assets	3,416,687	2,022,921	5,439,608	2,543,895
TOTAL NET ASSETS	<u>\$ 4,800,209</u>	<u>\$ 6,572,309</u>	<u>\$ 11,372,518</u>	<u>\$ 10,180,016</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	<u>WATER</u>	<u>SEWER</u>	<u>2007</u>	<u>2006</u>
OPERATING REVENUES				
Charges for Services	\$ 661,406	\$ 901,590	\$ 1,562,996	\$ 1,478,603
Miscellaneous	<u>108,591</u>	<u>19,218</u>	<u>127,809</u>	<u>9,944</u>
TOTAL OPERATING REVENUES	<u>769,997</u>	<u>920,808</u>	<u>1,690,805</u>	<u>1,488,547</u>
OPERATING EXPENSES				
Operations	460,299	489,814	950,113	849,625
Public Works	120,303	63,389	183,692	100,465
Depreciation	<u>206,720</u>	<u>206,456</u>	<u>413,176</u>	<u>414,620</u>
TOTAL OPERATING EXPENSES	<u>787,322</u>	<u>759,659</u>	<u>1,546,981</u>	<u>1,364,710</u>
OPERATING INCOME (LOSS)	<u>(17,325)</u>	<u>161,149</u>	<u>143,824</u>	<u>123,837</u>
NON-OPERATING REVENUE (EXPENSE)				
Intergovernmental	574,868	-	574,868	73,898
Interest Revenue	40,614	72,110	112,724	87,665
Resource Fees	169,709	-	169,709	125,000
System Development Fees	220,010	152,425	372,435	265,396
Interest Expense	<u>(160,437)</u>	<u>(20,621)</u>	<u>(181,058)</u>	<u>(186,415)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>844,764</u>	<u>203,914</u>	<u>1,048,678</u>	<u>365,544</u>
NET INCOME (LOSS)	827,439	365,063	1,192,502	489,381
NET ASSETS - Beginning	<u>3,972,770</u>	<u>6,207,246</u>	<u>10,180,016</u>	<u>9,690,635</u>
NET ASSETS - Ending	<u>\$ 4,800,209</u>	<u>\$ 6,572,309</u>	<u>\$ 11,372,518</u>	<u>\$ 10,180,016</u>

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, 2007
With Comparative Totals for the Year Ended December 31, 2006

	WATER	SEWER	TOTAL	
			2007	2006
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 230,243	\$ 901,732	\$ 1,131,975	\$ 1,698,197
Cash Paid to Suppliers and Employees	(564,381)	(537,365)	(1,101,746)	(942,553)
Net Cash Provided by Operating Activities	<u>(334,138)</u>	<u>364,367</u>	<u>30,229</u>	<u>755,644</u>
Cash Flows From Capital and Related Financing Activities:				
System Development/Resources Fees	389,719	152,425	542,144	390,396
Interest Paid	(160,437)	(20,445)	(180,882)	(184,989)
Purchases of Fixed Assets	(820,876)	(43,666)	(864,542)	(864,133)
Notes Receivable Advances	(47,551)	15,163	(32,388)	(108,387)
Debt Issuance	3,940,000	-	3,940,000	-
Principal Paid on Long-Term Debt	(1,599,386)	(78,322)	(1,677,708)	(240,941)
Grants Received	500,000	-	500,000	400,000
Property Taxes Received	74,868	-	74,868	73,898
Cash Flows Used by Capital and Related Financing Activities	<u>2,276,337</u>	<u>25,155</u>	<u>2,301,492</u>	<u>(534,156)</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	<u>40,614</u>	<u>72,110</u>	<u>112,724</u>	<u>87,665</u>
Net Increase (Decrease) in Cash	1,982,813	461,632	2,444,445	309,153
Cash - Beginning	<u>1,137,585</u>	<u>1,573,262</u>	<u>2,710,847</u>	<u>2,401,694</u>
Cash - Ending	<u>\$ 3,120,398</u>	<u>\$ 2,034,894</u>	<u>\$ 5,155,292</u>	<u>\$ 2,710,847</u>
Cash and Investments	\$ 2,539,746	\$ 1,784,007	\$ 4,323,753	\$ 1,987,020
Restricted Cash and Investments	<u>580,652</u>	<u>250,887</u>	<u>831,539</u>	<u>723,827</u>
Total Cash - Ending	<u>\$ 3,120,398</u>	<u>\$ 2,034,894</u>	<u>\$ 5,155,292</u>	<u>\$ 2,710,847</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (17,325)	\$ 161,149	\$ 143,824	\$ 123,836
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	206,720	206,456	413,176	414,620
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Accounts Receivable	(39,754)	(19,076)	(58,830)	134,619
Intergovernmental Receivables	(500,000)	-	(500,000)	-
Property Tax Receivable	(199)	-	(199)	-
Water Meter Inventory	2,461	-	2,461	(17,476)
Due from Other Funds	(309)	-	(309)	535
Other Assets	(64,157)	-	(64,157)	-
Increase (Decrease) in:				
Accounts Payable	90,876	15,812	106,688	26,362
Other Accrued Liabilities	-	-	-	75,030
Accrued Interest	(13,412)	-	(13,412)	-
Deferred Revenue	199	-	199	-
Accrued Salaries and Compensated Absences	762	26	788	(1,882)
Total Adjustments	<u>(316,813)</u>	<u>203,218</u>	<u>(113,595)</u>	<u>631,808</u>
Net Cash Provided by Operating Activities	<u>\$ (334,138)</u>	<u>\$ 364,367</u>	<u>\$ 30,229</u>	<u>\$ 755,644</u>

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

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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, 2007

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 and proprietary fund 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 recognized as revenues in the year for which they are levied. 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.

Property taxes, 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, 2007

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 reports the following major proprietary funds:

Enterprise Funds (Water and Sewer Funds) - These funds account for the utility operations of the City.

Budgetary Data

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles. For the year ended December 31, 2007, the City's General Fund budget was adopted on a cash basis. 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, 2007

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 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, 2007

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.

Property Tax Revenues - Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor by December 10. Assessed values are an approximation of market value. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November.

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.

NOTE 2: CASH AND INVESTMENTS

Cash and Investments at December 31, 2007 were:

Type	Rating	Carrying Value
Deposits:		
Demand deposits		\$ 949,313
NOW Account		3,036
Country Treasurer		5,790
Cash on hand		1,438
		<u>959,577</u>
Investments:		
Certificates of Deposit		99,000
Colotrust	AAAm by S & P	6,534,983
Money Maret Treasury		139,705
Money Market		259,364
		<u>7,033,051</u>
Total deposits and investments		<u><u>\$ 7,992,628</u></u>
Reconciliation to Statement of Net Assets		
Current:		
Cash and Investments		\$ 5,608,879
Cash with Fiscal Agent		5,790
Restricted Cash and Investments		2,377,959
		<u><u>\$ 7,992,628</u></u>

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 2: CASH AND INVESTMENTS (Continued)

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 (\$100,000) 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, 2007, 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 and all certificates of deposits as cash and cash equivalents.

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.

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 2: CASH AND INVESTMENTS (Continued)

During the year ended December 31, 2007, the City invested \$6,534,983 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. The City also has an investment in a U.S. Treasury money market fund at December 31, 2007 rated AAAM by Standard and Poor's Corporation with a weighted average maturity of 6 days.

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 as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Restricted for:				
Capital Improvements	\$ 1,254,456	\$ 2,590,660	\$ 217,251	\$ 4,062,368
Debt Service	213,392	202,941	33,636	449,969
Employees	2,852	-	184	3,036
Drug Surcharge Expenditures	3,546	-	-	3,546
Economic Development	72,173	-	-	72,173
	<u>\$ 1,546,420</u>	<u>\$ 2,793,601</u>	<u>\$ 251,071</u>	<u>\$ 4,591,093</u>

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 3: CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES:	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
Capital assets not being depreciated:				
Land and Right-of-Way	\$ 3,572,904	\$ -	\$ -	\$ 3,572,904
Construction in progress	34,739	10,452	(34,739)	10,452
Capital assets being depreciated:				
Administrative Equipment	25,826	-	-	25,826
Buildings	1,079,409	16,140	-	1,095,549
Recreation Buildings	1,934,349	-	-	1,934,349
Public Works Building	385,658	49,844	34,739	470,241
Public Works Streets Equipment	111,571	-	-	111,571
Finance/Clerk Equipment	24,422	-	-	24,422
Police Equipment	142,748	11,407	-	154,155
Fire Equipment & Vehicles	1,170,643	10,566	-	1,181,209
Public Works & Police Vehicles	1,276,801	45,012	-	1,321,813
Pool Equipment	61,184	-	-	61,184
Parks & Recreation Equipment	184,842	13,500	-	198,342
General Government Improvements	21,324	-	-	21,324
Park Land Improvements	2,224,228	-	-	2,224,228
General Government Land Improvements	1,779,018	607,953	-	2,386,971
Total Capital Assets	<u>14,029,666</u>	<u>764,874</u>	<u>-</u>	<u>14,794,540</u>
Accumulated depreciation:				
Administrative Equipment	19,670	-	-	19,670
Buildings	378,399	28,902	-	407,301
Recreation Buildings	1,024,945	20,261	-	1,045,206
Public Works Building	34,333	14,225	-	48,559
Public Works Streets Equipment	95,357	2,167	-	97,524
Finance/Clerk Equipment	11,661	4,884	-	16,545
Police Equipment	72,472	25,729	-	98,201
Fire Equipment & Vehicles	642,779	67,933	-	710,712
Public Works & Police Vehicles	481,518	92,125	-	573,643
Pool Equipment	18,466	6,584	-	25,050
Parks & Recreation Equipment	89,779	12,893	-	102,672
General Government Improvements	8,529	2,132	-	10,662
Park Land Improvements	548,608	76,144	-	624,752
General Government Land Improvements	376,063	92,583	-	468,646
Total Accumulated Depreciation	<u>3,802,580</u>	<u>446,562</u>	<u>-</u>	<u>4,249,142</u>
Net Capital Assets	<u>\$ 10,227,086</u>	<u>\$ 318,312</u>	<u>\$ -</u>	<u>\$ 10,545,398</u>

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 3: CAPITAL ASSETS (Continued)

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

General Government	\$ 85,060
Public Safety	170,845
Public Works	124,176
Culture, Parks and Recreation	66,481
	<u>\$ 446,562</u>

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

	Balance 12/31/06	Additions	Deletions	Balance 12/31/07
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 76,027	\$ -	\$ -	\$ 76,027
Water Rights	1,068,418	-	-	1,068,418
Work in Process - Water	415,634	745,023	-	1,160,657
Capital assets being depreciated:				
Lines	6,415,957	106,643	-	6,522,600
Structures	5,116,746	-	-	5,116,746
Equipment	2,222,056	17,007	(1,650)	2,237,413
Total Capital Assets	<u>15,314,838</u>	<u>868,673</u>	<u>(1,650)</u>	<u>16,181,861</u>
Accumulated depreciation:				
Lines	(1,919,813)	(140,149)	-	(2,059,962)
Structures	(2,257,155)	(138,050)	-	(2,395,205)
Equipment	(920,785)	(134,957)	-	(1,055,742)
Total Accumulated Depreciation	<u>(5,097,753)</u>	<u>(413,156)</u>	<u>-</u>	<u>(5,510,909)</u>
Net Capital Assets	<u>\$10,217,085</u>	<u>\$455,517</u>	<u>\$ (1,650)</u>	<u>\$10,670,952</u>

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

Water Operations	\$ 206,700
Sewer Operations	206,456
Total Depreciation	<u>\$ 413,156</u>

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

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, 2007:

	<u>Balance January 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
Governmental Activities					
2004 Vandaveer Note	\$ 1,761,105	\$ -	\$ 68,671	\$ 1,692,434	\$ 71,418
1998 Sales Tax Revenue Bonds	1,165,000	-	170,000	995,000	175,000
1994 General Obligation Bonds	210,000	-	20,000	190,000	20,000
1996 General Obligation Bonds	235,000	-	25,000	210,000	25,000
2006 Capital Lease - Equipment	389,876	-	91,689	298,187	95,439
	<u>\$ 3,760,981</u>	<u>\$ -</u>	<u>\$ 375,360</u>	<u>\$ 3,385,621</u>	<u>\$ 386,857</u>

Issue: 2004 General Obligation Vandaveer: Land Purchase Note

Original Amount: \$1,890,625

Interest: 4.00%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 71,418	\$ 67,697	\$ 139,115	\$ 1,621,016
2009	74,275	64,841	139,116	1,546,741
2010	77,246	61,870	139,116	1,469,495
2011	80,336	58,780	139,116	1,389,159
2012	83,549	55,566	139,115	1,305,610
2013	86,891	52,224	139,115	1,218,719
2014	1,218,719	48,749	1,267,468	-
	<u>\$ 1,692,434</u>	<u>\$ 409,727</u>	<u>\$ 2,102,161</u>	

Issue: Sales Tax Revenue Refunding Bonds, Series 1998

Original Amount: \$1,925,000

Interest: 4.10% to 4.90%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 175,000	\$ 47,935	\$ 222,935	\$ 820,000
2009	190,000	39,798	229,798	630,000
2010	195,000	30,772	225,772	435,000
2011	435,000	21,315	456,315	-
	<u>\$ 995,000</u>	<u>\$ 139,820</u>	<u>\$ 1,134,820</u>	

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 4: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Issue: General Obligation Limited Tax Water Bonds, 1994 Series

Original Amount: \$370,000

Interest: 5.50% to 7.10%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 20,000	\$ 13,378	\$ 33,378	\$ 170,000
2009	25,000	12,008	37,008	145,000
2010	25,000	10,295	35,295	120,000
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>\$ 190,000</u>	<u>\$ 58,046</u>	<u>\$ 248,046</u>	

Issue: General Obligation Limited Tax Water Bonds, 1996 Series

Original Amount: \$410,000

Interest: 4.50% to 6.00%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 25,000	\$ 12,600	\$ 37,600	\$ 185,000
2009	25,000	11,100	36,100	160,000
2010	30,000	9,600	39,600	130,000
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>\$ 210,000</u>	<u>\$ 53,400</u>	<u>\$ 263,400</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 4: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Issue: 2006 Equipment Lease Purchase - General Fund
Original Amount: \$553,320
Interest: 4.09%

	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$	95,439	\$ 12,196	\$ 107,635	\$ 202,748
2009		99,343	8,292	107,635	103,405
2010		103,405	4,229	107,634	-
	<u>\$</u>	<u>298,187</u>	<u>\$ 24,717</u>	<u>\$ 322,904</u>	

Business-Type Activities

The following summarizes the changes in the City's business-type long-term debt activity for the year ended December 31, 2007:

	<u>Balance January 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
Business-Type Activities					
1990 General Obligation Bonds	\$ 245,000	\$ -	\$ 55,000	\$ 190,000	60,000
1996 Water and Sewer Rev. Bonds	1,480,000	-	1,480,000	-	-
2001 DOLA Note Payable - Water	145,756	-	6,755	139,001	7,092
2003 CWRPDA Loan Agreement	407,209	-	51,494	355,715	53,574
2004 Water Purchase Note - Vandaveer	800,502	-	31,214	769,288	32,463
2006 Capital Lease - Equipment	226,323	-	53,225	173,098	55,403
2007 Water & Sewer Refunding and Improvement Bonds	-	3,940,000	-	3,940,000	225,000
Bond Disc./Issue Costs, Net	(35,626)	(68,688)	(4,531)	(99,783)	-
Total	<u>\$ 3,269,164</u>	<u>\$ 3,871,312</u>	<u>\$ 1,673,157</u>	<u>\$ 5,467,319</u>	<u>433,532</u>

Issue: General Obligation Limited Water Refunding Bonds, Series 1990
Original Amount: \$710,000
Interest: 7.85% to 8.00%

	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$	60,000	\$ 15,200	\$ 75,200	\$ 130,000
2009		65,000	10,400	75,400	65,000
2010		65,000	5,200	70,200	-
	<u>\$</u>	<u>190,000</u>	<u>\$ 30,800</u>	<u>\$ 220,800</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Issue: Water and Sewer Revenue Bonds, Series 1996

Issue Date: 1996

Original Amount: \$2,265,000

December 31, 2007 Balance: \$-0-

Annual Payments: \$198,390 to \$202,940

Interest: 5.10% to 6.10%

This issue was refunded by the 2007 Water and Sewer Refunding and Improvement Revenue Bonds.

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

Original Amount: \$175,000

Interest: 5.00%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 7,092	\$ 6,950	\$ 14,042	\$ 131,909
2009	7,447	6,595	14,042	124,462
2010	7,819	6,223	14,042	116,643
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	10,479	3,563	14,042	60,797
2017	11,003	3,039	14,042	49,794
2018	11,553	2,489	14,042	38,241
2019	12,130	1,912	14,042	26,111
2020	12,737	1,305	14,042	13,374
2021	13,374	668	14,042	-
	<u>\$ 139,001</u>	<u>\$ 57,587</u>	<u>\$ 196,588</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

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

Original Amount: \$550,000

Interest: 4.00%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 53,574	\$ 13,698	\$ 67,272	\$ 302,141
2009	55,739	11,533	67,272	246,402
2010	57,990	9,282	67,272	188,412
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>\$ 355,715</u>	<u>\$ 47,917</u>	<u>\$ 403,632</u>	

Issue: 2004 Water Purchase Note - Vandaveer

Original Amount: \$859,375

Interest: 4.00%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 32,463	\$ 30,772	\$ 63,235	\$ 736,825
2009	33,761	29,473	63,234	703,064
2010	35,112	28,123	63,235	667,952
2011	36,516	26,718	63,234	631,436
2012	37,977	25,257	63,234	593,459
2013	39,496	23,738	63,234	553,963
2014	553,963	22,159	576,122	-
	<u>\$ 769,288</u>	<u>\$ 186,240</u>	<u>\$ 955,528</u>	

Issue: 2006 Equipment Lease Purchase - Water and Sewer

Original Amount: \$321,204

Interest: 4.09%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 55,403	\$ 7,079	\$ 62,482	\$ 117,695
2009	57,669	4,813	62,482	60,026
2010	60,026	2,455	62,481	-
	<u>\$ 173,098</u>	<u>\$ 14,347</u>	<u>\$ 187,445</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007**

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%

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2008	\$ 225,000	\$ 152,870	\$ 377,870	\$ 3,715,000
2009	225,000	152,863	377,863	3,490,000
2010	235,000	143,862	378,862	3,255,000
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	300,000	79,562	379,562	1,645,000
2017	110,000	67,563	177,563	1,535,000
2018	110,000	63,437	173,437	1,425,000
2019	135,000	59,313	194,313	1,290,000
2020	140,000	53,912	193,912	1,150,000
2021	140,000	48,313	188,313	1,010,000
2022	150,000	42,537	192,537	860,000
2023	160,000	36,350	196,350	700,000
2024	165,000	29,750	194,750	535,000
2025	170,000	22,738	192,738	365,000
2026	180,000	15,512	195,512	185,000
2026	185,000	7,863	192,863	-
	<u>\$ 3,940,000</u>	<u>\$ 1,541,558</u>	<u>\$ 5,481,558</u>	

The bonds were issued for improvements to the water system and to refund the 1996 Water and Sewer Revenue Bonds. The refunding resulted in a reduction of debt service requirements of \$243,076 and an economic gain of \$113,068. Current outstanding debt on the 1996 issue is \$1,370,000.

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, 2007

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, 2007.

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 in the enterprise funds 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 2007 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 general and enterprise fund equity reserved for capital improvements and additions.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 7: 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, 2007, 2006 and 2005 were \$0, \$1,220 and \$1,220. 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, 2007, 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, 2006 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 table below represents the required disclosures for the most recent actuarial valuation and the two preceding valuations:

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 7: PENSION PLANS (Continued)

OLD-HIRE FIRE PLAN (Continued)

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
1/1/2008	\$ 296,097	\$ 262,994	\$ 33,103	112.59%	\$ -	\$ -
1/1/2006	289,599	282,186	7,413	102.63%	-	-
1/1/2004	293,527	305,194	(11,667)	96.18%	-	-

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, 2007, 2006 and 2005, were \$46,130, \$38,370, and \$38,370. 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, 2007, the City of Salida's annual pension cost of \$46,130 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, 2006 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, 2007**

NOTE 7: PENSION PLANS (Continued)

OLD-HIRE POLICE 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
1/1/2008	\$ 1,055,166	\$ 1,373,164	\$ (317,998)	76.84%	\$ -	n/a
1/1/2006	1,008,884	1,425,499	(416,615)	70.77%	-	n/a
1/1/2004	1,019,915	1,408,282	(388,367)	72.42%	49,363	-786.76%

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, 2007, 2006, and 2005 were \$77,716, \$75,195 and \$76,027, equal to their required contributions for each year.

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 \$56,217 during 2007.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 8: 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 and Sewer 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 2007, the City was required to reserve 3% of its fiscal year spending as "emergency reserves". The Tabor emergency reserve of \$163,000 has been recorded as reserved net assets in the General Fund.

NOTE 9: SUBSEQUENT EVENTS

On July 8, 2008, the City entered into a \$530,000 lease to purchase a portion of the improvement and expansion costs for the SteamPlant Theater and Event Center. The project includes completion of a conference center, ballroom, events plaza, backstage and ticket office. The full funding for the project was provided through a cooperative effort with Chaffee County and included DOLA grant funding.

On July 8, 2008, the City entered into a contract to purchase the former Heart of the Rockies Regional Medical Center as joint tenants with Chaffee County. The two governmental entities plan to renovate and upgrade the facility for use a community services complex, consisting of certain exclusive and common use areas. The City would obtain approximately 23,000 square feet of the facility for a cost of \$800,000, which it plans to finance through a lease-purchase agreement.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALIDA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND

For the Year Ended December 31, 2007
With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes:					
Property Taxes	\$ 237,474	\$ 237,474	\$ 237,347	\$ (127)	\$ 228,305
Specific Ownership Taxes	50,000	50,000	51,485	1,485	51,800
City Sales Tax	2,314,362	2,314,362	2,348,846	34,484	2,244,088
County Sales Tax	1,231,674	1,231,674	1,288,043	56,369	1,228,479
Delinquent Taxes and Interest	100	100	48	(52)	86
Franchise Taxes	185,000	185,000	186,494	1,494	195,287
Total Taxes	<u>4,018,610</u>	<u>4,018,610</u>	<u>4,112,263</u>	<u>93,653</u>	<u>3,948,045</u>
Licenses and Permits:					
Liquor Licenses	6,500	6,500	7,546	1,046	5,614
Permits	3,000	3,000	18,292	15,292	(2,810)
Business Licenses	400	400	1,185	785	370
Animal Licenses	400	400	878	478	312
Total Licenses and Permits	<u>10,300</u>	<u>10,300</u>	<u>27,901</u>	<u>17,601</u>	<u>3,486</u>
Intergovernmental:					
Cigarette Taxes	27,000	27,000	26,457	(543)	27,025
Motor Vehicle Registrations	25,000	25,000	25,408	408	24,875
Federal Grants	-	-	29,250	29,250	-
State Grants	414,630	414,630	207,215	(207,415)	43,322
Highway Users Taxes	171,071	171,071	184,924	13,853	194,412
Severance Taxes	3,500	3,500	-	(3,500)	3,444
South Ark. Fire District	60,000	60,000	61,160	1,160	61,422
County Road & Bridge	4,500	4,500	4,894	394	4,576
State Highway 291	2,600	2,600	2,600	-	2,600
Total Intergovernmental	<u>708,301</u>	<u>708,301</u>	<u>541,908</u>	<u>(166,393)</u>	<u>361,676</u>
Fines and Forfeits:					
Court Fines	48,000	48,000	55,834	7,834	49,612
Parking Fines	6,000	6,000	5,300	(700)	4,855
Other Fines and Forfeits	20	20	3,697	3,677	20
Total Fines and Forefeits	<u>54,020</u>	<u>54,020</u>	<u>64,831</u>	<u>10,811</u>	<u>54,487</u>
Charges for Services:					
Charges for Services	14,250	14,250	27,136	12,886	15,678
Vital Statistics Records	15,000	15,000	19,300	4,300	14,359
Hot Springs Pool Fees	235,000	235,000	238,150	3,150	249,315
Other Parks and Recreation Fees	33,500	33,500	24,062	(9,438)	28,001
Total Charges for Services	<u>297,750</u>	<u>297,750</u>	<u>308,648</u>	<u>10,898</u>	<u>307,353</u>
Interest Revenue:	<u>70,000</u>	<u>70,000</u>	<u>134,347</u>	<u>64,347</u>	<u>88,207</u>
Miscellaneous:					
Rents and Leases	11,400	11,400	13,625	2,225	19,349
Planning and Zoning	16,000	16,000	27,282	11,282	16,665
Donations	5,000	5,000	6,037	1,037	5,211
Other Revenue	140,397	140,397	85,934	(54,463)	64,907
Sales of Fixed Assets	-	-	-	-	238,560
Medical/Dental Reimbursement (COBRA)	-	-	3,517	3,517	-
Insurance Proceeds	-	-	3,938	3,938	253,118
Total Miscellaneous	<u>172,797</u>	<u>172,797</u>	<u>140,333</u>	<u>(32,464)</u>	<u>597,810</u>
TOTAL REVENUES	<u>5,331,778</u>	<u>5,331,778</u>	<u>5,330,231</u>	<u>(1,547)</u>	<u>5,361,064</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, 2007
With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
General Government:					
General Government					
Personnel Services	100,629	79,129	70,642	8,487	73,712
Supplies	1,450	1,450	2,247	(797)	260
Purchased Services	145,256	119,256	105,362	13,894	303,592
Fixed Charges	109,800	113,394	121,583	(8,189)	109,013
Grants and Contributions	8,685	8,685	7,585	1,100	6,808
Capital Outlay	5,000	5,000	4,594	406	-
Total General Government	<u>370,820</u>	<u>326,914</u>	<u>312,013</u>	<u>14,901</u>	<u>493,385</u>
City Clerk					
Personnel Services	165,801	170,801	171,309	(508)	130,490
Supplies	10,300	10,300	8,850	1,450	9,019
Purchased Services	14,954	21,581	19,458	2,123	9,001
Fixed Charges	12	12	71	(59)	4
Capital Outlay	2,000	2,000	-	2,000	11,515
Total City Clerk	<u>193,067</u>	<u>204,694</u>	<u>199,688</u>	<u>5,006</u>	<u>160,029</u>
Court Clerk					
Personnel Services	20,784	24,273	19,821	4,452	19,414
Supplies	650	650	260	390	296
Purchased Services	34,475	46,589	45,622	967	35,395
Fixed Charges	8	8	3	5	4
Total Court Clerk	<u>55,917</u>	<u>71,520</u>	<u>65,706</u>	<u>5,814</u>	<u>55,109</u>
Administration					
Personnel Services	120,692	120,692	114,630	6,062	124,721
Supplies	8,800	7,800	5,723	2,077	3,800
Purchased Services	29,937	23,937	21,688	2,249	22,721
Total Administration	<u>159,429</u>	<u>152,429</u>	<u>142,041</u>	<u>10,388</u>	<u>151,242</u>
Community Development					
Personnel Services	76,066	76,066	69,700	6,366	52,162
Supplies	1,150	1,150	1,041	109	664
Purchased Services	41,404	41,404	48,411	(7,007)	88,978
Capital Outlay	-	-	-	-	2,173
Total Community Development	<u>118,620</u>	<u>118,620</u>	<u>119,152</u>	<u>(532)</u>	<u>143,977</u>
Total General Government	<u>897,853</u>	<u>874,177</u>	<u>838,600</u>	<u>35,577</u>	<u>1,003,742</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, 2007
With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES (Continued)					
Public Safety:					
Police					
Personnel Services	941,548	957,504	860,721	96,783	849,648
Supplies	68,892	68,892	59,934	8,958	55,038
Purchased Services	77,513	79,499	82,423	(2,924)	74,615
Capital Outlay	67,971	70,340	68,376	1,964	57,357
Total Police	<u>1,155,924</u>	<u>1,176,235</u>	<u>1,071,454</u>	<u>104,781</u>	<u>1,036,658</u>
Fire					
Personnel Services	540,174	534,926	519,481	15,445	466,699
Supplies	30,800	30,800	30,766	34	28,497
Purchased Services	49,530	49,530	23,279	26,251	39,612
Capital Outlay	46,000	47,140	39,364	7,776	41,120
Total Fire	<u>666,504</u>	<u>662,396</u>	<u>612,890</u>	<u>49,506</u>	<u>575,928</u>
Total Public Safety	<u>1,822,428</u>	<u>1,838,631</u>	<u>1,684,344</u>	<u>154,287</u>	<u>1,612,586</u>
Public Works:					
Personnel Services	318,250	318,794	300,149	18,645	244,729
Supplies	38,344	56,044	69,783	(13,739)	35,288
Purchased Services	95,300	95,300	88,872	6,428	90,826
Fixed Charges	-	-	-	-	-
Capital Outlay	1,164,634	1,139,634	765,430	374,204	682,099
Total Public Works	<u>1,672,198</u>	<u>1,665,442</u>	<u>1,224,234</u>	<u>441,208</u>	<u>1,052,942</u>
Culture, Parks and Recreation:					
Recreation Coordinator					
Personnel Services	34,012	34,012	19,154	14,858	28,175
Supplies	5,600	5,600	3,285	2,315	5,052
Purchased Services	20,765	20,765	15,368	5,397	17,810
Fixed Charges	-	-	2	(2)	4
Total Recreation Coordinator	<u>60,377</u>	<u>60,377</u>	<u>37,809</u>	<u>22,568</u>	<u>51,041</u>
Hot Springs Pool					
Personnel Services	310,386	310,386	265,324	45,062	263,123
Supplies	52,565	52,565	51,408	1,157	53,364
Purchased Services	122,485	131,842	118,487	13,355	94,816
Fixed Charges	2,469	2,469	1,888	581	2,288
Capital Outlay	-	-	1,573	(1,573)	57,235
Total Hot Springs Pool	<u>487,905</u>	<u>497,262</u>	<u>438,680</u>	<u>58,582</u>	<u>470,826</u>
Marvin Park					
Personnel Services	10,425	9,059	8,509	550	9,032
Supplies	2,225	1,579	1,298	281	1,480
Purchased Services	25,671	25,775	25,089	686	24,193
Total Marvin Park	<u>38,321</u>	<u>36,413</u>	<u>34,896</u>	<u>1,517</u>	<u>34,705</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, 2007
With Comparative Totals for the Year Ended December 31, 2006
(Continued)

	2007			VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES (Continued)					
Culture, Parks and Recreation (Continued)					
Other City Assets					
Personnel Services	49,394	55,394	54,092	1,302	66,676
Supplies	9,500	9,500	11,596	(2,096)	9,152
Purchased Services	42,350	46,350	47,113	(763)	75,729
Capital Outlay	23,150	23,150	16,884	6,266	78,018
Total Other City Assets	<u>124,394</u>	<u>134,394</u>	<u>129,685</u>	<u>4,709</u>	<u>229,575</u>
Other Recreational Properties					
Purchased Services	<u>357,437</u>	<u>357,437</u>	<u>338,911</u>	<u>18,526</u>	<u>-</u>
Total Culture, Parks and Recreation	<u>1,068,434</u>	<u>1,085,883</u>	<u>979,981</u>	<u>105,902</u>	<u>786,147</u>
Debt Service					
Interest	170,400	170,400	156,265	14,135	168,729
Principal	-	-	283,672	(283,672)	434,475
Total Debt Service	<u>170,400</u>	<u>170,400</u>	<u>439,937</u>	<u>(269,537)</u>	<u>603,204</u>
TOTAL EXPENDITURES	<u>5,631,313</u>	<u>5,634,533</u>	<u>5,167,096</u>	<u>467,437</u>	<u>5,058,621</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - Budget Basis	<u>(299,535)</u>	<u>(302,755)</u>	<u>163,135</u>	<u>465,890</u>	<u>302,443</u>
OTHER FINANCING SOURCES (USES)					
Settlement Proceeds	-	-	-	-	325,000
Debt Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,321</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,321</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(299,535)</u>	<u>(302,755)</u>	<u>163,135</u>	<u>465,890</u>	<u>1,180,764</u>
FUND BALANCE - Beginning of Year	<u>3,606,547</u>	<u>3,606,547</u>	<u>3,606,547</u>	<u>-</u>	<u>2,425,783</u>
FUND BALANCE - End of Year	<u>\$ 3,307,012</u>	<u>\$ 3,303,792</u>	<u>\$ 3,769,682</u>	<u>\$ 465,890</u>	<u>\$ 3,606,547</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007		VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental Revenues	\$ 140,190	\$ 84,221	\$ (55,969)	\$ 62,007
Interest Revenue	-	174	174	927
Total Revenues	140,190	84,395	(55,795)	62,934
EXPENDITURES				
Capital Outlay:				
Other City Assets	140,190	76,033	64,157	10,224
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	8,362	8,362	52,710
FUND BALANCE - Beginning of Year	-	126,066	126,066	73,356
FUND BALANCE - End of Year	\$ -	\$ 134,428	\$ 134,428	\$ 126,066

See the accompanying Independent Auditors' Report.

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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 74,958	\$ 74,958	\$ 74,868	\$ (90)	\$ 73,898
Intergovernmental Revenues	500,000	-	500,000	500,000	-
Charges for Services	537,343	577,644	579,084	1,440	536,205
Line Maintenance Charges	16,978	80,646	82,322	1,676	16,852
Resource Fees	85,698	85,698	169,709	84,011	125,000
System Development Fees	93,179	109,354	220,010	110,656	130,405
Other Revenue	2,449,650	2,477,788	108,590	(2,369,198)	66,190
Interest Revenue	37,000	37,000	40,614	3,614	58,740
TOTAL OPERATING REVENUES	3,794,806	3,443,088	1,775,197	(1,667,891)	1,007,290
EXPENDITURES					
Water					
Personnel Services	215,539	210,368	207,052	3,316	194,606
Supplies	55,735	55,735	6,208	49,527	9,062
Chemicals, Laboratory Supplies	-	-	17,078	(17,078)	17,073
Purchased Water	-	-	24,839	(24,839)	17,203
Purchased Services	58,680	58,680	46,583	12,097	34,132
Utilities	40,861	40,861	34,668	6,193	38,750
Legal	25,440	25,440	28,586	(3,146)	26,792
Fixed Charges	35,636	35,636	35,006	630	35,442
Debt Service Principal	86,214	86,214	86,214	(6,155)	80,014
Interest Expense	51,930	51,930	58,108	(6,178)	60,109
Total Water	570,035	524,864	609,735	(91,026)	513,183
Public Works - Water					
Personnel Services	51,847	67,641	60,840	6,801	34,491
Supplies	4,750	6,750	9,749	(2,999)	5,126
Purchased Services	6,600	6,600	45,430	(38,830)	9,143
Construction and Building	3,700	5,200	4,284	916	1,284
Debt Service Principal	116,755	116,755	33,751	89,159	111,433
Interest Expense	95,878	95,878	102,329	(6,451)	105,562
Total Public Works - Water	279,530	298,824	256,383	48,596	267,039
Capital Outlay	3,514,708	1,709,708	815,761	893,947	707,690
TOTAL EXPENDITURES	4,364,273	2,533,396	1,681,879	851,517	1,487,912
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	(569,467)	909,692	93,318	(816,374)	(480,622)

(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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	\$ (569,467)	\$ 909,692	\$ 93,318	\$ (816,374)	\$ (480,622)
GAAP BASIS ADJUSTMENTS					
Capital Outlay			820,875		689,915
Depreciation			(206,720)		(206,922)
Debt Service Principal			119,965		191,447
TOTAL GAAP BASIS ADJUSTMENTS			734,120		674,440
NET INCOME - GAAP BASIS			827,438		193,818
NET ASSETS - Beginning of Year			3,972,770		3,778,952
NET ASSETS - End of Year			\$ 4,800,209		\$ 3,972,770

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, 2007
 With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Charges for Services	\$ 898,281	\$ 895,274	\$ 901,590	\$ 6,316	\$ 925,546
System Development Fees	78,000	78,000	152,425	74,425	134,991
Other Revenue	20,450	20,450	19,217	(1,233)	(56,246)
Interest Revenue	20,123	20,123	72,110	51,987	28,925
TOTAL REVENUES	1,016,854	1,013,847	1,145,342	131,495	1,033,216
EXPENDITURES					
Sewer					
Personnel Services	254,248	243,423	226,792	16,631	220,782
Chemicals, Laboratory Supplies	-	-	45,455	(45,455)	36,162
Supplies	57,680	57,680	14,953	42,727	16,429
Utilities	110,724	110,724	85,128	25,596	95,682
Professional Services	11,700	32,600	23,237	9,363	4,354
Legal	3,000	3,000	11,872	(8,872)	3,220
Purchased Services	86,553	83,553	47,364	36,189	45,258
Construction and Building	5,750	5,750	1,404	4,346	2,134
Fixed Charges	33,230	33,230	33,609	(379)	33,952
Debt Service Principal	51,494	51,949	51,494	455	49,494
Interest Expense	15,778	15,778	20,621	(4,843)	20,744
Total Operations	630,157	637,687	561,929	75,758	528,211
Public Works - Sewer					
Personnel Services	22,174	11,348	9,655	1,693	11,612
Supplies	1,500	1,500	2,724	(1,224)	2,256
Sewer Cleaning	45,000	45,000	44,931	69	34,977
Purchased Services	6,250	3,250	643	2,607	2,318
Construction and Building	3,100	3,100	329	2,771	97
Total Administration	78,024	64,198	58,282	5,916	51,260
Capital Outlay	629,852	515,852	48,773	467,079	394,570
TOTAL EXPENDITURES	1,338,033	1,217,737	668,984	548,753	974,041
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	(321,179)	(203,890)	476,358	680,248	59,175

(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, 2007
 With Comparative Totals for the Year Ended December 31, 2006

	2007		VARIANCE POSITIVE (NEGATIVE)	2006 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ (203,890)</u>	<u>\$ 476,358</u>	<u>\$ 680,248</u>	<u>\$ 59,175</u>
GAAP BASIS ADJUSTMENTS				
Depreciation		(206,456)		(207,678)
Capital Outlay		43,666		394,570
Principal Paid		<u>51,494</u>		<u>49,494</u>
TOTAL GAAP BASIS ADJUSTMENTS		<u>(111,296)</u>		<u>236,386</u>
NET INCOME - GAAP BASIS		365,062		295,561
NET ASSETS - Beginning of Year		<u>6,207,246</u>		<u>5,911,685</u>
NET ASSETS - End of Year		<u>\$ 6,572,309</u>		<u>\$ 6,207,246</u>

See the accompanying Independent Auditors' Report.

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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, 2007, and have issued our report thereon dated August 28, 2008. 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.

August 28, 2008

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Salida
		YEAR ENDING : December 2007
This Information From The Records Of (example - City of _ or County of _) City of Salida	Prepared By: Phone:	Jan Schmidt 719-539-2311

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)	602,640
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	7,621
2. General fund appropriations	573,629	b. Snow and ice removal	76,059
3. Other local imposts (from page 2)	771,965	c. Other	80,564
4. Miscellaneous local receipts (from page 2)	15,300	d. Total (a. through c.)	164,244
5. Transfers from toll facilities		4. General administration & miscellaneous	45,880
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	535,727
a. Bonds - Original Issues		6. Total (1 through 5)	1,348,491
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	55,670
7. Total (1 through 6)	1,360,894	b. Redemption	170,000
B. Private Contributions		c. Total (a. + b.)	225,670
C. Receipts from State government (from page 2)	213,267	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,574,161	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	225,670
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,574,161

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,165,000	0	170,000	995,000
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
		1,574,161	1,574,161		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2007

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	15,300
1. Sales Taxes	715,586	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Road & Bridge	4,894	f. Charges for Services	
5. Specific Ownership &/or Other	51,485	g. Other Misc. Receipts	
6. Total (1. through 5.)	771,965	h. Other	
c. Total (a. + b.)	771,965	i. Total (a. through h.)	15,300
	(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	184,924	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	25,743	d. Federal Transit Admin	
d. Other (Specify)	2,600	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	28,343	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	213,267	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		602,640	602,640
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	602,640	602,640
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	602,640	602,640
			(Carry forward to page 1)

Notes and Comments:

C3.d. - CDOT payments for maintenance on Highway 291 through city limits