

CITY OF SALIDA, COLORADO
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008



**CITY OF SALIDA, COLORADO
CITY COUNCIL AND KEY EMPLOYEES
December 31, 2008**

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

Jack Lewis, City Administrator
Janella Martinez, City Clerk
Greg Amidon, City Treasurer
Jan Schmidt, Finance Director

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FINANCIAL SECTION

Management's Discussion and Analysis
(Required Supplementary Information)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview and highlights of the financial activities of the City of Salida (the City or Salida). 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

- Salida's financial position remained stable during 2008. Revenues exceeded expenditures largely due to continued budgetary controls over spending and increases in sales tax collections and fees for services during 2008.
- The assets of the City of Salida totaled \$34,638,414 and exceeded liabilities by \$24,388,199 at the close of calendar year 2008. The \$2,182,250 increase in net assets during 2008 was primarily driven by the results of City's business-type activities.
- Unrestricted net assets of \$4,963,340 as of December 31, 2008 were available to meet the City's future obligations to citizens, employees and creditors.
 - For government activities - \$1,270,989, a decrease of \$397,191 (23.8%)
 - For business-type activities - \$3,692,351, a decrease of \$1,747,257 (32.1%)
- As of December 31, 2008 the total fund balance for governmental activities was \$4,112,613, of which \$168,462 was in the Conservation Trust Fund. The total increase in the governmental fund balance during 2008 was \$208,503 (5.3%).
- As of December 31, 2008, the unreserved general fund balance was \$1,376,586, or 31% of the 2009 budget for general fund operating expenditures.
- Total cash and investments were \$8,112,044, of which \$4,192,792 was unrestricted. Unrestricted cash and investments held in the funds for business-type activities totaled \$2,849,906, and \$1,342,886 was available for general government activities. Funds designated by council for specific uses are included in unrestricted cash and investments.
- A capital improvement project and the establishment of a new business-type fund for the SteamPlant Theater and Event Center (SteamPlant) was paid for, in part, through a \$504,186 transfer from the general fund. A \$500,000 state grant and other contributions totaling \$220,000 provided the remaining project funding.
- Although Salida's population has not recently increased, the City is experiencing significant development activity requiring municipal resources and foresight of its leaders and staff. The City invested \$4,532,145 in capital assets to serve public health and safety needs, replace aging infrastructure and enhance the quality of life for its citizens.

Overview of the Financial Statements

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

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

Financial analysis and commentary on both types of financial statement views is included in the MD&A to provide readers with more detail and perspective beyond simply the numbers. In addition, the report contains supplementary information to the basic financial statements that provide more detailed information for readers.

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 only result in cash flows in future periods (e.g. taxes 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 other 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 that is 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. Governmental funds are used to account for essentially 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for 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. Information is presented separately for the General Fund and the Conservation Trust Fund. Salida's city council adopts an annual appropriated budget for all its funds. Included in this report is a budgetary comparison statement for all funds to demonstrate compliance with this budget.

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

Proprietary funds. 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. In 2008, a new enterprise fund was established to account for the SteamPlant Theater and Event Center, which the City began operating following renovation and expansion completed in July 2008.

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 Utilities and the Sewer Utilities 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 10-31 of this report.

Supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with

the appropriated budget for the year ended December 31, 2008 and the Local Highway Finance Report. The Budgetary comparison schedules are on pages 32-41 of this report and the Local Highway Finance Report is included at the end of this report.

Financial Analysis – Government-wide Financial Statements

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Salida, assets exceeded liabilities by \$24,388,199 as of December 31, 2008.

Statement of Net Assets. At December 31, 2008, a substantial portion of the City's net assets (\$15,190,166 or 62.3%) reflects its investment in capital assets (e.g. land, water rights, buildings, roads, machinery, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investments in its 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 these liabilities.

An additional portion of the City's net assets (\$4,234,694 or 17.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,963,340 or 20.3%) may be used to meet the City's ongoing obligations to citizens and creditors. Of the unrestricted assets, \$3,692,351 (74.4%) are held in the business type activities.

Statement of Activities. The following table illustrates the components of the \$2,182,250, or 9.8%, increase in the City's net assets. The 2008 statement of activities for all funds is also compared to the previous year.

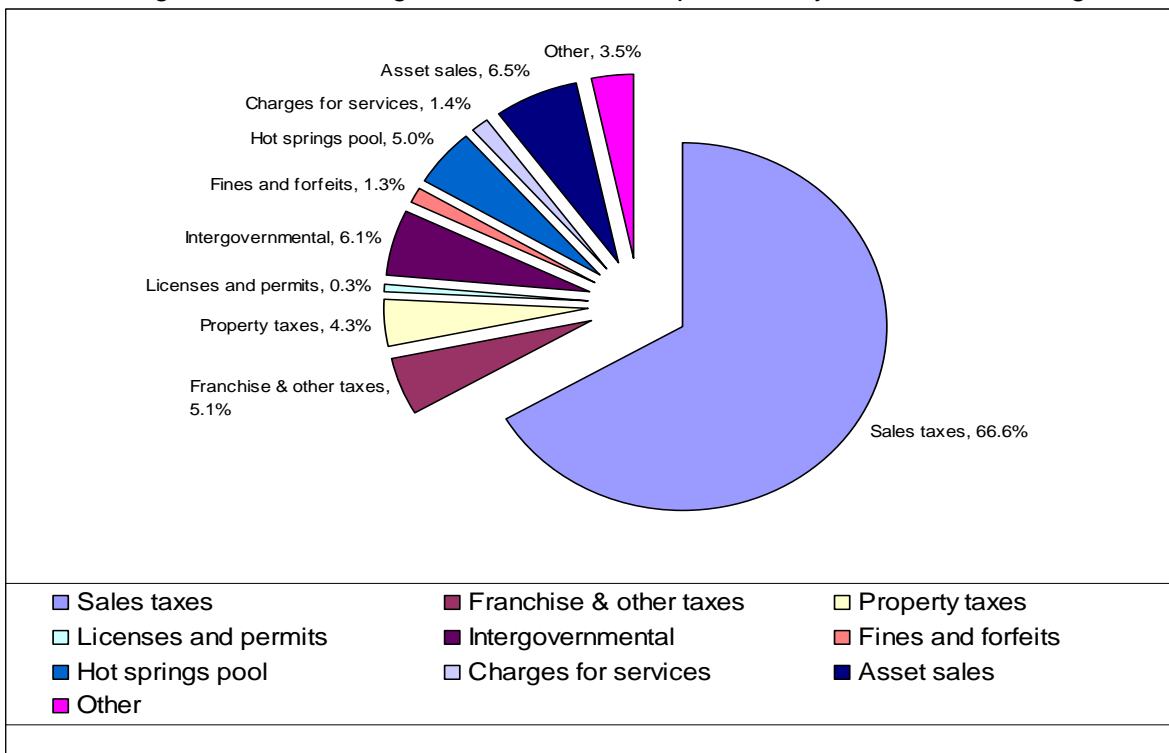
	Governmental Activities		Business-type Activities		Total Primary Government		Year over Year Changes	
	2008	2007	2008	2007	2008	2007		
Revenues								
Program revenues:								
Charges for services	\$ 532,375	\$ 454,070	\$ 1,955,249	\$ 1,690,805	\$ 2,487,624	\$ 2,144,875	\$ 342,749	16.0%
Operating grants/contri	297,691	315,322	-	-	297,691	315,322	(17,631)	-5.6%
Capital grants/contri	78,880	291,436	1,469,487	1,042,144	1,548,367	1,333,580	214,787	16.1%
General revenues:								
Property taxes	241,352	237,347	74,814	74,868	316,166	312,215	3,951	1.3%
Sales and use taxes	3,783,163	3,636,889	-	-	3,783,163	3,636,889	146,274	4.0%
Franchise taxes	236,464	186,494	-	-	236,464	186,494	49,970	26.8%
Other taxes	51,967	51,533	-	-	51,967	51,533	434	0.8%
Other general revenue	509,505	241,535	135,148	112,724	644,653	354,259	290,394	82.0%
Total revenues	\$ 5,731,397	\$ 5,414,626	\$ 3,634,698	\$ 2,920,541	\$ 9,366,095	\$ 8,335,167	1,030,928	12.4%
Expenses								
General government	1,222,909	939,639	-	-	1,222,909	939,639	283,270	30.1%
Public safety	1,804,956	1,776,292	-	-	1,804,956	1,776,292	28,664	1.6%
Public works	439,657	516,914	-	-	439,657	516,914	(77,257)	-14.9%
Culture, parks & recreation	731,879	1,083,304	-	-	731,879	1,083,304	(351,425)	-32.4%
Principle & interest	879,988	270,668	251,973	181,058	1,131,961	451,726	680,235	150.6%
Water operations	-	-	846,239	787,322	846,239	787,322	58,917	7.5%
Sewer operations	-	-	766,932	759,659	766,932	759,659	7,273	1.0%
Event center operations	-	-	239,311	-	239,311	-	239,311	
Transfers	504,186	-	(504,186)	-	-	-	-	
Total expenses	\$ 5,583,575	\$ 4,586,817	\$ 1,600,269	\$ 1,728,039	\$ 7,183,844	\$ 6,314,856	868,988	13.8%
Increase in net assets	\$ 147,822	\$ 827,809	\$ 2,034,429	\$ 1,192,502	\$ 2,182,251	\$ 2,020,311	161,940	8.0%
Beginning net assets	10,833,430	10,005,621	11,372,518	10,180,016	22,205,948	20,185,637	2,020,311	10.0%
Ending net assets	\$ 10,981,252	\$ 10,833,430	\$ 13,406,947	\$ 11,372,518	\$ 24,388,199	\$ 22,205,948	\$ 2,182,251	9.8%

By fund group, governmental activities increased the net assets by \$147,822, or 1.4%, and business-type activities generated a \$2,034,429, or 17.9%, increase in net assets. Both revenues and expenses exceeded the prior year levels.

Key elements of the \$147,822 increase in net assets for governmental activities during 2008 are as follows:

- Charges for services increased \$78,305 (17.2%) due to a mid-year increase in pool usage fees along with new charges for fire inspection fees implemented in 2008.
- Sales tax receipts increased \$146,274 (4.0%) over the prior year due to higher taxable sales in the City and Chaffee County.
- Franchise tax receipts increased \$49,970 (26.8%) due primarily to an increase in the percentages charged for the natural gas franchisee in the City when the agreement was renegotiated during 2008.
- Capital grants decreased \$212,556 (72.9%) due to the timing of a state grant recognized in 2007 for construction of new soccer fields.
- Other revenue increased \$267,970 (110.9%) primarily from \$367,321 in proceeds from the sale of the property formerly used for a public works facility along with sales of several vehicles and pieces of obsolete equipment. The net increase was offset, in part, by a decrease in interest revenue of \$43,944 (32.7%) due to lower levels of reserves and a drop in interest rates.
- Total expenditures increased \$996,762 (21.7%) from 2007 to 2008. Approximately half of this increase was due to a \$504,186 transfer from the general fund to the new SteamPlant fund. Other factors contributing to this increase were personnel costs from the turnover of the city administrator position, larger legal fees and facility costs associated with a building purchased for future use as a new city hall and police headquarters.

The following chart shows the general fund revenue provided by each source during 2008.

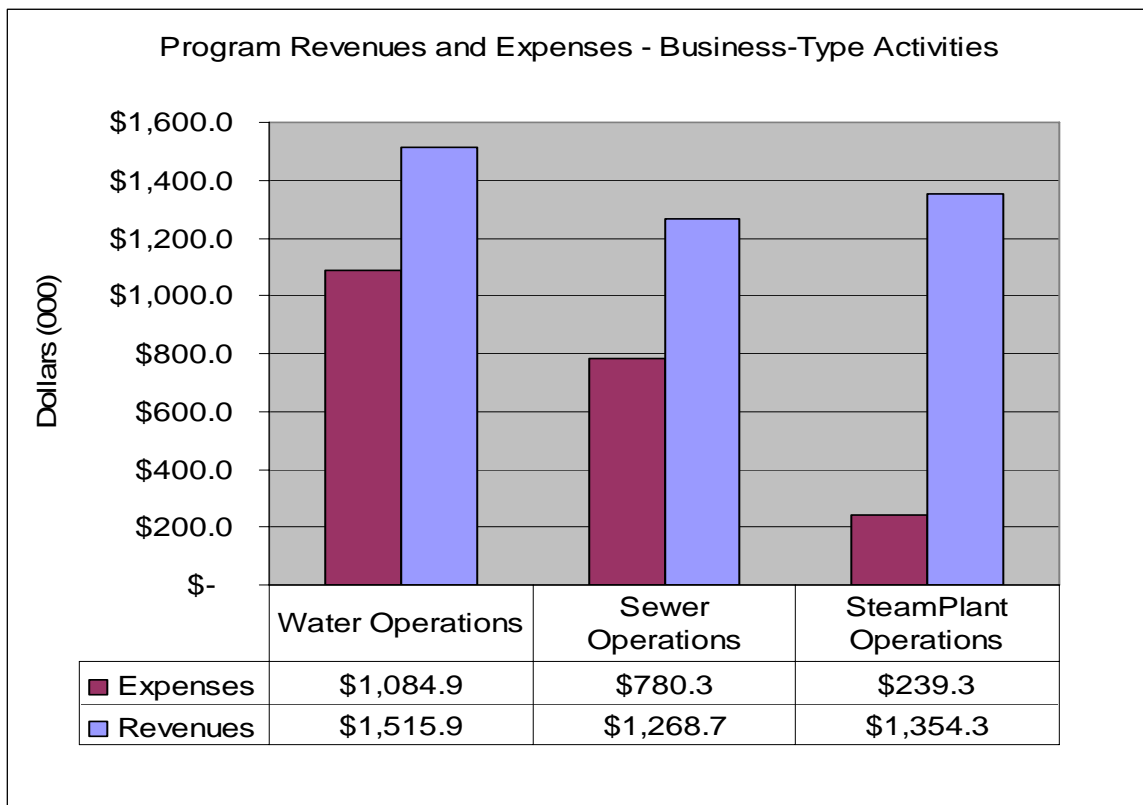


Governmental activities were financed primarily by city and county sales tax revenues, which provided two-thirds of all funding in 2008. Property, franchise and other taxes provided 9.3% of revenue. Non-recurring funding through asset sales provided 6.5% of 2008 revenue. All other sources including fees, licenses, grants, fines, rents, and interest income provided the remaining 26.9% of revenue in 2008.

Key elements of the \$2,034,429 increase in net assets for business-type activities during 2008 are as follows:

- Charges for services increased \$264,444 (15.6%) due to increases in the volumes of water used and wastewater treated and in the rates charged for water usage.
- Capital revenue increased \$427,343 (41.0%) primarily due to a state grant and matching funds contributed by Chaffee County for the SteamPlant capital project. In addition, the wastewater system development fees were doubled in the middle of 2008, resulting in a \$40,725 increase in revenue despite a decline in the number of new taps. The total increase in capital revenue was offset, in part, by reduced grant revenue for a water project and slightly reduced water system development fees.
- Total expenses increased by \$376,416 (21.8%) primarily due to the addition of the SteamPlant Theater and Event Center operating costs. In addition, interest expense increased \$70,915 (39.2%) due to the outstanding balance on the water and sewer bonds refunded in December 2007, resulting in a higher average outstanding debt balance in 2008 compared to 2007. Expenses for water operations increased \$58,917 (7.5%) primarily due to engineering costs.

The following chart demonstrates the current level of recovery for the City's water and sewer activities and of the start up activities of the SteamPlant Theater and Event Center.



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, 2008, the City of Salida's governmental funds reported combined ending fund equity of \$4,112,613, an increase of \$208,503 compared to December 31, 2007. The unreserved fund equity, which is available for spending at the City's discretion, represented 37.6% or \$1,545,048 of the fund equity. The unreserved fund balance for the General Fund is \$1,376,586, while \$168,462 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. As of December 31, 2008, the City no longer reflected a receivable balance for property taxes because it repealed its property tax assessment.

The General Fund is the City's primary operating fund. All activities which are 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 that in 2008 General Fund revenues exceeded expenditures by \$174,469. This was primarily the result of one-time asset sales combined with controlled spending based upon expected revenue levels.

The Conservation Trust Fund increased the fund balance by \$34,034 due to the deferral of certain capital projects planned for 2008. The Conservation Trust Fund receives money from lottery proceeds that are distributed 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 provide the same type of information found in the government-wide financial statements but in more detail.

Total unrestricted net assets as of December 31, 2008 were \$3,692,351, a decrease of \$1,747,257 from December 31, 2007. The decrease is due to the use of reserves for capital improvements. The unrestricted net assets equal 220% of the Proprietary Fund 2009 budgeted operating expenditures. However, some of these funds are expected to be used for major capital improvements to the wastewater treatment plant needed within the next couple of years.

The investment in capital assets net of debt increased by \$2,946,097 in 2008 primarily due to the costs associated with a new high zone water tank and transmission lines. In addition, the City is upgrading its water meters and continues to invest in capital projects to extend the life of its streets and other infrastructure. These capital assets are necessary to 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 continue to generate increased levels of revenue due to rate increases and additional customers. Both water and sewer operations generated cash, which will be needed for future capital projects. The SteamPlant is not expected to breakeven or generate cash in its initial years of operations.

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 were favorable to the budget due to greater sales tax collections and franchise taxes as well as the sale of obsolete equipment that had not been planned during 2008. Actual expenditures were less than budgeted.

The final general fund expenditures budget was amended to include \$800,000 for the acquisition of a former hospital building purchased jointly with Chaffee County to be renovated for use as a community services complex (CSC). Actual results also show the issuance and repayment of \$720,000 in short-term financing that was repaid prior to the end of the year. In addition, expenditures show \$200,000 in cash and \$304,186 in capital assets contributed to the SteamPlant fund during 2008.

Water Enterprise. Operating results of the water fund were favorable, with the exception of a budgetary variance due to the timing of grant revenue. The Salida municipal code provides for annual increases in the rates customers pay for water services. This price increase, along with growth in the number of customers, led to an increase in operating revenue. The City added 11 new customers and the average revenue per customer increased compared to 2007. Total operating expenditures approximated the approved budget figures; however, capital expenditures were 10% less than budgeted due to delays in the completion of the high zone water tank and transmission lines.

Sewer Enterprise. Operating results of the sewer fund were favorable, driven primarily by an increase in metered sales. System development fees exceeded the budget by \$119,650 due, in part, due a 100% increase in rates effective in July 2008. Both operating and capital expenditures fell short of the approved budget.

SteamPlant Theater and Event Center Enterprise. 2008 financial results reflect pre-opening costs and six months of operations of this newly renovated and expanded facility. Formerly a standalone theater owned by the City but operated by a nonprofit group, this property now contains a ballroom and annex available for weddings, business meetings and a variety of other events. The expansion was partially financed through Chaffee County, which was awarded a \$500,000 state grant and contributed \$180,000. The City entered into a \$530,000 lease purchase agreement to finance its portion of the matching funds. The City also contributed \$304,186 in capital assets from the general fund and \$200,000 in cash for operations. It is expected to contribute to economic development in the region as Salida now has a facility to host events that it previously could not accommodate.

Long-term Debt

As of December 31, 2008 the City had total long-term financing obligations outstanding of \$9,522,417, with \$1,116,480 due within one year. The general fund had obligations of \$3,873,764, with 438,796 due within one year. Compared to total net assets, the City's long-term financing obligations were 39.0% at December 31, 2008, down slightly from 40.3% a year ago.

Total bonded debt at December 31, 2008 was \$1,175,000 and \$3,845,000 in the general fund and water and sewer enterprise fund, respectively. The City's bonds are not rated.

A new lease purchase agreement was entered into during 2008 that provided the City's \$875,000 portion of the purchase price and acquisition-related costs of the former hospital building located in downtown Salida. The City and Chaffee County own this facility as joint tenants and will complete a major renovation converting it for government services use. A second phase of financing was closed in early 2009 to provide an additional \$1,100,000 toward the total renovation costs.

The City repaid a portion of its long-term obligations in advance of their maturity during the first half of 2009. The principal amounts paid off consisted of the following:

- 2004 Vandaveer Note – \$1,621,016 (general fund)
- 2004 Vandaveer Note – \$736,825 (water and sewer enterprise fund)
- 2006 Equipment Capital Lease – \$202,748 (general fund)
- 2006 Equipment Capital Lease – \$117,695 (water and sewer enterprise fund)

Please see note 4 on pages 19 through 26 for additional information about long-term debt and financing arrangements.

Economic Factors and Financial Outlook

City sales tax revenues are expected to increase by 33% in 2009 due to the passage of an incremental 1% to be used for public infrastructure. The City will collect 3% of taxable sales effective January 1, 2009. In addition, the county allocates a portion of their 2% sales tax to the municipalities within the county. The 2009 budget assumes that taxable sales within the City and county will be flat compared to 2008. Voters also approved a new revenue source, a lodging occupation tax, which will become available to use for parks, recreation and arts facilities.

Due to the new or incremental revenue sources and a number of capital projects, the 2009 budget includes an increased level of spending compared to historic levels. Grant revenue of nearly \$2 million will offset the majority of the net budgetary impact. Significant capital investments include a new city hall and police headquarters as well as the refurbishment of the water line that delivers hot springs water to the municipal pool. The City's investment in road improvement projects will also increase in 2009. The City will borrow funds to finance a portion of capital spending needs in 2009.

The new high zone water tank and transmission line is expected to be completed during 2009. The majority of capital spending within the enterprise fund will then shift to the upgrade needs of the wastewater treatment facility. The City anticipates the issuance of debt to pay for a portion of future capital investments. It is also seeking grant funding to assist with these significant upgrades.

Appropriations for the 2009 budget are \$13,952,853, of which \$9,960,699 is for governmental activities and \$3,992,154 is for business-type activities. The budget for 2009 includes using Economic Development funds to pay for the costs of marketing and developing property owned by the City and supporting the local airport which is managed by the County, but co-owned by the City.

Requests for information

This financial report is designed to provide a general overview of the City of Salida's finances 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 P.O. Box 417, 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, 2008, and for the year ended December 31, 2008, 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, 2008, 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.

Johnson, Holscher & Company, P.C.

May 15, 2009

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BASIC FINANCIAL STATEMENTS

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CITY OF SALIDA, COLORADO

STATEMENT OF NET ASSETS

December 31, 2008

	Government Activities	Business - Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 1,342,886	\$ 2,849,906	\$ 4,192,792
Cash with Fiscal Agent	4,128	-	4,128
Intergovernmental Receivables	810,744	70,000	880,744
Accounts Receivable	46,390	491,822	538,212
Total Current Assets	<u>2,204,148</u>	<u>3,411,728</u>	<u>5,615,876</u>
Noncurrent Assets			
Capital Assets	15,481,089	19,772,376	35,253,465
Accumulated Depreciation	(4,464,627)	(6,076,256)	(10,540,883)
Bond Issuance Costs - Net	-	173,792	173,792
Notes Receivable	-	216,912	216,912
Restricted Cash and Investments	2,252,123	1,667,129	3,919,252
Total Noncurrent Assets	<u>13,268,585</u>	<u>15,753,953</u>	<u>29,022,538</u>
TOTAL ASSETS	<u>15,472,733</u>	<u>19,165,681</u>	<u>34,638,414</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	176,252	56,674	232,926
Other Accrued Liabilities	70,864	-	70,864
Accrued Interest	49,688	38,524	88,212
Unearned Revenue	28,500	-	28,500
Accrued Salaries and Benefits	67,772	14,889	82,661
Current Portion of Long-Term Debt	438,796	677,684	1,116,480
Total Current Liabilities	<u>831,872</u>	<u>787,771</u>	<u>1,619,643</u>
Noncurrent Liabilities			
General Obligation Bonds Payable	935,000	65,000	1,000,000
Notes Payable	1,546,741	1,076,092	2,622,833
Capital Lease Payable	953,227	339,877	1,293,104
Revenue Bonds Payable	-	3,490,000	3,490,000
Accrued Compensated Absences	224,641	-	224,641
Total Noncurrent Liabilities	<u>3,659,609</u>	<u>4,970,969</u>	<u>8,630,578</u>
TOTAL LIABILITIES	<u>4,491,481</u>	<u>5,758,740</u>	<u>10,250,221</u>
NET ASSETS			
Invested in Capital Assets, net of Related Debt	7,142,698	8,047,468	15,190,166
Restricted Net Assets	2,567,565	1,667,129	4,234,694
Unrestricted Net Assets	1,270,989	3,692,351	4,963,340
TOTAL NET ASSETS	<u>\$ 10,981,252</u>	<u>\$ 13,406,947</u>	<u>\$ 24,388,199</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, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Government Activities				
Current:				
General Government	\$ 1,222,909	\$ 95,266	\$ 43,947	\$ -
Public Safety	1,804,958	73,314	70,000	-
Public Works	439,657	48,036	183,744	25,394
Culture, Parks and Recreation	731,879	315,759	-	53,486
Principal on Debt	727,747	-	-	-
Interest on Debt	152,241	-	-	-
TOTAL GOVERNMENT ACTIVITIES	<u>5,079,389</u>	<u>532,375</u>	<u>297,691</u>	<u>78,880</u>
Business - Type Activities				
Current:				
Water Operations	1,084,870	908,965	-	454,137
Sewer Operations	780,274	994,404	-	217,150
Theater and Events Center	239,311	51,880	-	798,200
TOTAL BUSINESS - TYPE ACTIVITIES	<u>2,104,455</u>	<u>1,955,249</u>	<u>-</u>	<u>1,469,487</u>
TOTAL GOVERNMENT	<u>\$ 7,183,844</u>	<u>\$ 2,487,624</u>	<u>\$ 297,691</u>	<u>\$ 1,548,367</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				
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
\$ (1,083,696)	\$ -	\$ (1,083,696)
(1,661,644)	-	(1,661,644)
(182,483)	-	(182,483)
(362,634)	-	(362,634)
(727,747)	-	(727,747)
(152,241)	-	(152,241)
<u>(4,170,443)</u>	<u>-</u>	<u>(4,170,443)</u>
-	278,232	278,232
-	431,280	431,280
-	610,769	610,769
<u>-</u>	<u>1,320,281</u>	<u>1,320,281</u>
<u>(4,170,443)</u>	<u>1,320,281</u>	<u>(2,850,162)</u>
241,352	-	241,352
-	74,814	74,814
51,942	-	51,942
3,783,163	-	3,783,163
236,464	-	236,464
25	-	25
90,503	135,148	225,651
(504,186)	504,186	-
419,002	-	419,002
<u>4,318,265</u>	<u>714,148</u>	<u>5,032,413</u>
147,822	2,034,429	2,182,251
<u>10,833,430</u>	<u>11,372,518</u>	<u>22,205,948</u>
<u>\$ 10,981,252</u>	<u>\$ 13,406,947</u>	<u>\$ 24,388,199</u>

CITY OF SALIDA, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2008
With Comparative Totals for December 31, 2007

	<u>GENERAL</u>	<u>CONSERVATION TRUST</u>	<u>TOTALS</u>	
			<u>2008</u>	<u>2007</u>
ASSETS				
Cash and Investments	\$ 1,119,734	\$ 223,152	\$ 1,342,886	\$ 1,285,126
Cash with Fiscal Agent	4,128	-	4,128	5,790
Property Tax Receivable	-	-	-	278,663
Intergovernmental Receivables	810,744	-	810,744	999,554
Accounts Receivable	46,390	-	46,390	206,930
Due from Other Funds	45,000	-	45,000	-
Restricted Cash and Investments	<u>2,252,123</u>	<u>-</u>	<u>2,252,123</u>	<u>1,546,420</u>
TOTAL ASSETS	<u>\$ 4,278,119</u>	<u>\$ 223,152</u>	<u>\$ 4,501,271</u>	<u>\$ 4,322,483</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 166,562	\$ 9,690	\$ 176,252	\$ 82,394
Other Accrued Liabilities	71,134	-	71,134	21,000
Due to Other Funds	-	45,000	45,000	309
Unearned Revenue	28,500	-	28,500	249,497
Accrued Salaries and Benefits	<u>67,772</u>	<u>-</u>	<u>67,772</u>	<u>65,173</u>
TOTAL LIABILITIES	<u>333,968</u>	<u>54,690</u>	<u>388,658</u>	<u>418,373</u>
FUND BALANCE				
Reserved for TABOR Emergencies	204,000	-	204,000	163,000
Reserved for Capital Expenditures	1,683,508	-	1,683,508	1,254,456
Reserved for Debt Service	644,276	-	644,276	509,446
Reserved for Economic Development	29,013	-	29,013	72,173
Reserved for Drug Surcharge Expenditures	3,639	-	3,639	3,547
Reserved for Employees	3,129	-	3,129	2,852
Unreserved	<u>1,376,586</u>	<u>168,462</u>	<u>1,545,048</u>	<u>1,898,637</u>
TOTAL FUND EQUITY	<u>3,944,151</u>	<u>168,462</u>	<u>4,112,613</u>	<u>3,904,111</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,278,119</u>	<u>\$ 223,152</u>	<u>\$ 4,501,271</u>	<u>\$ 4,322,484</u>
TOTAL FUND BALANCE - GOVERNMENTAL FUNDS			\$ 4,112,613	
Capital assets used in governmental activities are not resources and are not reported in the funds:				
Capital Assets			15,481,089	
Accumulated Depreciation			(4,464,627)	
Earned but unpaid accumulated leave balances are not reported in the funds:				
Accrued Compensated Absences			(224,641)	
Long-term liabilities are not due and payable in the current period				
Bonds Payable			(1,175,000)	
Notes Payable			(1,621,016)	
Capital Lease Payable			(1,077,478)	
Accrued Interest Payable			<u>(49,688)</u>	
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES			<u>\$ 10,981,252</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, 2008

With Comparative Totals for the Year Ended December 31, 2007

	GENERAL	CONSERVATION TRUST	TOTALS	
			2008	2007
REVENUES				
Taxes	\$ 4,312,946	\$ -	\$ 4,312,946	\$ 4,112,263
Licenses and Permits	17,933	-	17,933	27,901
Intergovernmental	344,466	53,486	397,952	626,129
Fines and Forfeits	73,314	-	73,314	64,831
Charges for Services	365,886	-	365,886	308,648
Interest Revenue	90,403	100	90,503	134,521
Other	473,364	-	473,364	140,333
TOTAL REVENUES	5,678,312	53,586	5,731,898	5,414,626
EXPENDITURES				
Current				
General Government	1,031,722	-	1,031,722	834,007
Public Safety	1,683,282	-	1,683,282	1,576,604
Public Works	491,493	-	491,493	458,804
Culture and Recreation	708,009	-	708,009	961,522
Capital Outlay	1,517,782	19,552	1,537,334	972,255
Debt Service				
Principal	1,011,419	-	1,011,419	283,672
Interest and Fees	150,950	-	150,950	156,265
TOTAL EXPENDITURES	6,594,657	19,552	6,614,209	5,243,129
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(916,345)	34,034	(882,311)	171,497
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(504,186)	-	(504,186)	-
Debt Proceeds	1,595,000	-	1,595,000	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	174,469	34,034	208,503	171,497
FUND BALANCES, Beginning	3,769,682	134,428	3,904,110	3,732,613
FUND BALANCES, Ending	\$ 3,944,151	\$ 168,462	\$ 4,112,613	\$ 3,904,110

(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, 2008

NET CHANGE IN FUND BALANCES - ALL GOVERNMENTAL FUNDS	\$ 208,503
Principal payments on debt are reported as expenditures in the funds and debt proceeds are shown as revenues:	
Principal Payments on Bonds Payable	220,000
Principal Payments on Notes Payable	71,418
Principal Payments on Capital Lease	95,439
Issuance of Capital Lease	(875,000)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Change in Accrued Compensated Absences	(42,310)
Interest is reported on the cash basis in the funds:	
Change in Accrued Interest	(1,291)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Capitalized Assets	1,343,185
Depreciation Expense	(368,023)
Loss on Disposal of Capital Assets	(504,098)
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 147,822</u>

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

CITY OF SALIDA, COLORADO

**STATEMENT OF NET ASSETS-
PROPRIETARY FUNDS**

December 31, 2008

With Comparative Totals for December 31, 2007

	WATER	SEWER	STEAM PLANT THEATER & EVENTS CENTER	TOTALS	
				2008	2007
ASSETS					
Current Assets					
Cash and Investments	\$ 754,082	\$ 2,020,551	\$ 75,273	\$ 2,849,906	\$ 1,979,063
Property Tax Receivable	-	-	-	-	75,230
Intergovernmental Receivables	50,000	20,000	-	70,000	500,000
Accounts Receivable	168,225	323,244	353	491,822	428,751
Due from Other Funds	-	-	-	-	309
Total Current Assets	<u>972,307</u>	<u>2,363,795</u>	<u>75,626</u>	<u>3,411,728</u>	<u>2,983,353</u>
Capital Assets					
Property, Plant and Equipment	10,321,676	7,721,528	1,729,172	19,772,376	16,179,380
Accumulated Depreciation	(2,924,082)	(3,005,828)	(146,346)	(6,076,256)	(5,510,908)
Total Capital Assets	<u>7,397,594</u>	<u>4,715,700</u>	<u>1,582,826</u>	<u>13,696,120</u>	<u>10,668,472</u>
Other Assets					
Other Assets	173,792	-	-	173,792	117,258
Notes Receivable	216,912	-	-	216,912	237,917
Restricted Cash and Investments	1,302,725	364,404	-	1,667,129	3,176,228
Total Other Assets	<u>1,693,429</u>	<u>364,404</u>	<u>-</u>	<u>2,057,833</u>	<u>3,531,403</u>
TOTAL ASSETS	<u>10,063,330</u>	<u>7,443,899</u>	<u>1,658,452</u>	<u>19,165,681</u>	<u>17,183,228</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	19,367	12,235	25,072	56,674	133,564
Accrued Interest	35,000	3,524	-	38,524	18,950
Deferred Revenue	-	-	-	-	75,230
Accrued Salaries and Benefits	5,611	5,938	3,340	14,889	13,404
Current Portion of Long-Term Debt	360,043	82,641	235,000	677,684	254,463
Total Current Liabilities	<u>420,021</u>	<u>104,338</u>	<u>263,412</u>	<u>787,771</u>	<u>495,611</u>
Long-Term Liabilities					
General Obligation Bonds Payable	65,000	-	-	65,000	190,000
Notes Payable	827,526	248,566	-	1,076,092	1,174,540
Refunding and Improvement Bonds	3,490,000	-	-	3,490,000	3,775,000
Capital Lease Payable	29,536	30,256	280,085	339,877	226,323
Total Long-Term Liabilities	<u>4,412,062</u>	<u>278,822</u>	<u>280,085</u>	<u>4,970,969</u>	<u>5,365,863</u>
TOTAL LIABILITIES	<u>4,832,083</u>	<u>383,160</u>	<u>543,497</u>	<u>5,758,740</u>	<u>5,861,474</u>
NET ASSETS					
Invested in Capital Assets, net of Related Debt	2,625,490	4,354,237	1,067,741	8,047,468	5,101,371
Restricted Net Assets	1,302,725	364,404	-	1,667,129	831,539
Unrestricted Net Assets	1,303,037	2,342,100	47,214	3,692,351	5,439,608
TOTAL NET ASSETS	<u>\$ 5,231,251</u>	<u>\$ 7,060,741</u>	<u>\$ 1,114,955</u>	<u>\$ 13,406,947</u>	<u>\$ 11,372,518</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, 2008

With Comparative Totals for the Year Ended December 31, 2007

	WATER	SEWER	STEAM PLANT THEATER & EVENTS CENTER	TOTALS	
				2008	2007
OPERATING REVENUES					
Charges for Services	\$ 851,757	\$ 981,223	\$ 51,880	\$ 1,884,860	\$ 1,641,672
Miscellaneous	57,208	13,181	-	70,389	49,133
TOTAL OPERATING REVENUES	908,965	994,404	51,880	1,955,249	1,690,805
OPERATING EXPENSES					
Operations	490,325	475,445	179,670	1,145,440	973,819
Public Works	139,879	87,966	-	227,845	159,964
Depreciation	216,035	203,521	37,448	457,004	413,198
TOTAL OPERATING EXPENSES	846,239	766,932	217,118	1,830,289	1,546,981
OPERATING INCOME (LOSS)	62,726	227,472	(165,238)	124,960	143,824
NON-OPERATING REVENUE (EXPENSE)					
Intergovernmental	150,774	20,000	742,200	912,974	574,868
Interest Revenue	77,996	57,152	-	135,148	112,724
Resource Fees	164,324	-	-	164,324	169,709
System Development Fees	213,853	197,150	-	411,003	372,435
Donations/Contributions	-	-	56,000	56,000	-
Transfers In	-	-	504,186	504,186	-
Interest Expense	(238,631)	(13,342)	(22,193)	(274,166)	(181,058)
TOTAL NON-OPERATING REVENUE (EXPENSE)	368,316	260,960	1,280,193	1,909,469	1,048,678
NET INCOME (LOSS)	431,042	488,432	1,114,955	2,034,429	1,192,502
NET ASSETS - Beginning	4,800,209	6,572,309	-	11,372,518	10,180,016
NET ASSETS - Ending	\$ 5,231,251	\$ 7,060,741	\$ 1,114,955	\$ 13,406,947	\$ 11,372,518

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, 2008
With Comparative Totals for the Year Ended December 31, 2007

	WATER	SEWER	STEAM PLANT THEATER & EVENTS CENTER	TOTAL	
				2008	2007
Cash Flows From Operating Activities:					
Cash Received from Customers	\$ 1,340,173	\$ 950,477	\$ 51,527	\$ 2,342,177	\$ 1,131,975
Cash Paid to Suppliers and Employees	(754,428)	(580,998)	(151,258)	(1,486,684)	(1,101,746)
Net Cash Provided by Operating Activities	<u>585,745</u>	<u>369,479</u>	<u>(99,731)</u>	<u>855,493</u>	<u>30,229</u>
Cash Flows From Capital and Related Financing Activities:					
System Development/Resources Fees	378,177	197,150	-	575,327	542,144
Interest Paid	(238,631)	(14,465)	(23,316)	(276,412)	(180,882)
Additions to Fixed Assets	(1,588,693)	(208,269)	(1,038,965)	(2,835,927)	(864,542)
Notes Receivable Advances	21,005	-	-	21,005	(32,388)
Debt Issuance	-	-	530,000	530,000	3,940,000
Principal Paid on Long-Term Debt	(352,257)	(53,574)	(14,915)	(420,746)	(1,677,708)
Grants Received	75,960	-	722,200	798,160	500,000
Property Taxes Received	74,814	-	-	74,814	74,868
Cash Flows Used by Capital and Related Financing Activities	<u>(1,629,625)</u>	<u>(79,158)</u>	<u>175,004</u>	<u>(1,533,779)</u>	<u>2,301,492</u>
Cash Flows (Uses) From Investing Activities:					
Interest Received	<u>77,996</u>	<u>57,152</u>	<u>-</u>	<u>135,148</u>	<u>112,724</u>
Net Increase (Decrease) in Cash	(965,884)	347,473	75,273	(543,138)	2,444,445
Cash - Beginning	<u>3,120,398</u>	<u>2,034,894</u>	<u>-</u>	<u>5,155,292</u>	<u>2,710,847</u>
Cash - Ending	<u>\$ 2,154,515</u>	<u>\$ 2,382,367</u>	<u>\$ 75,273</u>	<u>\$ 4,612,155</u>	<u>\$ 5,155,292</u>
Cash and Investments	\$ 754,082	\$ 2,020,551	\$ 75,273	\$ 2,849,906	\$ 4,323,753
Restricted Cash and Investments	<u>1,302,725</u>	<u>364,404</u>	<u>-</u>	<u>1,667,129</u>	<u>831,539</u>
Total Cash - Ending	<u>\$ 2,056,807</u>	<u>\$ 2,384,955</u>	<u>\$ 75,273</u>	<u>\$ 4,517,035</u>	<u>\$ 5,155,292</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 62,726	\$ 227,472	\$ (165,238)	\$ 124,960	\$ 143,824
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation Expense	216,035	203,521	37,448	457,004	413,176
Changes in Assets and Liabilities Related to Operations:					
(Increase) Decrease in:					
Accounts Receivable	(18,792)	(43,927)	(353)	(63,072)	(58,830)
Intergovernmental Receivables	450,000	-	-	450,000	(500,000)
Property Tax Receivable	75,230	-	-	75,230	(199)
Water Meter Inventory	(66,866)	-	-	(66,866)	2,461
Due from Other Funds	309	-	-	309	(309)
Other Assets	7,871	-	-	7,871	(64,157)
Increase (Decrease) in:					
Accounts Payable	(84,693)	(17,275)	25,072	(76,896)	106,688
Accrued Interest	20,697	-	-	20,697	(13,412)
Deferred Revenue	(75,230)	-	-	(75,230)	199
Accrued Salaries and Compensated Absences	(1,542)	(312)	3,340	1,486	788
Total Adjustments	<u>523,019</u>	<u>142,007</u>	<u>65,507</u>	<u>730,533</u>	<u>(113,595)</u>
Net Cash Provided by Operating Activities	<u>\$ 585,745</u>	<u>\$ 369,479</u>	<u>\$ (99,731)</u>	<u>\$ 855,493</u>	<u>\$ 30,229</u>

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

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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, 2008

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 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, 2008

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. For the year ended December 31, 2008, 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, 2008

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, 2008

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, 2008 were:

Type	Rating	Carrying Value
Deposits:		
Demand deposits		\$ 363,257
NOW Account		3,129
Country Treasurer		4,122
Cash on hand		2,038
		<u>372,546</u>
Investments:		
Certificates of Deposit		335,577
Colotrust	AAAm by S & P	7,410,823
Money Market Treasury		141,689
Money Market		158,889
		<u>8,046,978</u>
Total deposits and investments		<u>\$ 8,419,524</u>
Reconciliation to Statement of Net Assets		
Current:		
Cash and Investments		\$ 4,192,792
Cash with Fiscal Agent		4,128
Restricted Cash and Investments		4,222,604
		<u>\$ 8,419,524</u>

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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, 2008, 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, 2008

NOTE 2: CASH AND INVESTMENTS (Continued)

During the year ended December 31, 2008, the City invested \$7,410,843 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, 2008 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	\$ 1,810,444	\$ 931,129	\$ 364,404	\$3,105,977
Debt Service	82,000 [¶]	344,629	-	426,629
Water Line Maintenance	-	26,966	-	26,966
Contingency 15%	627,249 [¶]	-	-	627,249
Employees	3,129 [¶]	-	-	3,129
Drug Surcharge Expenditures	3,639 [¶]	-	-	3,639
Economic Development	29,013 [¶]	-	-	29,013
	<u>\$ 2,555,475</u>	<u>\$ 1,302,725</u>	<u>\$ 364,404</u>	<u>\$ 4,222,604</u>

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 3: CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES:	Balance			Balance
	12/31/2007	Additions	Deletions	12/31/2008
Capital assets not being depreciated:				
Land and Right-of-Way	\$ 3,572,904	\$ -	\$ (1,250)	\$ 3,571,654
Construction in progress	10,452	920,618	(10,452)	920,618
Total capital assets not being depreciated	3,583,356	920,618	(11,702)	4,492,272
Capital assets being depreciated:				
Buildings	3,521,463	58,822	(458,741)	3,121,544
Gen Govt Land Improvements	2,386,971	279,427	-	2,666,398
Park Land Improvements	2,224,228	-	-	2,224,228
Infrastructure	4,611,199	279,427	-	4,890,626
General Equipment	575,500	21,917	(38,495)	558,922
Fire Equipment	184,363	-	-	184,363
Equipment	759,863	21,917	(38,495)	743,285
Fire Vehicles	996,847	-	(44,500)	952,347
Other Vehicles	1,321,813	62,400	(103,198)	1,281,015
Vehicles	2,318,660	62,400	(147,698)	2,233,362
Total capital assets being depreciated	11,211,184	422,567	(644,934)	10,988,817
Total Capital Assets	14,794,540	1,343,185	(656,636)	15,481,089
Accumulated depreciation:				
Buildings	(1,511,726)	17,798	34,936	(1,458,992)
Gen Govt Land Improvements	(468,646)	(92,583)	-	(561,229)
Park Land Improvements	(624,752)	(78,706)	-	(703,458)
Infrastructure	(1,093,398)	(171,289)	-	(1,264,687)
General Equipment	(359,664)	(54,471)	36,995	(377,139)
Fire Equipment	(137,427)	(14,300)	-	(151,727)
Equipment	(497,091)	(68,770)	36,995	(528,866)
Fire Vehicles	(643,351)	(41,890)	42,500	(642,741)
Other Vehicles	(503,576)	(103,872)	38,107	(569,341)
Vehicles	(1,146,927)	(145,762)	80,607	(1,212,082)
Total capital assets being depreciated	(4,249,142)	(368,023)	152,538	(4,464,627)
Net Capital assets	\$ 10,545,398	\$ 975,162	\$ (504,098)	\$ 11,016,462

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 3: CAPITAL ASSETS (Continued)

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

General Government	\$ 139,499
Public Safety	133,437
Public Works	38,962
Culture/Recreation Operations	56,125
	<u>\$ 368,023</u>

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

	<u>Balance 12/31/07</u>	<u>Additions/ Transfers</u>	<u>Deletions</u>	<u>Balance 12/31/08</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 76,027	\$ -	\$ -	\$ 76,027
Water Rights	1,068,418	-	-	1,068,418
Work in Process	1,160,657	1,391,907	-	2,552,564
Capital assets being depreciated:				
Lines	6,522,600	556,285	-	7,078,885
Structures	5,116,746	1,666,797	-	6,783,543
Equipment	2,237,413	240,356	(264,830)	2,212,939
Total Capital Assets	<u>16,181,861</u>	<u>3,855,345</u>	<u>(264,830)</u>	<u>19,772,376</u>
Accumulated depreciation:				
Lines	(2,059,962)	(216,035)	(2,034)	(2,278,031)
Structures	(2,395,205)	(203,521)	2,588	(2,596,138)
Equipment	(1,055,742)	(37,448)	(108,897)	(1,202,087)
Total Accumulated Depreciation	<u>(5,510,909)</u>	<u>(457,004)</u>	<u>(108,343)</u>	<u>(6,076,256)</u>
Net Capital Assets	<u>\$ 10,670,952</u>	<u>\$ 3,398,341</u>	<u>\$ (373,173)</u>	<u>\$ 13,696,120</u>

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

	<u>Depreciation Expense</u>	<u>Transfers and Adjustments</u>	<u>Total</u>
Water Operations	\$ 216,035	2,034	218,069
Sewer Operations	203,521	(2,588)	200,933
Culture/Recreation Operations	37,448	108,897	146,345
Total Depreciation	<u>\$ 457,004</u>	<u>\$ 108,343</u>	<u>\$ 565,347</u>

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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, 2008:

	<u>Balance January 1, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2008</u>	<u>Due Within One Year</u>
Governmental Activities					
1994 General Obligation Bonds	\$ 190,000	\$ -	\$ 20,000	\$ 170,000	\$ 25,000
1996 General Obligation Bonds	210,000	-	25,000	185,000	25,000
1998 Sales Tax Revenue Bonds	995,000	-	175,000	820,000	190,000
2004 Vandaveer Note	1,692,434	-	71,418	1,621,016	74,275
2006 Capital Lease - Equipment	298,187	-	95,439	202,748	99,343
2008 Bridge Loan - Community Services Complex	-	720,000	720,000	-	-
2008 Community Services Complex Lease Purchase	-	875,000	-	875,000	25,178
	<u>\$ 3,385,621</u>	<u>\$ 1,595,000</u>	<u>\$ 1,106,857</u>	<u>\$ 3,873,764</u>	<u>\$ 438,796</u>

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>
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>\$ 170,000</u>	<u>\$ 44,668</u>	<u>\$ 214,668</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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>
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>\$ 185,000</u>	<u>\$ 40,800</u>	<u>\$ 225,800</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>
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>\$ 820,000</u>	<u>\$ 91,885</u>	<u>\$ 911,885</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 4: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Issue: 2004 General Obligation Vandaveer: Land Purchase Note

Original Amount: \$1,890,625

Interest: 4.00%

Purpose: To purchase approximately 192 acres of undeveloped land.

Reserve requirement: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
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>\$ 1,621,016</u>	<u>\$ 342,030</u>	<u>\$ 1,963,046</u>	

This note was paid in full in May 2009.

Issue: 2006 Equipment Lease Purchase - General Fund

Original Amount: \$553,320

Interest: 4.09%

Purpose: To acquire pieces of Public Works heavy equipment

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 99,343	\$ 8,292	\$ 107,635
2010	103,405	4,229	107,634
	<u>\$ 202,748</u>	<u>\$ 12,521</u>	<u>\$ 215,269</u>

The lease was paid in full in February 2009.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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>
2009	\$ 25,178	\$ 47,536	\$ 72,713	\$ 849,822
2010	26,245	46,469	72,713	823,577
2011	27,711	45,003	72,713	795,867
2012	29,259	43,455	72,713	766,608
2013	30,893	41,820	72,713	735,715
2014-2018	182,361	181,206	363,567	553,354
2019-2023	239,310	124,257	363,567	314,044
2024-2028	314,044	49,523	363,567	
	<u>\$ 875,000</u>	<u>\$ 579,268</u>	<u>\$ 1,454,268</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, 2008:

	<u>Balance January 1, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2008</u>	<u>Due Within One Year</u>
Business-Type Activities					
1990 General Obligation Bonds	\$ 190,000	\$ -	\$ 60,000	\$ 130,000	65,000
2001 DOLA Note Payable - Water	139,001	-	7,092	131,909	7,447
2003 CWRPDA Loan Agreement	355,715	-	53,574	302,141	55,739
2004 Water Purchase Note - Vandaveer	769,288	-	32,463	736,825	33,761
2006 Capital Lease - Equipment	173,098	-	55,403	117,695	57,669
2007 Water & Sewer Refunding and Improvement Bonds	3,940,000	-	225,000	3,715,000	225,000
2008 SteamPlant Theater & Event Center Lease Purchase		530,000	14,915	515,085	235,000
Bond Disc./Issue Costs, Net	(99,783)	-	(7,871)	(91,912)	-
Total	<u>\$ 5,467,319</u>	<u>\$ 530,000</u>	<u>\$ 440,576</u>	<u>\$ 5,556,743</u>	<u>679,616</u>

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

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.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2009	\$ 65,000	\$ 10,400	\$ 75,400	\$ 65,000
2010	65,000	5,200	70,200	-
	<u>\$ 130,000</u>	<u>\$ 15,600</u>	<u>\$ 145,600</u>	

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>
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
2014-2018	52,519	17,691	70,210	38,241
2019-2021	38,241	3,885	42,126	-
	<u>\$ 131,909</u>	<u>\$ 50,637</u>	<u>\$ 182,546</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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%

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.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
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>\$ 302,141</u>	<u>\$ 34,219</u>	<u>\$ 336,360</u>	

Issue: 2004 Water Purchase Note - Vandaveer

Original Amount: \$859,375

Interest: 4.00%

Purpose: To purchase 1866 and 1878 water rights for a total of approximately 6.83 cubic feet per second on the Tenassee ditch for conversion to municipal use.

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
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>\$ 736,825</u>	<u>\$ 155,468</u>	<u>\$ 892,293</u>	

This note was paid in full in May 2009.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Issue: 2006 Equipment Lease Purchase - Water and Sewer

Original Amount: \$321,204

Interest: 4.09%

Purpose: To acquire water and sewer equipment

Reserve requirements: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>December 31</u>
2009	\$ 57,669	\$ 4,813	\$ 62,482	\$ 60,026
2010	60,026	2,455	62,481	-
	<u>\$ 117,695</u>	<u>\$ 7,268</u>	<u>\$ 124,963</u>	

This lease was paid in full in February 2009.

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, 2008 was \$343,552; the City has exceeded this requirement by reserving \$344,629 on that date.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance</u> <u>December 31</u>
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
2014-2018	1,070,000	402,687	1,472,687	1,425,000
2019-2023	725,000	240,425	965,425	700,000
2024-2026	700,000	75,863	775,863	
	<u>\$ 3,715,000</u>	<u>\$ 1,388,688</u>	<u>\$ 5,103,688</u>	

**CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 4: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Issue: 2008 Steam Plant Theater and Event Center Lease Purchase

Original Amount: \$530,000

Interest: 4.70%

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

Reserve requirement: None.

<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance December 31</u>
2009	\$ 26,152	\$ 22,123	\$ 48,275	\$ 488,933
2010	27,301	20,973	48,275	461,632
2011	28,502	19,773	48,275	433,129
2012	29,703	18,572	48,275	403,427
2013	31,061	17,213	48,275	372,365
2014-2018	176,996	64,379	241,375	195,369
2019-2023	195,369	21,868	217,237	-
	<u>\$ 515,085</u>	<u>\$ 184,902</u>	<u>\$ 699,986</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, 2008

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, 2008.

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 2008 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 expenditures, as defined in the Salida Municipal code.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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, 2008, 2007 and 2006 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, 2008, 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 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, 2008

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, 2008, 2007 and 2006, 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, 2008, 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, 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, 2008

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, 2008, 2007, and 2006 were \$81,458 \$77,716, and \$75,195, 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 \$57,877 during 2008.

CITY OF SALIDA, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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 2008, the City was required to reserve 3% of its fiscal year spending as “emergency reserves”. The Tabor emergency reserve of \$204,000 has been recorded as reserved net assets in the General Fund.

NOTE 9: SUBSEQUENT EVENTS

On February 25, 2009, the City closed a second schedule of financing under the 2008 Community Services Complex Lease Purchase. An additional \$1.1 million in financing will be used to complete the renovation of the building that formerly housed the Heart of the Rockies Regional Medical Center. In September 2008, the building was purchased jointly with Chaffee County for use as a city and county community services complex. The City obtained approximately 23,000 square feet of the facility for a cost of \$800,000.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALIDA, COLORADO

**BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND**

For the Year Ended December 31, 2008
With Comparative Totals for the Year Ended December 31, 2007

	2008			VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes:					
Property Taxes	\$ 248,497	\$ 248,497	\$ 241,352	\$ (7,145)	\$ 237,347
Specific Ownership Taxes	52,000	52,000	51,942	(58)	51,485
City Sales Tax	2,389,528	2,389,528	2,441,952	52,424	2,348,846
County Sales Tax	1,297,788	1,297,788	1,341,211	43,423	1,288,043
Delinquent Taxes and Interest	100	100	25	(75)	48
Franchise Taxes	196,000	196,000	236,464	40,464	186,494
Total Taxes	4,183,913	4,183,913	4,312,946	129,033	4,112,263
Licenses and Permits:					
Liquor Licenses	7,100	7,100	8,945	1,845	7,871
Permits	2,550	2,550	5,817	3,267	17,967
Business Licenses	1,100	1,100	1,734	634	1,185
Animal Licenses	1,100	1,100	1,437	337	878
Total Licenses and Permits	11,850	11,850	17,933	6,083	27,901
Intergovernmental:					
Cigarette Taxes	26,000	26,000	25,861	(139)	26,457
Motor Vehicle Registrations	26,000	26,000	27,580	1,580	25,408
Federal Grants	207,415	207,415	-	(207,415)	29,250
State Grants	3,900	3,900	25,394	21,494	207,215
Highway Users Taxes	185,000	185,000	176,149	(8,851)	184,924
Severance Taxes	3,500	3,500	11,887	8,387	-
South Ark. Fire District	66,000	66,000	70,000	4,000	61,160
County Road & Bridge	5,000	5,000	4,995	(5)	4,894
State Highway 291	2,600	2,600	2,600	-	2,600
Total Intergovernmental	525,415	525,415	344,466	(180,949)	541,908
Fines and Forfeits:					
Court Fines	55,000	55,000	61,229	6,229	55,834
Parking Fines	6,000	6,000	8,560	2,560	5,300
Other Fines and Forfeits	-	-	3,525	3,525	3,697
Total Fines and Forefeits	61,000	61,000	73,314	12,314	64,831
Charges for Services:					
Charges for Services	6,475	6,475	35,382	28,907	7,831
Vital Statistics Records	18,000	18,000	14,745	(3,255)	19,300
Hot Springs Pool Fees	255,000	255,000	272,562	17,562	238,150
Other Parks and Recreation Fees	50,000	50,000	43,197	(6,803)	43,367
Total Charges for Services	329,475	329,475	365,886	36,411	308,648
Interest Revenue:	120,000	120,000	90,403	(29,597)	134,347
Miscellaneous:					
Rents and Leases	8,400	8,400	10,363	1,963	13,625
Planning and Zoning	25,000	25,000	48,036	23,036	27,282
Donations	6,000	6,000	6,199	199	6,037
Other Revenue	20,575	20,575	28,695	8,120	85,934
Sales of Fixed Assets	328,000	328,000	367,321	39,321	-
Medical/Dental Reimbursement (COBRA)	21,192	21,192	8,109	(13,083)	3,514
Insurance Proceeds	-	-	4,641	4,641	3,941
Total Miscellaneous	409,167	409,167	473,364	64,197	140,333
TOTAL REVENUES	5,640,820	5,640,820	5,678,312	37,492	5,330,231

(Continued)

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

**BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND**

For the Year Ended December 31, 2008
With Comparative Totals for the Year Ended December 31, 2007

	2008			VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES					
General Government:					
General Government					
Personnel Services	104,041	104,041	76,894	27,147	70,642
Supplies	1,500	1,500	2,362	(862)	2,247
Purchased Services	116,103	116,103	103,149	12,954	105,362
Fixed Charges	161,565	161,565	136,077	25,488	121,583
Grants and Contributions	9,759	9,759	5,847	3,912	7,585
Capital Outlay	-	-	229	(229)	4,594
Total General Government	<u>392,968</u>	<u>392,968</u>	<u>324,558</u>	<u>68,410</u>	<u>312,013</u>
City Clerk					
Personnel Services	171,017	171,017	178,470	(7,453)	171,309
Supplies	5,850	5,850	21,611	(15,761)	8,850
Purchased Services	24,060	24,060	27,479	(3,419)	19,458
Fixed Charges	12	12	100	(88)	71
Capital Outlay	21,500	21,500	1,739	19,761	-
Total City Clerk	<u>222,439</u>	<u>222,439</u>	<u>229,399</u>	<u>(6,960)</u>	<u>199,688</u>
Court Clerk					
Personnel Services	21,004	21,004	18,424	2,580	19,821
Supplies	450	450	281	169	260
Purchased Services	35,380	35,380	27,528	7,852	45,622
Fixed Charges	8	8	-	8	3
Capital Outlay	-	-	1,642	(1,642)	-
Total Court Clerk	<u>56,842</u>	<u>56,842</u>	<u>47,875</u>	<u>8,967</u>	<u>65,706</u>
Administration					
Personnel Services	119,922	119,922	167,044	(47,122)	114,630
Supplies	5,665	5,665	3,508	2,157	5,723
Purchased Services	26,951	26,951	82,491	(55,540)	21,688
Capital Outlay	-	800,000	896,545	(96,545)	-
Total Administration	<u>152,538</u>	<u>952,538</u>	<u>1,149,588</u>	<u>(197,050)</u>	<u>142,041</u>
Community Development					
Personnel Services	114,577	114,577	113,794	783	69,700
Supplies	1,450	1,450	1,422	28	1,041
Purchased Services	50,911	50,911	60,242	(9,331)	48,411
Capital Outlay	1,000	1,000	12,631	(11,631)	-
Total Community Development	<u>167,938</u>	<u>167,938</u>	<u>193,089</u>	<u>(25,151)</u>	<u>119,152</u>
Total General Government	<u>992,725</u>	<u>1,792,725</u>	<u>1,944,509</u>	<u>(151,784)</u>	<u>838,600</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, 2008
With Comparative Totals for the Year Ended December 31, 2007

	2008			VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES (Continued)					
Public Safety:					
Police					
Personnel Services	918,346	918,346	891,928	26,418	860,721
Supplies	57,851	57,851	70,945	(13,094)	59,934
Purchased Services	78,875	78,875	87,331	(8,456)	82,423
Capital Outlay	72,705	72,705	68,523	4,182	68,376
Total Police	<u>1,127,777</u>	<u>1,127,777</u>	<u>1,118,727</u>	<u>9,050</u>	<u>1,071,454</u>
Fire					
Personnel Services	555,070	555,070	561,109	(6,039)	519,481
Supplies	30,500	30,500	32,693	(2,193)	30,766
Purchased Services	48,356	48,356	39,277	9,079	23,279
Capital Outlay	15,900	15,900	13,676	2,224	39,364
Total Fire	<u>649,826</u>	<u>649,826</u>	<u>646,755</u>	<u>3,071</u>	<u>612,890</u>
Total Public Safety	<u>1,777,603</u>	<u>1,777,603</u>	<u>1,765,482</u>	<u>12,121</u>	<u>1,684,344</u>
Public Works:					
Personnel Services	302,475	302,475	332,066	(29,591)	300,149
Supplies	58,980	58,980	70,854	(11,874)	69,783
Purchased Services	96,385	96,385	88,573	7,812	88,872
Capital Outlay	1,048,493	1,006,260	473,039	533,221	765,430
Total Public Works	<u>1,506,333</u>	<u>1,464,100</u>	<u>964,532</u>	<u>499,568</u>	<u>1,224,234</u>
Culture, Parks and Recreation:					
Recreation Coordinator					
Personnel Services	29,586	29,586	19,798	9,788	19,154
Supplies	4,725	4,725	3,065	1,660	3,285
Purchased Services	21,957	21,957	14,481	7,476	15,368
Capital Outlay	1,500	1,500	1,495	5	-
Total Recreation Coordinator	<u>57,768</u>	<u>57,768</u>	<u>38,839</u>	<u>18,929</u>	<u>37,809</u>
Hot Springs Pool					
Personnel Services	287,840	287,840	252,708	35,132	265,324
Supplies	56,400	56,400	52,830	3,570	51,408
Purchased Services	103,335	103,335	111,485	(8,150)	118,487
Fixed Charges	2,516	2,516	1,709	807	1,888
Capital Outlay	418,400	418,400	22,912	395,488	1,573
Total Hot Springs Pool	<u>868,491</u>	<u>868,491</u>	<u>441,644</u>	<u>426,847</u>	<u>438,680</u>
Marvin Park					
Personnel Services	37,916	37,916	12,326	25,590	8,509
Supplies	3,940	3,940	2,283	1,657	1,298
Purchased Services	25,665	25,665	22,177	3,488	25,089
Fixed Charges	750	750	-	750	-
Capital Outlay	3,500	3,500	-	3,500	-
Total Marvin Park	<u>71,771</u>	<u>71,771</u>	<u>36,786</u>	<u>34,985</u>	<u>34,896</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, 2008
With Comparative Totals for the Year Ended December 31, 2007
(Continued)

	2008			VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXPENDITURES (Continued)					
Culture, Parks and Recreation (Continued)					
Other City Assets					
Personnel Services	81,925	81,925	57,461	24,464	54,092
Supplies	13,560	13,560	27,594	(14,034)	11,596
Purchased Services	50,993	50,993	47,861	3,132	47,113
Capital Outlay	26,050	26,050	25,351	699	16,884
Total Other City Assets	<u>172,528</u>	<u>172,528</u>	<u>158,267</u>	<u>14,261</u>	<u>129,685</u>
Other Properties					
Purchased Services	88,310	88,310	52,231	36,079	338,911
Airport Operations	30,000	30,000	30,000	-	-
Total Other Properties	<u>118,310</u>	<u>118,310</u>	<u>82,231</u>	<u>36,079</u>	<u>338,911</u>
Total Culture, Parks and Recreation	<u>1,288,868</u>	<u>1,288,868</u>	<u>757,767</u>	<u>531,101</u>	<u>979,981</u>
Debt Service					
Interest	141,610	141,610	150,950	(9,340)	156,265
Principal	292,622	292,622	1,011,419	(718,797)	283,672
Total Debt Service	<u>434,232</u>	<u>434,232</u>	<u>1,162,369</u>	<u>(728,137)</u>	<u>439,937</u>
TOTAL EXPENDITURES	<u>5,999,761</u>	<u>6,757,528</u>	<u>6,594,659</u>	<u>162,869</u>	<u>5,167,096</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - Budget Basis	<u>(358,941)</u>	<u>(1,116,708)</u>	<u>(916,347)</u>	<u>200,361</u>	<u>163,135</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	(504,186)	(504,186)	-
Debt Proceeds	-	875,000	1,595,000	720,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>875,000</u>	<u>1,090,814</u>	<u>215,814</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(358,941)</u>	<u>(241,708)</u>	<u>174,469</u>	<u>416,175</u>	<u>163,135</u>
FUND BALANCE - Beginning of Year	<u>3,769,682</u>	<u>3,769,682</u>	<u>3,769,682</u>	<u>-</u>	<u>3,606,547</u>
FUND BALANCE - End of Year	<u>\$ 3,410,741</u>	<u>\$ 3,527,974</u>	<u>\$ 3,944,151</u>	<u>\$ 416,175</u>	<u>\$ 3,769,682</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, 2008

With Comparative Totals for the Year Ended December 31, 2007

	2008			2007 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	
REVENUES				
Intergovernmental Revenues	\$ 52,000	\$ 53,486	\$ 1,486	\$ 84,221
Interest Revenue	100	100	-	174
Total Revenues	<u>52,100</u>	<u>53,586</u>	<u>1,486</u>	<u>84,395</u>
EXPENDITURES				
Other City Assets	<u>78,000</u>	<u>19,552</u>	<u>58,448</u>	<u>76,033</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,900)	34,034	59,934	8,362
FUND BALANCE - Beginning of Year	<u>134,428</u>	<u>134,428</u>	-	<u>126,066</u>
FUND BALANCE - End of Year	<u>\$ 108,528</u>	<u>\$ 168,462</u>	<u>\$ 59,934</u>	<u>\$ 134,428</u>

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, 2008

With Comparative Totals for the Year Ended December 31, 2007

	2008			VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 75,230	\$ 75,230	\$ 74,814	\$ (416)	\$ 74,868
Intergovernmental Revenues	500,000	500,000	75,960	(424,040)	500,000
Charges for Services	820,458	820,458	851,757	31,299	740,082
Resource Fees	138,800	138,800	164,324	25,524	169,709
System Development Fees	189,031	189,031	213,853	24,822	220,010
Other Revenue	12,683	12,683	57,208	44,525	29,914
Interest Revenue	38,240	38,240	77,996	39,756	40,614
TOTAL OPERATING REVENUES	1,774,442	1,774,442	1,515,912	(258,530)	1,775,197
EXPENDITURES					
Water					
Personnel Services	208,047	203,000	211,527	(8,527)	207,052
Supplies	8,025	70,000	6,844	63,156	6,208
Chemicals, Laboratory Supplies	18,500	20,000	18,706	1,294	17,078
Purchased Water	25,000	35,000	43,886	(8,886)	24,839
Purchased Services	82,645	70,000	74,485	(4,485)	46,583
Utilities	39,640	40,000	43,555	(3,555)	34,668
Legal	25,440	22,000	20,830	1,170	28,586
Fixed Charges	39,265	43,000	43,730	(730)	35,006
Debt Service Principal	288,966	288,966	317,463	(28,497)	86,214
Interest Expense	236,712	236,712	229,042	7,670	58,108
Water Rights	-	-	-	-	65,393
Total Water	972,240	1,028,678	1,010,068	18,610	609,735
Public Works - Water					
Personnel Services	89,963	100,000	103,383	(3,383)	60,840
Supplies	6,260	20,000	21,445	(1,445)	9,749
Purchased Services	7,737	3,000	2,185	815	45,430
Construction and Building	6,450	13,000	12,866	134	4,284
Debt Service Principal	7,092	7,092	34,570	(27,478)	33,751
Interest Expense	6,950	6,950	9,589	(2,639)	102,329
Total Public Works - Water	124,452	150,042	184,038	(33,996)	256,383
Capital Outlay	1,635,223	1,903,109	1,715,414	187,695	815,761
TOTAL EXPENDITURES	2,731,915	3,081,829	2,909,520	172,309	1,681,879
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	(957,473)	(1,307,387)	(1,393,608)	(86,221)	93,318

(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, 2008
 With Comparative Totals for the Year Ended December 31, 2007

	2008			VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ (957,473)</u>	<u>\$ (1,307,387)</u>	<u>\$ (1,393,608)</u>	<u>\$ (86,221)</u>	<u>\$ 93,318</u>
GAAP BASIS ADJUSTMENTS					
Capital Outlay			1,688,652		820,875
Depreciation			(216,035)		(206,720)
Debt Service Principal			<u>352,033</u>		<u>119,965</u>
TOTAL GAAP BASIS ADJUSTMENTS			<u>1,824,650</u>		<u>734,120</u>
NET INCOME - GAAP BASIS			431,042		827,438
NET ASSETS - Beginning of Year			<u>4,800,209</u>		<u>3,972,771</u>
NET ASSETS - End of Year			<u>\$ 5,231,251</u>		<u>\$ 4,800,209</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, 2008
 With Comparative Totals for the Year Ended December 31, 2007

	2008		VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 894,634	\$ 981,223	\$ 86,589	\$ 901,590
Intergovernmental Revenues	20,000	20,000	-	-
System Development Fees	77,500	197,150	119,650	152,425
Other Revenue	38,641	13,181	(25,460)	19,217
Interest Revenue	55,000	57,152	2,152	72,110
TOTAL REVENUES	1,085,775	1,268,706	182,931	1,145,342
EXPENDITURES				
Sewer				
Personnel Services	237,589	218,966	18,623	226,792
Chemicals, Laboratory Supplies	50,000	33,020	16,980	45,455
Supplies	22,035	13,514	8,521	14,953
Utilities	88,550	96,748	(8,198)	85,128
Professional Services	70,600	7,191	63,409	23,237
Legal	3,500	11,974	(8,474)	11,872
Purchased Services	32,875	77,935	(45,060)	47,364
Construction and Building	2,650	885	1,765	1,404
Fixed Charges	37,715	43,137	(5,422)	33,609
Debt Service Principal	53,574	53,574	-	51,494
Interest Expense	13,698	13,342	356	20,621
Total Operations	612,786	570,286	42,500	561,929
Public Works - Sewer				
Personnel Services	22,922	9,345	13,577	9,655
Supplies	2,300	640	1,660	2,724
Sewer Cleaning	45,000	45,000	-	44,931
Purchased Services	7,960	1,512	6,448	643
Construction and Building	3,300	181	3,119	329
Debt Service Principal	-	27,925	(27,925)	-
Interest Expense	-	2,801	(2,801)	-
Total Administration	81,482	87,404	(5,922)	58,282
Capital Outlay	679,426	178,321	501,105	48,773
TOTAL EXPENDITURES	1,373,694	836,011	537,683	668,984
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES - BUDGET BASIS	(287,919)	432,695	720,614	476,358

(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, 2008
 With Comparative Totals for the Year Ended December 31, 2007

	2008		VARIANCE POSITIVE (NEGATIVE)	2007 ACTUAL
	BUDGET	ACTUAL		
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ (287,919)</u>	<u>\$ 432,695</u>	<u>\$ 720,614</u>	<u>\$ 476,358</u>
GAAP BASIS ADJUSTMENTS				
Depreciation		(203,521)		(206,457)
Capital Outlay		177,759		43,666
Principal Paid		<u>81,499</u>		<u>51,494</u>
TOTAL GAAP BASIS ADJUSTMENTS		<u>55,737</u>		<u>(111,297)</u>
NET INCOME - GAAP BASIS		488,432		365,062
NET ASSETS - Beginning of Year		<u>6,572,309</u>		<u>6,207,247</u>
NET ASSETS - End of Year		<u>\$ 7,060,741</u>		<u>\$ 6,572,309</u>

See the accompanying Independent Auditors' Report.

CITY OF SALIDA, COLORADO

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

For the Year Ended December 31, 2008

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 438,014	\$ 438,014
Charges for Services	500	24,236	23,736
Rents and Leases	101,000	27,644	(73,356)
Donations/Contributions	520,000	360,186	(159,814)
Transfers In	<u>45,000</u>	<u>504,186</u>	<u>459,186</u>
TOTAL REVENUES	<u>666,500</u>	<u>1,354,266</u>	<u>687,766</u>
EXPENDITURES			
Cost of Sales	62,400	18,964	43,436
Personnel Services	65,075	73,665	(8,590)
Supplies	1,500	13,625	(12,125)
Purchased Services	134,734	55,349	79,385
Capital Outlay	35,000	1,334,155	(1,299,155)
Interest Expense	28,174	22,193	5,981
Debt Service Principal	<u>30,000</u>	<u>14,915</u>	<u>15,085</u>
TOTAL EXPENDITURES	<u>356,883</u>	<u>1,532,866</u>	<u>(1,175,983)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS	<u>\$ 309,617</u>	(178,600)	<u>\$ (488,217)</u>
GAAP BASIS ADJUSTMENTS			
Depreciation		(37,448)	
Capital Outlay		1,316,088	
Principal Paid		<u>14,915</u>	
TOTAL GAAP BASIS ADJUSTMENTS		1,293,555	
NET INCOME - GAAP BASIS		1,114,955	
NET ASSETS - Beginning of Year		<u>-</u>	
NET ASSETS - End of Year		<u>\$ 1,114,955</u>	

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, 2008, and have issued our report thereon dated May 15, 2009. 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.

May 15, 2009

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 2008
This Information From The Records Of (example - City of _ or County of City of Salida)	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)	316,258
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	2,042
2. General fund appropriations		b. Snow and ice removal	1,428
3. Other local imposts (from page 2)	596,129	c. Other	
4. Miscellaneous local receipts (from page 2)	8,560	d. Total (a. through c.)	3,470
5. Transfers from toll facilities		4. General administration & miscellaneous	4,085
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	559,363
a. Bonds - Original Issues		6. Total (1 through 5)	883,176
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	47,935
7. Total (1 through 6)	604,689	b. Redemption	175,000
B. Private Contributions		c. Total (a. + b.)	222,935
C. Receipts from State government (from page 2)	206,329	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	811,018	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	222,935
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,106,111

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	995,000		175,000	820,000
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
		811,018	1,106,111		(295,093)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2008

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	8,560
1. Sales Taxes	539,192	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Road & Bridge	4,995	f. Charges for Services	
5. Specific Ownership &/or Other	51,942	g. Other Misc. Receipts	
6. Total (1. through 5.)	596,129	h. Other	
c. Total (a. + b.)	596,129	i. Total (a. through h.)	8,560
	(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	176,149	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	27,580	d. Federal Transit Admin	
d. Other (Specify) CDOT Payment	2,600	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	30,180	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	206,329	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		20,124	20,124
(4). System Enhancement & Operation		296,134	296,134
(5). Total Construction (1) + (2) + (3) + (4)	0	316,258	316,258
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: