



## MEETING OF THE CITY COUNCIL

City Council Chambers  
448 East 1<sup>st</sup> Street, Room 190  
City of Salida, Colorado  
Tuesday, October 17, 2017 6:00 p.m.

***The City Council may take action on any of the following agenda items as presented or modified prior to or during the meeting, and items necessary or convenient to effectuate the agenda items.***

- I. REGULAR MEETING CALLED TO ORDER**
- II. PLEDGE OF ALLEGIANCE** – Led by Mayor Jim LiVecchi
- III. ROLL CALL**
- IV. PRESENTATION**
  - a) Salida Tree Board-Work Plan Presentation-Marilyn Moore
  - b) 2016 Audited Financial Statement Presentation (Dan Cudahy, McMahan & Associates)
- V. CITIZEN PARTICIPATION** – 3 minute time limit. *Citizen participation is for items not on the agenda and for agenda items that are not scheduled public hearings.*
- VI. SCHEDULED ITEMS**
  - 1. Consent Agenda** – Larry Lorentzen
    - c) Approval of Agenda
    - d) Approval of Meeting Minutes – September 19, 2017
    - e) Approval of Meeting Minutes – October 3, 2017
    - f) Salida Business Alliance-Request for Closure of streets
    - g) Council Action Award Tennis/Pickleball Court, Phase II, Project 2017-019 – Theresa Casey
    - h) Fee waiver request for Riverside Park- Andre Wilkins (Music Director for Salida High School)
  - 2. FEMA Flood Insurance Study –2<sup>nd</sup> Reading and Public Hearing** - Larry Lorentzen  
Ordinance 2017-22 Second Reading adopting new FEMA Flood Insurance Study effective December 7, 2017.

*The order of agenda items listed above are approximate and intended as a guideline for the City Council. Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting the City Clerk, 448 E. 1 Street, Ste. 112, Salida, CO 81201, 719-530-2630 at least 48 hours in advance.*

**3. Suspension of Main Street Patio Program** -Glen Van Nimwegen  
Resolution 2017-62 - Extend suspension of the Main Street Patio Program.

**4. Downtown Parking Study Grant** - Glen Van Nimwegen  
Requesting the authorization for the Mayor to make an application to Department of Local Affairs (DOLA) for an Administrative Planning Grant for a downtown parking study.

**5. Administrator/Deputy City Clerk**

- City Administrator Report – Larry Lorentzen
- Deputy City Clerk – Lynda Travis

**6. Elected Official Reports**

- City Clerk – Betty Schwitzer
- City Treasurer – Theresa Cortese
- City Council – Michael Bowers, Hal Brown, Cheryl Brown-Kovacic, Rusty Granzella, Melodee Hallett and Eileen Rogers.
- Committee Reports
- Mayor – Jim LiVecchi

**VII. NEW BUSINESS**

**VIII. OLD BUSINESS**

**IX. ADJOURN**

[SEAL]

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City Clerk

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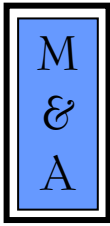
Mayor

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# **Salida Tree Board Presentation**

## **Work Plan**

**Marilyn Moore**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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# PRELIMINARY DRAFT

## **To the Honorable Mayor and City Council City of Salida, Colorado**

We have audited the financial statements of the City of Salida for the year ended December 31, 2016. Professional standards require that we provide you with the following information related to our audit.

### ***Qualitative Aspects of Accounting Policies***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Salida are described in the Notes to the financial statements.

No new accounting policies were adopted and the application of other existing policies was not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

Estimated useful lives for depreciation on capital assets: Management's estimate of depreciation is based on industry practice and experience. We evaluated the key factors and assumptions used to develop the useful lives used in determining depreciation and found that it is reasonable in relation to the financial statements taken as a whole.

Estimated Net Pension Liability and Pension-Related Deferred Inflows and Outflows: These estimates are based on actuarial calculations and assumptions provided by the Fire & Police Pension Association of Colorado and Colorado Public Employees Retirement Association.

### ***Difficulties Encountered in Performing the Audit***

We encountered significant difficulties in completing audit procedures due to incomplete accounting records. In several instances, including capital assets and long-term debt, we contacted and obtained records from the previous auditor or the lender (in the case of some debt records). We noted numerous instances whereby significant adjustments were required to be made to both an account balance and its related schedule, reconciliation or other record.

Despite these challenges, additional procedures were performed to obtain sufficient evidence to support an opinion on the City's financial statements. It should be noted that many of these challenges may be due to having different individuals involved in the accounting function throughout the year. In future years, the City should establish and follow a monthly reconciliation process whereby schedules or account reconciliations are prepared for each balance sheet account which substantiates the accounts balance.

*Member: American Institute of Certified Public Accountants*

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City of Salida

## ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. A list of adjustments made as a result of audit procedures is attached to this letter.

## ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## ***Management Representations***

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

## ***Internal Controls***

In planning and performing our audit of the basic financial statements of the District as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

### ***Segregation of Duties***

A fundamental part of a good internal control system is that no single individual will have access to both an asset and its related reconciliation. Discussions with management indicated that bank reconciliations and check signing duties are currently being performed by one individual. The Finance Director was reconciling the bank statements and signing checks. The City is exposed to the risk of misappropriation of assets through the payment of unauthorized disbursements. This risk could be mitigated through a greater segregation of duties.

City of Salida

## ***Internal Control (continued)***

### *Segregation of Duties (continued)*

Many of our clients utilize a CPA firm to oversee accounting staff and help prepare for the audit. A CPA firm would help prepare account reconciliations and journal entries, which are necessary for the financial statements to be materially correct.

We recommend that the District hire a CPA firm to assist, as needed, with certain accounting and controller functions, such as preparation or review of monthly account reconciliations; monthly or quarterly budget variance monitoring, analysis and reporting; legal and regulatory compliance assistance; assistance with budget preparation; and preparation of annual audit workpapers.

The benefits of CPA firm oversight, depending on the level of experience and involvement, would be improved segregation of duties resulting in reduced risk of material fraud or errors going undetected; reduced risk of noncompliance with laws and regulations; reduction of audit fees over the long term; and knowledge and skills continuity and stability in the case of unexpected turnover in the Finance Director position.

Additionally, maintaining an administrative calendar with key dates and deadlines for various tasks and reporting and compliance requirements would provide additional assurance that requirements would be met in the event of unexpected turnover.

### *Documentation Maintenance – Debt Agreements*

During the audit process, we discovered that files containing agreements and schedules related to the City's debt were missing or incomplete. As a result, substantial additional audit time was incurred in requesting this information from various other sources. We recommend that the accounting department develop procedures to obtain and maintain proper debt documentation. This will help to ensure proper audited financial statement presentation, and it will improve the efficiency of the audit process.

### *Reconciling the Capital Assets Module to the General Ledger*

At the present time, there is no procedure for reconciling detailed capital asset records to the general ledger on a regular basis. The lack of such a procedure has led to inaccurate reporting of capital asset cost and depreciation expense in monthly financial statements. To prevent the need for major adjustments to the capital asset accounts at the end of each year, we suggest that the general ledger fixed asset accounts be reconciled to the detailed records on a monthly basis

This report is intended solely for the information and use of City Council, management, and others within the organization and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

**McMahan and Associates, L.L.C.**

Client: **Salida - City of Salida**  
 Engagement: **2016 Audit - City of Salida**  
 Period Ending: **12/31/2016**  
 Trial Balance: **90TB - GASB34**  
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
To record CY ACA				
XCR	Culture and Recreation ACA		1,620.42	
XGG	General Government ACA		2,960.50	
XPS	Public Safety ACA		7,442.48	
XPW	Public Works ACA		4,434.61	
L10-2101-0	Vacation Payable			16,458.01
<b>Total</b>			<b>16,458.01</b>	<b>16,458.01</b>
<b>Adjusting Journal Entries JE # 2</b>				
To record current year fixed asset additions				
A10-1400-0	Land and Right-of-Way		45,067.50	
A10-1403-0	Streets and Walkways		1,147,731.55	
A10-1405-0	Park Land Improvements		283,558.09	
A10-1421-0	Structures		810,313.71	
A10-1431-0	Vehicles		131,910.95	
A10-1435-0	Equipment		12,048.52	
A10-1440-0	Construction in Progress		123,809.92	
A10-1440-0	Construction in Progress			602,012.58
XXCR	Cap Out Culture and Rec			516,107.65
XXGG	Cap Out General Govt			169,126.33
XXPS	Cap Out Public Safety			93,099.45
XXPW	Cap Out Public Works			1,174,094.23
<b>Total</b>			<b>2,554,440.24</b>	<b>2,554,440.24</b>
<b>Adjusting Journal Entries JE # 3</b>				
To record current year deletions				
A10-1481-0	Accumulated Depreciation - Vehicles		50,078.61	
A10-1483-0	Accumulated Depreciation - Equipment		44,134.61	
XSALE	Sale of fixed assets		28,878.06	
A10-1431-0	Vehicles			53,078.61
A10-1435-0	Equipment			70,012.67
<b>Total</b>			<b>123,091.28</b>	<b>123,091.28</b>
<b>Adjusting Journal Entries JE # 4</b>				
To record current year depreciation expense				
XDCR	Depreciation Expense - Culture and Rec		259,648.90	
XDGG	Depreciation Expense - General Government		136,588.87	
XDPS	Depreciation Expense - Public Safety		165,786.32	
XDPW	Depreciation Expense - Public Works		625,722.58	
A10-1453-0	Accumulated Depreciation - Streets andG+c-~			556,902.61
A10-1455-0	Accumulated Depreciation - Park Land IG+c-~			163,992.32
A10-1471-0	Accumulated Depreciation - Structures			232,497.01
A10-1481-0	Accumulated Depreciation - Vehicles			151,934.53
A10-1483-0	Accumulated Depreciation - Equipment			82,420.20
<b>Total</b>			<b>1,187,746.67</b>	<b>1,187,746.67</b>
<b>Adjusting Journal Entries JE # 5</b>				

To record current year changes in SWDB Fire Plan

A10-1300-0	Deferred Outflow - Pension experience difference (SWDB - Fire)	15,943.76	
A10-1301-0	Deferred Outflow - Pension change in actuarial assumptions (SWDB - Fire)	30,964.59	
A10-1302-0	Deferred Outflow - Pension investment return difference (SWDB - Fire)	90,574.86	
L10-2180-0	Deferred inflow - pension experience difference (SWDB - Fire)	222.10	
A10-1304-0	Deferred Outflow - Pension change in proportionate share (SWDB - Fire)		354.28
A10-1305-0	Deferred Outflow - Pension Contributions after measurement date (SWDB - Fire)		156.25
A10-1891-0	Net Pension Asset(SWDB - Fire)		121,795.34
L10-2184-0	Deferred inflow - pension change in proportionate share (SWDB - Fire)		2,400.16
X11-22-5137-0	Pension Expense (SWDB - Fire)		12,999.28
<b>Total</b>		<b><u>137,705.31</u></b>	<b><u>137,705.31</u></b>

**Adjusting Journal Entries JE # 6**

To record current year changes in SWDB Police

A10-1306-0	Deferred outflow - pension experience difference (SWDB - Police)	18,032.27	
A10-1307-0	Deferred outflow - pension change in actuarial assumptions (SWDB - Police)	35,020.71	
A10-1308-0	Deferred outflow - pension investment return difference (SWDB - Police)	103,064.70	
L10-2185-0	Deferred inflow - pension experience difference (SWDB - Police)	87.84	
A10-1310-0	Deferred outflow - pension change in proportionate share (SWDB - Police)		1,179.57
A10-1311-0	Deferred outflow - pension contributions after measurement date (SWDB - Police)		38.07
A10-1892-0	Net Pension Asset (SWDB - Police)		129,819.47
L10-2189-0	Deferred inflow - pension change in proportionate share (SWDB - Police)		10,515.53
X11-21-5137-0	Pension Expense (SWDB - Police)		14,652.88
<b>Total</b>		<b><u>156,205.52</u></b>	<b><u>156,205.52</u></b>

**Adjusting Journal Entries JE # 7**

To record current year changes in the Old Hire Fire Pension Plan

A10-1314-0	Deferred Outflow - Pension investment return difference (Old Hire - Fire)	5,461.00	
A10-1317-0	Deferred Outflow - Pension Contributions after measurement date (Old Hire - Fire)	9,539.00	
X11-22-5137-1	Pension Expense (Old Hire Fire)	30,172.00	
A10-1317-0	Deferred Outflow - Pension Contributions after measurement date (Old Hire - Fire)		9,539.00
L10-2391-0	Net Pension Liability - Old Hire Fire		26,094.00
X11-22-5137-1	Pension Expense (Old Hire Fire)		9,539.00
<b>Total</b>		<b><u>45,172.00</u></b>	<b><u>45,172.00</u></b>

**Adjusting Journal Entries JE # 8**

To record current year change in Old Hire Police Pension Fund

A10-1320-0	Deferred Outflow - Pension investment return difference (Old Hire - Police)	24,120.00	
A10-1323-0	Deferred Outflow - Pension Contributions after measurement date (Old Hire - Police)	66,481.00	
X11-21-5137-1	Pension Expense (Old Hire Police)	129,394.00	
A10-1323-0	Deferred Outflow - Pension Contributions after measurement date (Old Hire - Police)		62,161.00
L10-2392-0	Net Pension Liability - Old Hire Police		91,353.00
X11-21-5137-1	Pension Expense (Old Hire Police)		66,481.00
<b>Total</b>		<b><u>219,995.00</u></b>	<b><u>219,995.00</u></b>

**Adjusting Journal Entries JE # 10**

To reduce accrued interest to actual at year end

L10-2460-0	Accrued Interest	20,614.00	
XGGINT	Interest Expense		20,614.00
<b>Total</b>		<b><u>20,614.00</u></b>	<b><u>20,614.00</u></b>

**Adjusting Journal Entries JE # 11**

To record capital lease principal payment

L10-2450-1	2008 Lease Purchase	52,662.00	
L10-2450-2	2009 Lease Purchase	64,105.00	
XXGGDEBT	Capital Lease Principal Payment		116,767.00
<b>Total</b>		<b><u>116,767.00</u></b>	<b><u>116,767.00</u></b>



Client: **Salida - City of Salida**  
 Engagement: **2016 Audit - City of Salida**  
 Period Ending: **12/31/2016**  
 Trial Balance: **10TB - General Fund**  
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		<b>10.1200a</b>		
PBC JE to adjust for \$5,839.32 receivable that was already received and adjust to proper revenue account.				
R10-00-4454-3	State Grants		5,839.32	
R10-00-4980-0	Other Misc Revenues		5,839.32	
R10-00-4911-0	Rent, Leases & Royalties			5,839.32
R10-00-4980-0	Other Misc Revenues			5,839.32
<b>Total</b>			<u><b>11,678.64</b></u>	<u><b>11,678.64</b></u>
<b>Adjusting Journal Entries JE # 2</b>				
		<b>10.1200</b>		
To remove AR receivable that already cleared bank account. Note this amount was included in \$17,293.95.				
R10-00-4980-0	Other Misc Revenues		5,839.32	
A10-1200-0	Accounts Receivable			5,839.32
<b>Total</b>			<u><b>5,839.32</b></u>	<u><b>5,839.32</b></u>
	<b>Total Adjusting Journal Entries</b>		<u><b>17,517.96</b></u>	<u><b>17,517.96</b></u>
	<b>Total All Journal Entries</b>		<u><b>17,517.96</b></u>	<u><b>17,517.96</b></u>

Client: **Salida - City of Salida**  
 Engagement: **2016 Audit - City of Salida**  
 Period Ending: **12/31/2016**  
 Trial Balance: **20TB - Water Fund**  
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
To accrue the water lawsuit fees (DO NOT RECORD)				
X20-15-5215-3	Lawsuit Costs		415,000.00	
L20-2010-0	A/P Accruals			415,000.00
<b>Total</b>			<b><u>415,000.00</u></b>	<b><u>415,000.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>				
To record partial disposal of asset 818				
X20-15-5801-0	Loss on disposal of assets		61,063.00	
A20-1411-0	Distribution, Measurement & Collection GÇª			61,063.00
<b>Total</b>			<b><u>61,063.00</u></b>	<b><u>61,063.00</u></b>
<b>Adjusting Journal Entries JE # 3</b>				
To remove excess depreciation on asset				
X20-30-5387-0	Other Construction / Building Materials		4,218.00	
X20-30-5861-0	Depreciation - Lines & Other InfrastructuGÇª			4,218.00
<b>Total</b>			<b><u>4,218.00</u></b>	<b><u>4,218.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>				
To allocate the CWRPDA Loan to separate account for tracking				
L20-2421-0	Revenue Bonds Payable		422,375.00	
L20-2411-1	Note Payable - CWRPDA			422,375.00
<b>Total</b>			<b><u>422,375.00</u></b>	<b><u>422,375.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>				
To record accrued vacation payable at year end				
X20-34-5101-0	Salaries and Wages		5,947.05	
L20-2180-0	Accrued Vacation			5,947.05
<b>Total</b>			<b><u>5,947.05</u></b>	<b><u>5,947.05</u></b>
	<b>Total Adjusting Journal Entries</b>		<b><u>908,603.05</u></b>	<b><u>908,603.05</u></b>
	<b>Total All Journal Entries</b>		<b><u>908,603.05</u></b>	<b><u>908,603.05</u></b>

Client: **Salida - City of Salida**  
 Engagement: **2016 Audit - City of Salida**  
 Period Ending: **12/31/2016**  
 Trial Balance: **21TB - Wastewater Fund**  
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
To record disposal of asset 815				
X21-15-5801-0	Loss on disposal of assets		53,100.55	
A21-1411-0	Distribution, Measurement & Collection GÇª			53,100.55
<b>Total</b>			<b><u>53,100.55</u></b>	<b><u>53,100.55</u></b>
<b>Adjusting Journal Entries JE # 2</b>				
To bring fund balance to agree with PY financials				
Q21-3000-0	Fund Balance		10.00	
R21-00-4980-0	Other Misc Revenues			10.00
<b>Total</b>			<b><u>10.00</u></b>	<b><u>10.00</u></b>
<b>Adjusting Journal Entries JE # 3</b>				
To record accrued vacation payable for the current year				
X21-35-5101-0	Salaries and Wages		9,571.27	
L21-2180-0	Accrued Vacation			9,571.27
<b>Total</b>			<b><u>9,571.27</u></b>	<b><u>9,571.27</u></b>
<b>Adjusting Journal Entries JE # 4</b>				
To adjust interest payable to actual at year end				
X21-35-5629-0	Interest - Other		608.00	
L21-2250-0	Interest Payable			608.00
<b>Total</b>			<b><u>608.00</u></b>	<b><u>608.00</u></b>
	<b>Total Adjusting Journal Entries</b>		<b><u>63,289.82</u></b>	<b><u>63,289.82</u></b>
	<b>Total All Journal Entries</b>		<b><u>63,289.82</u></b>	<b><u>63,289.82</u></b>

# PRELIMINARY DRAFT



**Financial Statements  
December 31, 2016**

# PRELIMINARY DRAFT

**City of Salida, Colorado  
Financial Statements  
December 31, 2016**

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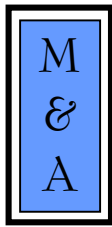
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# PRELIMINARY DRAFT

City of Salida, Colorado  
Financial Statements  
December 31, 2016

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<b>Local Highway Finance Report</b>	<b>F10 – F11</b>



## INDEPENDENT AUDITOR'S REPORT

**To the Mayor and City Council  
City of Salida**

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Salida (the "City"), as of and for the year ended December 31, 2016, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the governmental activities, the business type activities, the major funds, and aggregate remaining fund information.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the blended component unit.

*Member: American Institute of Certified Public Accountants*

# PRELIMINARY DRAFT

**INDEPENDENT AUDITOR'S REPORT  
To the Mayor and City Council  
City of Salida**

## ***Summary of Opinions***

<b><i>Opinion Unit</i></b>	<b><i>Type of Opinion</i></b>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Unmodified
NRCDC Blended Component Unit	Disclaimed
Water Fund	Unmodified
Wastewater Fund	Unmodified
SteamPlant Event Center Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

## ***Basis for Disclaimer of Opinion on the Blended Component Unit***

The Natural Resource Center Development Corporation (the "NRCDC") is a blended component unit of the City, and represents 20 percent, 8 percent and 5 percent of the assets, net position and revenues of the City's governmental activities, respectively. Effective January 1, 2017, the NR CDC ceased to be a component unit of the City of Salida. The City and the NR CDC were unable to provide adequate documentation supporting the capital assets and loan payable of the NR CSC. As a result, we were unable to determine whether any adjustments to the capital assets or loan amounts were necessary.

## ***Disclaimer of Opinion on the Blended Component Unit***

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Blended Component Unit paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements of the blended component unit.

## ***Unmodified Opinions on the Governmental Activities, Business Type Activities, Major Funds and Aggregate Remaining Fund Information***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

The City has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinions on the basic financial statements are not affected by the missing information.



**INDEPENDENT AUDITOR'S REPORT  
To the Mayor and City Council  
City of Salida**

***Other Matters (continued)***

Accounting principles generally accepted in the United States of America require that the Schedule of Change in Net Pension Asset/Liability, Schedule of Employer's Proportionate Share of Net Pension Asset/Liability, Schedules of City's Contributions and Schedules of Changes in Net Pension Asset / Liability in Section E be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting principles generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements taken as a whole. The combining non-major fund financial statements, individual fund budgetary comparisons found in Section F, and the *Local Highway Finance Report* are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements, individual fund budgetary comparisons found in Section F, and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**McMahan and Associates, L.L.C.**

# PRELIMINARY DRAFT

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Statement of Net Position  
December 31, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments	5,199,398	4,048,396	9,247,794
Receivables (net of allowance)	1,448,787	666,589	2,115,376
Inventories	-	3,482	3,482
Prepays	57,959	45,618	103,577
Net pension asset	4,200	-	4,200
Capital assets not being depreciated:			
Land and right-of-way	3,686,273	76,027	3,762,300
Water rights	-	1,391,521	1,391,521
Construction in progress	59,900	105,669	165,569
Capital assets being depreciated, net of accumulated depreciation	<u>22,461,759</u>	<u>29,348,087</u>	<u>51,809,846</u>
Total Assets	<u>32,918,276</u>	<u>35,685,389</u>	<u>68,603,665</u>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to pensions	<u>529,764</u>	<u>-</u>	<u>529,764</u>
<b>Liabilities:</b>			
Accounts payable and other current liabilities	421,040	65,198	486,238
Lawsuit settlement	-	415,000	415,000
Interest payable	-	75,303	75,303
Accrued compensated absences	57,058	15,518	72,576
Unearned revenue	-	148,348	148,348
TABOR liability	147,850	-	147,850
Noncurrent liabilities:			
Due within one year	161,832	358,074	519,906
Due in more than one year	5,298,998	12,936,251	18,235,249
Net pension liability	<u>877,605</u>	<u>-</u>	<u>877,605</u>
Total Liabilities	<u>6,964,383</u>	<u>14,013,692</u>	<u>20,978,075</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to pensions	<u>17,876</u>	<u>-</u>	<u>17,876</u>
<b>Net Position:</b>			
Net investment in capital assets	19,869,497	17,626,979	37,496,476
Restricted for:			
Emergencies	265,000	-	265,000
Parks and recreation	408,749	-	408,749
Unrestricted	<u>5,922,535</u>	<u>4,044,718</u>	<u>9,967,253</u>
Total Net Position	<u>26,465,781</u>	<u>21,671,697</u>	<u>48,137,478</u>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,524,785	\$ 196,540	\$ -	\$ 305,619	\$ (1,022,626)	\$ -	\$ (1,022,626)
Public safety	2,715,406	85,844	-	-	(2,629,562)	-	(2,629,562)
Public works/Streets	1,568,062	56,644	-	-	(1,511,418)	-	(1,511,418)
Culture, parks and recreation	1,301,834	466,241	-	-	(835,593)	-	(835,593)
Interest on long-term debt	252,804	-	-	-	(252,804)	-	(252,804)
Total governmental activities	7,362,891	805,269	-	305,619	(6,252,003)	-	(6,252,003)
Business-type activities:							
Water	1,992,682	1,659,177	-	843,763	-	510,258	510,258
Sewer	2,117,033	1,345,305	-	697,682	-	(74,046)	(74,046)
Steamplant Event Center	480,588	259,240	8,031	12,988	-	(200,329)	(200,329)
Total business-type activities	4,590,303	3,263,722	8,031	710,670	-	235,883	235,883
Total Primary Government	11,953,194	4,068,991	8,031	1,860,052	(6,252,003)	235,883	(6,016,120)
General revenues:							
Taxes:							
Sales taxes					5,162,570	-	5,162,570
Sales taxes - Country					1,785,695	-	1,785,695
Franchise taxes					303,382	-	303,382
Occupation taxes					248,230	-	248,230
Other taxes					311,556	-	311,556
Unrestricted investment earnings					15,386	18,054	33,440
Miscellaneous					518,794	-	518,794
Sale of assets					75,903	-	75,903
Transfers					(124,100)	124,100	-
Total general revenues, special items, and transfers					8,297,416	142,154	8,439,570
Change in Net Position					2,045,413	378,037	2,423,450
Net position - beginning (as previously stated)					24,568,218	21,293,660	45,861,878
Prior period adjustment -- TABOR liability for 2015					(147,850)	-	(147,850)
Net position - beginning (as restated)					24,420,368	21,293,660	45,714,028
Net position - ending					26,465,781	21,671,697	48,137,478

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

# PRELIMINARY DRAFT

## FUND FINANCIAL STATEMENTS

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Balance Sheet  
Governmental Funds  
December 31, 2016

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	4,790,649	408,749	5,199,398
Receivables, net:			-
Taxes receivable	1,238,278	-	1,238,278
Accounts receivable	35,955	-	35,955
Intergovernmental	174,554	-	174,554
Prepaid items	57,959	-	57,959
Total Assets	<u>6,297,395</u>	<u>408,749</u>	<u>6,706,144</u>
<b>Liabilities:</b>			
Accounts payable	252,520	-	252,520
Retainage payable	11,321	-	11,321
Accrued wages and benefits	96,274	-	96,274
Accrued liabilities	17,850	-	17,850
Customer deposits	35,518	-	35,518
Unearned revenue	7,557	-	7,557
Total Liabilities	<u>421,040</u>	<u>-</u>	<u>421,040</u>
<b>Fund Balances</b>			
Nonspendable	57,959	-	57,959
Restricted for:			
Parks and recreation	-	125,983	125,983
Emergencies	265,000	-	265,000
Committed to:			
Community and economic development	-	282,766	282,766
Unassigned	5,553,396	-	5,553,396
Total Fund Balances	<u>5,876,355</u>	<u>408,749</u>	<u>6,285,104</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>6,297,395</u>	<u>408,749</u>	<u>6,706,144</u>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**For the Year Ended December 31, 2016**

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Total fund balances - governmental funds	6,285,104	
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Governmental capital assets	36,926,676	
Accumulated depreciation	<u>(10,718,744)</u>	
		26,207,932
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases	(1,261,847)	
Loan payable	(4,198,983)	
Net pension liability	(877,605)	
TABOR liability	(147,850)	
Compensated absences	<u>(57,058)</u>	
		(6,543,343)
Deferred outflow and inflows of resources related to pensions and net pension assets are applicable to future reporting periods and therefore are not reported in the funds.		
Deferred outflows	529,764	
Deferred inflows	(17,876)	
Net pension asset	<u>4,200</u>	
		516,088
Total net position - governmental activities		<u><u>26,465,781</u></u>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended December 31, 2016**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes	5,714,182	-	5,714,182
Licenses and permits	162,312	-	162,312
Intergovernmental	2,447,637	60,386	2,508,023
Charges for services	466,241	-	466,241
Fines and forfeitures	46,737	-	46,737
Interest revenue	14,342	1,044	15,386
Other revenues	140,705	507,696	648,401
Total Revenues	<u>8,992,156</u>	<u>569,126</u>	<u>9,561,282</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,153,678	87,801	1,241,479
Public safety	2,451,591	-	2,451,591
Public works/streets	937,511	-	937,511
Culture, parks and recreation	1,036,540	-	1,036,540
Capital outlay	1,960,677	54,136	2,014,813
Debt service:			
Principal	116,768	301,768	418,536
Interest and fiscal charges	45,071	89,143	134,214
Total Expenditures	<u>7,701,836</u>	<u>532,848</u>	<u>8,234,684</u>
Excess of Revenues Over (Under) Expenditures	1,290,320	36,278	1,326,598
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(124,100)</u>	-	<u>(124,100)</u>
Total Other Financing Sources (Uses)	<u>(124,100)</u>	-	<u>(124,100)</u>
Net change in fund balances	1,166,220	36,278	1,202,498
Fund balances, beginning of year	<u>4,710,135</u>	<u>372,471</u>	<u>5,082,606</u>
Fund balances, end of year	<u>5,876,355</u>	<u>408,749</u>	<u>6,285,104</u>

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



# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**For the Year Ended December 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,202,498
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlays in the current period.	
Capital outlay	1,952,428
Depreciation expense	<u>(1,308,227)</u>
	644,201
Governmental funds reports the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain on the sale of capital assets is reported net of its net book value.	(28,878)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	418,535
Accrued Interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.	(118,591)
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
Pension expense	<u>(55,894)</u>
	(55,894)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(16,458)
Change in net position of governmental activities	<u><u>2,045,413</u></u>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2016**

	Water	Sewer	Steamplant Event Center	Combined Total
<b>Assets</b>				
Current assets:				
Cash	1,657,774	2,398,932	(8,310)	4,048,396
Receivables (net of allowance)	375,780	275,787	13,637	665,204
Due from other governments	1,385	-	-	1,385
Inventory	-	-	3,482	3,482
Prepays	34,490	9,136	1,992	45,618
<b>Total current assets</b>	<b>2,069,429</b>	<b>2,683,855</b>	<b>10,801</b>	<b>4,764,085</b>
Capital assets:				
Land	36,364	39,663	-	76,027
Water rights	1,391,521	-	-	1,391,521
Construction in progress	105,462	207	-	105,669
Plant and equipment	14,435,502	26,181,945	1,904,117	42,521,564
Accumulated depreciation	(6,005,105)	(6,497,660)	(670,712)	(13,173,477)
<b>Total capital assets</b>	<b>9,963,744</b>	<b>19,724,155</b>	<b>1,233,405</b>	<b>30,921,304</b>
<b>Total Assets</b>	<b>12,033,173</b>	<b>22,408,010</b>	<b>1,244,206</b>	<b>35,685,389</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	14,835	9,729	6,666	31,230
Legal settlement	415,000	-	-	415,000
Accrued wages and benefits	10,435	13,144	5,798	29,377
Accrued liabilities	5,947	10,772	3,390	20,109
Interest payable	1,323	73,980	-	75,303
Unearned revenue	-	108,000	40,348	148,348
Loans and Bonds payable - current	158,253	199,821	-	358,074
<b>Total current liabilities</b>	<b>605,793</b>	<b>415,446</b>	<b>56,202</b>	<b>1,077,441</b>
Noncurrent liabilities				
Long-term debt (net of current poriton):				
Loans payable	444,919	11,076,332	-	11,521,251
Bonds payable	1,415,000	-	-	1,415,000
<b>Total noncurrent liabilities</b>	<b>1,859,919</b>	<b>11,076,332</b>	<b>-</b>	<b>12,936,251</b>
<b>Total liabilities</b>	<b>2,465,712</b>	<b>11,491,778</b>	<b>56,202</b>	<b>14,013,692</b>
<b>Net Position</b>				
Net investment in capital assets	7,945,572	8,448,002	1,233,405	17,626,979
Unrestricted	1,621,889	2,468,230	(45,401)	4,044,718
<b>Total net position</b>	<b>9,567,461</b>	<b>10,916,232</b>	<b>1,188,004</b>	<b>21,671,697</b>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

	<u>Water</u>	<u>Wastewater</u>	<u>Steamplant Event Center</u>	<u>Combined Total</u>
<b>Operating Revenues</b>				
Charges for services	1,655,639	1,345,055	252,482	3,253,176
Other revenues	3,538	250	6,758	10,546
Total operating revenues	<u>1,659,177</u>	<u>1,345,305</u>	<u>259,240</u>	<u>3,263,722</u>
<b>Operating Expenses</b>				
Administrative	130,750	79,072	-	209,822
Operations	490,095	673,358	409,696	1,573,149
Public Works	212,989	136,737	-	349,726
Depreciation	557,235	942,982	70,892	1,571,109
Total operating expenses	<u>1,391,069</u>	<u>1,832,149</u>	<u>480,588</u>	<u>3,703,806</u>
Operating Income (loss)	<u>268,108</u>	<u>(486,844)</u>	<u>(221,348)</u>	<u>(440,084)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Donations	-	-	8,031	8,031
Interest income	2,909	15,145	-	18,054
Interest expense and fiscal charges	(141,400)	(284,884)	-	(426,284)
Lawsuit costs	(460,213)	-	-	(460,213)
Total non-operating revenue (expenses)	<u>(598,704)</u>	<u>(269,739)</u>	<u>8,031</u>	<u>(860,412)</u>
<b>Income (loss) before contributions and transfers</b>	(330,596)	(756,583)	(213,317)	(1,300,496)
<b>Capital Contributions, Grants and Transfers:</b>				
Development fees and other capital revenue	898,425	588,872	-	1,487,297
Capital grants	6,401	108,810	12,988	128,199
Sale of assets	(61,063)	-	-	(61,063)
Transfers in	-	-	124,100	124,100
Total capital contributions, grants and transfers	<u>843,763</u>	<u>697,682</u>	<u>137,088</u>	<u>1,678,533</u>
<b>Change in net position</b>	513,167	(58,901)	(76,229)	378,037
Net Position, beginning of year	<u>9,054,294</u>	<u>10,975,133</u>	<u>1,264,233</u>	<u>21,293,660</u>
<b>Net position, end of year</b>	<u>9,567,461</u>	<u>10,916,232</u>	<u>1,188,004</u>	<u>21,671,697</u>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

	Water	Sewer	Steamplant Event Center	Combined Total
<b>Cash Flows From Operating Activities:</b>				
Cash received from customers, service fees	1,667,429	1,287,578	280,750	3,235,757
Cash paid to suppliers	(412,496)	(440,704)	(159,202)	(1,012,402)
Cash paid to employees	(461,465)	(457,743)	(250,768)	(1,169,976)
Net Cash Provided by Operating Activities	793,468	389,131	(129,220)	1,053,379
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers from/(to) other funds	-	-	124,100	124,100
Net cash flows from noncapital and financing activities	-	-	124,100	124,100
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of capital assets	(289,535)	(928,272)	(29,186)	(1,246,993)
Principal paid on long-term debt	(1,982,728)	(194,948)	-	(2,177,676)
Interest paid	(147,798)	(285,545)	-	(433,343)
Debt proceeds	1,535,000	-	-	1,535,000
Development fees and other capital revenue	898,425	588,871	-	1,487,296
Capital grants	6,401	108,810	12,988	128,199
Payments for legal defense	(45,213)	-	-	(45,213)
Net cash flows from capital and related financing activities	(25,448)	(711,084)	(16,198)	(752,730)
<b>Cash Flows From Investing Activities</b>				
Interest on investments	2,909	15,145	-	18,054
Net change in cash and cash equivalents	770,929	(306,808)	(21,318)	442,803
Cash and cash equivalents, beginning of year	886,845	2,705,740	13,008	3,605,593
<b>Cash and Cash Equivalents, End of Year</b>	1,657,774	2,398,932	(8,310)	4,048,396
Reconciliation of Operating Income to net cash provided by operating activities:				
Net operating income/(loss)	268,108	(486,844)	(213,317)	(432,053)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities				
Depreciation/amortization	557,235	942,982	70,892	1,571,109
Changes in operating assets and liabilities				-
(Increase)/decrease in accounts receivable	8,252	(49,727)	(806)	(42,281)
(Increase)/decrease in inventory	-	-	(860)	(860)
(Increase)/decrease in prepaids	(12,121)	(9,136)	(1,992)	(23,249)
Increase/(decrease) in payables	(33,149)	(1,831)	1,516	(33,464)
Increase/(decrease) in accrued liabilities	5,143	1,687	1,062	7,892
Increase/(decrease) in unearned revenue	-	(8,000)	14,285	6,285
Total adjustments	525,360	875,975	84,097	1,485,432
Net cash flows from operating activities	793,468	389,131	(129,220)	1,053,379

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

# PRELIMINARY DRAFT

## NOTES TO THE FINANCIAL STATEMENTS

# PRELIMINARY DRAFT

## CITY OF SALIDA, COLORADO Notes to the Financial Statements December 31, 2016

### I. Summary of Significant Accounting Policies

The City of Salida, Colorado (the "City"), was incorporated under the laws of the State of Colorado. An elected Mayor and City Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City's major operations include police and fire protection, road maintenance, utilities, and culture and recreation.

The City's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the City are discussed below.

#### A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the City, and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either 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. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the City was financially accountable for The Natural Resources Center Development Corporation ("NRCDC") through December 31, 2016. Effective January 1, 2017, the City was no longer financially accountable to NRCDC, and NRCDC ceased to be a component unit of the City.

The City is not a component unit of any other government.

#### B. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, road maintenance, culture and recreation, and administration are classified as governmental activities. The City's utilities and event rental services are classified as business activities.

##### 1. Government-wide Financial Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (Sales and franchise taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (sales and franchise taxes, interest income, etc.).

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The City reports the following governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The City reports the following proprietary or business-type funds:

The *Water Fund* accounts for the delivery of water to the citizens of the City.

The *Wastewater Fund* accounts for sewer service to the citizens of the City.

The *SteamPlant Event Center Fund* accounts for event rentals and sales of art pieces.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

I. **Summary of Significant Accounting Policies (continued)**

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. **Long-term Economic Focus and Accrual Basis**

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. **Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (within 60 days after December 31). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. **Financial Statement Presentation**

Amounts reported as program revenues include 1) charges to customers for goods and services provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the 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.

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



# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

I. **Summary of Significant Accounting Policies (continued)**

D. **Financial Statement Accounts**

1. **Cash, Cash Equivalents and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the City.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Colorado state statutes permit investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. **Investments**

Investments are stated at fair value.

3. **Receivables**

Receivables are reported net of an allowance for uncollectible accounts.

4. **Interfund Receivables and Payables**

Balances at year-end between funds are reported as “due to / from other funds” in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as “internal balances” in the government-wide financial statements.

5. **Prepaid Expenses**

Prepaid expenses are amounts paid in the current year for expenses related to subsequent years.

6. **Inventory**

Inventory consists of supplies for the City’s use and is carried at cost using the first-in, first-out method.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Infrastructure, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	40
Buildings and improvements	20 - 40
Distribution systems	10 - 50
Equipment and vehicles	5 - 10

8. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for the amounts is reported in governmental funds only if they are required to be paid out within 60 days of year-end.

9. Pensions

The City participates in the Statewide Defined Benefit Plan, administered by the Fire and Police Pension Association of Colorado ("FPPA"). The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan. The City also sponsors the fire and police "old hire" single employer defined plan. The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one item that qualifies for reporting in this category, which is the pension-related deferred outflows reported in the government-wide statement of net position.

11. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for this type of reporting, pension-related deferred inflows.

12. Fund Balance

The City classifies governmental fund balances as follows:

*Non-spendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the City Council.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Council or its management designee.

*Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**12. Fund Balance (continued)**

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy. However, the City's budget includes a calculation of targeted reserve positions and management reports the targeted amounts annually to City Council.

**E. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds”. The \$26,207,933 difference is related to capital assets of \$36,926,677 less accumulated depreciation of \$10,718,744.

**B. Explanation of certain differences between the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

### III. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

As required by Colorado Statutes, the City followed the required timetable noted below in preparing, approving, and enacting its budget for 2016.

1. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2015, a recommended budget which detailed available revenues to meet the City's operating requirements.
2. Prior to December 15, 2015, a public hearing was held for the budget, and the Council adopted the proposed budget and an appropriating ordinance that legally appropriated expenditures for the upcoming year.
3. After adoption of the budget resolution, the City may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

The budget for the NRCDC Special Revenue Fund (the "Fund") was not available; therefore, the Fund reported expenditures in excess of appropriations of \$478,712. This may be a violation of state statute. As of January 1, 2017, NRCDC is no longer a component unit of the City.

#### B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

### III. Stewardship, Compliance, and Accountability (continued)

#### B. TABOR Amendment (continued)

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$265,000, which is the approximate required reserve at December 31, 2016.

The City's voters approved a ballot question which will allow the City to collect, retain, and expend the full proceeds of the County's and City's sales and taxes, grants, revenue from the State of Colorado, admission charges from the Salida Hot Springs Swimming Pool, and fines and court costs imposed by the Salida Municipal Court, without increasing or adding taxes of any kind, and notwithstanding any State restrictions on fiscal year spending, including without limitation the restrictions of Article X, Section 20 of the Colorado Constitution, from the date of January 1, 1993, and thereafter.

On November 4, 2008, the City's voters approved the following ballot questions:

"Shall the City of Salida sales tax be increased by not more than \$1,500,000 in the first full fiscal year, and by such additional amounts as are generated annually thereafter, by an increase in City sales tax by one percent (1.0%) from two percent (2.0%) to three percent (3.0%) total, which increase shall take effect on January 1, 2009, and which revenues therefore, together with investment earnings thereon, shall be used solely for construction, operation, maintenance, and repair of roads and other public infrastructure of the City, and shall such revenues be collected by the City as a voter approved revenue change and tax policy change, notwithstanding any applicable revenue or expenditure limitation imposed by Article X, Section 20 of the Colorado Constitution. C.R.S. Section 29-1-301, or any other law, and shall the City of Salida's property tax be repealed?"

"Shall the City of Salida's taxes be increased by an estimated \$800,000 annually (First fiscal year increase) or such other amount that may be collected thereafter by the imposition of an occupational lodging tax on the leasing or renting of rooms or other accommodations in commercial lodging within the City for less than 30 days at a rate of \$4.82 per night per occupied room, commencing January 1, 2009, the proceeds of such tax, together with investment earnings thereon, shall be used primarily for capital improvements and operations expenses for parks and recreation and arts facilities in the City, including, without limitation, the aquatic center and SteamPlant theater, and shall such revenues be collected by the City of Salida as a voter approved revenue change and tax policy change, notwithstanding any revenue or expenditure limitation set forth in Article X, Section 20 of the Colorado Constitution, C.R.S. Section 29-1-301, or any other law?"

The City exceeded TABOR's fiscal year spending limit during 2015, resulting in a liability of \$147,850, which is reported as a prior period adjustment in these financial statements.

The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

## IV. Detailed Notes on All Funds

### A. Deposits and Investments

The City's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the City's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the City's demand deposits was \$1,659,524 at year end.

#### *Fair Value of Investments*

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2016, the City had the following recurring fair value measurements.

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 718,726	\$ -	\$ 718,726	\$ -
U.S. government agency securities	99,964	-	99,964	-
Mortgage Pools	784,844	-	-	784,844
Total	<u>\$1,603,534</u>	<u>\$ -</u>	<u>\$ 818,690</u>	<u>\$ 784,844</u>

<u>Investments Measured at Net Asset Value</u>	
Colotrust	\$1,514,244
CSIP	4,470,492
Total	<u>\$5,984,736</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market Funds: published fair value per share (unit) for each fund.

Debt securities, namely mortgage pools, classified in Level 3 are valued using an appraisal service.

The Investment Pool represents investments in CSIP. The fair value of the pool is determined by the pool's share price. The City has no regulatory oversight for the pool. At December 31, 2016, the City's investments in CSIP were 65% of the City's investment portfolio.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

## IV. Detailed Notes on All Funds (continued)

### A. Deposits and Investments (continued)

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the City has limited its interest rate risk.

*Credit Risk.* City investment policy limits investments to those authorized by State statutes as listed in Note 1C. The City's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk.* The City diversifies its investments by security type and institution. Financial institutions holding City funds must provide the City a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

The City had the following cash and investments with the following maturities:

	<u>Standard &amp; Poors Rating</u>	<u>Carrying Amounts</u>	<u>Less than one year</u>	<u>Less than five years</u>
<i>Deposits:</i>				
Cash on hand	<i>Not Rated</i>	\$ 2,000	\$ 2,000	\$ -
Checking and savings	<i>Not Rated</i>	1,657,524	1,657,524	-
CD	<i>Not Rated</i>	718,726	174,063	544,663
<i>Investments:</i>				
Pools	<i>AAAm</i>	5,984,736	5,984,736	-
U.S. agencies	<i>AA+</i>	99,964	99,964	-
Mortgage pools	<i>AA+</i>	784,844	784,844	-
Total		<u>\$ 9,247,794</u>		

The financial statement captions are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Cash and investments	\$ 5,199,398	4,048,396	9,247,794



# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of December 31, 2016, for the City's funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Steamplant</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,143,003	-	-	-	1,143,003
Accounts	131,230	375,780	275,787	13,637	796,434
Intergovernmental	174,554	1,385	-	-	175,939
Gross receivables	<u>1,448,787</u>	<u>377,165</u>	<u>275,787</u>	<u>13,637</u>	<u>2,115,376</u>
Less: allowance for uncollectible	-	-	-	-	-
<b>Net receivables</b>	<u>\$ 1,448,787</u>	<u>377,165</u>	<u>275,787</u>	<u>13,637</u>	<u>2,115,376</u>

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# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

## IV. Detailed Notes on All Funds (continued)

### C. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,736,008	45,067	-	1,781,075
Land - NRCDC	2,047,400	-	(142,203)	1,905,197
Construction in progress	538,103	123,810	(602,013)	59,900
Total capital assets, not being depreciated	<u>4,321,511</u>	<u>168,877</u>	<u>(744,216)</u>	<u>3,746,172</u>
Capital assets, being depreciated:				
Buildings	7,290,788	810,314	-	8,101,102
Buildings - NRCDC	3,838,997	216,744	-	4,055,741
Park land and improvements	4,054,966	283,558	-	4,338,524
Improvements - NRCDC	873,995	-	(216,744)	657,251
Vehicles	2,839,281	131,911	(53,079)	2,918,113
Equipment	1,359,294	12,049	(70,013)	1,301,330
Infrastructure	10,660,712	1,147,732	-	11,808,444
Total capital assets being depreciated	<u>30,918,033</u>	<u>2,602,308</u>	<u>(339,836)</u>	<u>33,180,505</u>
Less accumulated depreciation for:				
Buildings	(2,444,679)	(232,497)	-	(2,677,176)
Park land and improvements	(1,485,242)	(163,991)	-	(1,649,233)
Buildings and improvements - NRCDC	(130,897)	(120,480)	-	(251,377)
Vehicles	(2,001,074)	(151,934)	50,079	(2,102,929)
Equipment	(784,800)	(82,420)	44,134	(823,086)
Infrastructure	(2,658,040)	(556,903)	-	(3,214,943)
Total accumulated depreciation	<u>(9,504,732)</u>	<u>(1,308,225)</u>	<u>94,213</u>	<u>(10,718,744)</u>
Total capital assets, being depreciated, net	<u>21,413,301</u>	<u>1,294,083</u>	<u>(245,623)</u>	<u>22,461,761</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 25,734,812</u>	<u>1,462,960</u>	<u>(989,839)</u>	<u>26,207,933</u>

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# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

## IV. Detailed Notes on All Funds (continued)

### C. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 76,027	-	-	76,027
Water rights	1,391,521	-	-	1,391,521
Construction in progress	582,450	94,081	(570,862)	105,669
Total capital assets, not being depreciated	<u>2,049,998</u>	<u>94,081</u>	<u>(570,862)</u>	<u>1,573,217</u>
Capital assets, being depreciated:				
Lines	11,110,054	1,552,221	(121,115)	12,541,160
Structures	14,684,197	149,772	-	14,833,969
Land improvements	697,266	-	-	697,266
Equipment and vehicles	14,468,243	10,612	(29,685)	14,449,170
Total capital assets being depreciated	<u>40,959,760</u>	<u>1,712,605</u>	<u>(150,800)</u>	<u>42,521,565</u>
Less accumulated depreciation for:				
Lines	(4,013,373)	(356,555)	2,735	(4,367,193)
Structures	(4,466,646)	(480,615)	-	(4,947,261)
Land improvements	(88,689)	(39,792)	-	(128,481)
Equipment and vehicles	(3,119,179)	(641,048)	29,685	(3,730,542)
Total accumulated depreciation	<u>(11,687,887)</u>	<u>(1,518,010)</u>	<u>32,420</u>	<u>(13,173,477)</u>
Total capital assets, being depreciated, net	<u>29,271,873</u>	<u>194,595</u>	<u>(118,380)</u>	<u>29,348,088</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 31,321,871</u>	<u>288,676</u>	<u>(689,242)</u>	<u>30,921,305</u>

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# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

**Governmental activities:**

General government	\$ 257,067
Public safety	165,786
Public works	625,723
Culture and recreation	259,649
<b>Total depreciation expense - governmental activities</b>	<b><u><u>\$ 1,308,225</u></u></b>

**Business-type activities:**

Water	557,238
Sewer	889,881
Steamplant	70,891
<b>Total depreciation expense - business-type activities</b>	<b><u><u>\$ 1,518,010</u></u></b>

D. Interfund Receivables, Payables, and Transfers

There were no interfund receivables or payables as of December 31, 2016.

Transfers were as follows:

	<u>In</u>	<u>Out</u>	<u>Purpose</u>
General	\$ -	124,100	To fund Steamplant operations
Steamplant Event Center	124,100	-	To fund operations
Total	<u><u>\$ 124,100</u></u>	<u><u>124,100</u></u>	

E. Long-term Liabilities

1. Lease Purchase – Community Services Complex 2008 and 2009

On September 1, 2008, the City entered into a \$1,300,000 lease purchase agreement with Capital One Public Funding. The lease requires monthly payments of \$13,486 and bears an interest rate of 3.40%. The lease matures on February 15, 2026. Proceeds from the lease were used for construction of a new police station and are secured by the land on which the station was constructed.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Liabilities (continued)

2. Water and Sewer Enterprise Revenue Refunding Bonds 2016

On December 6, 2016, the City issued Water and Sewer Enterprise Revenue Refunding Bonds, Series 2016, in the principal amount of \$1,535,000. Proceeds from the 2016 Bonds were used to advance refund a portion of the City's Water and Sewer Refunding and Improvement Revenue Bonds, Series 2004 (see Note E. 5). As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Water Fund. The City realized a net present value on the refunding of \$135,476.

The interest rate on the Series 2016 Bonds is 2.16% and is payable semi-annually on June 1 and December 1 through 2027.

3. USDA Loan

In March 2013, the City entered into a \$12,103,000 loan agreement with the Department of Agriculture. The note requires semi-annual payments of \$480,484 due March 27 and September 27 and bears interest at 2.5%. The note matures September 27, 2052. The proceeds were used to upgrade the wastewater treatment plant.

The loan agreement requires the City to maintain a debt service reserve and asset management reserve equal to one annual installment totaling \$529,401. The City has sufficient funds at December 31, 2016 to meet this covenant.

4. Colorado Water Resources and Power Development Authority Note

On December 21, 2011, the City entered into a \$545,000 non-interest-bearing note with the Colorado Water Resources and Power Development Authority. The note requires semi-annual payments of \$13,625 due November 1 and May 1. The note matures May 1, 2032. The proceeds were for the necessary repairs to the water treatment facility.

The Colorado Water Resources and Power Development Authority Loan Agreement sets forth certain covenants and restrictions. As of December 31, 2016, the City appears to be in compliance with all covenants and restrictions as set forth in Exhibit A and Exhibit F, Additional Covenants and Requirements.

**Rate Covenant:** The City shall establish and collect such rates, fees, and charges for the use or the sale of the products and services of the System as, together with other moneys available therefore, are expected to produce Gross revenue for each calendar year that will be at least sufficient for such calendar year to pay the sum of estimated operation and maintenance expenses, 110% of the debt service coming due on the bond during the calendar year and other debt service requirements. Gross revenue as defined in Para (3) of Exhibit A to the Loan Agreement is all income and revenues directly or indirectly derived by the government agency for the operation and use of the system, including investment income, but excluding, property taxes and grants received for capital improvements.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Liabilities (continued)

4. Colorado Water Resources and Power Development Authority Note (continued)

Total Gross Revenue requirement \$ 1,324,022

Total water fund revenues, excluding capital grants \$2,560,511

Excess (deficiency) of gross revenues \$ 1,236,489

**Operations and Maintenance Reserve Fund Covenant:** The City has on hand sufficient funds to meet the Reserve Fund covenant. The reserve at year-end is \$235,550 which is equal to three months of operation and maintenance expenses, excluding depreciation, of the system as set forth in the City's annual budget.

5. Water and Sewer Refunding and Improvement Revenue Bonds 2007

On October 31, 2007, the City issued Water and Sewer Refunding and Improvement Revenue Bonds, Series 2007, in the principal amount of \$3,940,000. The bonds bore interest at rates ranging from 4.00% to 5.00%, payable semi-annually on December 1 and June 1. The bonds were payable and secured from certain net pledged revenues, consisting of the net revenues of the Water and Sewer System of the City remaining after the payment of operation and maintenance expenses. The bonds were financing the construction of additions and improvements to the water system operating by the City's Water Fund and refunding, paying and discharging the City's outstanding Water and Sewer Revenue Bonds, Series 1996.

The 2007 bonds were refunded on December 6, 2016. (See Note IV.E.2.)

6. DOLA Note Payable 2001

On May 31, 2001, the City entered into a \$175,000 note with the Department of Local Affairs. The note requires annual payments of \$14,042 due September 1 and bears interest at 5%. The note matures September 1, 2021. The proceeds were for the construction of a one million gallon steel tank for treated water storage and related water lines.

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# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Liabilities (continued)

7. NRCDC's High Country Bank Loan

NRCDC has a loan payable to High County Bank secured by land, buildings and improvements. Effective January 1, 2017, NRCDC was not a component unit of the City; therefore, the City has no obligations regarding this loan subsequent to December 31, 2016.

8. Schedule of Debt Service Requirements

Year ending December 31	Governmental Activities			Business Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 120,800	41,032	161,832	\$ 358,074	314,464	672,538
2018	124,972	36,860	161,832	353,651	308,690	662,341
2019	129,288	32,544	161,832	384,382	300,583	684,965
2020	133,753	28,079	161,832	390,271	291,777	682,048
2021	138,372	23,460	161,832	396,324	282,809	679,133
2022 - 2026	614,662	44,437	659,099	2,070,875	1,278,459	3,349,334
2027 - 2031	-	-	-	1,638,228	1,058,790	2,697,018
2032 - 2036	-	-	-	1,538,769	877,276	2,416,045
2037 - 2041	-	-	-	1,726,876	675,544	2,402,420
2042 - 2046	-	-	-	1,955,292	447,128	2,402,420
2047 - 2051	-	-	-	2,213,920	188,500	2,402,420
2052	-	-	-	267,664	3,730	271,394
	<u>1,261,847</u>	<u>206,412</u>	<u>1,468,259</u>	<u>13,294,326</u>	<u>6,027,750</u>	<u>19,322,076</u>

**Note:** Effective January 1, 2017, NRCDC was not a component unit of the City. Therefore, NRCDC's High Country Bank Loan is excluded from the Schedule of Debt Service Requirements.

9. Accrued Compensated Absences

Earned but unused vacation benefits amounted to \$57,058 in governmental activities and \$15,518 in business-type activities at December 31, 2016.

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# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Liabilities (continued)

10. Schedule of Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Lease Purchase - Community Services Complex	\$ 1,378,614	-	(116,768)	1,261,846	161,832
NRCDC High Country Bank Loan	4,503,751	-	(304,767)	4,198,984	-
Accrued compensated absences	40,600	16,458	-	57,058	19,019
<b>Total Governmental Activities Long-term Liabilities</b>	<u>\$ 5,922,965</u>	<u>\$ 16,458</u>	<u>\$ (421,535)</u>	<u>\$ 5,517,888</u>	<u>180,851</u>
<b>Business-type Activities:</b>					
Water and Sewer Revenue Bonds 2016	\$ -	1,535,000	-	1,535,000	120,000
USDA Loan - WWTF Upgrade	11,471,102	-	(194,948)	11,276,154	199,821
CO Water Resources & Power Development Authority	449,625	-	(27,250)	422,375	27,250
Water and Sewer Revenue Bonds 2007	1,945,000	-	(1,945,000)	-	-
DOLA Note Payable	71,275	-	(10,479)	60,796	11,002
Accrued compensated absences	-	-	15,518	15,518	5,173
<b>Total Business-type Activities Long-term Liabilities</b>	<u>\$ 13,937,002</u>	<u>1,535,000</u>	<u>(2,162,159)</u>	<u>13,309,843</u>	<u>363,246</u>

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

1. FPPA Statewide Defined Benefit Plan

*Plan Description:* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

*Contributions:* Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8.5% and 8% of base salary for a total contribution rate of 16.5% through 2015. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors.



# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

**IV. Detailed Notes on All Funds (continued)**

**F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

The reentry group has a combined contribution rate of 20% of base salary through 2014. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24%.

The contribution rate for members and employers of affiliated social security employers is 4.25 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent in 2015. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

*Benefits:* On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Net Pension (Liability) Asset:* At December 31, 2016, the City reported an asset of \$1,972 and \$2,230 for its proportionate share of the net pension asset for fire and police respectively. (The City reported an asset because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The City proportion of the net pension liability was based on City contributions to the Plan for the calendar year 2015 relative to the total contributions of participating employers to the Plan.

At December 31, 2016, the City's proportionate shares for fire and police were as follows:

	Proportionate Share	
	2015	2014
Fire	0.11183%	0.10967%
Police	0.12648%	0.11701%

For the year ended December 31, 2016, the City recognized pension expense of \$27,652.

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**1. FPPA Statewide Defined Benefit Plan (continued)**

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fire		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,944	2,328	18,032	2,400
Changes of assumptions or other inputs	30,965	-	35,021	2,632
Net difference between projected and actual earnings on pension plan investments	100,333	-	113,476	-
Changes in proportionate share of contributions	3,028	2,400	10,081	-
Difference between actual and reported contributions recognized	-	-	-	-
Contributions subsequent to the measurement date	43,213	-	49,012	-
Total	\$ 193,483	4,728	225,622	5,032

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amortization	
	Fire	Police
December 31:		
2017	\$ 30,599	\$ 34,468
2018	30,599	34,468
2019	30,599	34,468
2020	28,111	31,655
Thereafter	25,515	28,829
	\$ 145,423	\$ 163,888

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term investment Rate of Return *	7.5%
Projected Salary Increases	4% to 14%
Cost of Living Adjustments	0%
* Includes Inflation at	3%

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

*Actuarial assumptions:* For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the roll-forward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

*Actuarial assumptions (continued):* Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%
Total	<u>100%</u>	

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Discount rate.* Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Collective net pension liability (asset)	\$ 246,949,671	(1,762,854)	(208,061,345)
Proportionate share of net pension liability (asset)			
Fire	\$ 276,159	(1,971)	(232,677)
Police	\$ 312,334	(2,230)	(263,145)

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Agent “Old Hire” Pension Plan

*Plan Description:* The City is trustee of a single-employer defined benefit pension plan available to provide retirement income for all covering all full-time employees of participating fire or police departments in Colorado hired prior to April 8, 1978, in recognition of their service to the City. FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://fppaco.org>.

The plan provides normal retirement benefits, severance, and death and disability benefits. Normal retirement benefits begin at 50 years of age and upon completion of 18 years of service, and include monthly pension equal to one-half of his monthly salary at the date of his retirement. For severances, firefighters have the option to refund their contribution with 5% annual interest, or to receive deferred retirement pensions equal to one-half their monthly salary if they meet the age and service requirements of the normal retirement benefit. If a firefighter eligible to receive or is receiving benefits dies in retirement, the surviving spouse shall receive, until death or remarriage, a monthly pension equal to one-half the monthly pension the firefighter was entitled to receive. There are no vested retirement benefits.

As of January 1, 2016 the latest actuarial valuation date, there were no active members, no inactive, nonretired member and 3 retirees and beneficiaries in the Salida Old Hire Fire Pension Fund.

As of January 1, 2016 the latest actuarial valuation date, there were no active members, no inactive, nonretired member and 6 retirees and beneficiaries in the Salida Old Hire Police Pension Fund.

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Agent "Old Hire" Pension Plan (continued)

*Funding Policy:* The funding of the plan by the City and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of City contributions, whichever is less. Since the City currently offers maximum retirement benefits in excess of \$300 per month, the State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

*Net Pension Liability:* At December 31, 2016, the Old Hire pension fund reported a net pension liability of \$115,930 and \$761,675 for Fire and Police, respectively. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

*Actuarial Assumptions:* The significant actuarial assumptions used in the valuation as of January 1, 2016 were:

	<u>Fire</u>	<u>Police</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, Open*	Level Dollar, Open*
Remaining Amortization Period	14 years*	18 years*
Asset Valuation Method	5-year smoothed market	5-year smoothed market
Inflation	3%	3%
Salary Increases	N/A	N/A
Investment Rate of Return	7.50%	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement RP-2000 Combined Mortality Table with Blue Collar Adjustment. Disabled (pre 1980): RP-2000 Disabled Mortality Tables. All tables projected with Scale AA	Post-retirement RP-2000 Combined Mortality Table with Blue Collar Adjustment. Disabled (pre 1980): RP-2000 Disabled Mortality Tables. All tables projected with Scale AA

\*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) the long-term expected rate of return on pension plan investments (7.50%), and (2) tax-exempt municipal bond rate based on an index of 20-year obligation bonds with an average AA per Standard and Poor's Corp. or Aa2 per Moody's Investors Service credit rating as of the measurement date (3.75%) to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits. The resulting Single Discount Rate is 7.50%.



# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

**2. Agent “Old Hire” Pension Plan (continued)**

*Actuarial Assumptions (continued):* Regarding the sensitivity of the net pension asset (liability) to changes in the Single Discount Rate, the following represent the plan’s net pension liability / (asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of net pension liability (asset)			
Fire	\$ 132,197	115,930	101,522
Police	\$ 872,476	761,675	666,125

In connection with the City’s Fire and Police Protection Retirement Plan, the following deferred outflow of resources and deferred inflows of resources were reported at December 31, 2016:

	Fire		Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 6,286	-	\$ 28,354	-
Contributions subsequent to the measurement date	9,539	-	66,481	-
Total	\$ 15,825	-	\$ 94,835	-

Contributions subsequent to the measurement date of December 31, 2015, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in subsequent years. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as a component of pension expense in future years as follows:

Year Ending	Amortization	
	Fire	Police
December 31:		
2017	\$ 1,623	\$ 7,354
2018	1,623	7,354
2019	1,624	7,354
2020	1,416	6,294
Thereafter	-	-
	\$ 6,286	\$ 28,356

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Notes to the Financial Statements  
December 31, 2016  
(Continued)

## V. Other Information

### A. Other Retirement Plans

#### 1. Deferred Compensation Plans – Section 401

In 1997, the City established a defined contribution money purchase plan in the form of the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust under code section 401 of the Internal Revenue Code. The normal retirement age is age 60 (not to exceed age 65). All full time employees except Fire and Police personnel are entitled to participate in the plan. The City contributes on behalf of each participant 3% of earnings for the Plan Year. There is no minimum required contribution by the employee. Participants are 100% vested immediately and may direct their investment, without restriction, among various investment options available under the Trust. The City's contributions vest at a rate of 25% per year.

The City is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan.

#### 2. Deferred Compensation Plan - Section 457

In 1997, the City established a defined contribution money purchase plan in the form of the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust under code section 457 of the Internal Revenue code. The normal retirement age is age 60 (not to exceed age 65). All full-time employees except Fire and Police personnel are entitled to participate in the plan. The City will match up to 3% of employee contributions. There is no minimum required contribution by the employee. Participants are 100% vested immediately in their direct investment. The City's contributions vest at a rate of 25% per year.

### B. Other Employee Benefits

#### Cafeteria Plan

The City offers a cafeteria compensation plan organized under IRS Section 125 that includes the following benefits: medical disability, accident and/or term life insurance, health expense reimbursement and child care benefits. The plan is administered by Affiliated Benefits Consultants, which approves disbursements from the plan that employees make from a plan debit card. No cost to the City is recognized as the plan is a salary reduction plan.

### C. 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 insures against these risks through its participation in the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") and the purchase of commercial insurance.

The City's management is unaware of any excess losses which may have been incurred by CIRSA. There have been no settled claims in excess of coverage in any of the last three years.

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2016**  
**(Continued)**

**V. Other Information (continued)**

**D. Subsequent Event – Litigation Settlement**

On February 2, 2017, the City settled a lawsuit regarding water rights for a total of \$415,000. This amount is included in current expenses for the year ended December 31, 2016.

# PRELIMINARY DRAFT

**REQUIRED SUPPLEMENTARY INFORMATION**

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**For the Year Ended December 31, 2016**

REVENUES:	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Taxes:</b>				
Sales tax	4,896,000	4,896,000	5,162,570	266,570
Occupation tax	240,000	240,000	248,230	8,230
Franchise fees	313,400	313,400	303,382	(10,018)
Total Taxes	<u>5,449,400</u>	<u>5,449,400</u>	<u>5,714,182</u>	<u>264,782</u>
<b>Fees for General Services:</b>				-
Vin inspections	6,000	6,000	7,100	1,100
Vital statistics records	18,500	18,500	18,713	213
Planning and zoning fees	46,000	46,000	70,011	24,011
Fire plans and inspections	5,000	5,000	6,010	1,010
Emergency response fees	17,000	-	9,834	9,834
Public works charges	38,000	38,000	48,409	10,409
Other revenues	6,000	3,000	2,235	(765)
Total Licenses, Permits, and Fees	<u>136,500</u>	<u>116,500</u>	<u>162,312</u>	<u>45,812</u>
<b>Intergovernmental:</b>				
Sales tax - County	1,594,000	1,594,000	1,725,309	131,309
Cigarette tax	22,000	22,000	20,676	(1,324)
Other state taxes	81,000	81,000	79,870	(1,130)
Highway users tax	199,900	199,900	211,010	11,110
Motor vehicle registration	25,000	25,000	26,918	1,918
County road and bridge	8,000	8,000	8,235	235
Federal grants	16,000	67,000	48,599	(18,401)
State grants	596,200	681,600	257,020	(424,580)
South Ark Fire District	70,000	70,000	70,000	-
Total Intergovernmental	<u>2,612,100</u>	<u>2,748,500</u>	<u>2,447,637</u>	<u>(300,863)</u>
<b>Fees for Recreation and Event Services:</b>				
Hot springs pool	372,400	372,400	380,935	8,535
Soaking pool fees	20,000	20,000	26,470	6,470
Events and program revenues	40,000	40,000	30,435	(9,565)
Park rentals	16,000	16,000	17,418	1,418
Other recreation revenues	10,200	10,200	10,983	783
Total Charges for Recreation and Events	<u>458,600</u>	<u>458,600</u>	<u>466,241</u>	<u>7,641</u>
<b>Fines and Forfeitures:</b>				
Court fines	55,000	55,000	25,439	(29,561)
Parking fines	20,000	20,000	14,155	(5,845)
Other court costs charges and forfeitures	-	-	7,143	7,143
Total Fines and Forfeitures	<u>75,000</u>	<u>75,000</u>	<u>46,737</u>	<u>(28,263)</u>
<b>Licenses, Permits and Fees:</b>				
Liquor licenses	14,000	14,000	15,838	1,838
Medical marijuana dispensary license	2,000	2,000	3,000	1,000
Business licenses	2,000	5,300	4,023	(1,277)
Other licenses and permits	5,000	5,000	1,965	(3,035)
Total Licenses, Permits, and Fees	<u>23,000</u>	<u>26,300</u>	<u>24,826</u>	<u>(1,474)</u>

(continued)

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**For the Year Ended December 31, 2016**

<b>REVENUES, CONTINUED</b>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Other Revenues:</b>				
Capital revenue				
Insurance proceeds	-	80,200	23,029	(57,171)
Donations	100,000	109,000	9,675	(99,325)
Other capital revenues	-	-	1,994	1,994
Miscellaneous revenue				
Interest revenue	10,000	10,000	14,342	4,342
Rent, leases and royalties	31,200	36,000	66,763	30,763
Donations	5,000	5,000	5,188	188
Other miscellaneous revenues	-	-	9,230	9,230
Total Other revenues	146,200	240,200	130,221	(109,979)
<b>TOTAL REVENUES</b>	8,900,800	9,114,500	8,992,156	(122,344)
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Administration				
Personnel services	393,100	394,100	352,940	41,160
Contracted services	177,500	189,300	384,132	(194,832)
Supplies and materials	8,000	8,000	9,969	(1,969)
Utilities	26,100	26,100	30,391	(4,291)
Other operating costs	170,600	170,600	146,111	24,489
Debt service	161,900	161,900	161,839	61
Budgetary capital expenditures (<\$5,000)	21,400	30,400	11,372	19,028
Capital purchases and improvements (\$5,000+)	185,000	202,900	192,401	10,499
Total Administration	1,143,600	1,183,300	1,289,155	(105,855)
Community Development:				
Personnel services	186,600	186,600	135,493	51,107
Contracted services	12,200	18,200	47,254	(29,054)
Supplies and materials	3,100	3,100	1,045	2,055
Utilities	100	100	-	100
Other operating costs	15,000	15,000	5,531	9,469
Budgetary capital expenditures (<\$5,000)	5,500	5,500	3,179	2,321
Total Community Development	222,500	228,500	192,502	35,998
Other:				
Municipal judge and city prosecutor	38,000	38,000	23,111	14,889
Community support grants	5,000	6,000	3,150	2,850
Total General Government - Other	43,000	44,000	26,261	17,739
Total General Government	1,409,100	1,455,800	1,507,918	(52,118)

(continued)

# PRELIMINARY DRAFT

## CITY OF SALIDA, COLORADO

### Schedule of Revenues, Expenditures and Changes in Fund Balance

#### General Fund - Budget and Actual

For the Year Ended December 31, 2016

EXPENDITURES, CONTINUED	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Public Safety:</b>				
Police:				
Personnel services	1,308,700	1,308,700	1,296,955	11,745
Contracted services	95,600	95,600	74,684	20,916
Supplies and materials	64,700	64,700	48,966	15,734
Utilities	33,700	33,700	37,646	(3,946)
Other operating costs	31,200	36,200	54,964	(18,764)
Budgetary capital expenditures (<\$5,000)	4,900	4,900	5,181	(281)
Capital purchases and improvements (\$5,000+)	185,200	188,300	92,448	95,852
Total Police	1,724,000	1,732,100	1,610,844	121,256
Fire:				
Personnel services	847,300	847,300	831,174	16,126
Contracted services	16,000	16,000	21,435	(5,435)
Supplies and materials	32,700	32,700	18,800	13,900
Utilities	5,300	5,300	5,155	145
Other operating costs	39,900	41,400	35,754	5,646
Budgetary capital expenditures (<\$5,000)	24,300	24,300	20,877	3,423
Capital purchases and improvements (\$5,000+)	177,900	252,500	35,344	217,156
Total Fire	1,143,400	1,219,500	968,539	250,961
Total Public Safety	2,867,400	2,951,600	2,579,383	372,217
<b>Public Works:</b>				
Public Works:				
Personnel services	334,700	334,700	320,288	14,412
Contracted services	11,000	11,000	12,038	(1,038)
Supplies and materials	57,400	57,400	52,529	4,871
Utilities	115,000	115,000	82,736	32,264
Other operating costs	77,400	120,400	120,903	(503)
Budgetary capital expenditures (<\$5,000)	8,000	8,000	3,048	4,952
Capital purchases and improvements (\$5,000+)	1,635,400	1,731,200	1,174,251	556,949
Total Public Works	2,238,900	2,377,700	1,765,793	611,907
Facilities and Vehicle Management				
Personnel services	118,000	118,000	156,087	(38,087)
Contracted services	4,000	4,000	2,397	1,603
Supplies and materials	11,400	11,400	4,055	7,345
Utilities	16,800	16,800	8,078	8,722
Other operating costs	10,800	10,800	7,262	3,538
Budgetary capital expenditures (<\$5,000)	1,000	7,000	3,685	3,315
Total Public Works - Facilities and Vehicle Management	162,000	168,000	181,564	(13,564)
Other:				
Airport operations	50,000	76,800	76,800	-
Contracted services	10,000	22,000	8,831	13,169
Utilities	11,000	11,000	14,937	(3,937)
Other operating costs	9,500	33,200	63,837	(30,637)
Capital purchases and improvements (\$5,000+)	-	37,200	236	36,964
Total Public Works - Other	80,500	180,200	164,641	15,559
Total Public Works	2,481,400	2,725,900	2,111,998	613,902

(continued)

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

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
General Fund - Budget and Actual  
For the Year Ended December 31, 2016

EXPENDITURES, CONTINUED	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Culture, Parks and Recreation:</b>				
Pool and Recreation:				
Personnel services	502,600	502,600	464,349	38,251
Contracted services	25,200	27,200	18,969	8,231
Supplies and materials	31,900	31,900	34,398	(2,498)
Utilities	74,700	74,700	62,151	12,549
Other operating costs	70,300	70,300	59,590	10,710
Budgetary capital expenditures (<\$5,000)	25,000	17,500	13,195	4,305
Capital purchases and improvements (\$5,000+)	141,000	243,400	190,044	53,356
Total Pool and Recreation	<u>870,700</u>	<u>967,600</u>	<u>842,696</u>	<u>124,904</u>
Parks, Open Space and Trails:				
Personnel services	157,900	157,900	212,497	(54,597)
Contracted services	4,500	4,500	3,615	885
Supplies and materials	22,200	22,200	27,846	(5,646)
Utilities	72,500	72,500	71,720	780
Other operating costs	28,600	72,100	66,801	5,299
Budgetary capital expenditures (<\$5,000)	6,300	6,300	1,409	4,891
Capital purchases and improvements (\$5,000+)	910,000	948,000	275,953	672,047
Total Park, Open Space, and Trails	<u>1,202,000</u>	<u>1,283,500</u>	<u>659,841</u>	<u>623,659</u>
Total Culture, Parks and Recreation	<u>2,072,700</u>	<u>2,251,100</u>	<u>1,502,537</u>	<u>748,563</u>
TOTAL EXPENDITURES	<u>8,830,600</u>	<u>9,384,400</u>	<u>7,701,836</u>	<u>1,682,564</u>
Excess of Revenues Over (Under) Expenditures	<u>70,200</u>	<u>(269,900)</u>	<u>1,290,320</u>	<u>(1,804,908)</u>
Other Financing Sources (Uses):				
Transfer out	-	-	(124,100)	124,100
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(124,100)</u>	<u>124,100</u>
Net change in fund balance	70,200	(269,900)	1,166,220	(1,680,808)
Fund balance, beginning of year	<u>4,710,135</u>	<u>4,710,135</u>	<u>4,710,135</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,780,335</u>	<u>\$ 4,440,235</u>	<u>\$ 5,876,355</u>	<u>\$ 1,436,120</u>

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



# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Employer's Proportionate Share of Net Pension Asset / Liability**  
**Statewide Defined Benefit Plans**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Fire:</b>			
City's portion of the net pension asset - Fire	0.111828%	0.109666%	0.105488%
City's proportionate share of the net pension asset - Fire	1,971	123,767	94,326
City's covered-employee payroll - Fire	542,116	493,175	458,177
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll - Fire	0.36%	25.10%	20.59%
<b>Police:</b>			
City's portion of the net pension asset - Police	0.126477%	0.117005%	0.129598%
City's proportionate share of the net pension asset - Police	2,230	132,049	115,885
City's covered-employee payroll - Police	613,126	525,825	562,895
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll - Police	0.36%	25.11%	20.59%
Plan fiduciary net position as a percentage of the total pension asset	100.10%	106.80%	105.80%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014 for the employer plan, and fiscal year 2015 for the volunteer plan.

**Notes to the Schedule of Employer's Proportionate Share of the Net Pension Asset / Liability  
for the year ended December 31, 2016**

**Note 1. Changes of assumptions.**

Inflation: 2.50%

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of City's Contributions**  
**Statewide Defined Benefit Plans**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

<u>Statewide Defined Benefit Plan:</u>	<u>2015</u>	<u>2014</u>
<b>Fire:</b>		
Contractually required contribution	43,369	39,454
Contributions in relation to the contractually required contribution	<u>(43,369)</u>	<u>(39,454)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>
City's covered-employee payroll	542,116	493,175
Contributions as a percentage of covered-employee payroll	8.00%	8.00%
<b>Police:</b>		
Contractually required contribution	49,050	42,066
Contributions in relation to the contractually required contribution	<u>(49,050)</u>	<u>(42,066)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>
City's covered-employee payroll	613,126	525,825
Contributions as a percentage of covered-employee payroll	8.00%	8.00%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

## **Notes to the Schedule of City's Contributions for the Year Ended December 31, 2016**

### **Note 1. Changes of assumptions.**

**Inflation:** 2.50%

### **Note 2. Changes of benefit terms.**

No changes during the years presented above.

### **Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Changes in Net Pension Asset / Liability**  
**Fire "Old Hire" Plan**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

Measurement period ending December 31,	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Interest on the Total Pension Liability	15,943	16,742
Difference between Expected and Actual Experience	8,172	-
Assumption Changes	13,426	-
Benefit Payments	<u>(27,391)</u>	<u>(27,391)</u>
<b>Net Change in Total Pension Liability</b>	10,150	(10,649)
<b>Total Pension Liability - Beginning</b>	<u>226,021</u>	<u>236,670</u>
<b>Total Pension Liability - Ending (a)</b>	<u><u>236,171</u></u>	<u><u>226,021</u></u>
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	9,539	5,426
Pension Plan Net Investment Income	2,452	9,441
Benefit Payments	(27,391)	(27,391)
Pension Plan Administrative Expense	(544)	(3,351)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(15,944)</u>	<u>(15,875)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>136,185</u>	<u>152,060</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>120,241</u></u>	<u><u>136,185</u></u>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u><u>115,930</u></u>	<u><u>89,836</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	50.91%	60.25%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

**Notes to the Schedule of Changes in Net Pension Asset / Liability  
for the Year Ended December 31, 2016**

**Note 1. Changes of assumptions.**

**Inflation:** 2.50%

**Mortality:**

**Post-retirement:** For ages less than 55, RP- 2014 Mortality Tables for Blue Collar Employees.

For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitant.

For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

**Disabled (pre-1930):** RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females.

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Changes in Net Pension Asset / Liability**  
**Police "Old Hire" Plan**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

Measurement period ending December 31,	2015	2014
<b>Total Pension Liability</b>		
Interest on the Total Pension Liability	89,922	92,650
Difference between Expected and Actual Experience	27,855	-
Assumption Changes	49,510	-
Benefit Payments	(129,025)	(129,025)
<b>Net Change in Total Pension Liability</b>	<b>38,262</b>	<b>(36,375)</b>
<b>Total Pension Liability - Beginning</b>	<b>1,262,301</b>	<b>1,298,676</b>
<b>Total Pension Liability - Ending (a)</b>	<b>1,300,563</b>	<b>1,262,301</b>
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	66,481	56,214
Pension Plan Net Investment Income	10,580	39,097
Benefit Payments	(129,025)	(129,025)
Pension Plan Administrative Expense	(1,127)	(3,771)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(53,091)</b>	<b>(37,485)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>591,979</b>	<b>629,464</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>538,888</b>	<b>591,979</b>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>761,675</b>	<b>670,322</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	41.43%	46.90%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

**Notes to the Schedule of Changes in Net Pension Asset / Liability  
for the Year Ended December 31, 2016**

**Note 1. Changes of assumptions.**

**Inflation:** 2.50%

**Mortality:**

**Post-retirement:** For ages less than 55, RP- 2014 Mortality Tables for Blue Collar Employees.

For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitant.

For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

**Disabled (pre-1930):** RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females.

**Note 2. Changes of benefit terms.**

No changes during the years presented above.

**Note 3. Changes of size or composition of population covered by benefit terms.**

No changes during the years presented above.

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of City Contributions**  
**"Old Hire" Plan**  
**Fire and Police Pension Association of Colorado**  
**Last 10 Fiscal Years \***

<u>Agent - Fire "Old Hire" Plan:</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	9,539	5,426
Actual contribution	(9,539)	(5,426)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
City's covered-employee payroll	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A
<u>Agent - Police "Old Hire" Plan:</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	66,481	56,214
Actual contribution	(66,481)	(56,214)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
City's covered-employee payroll	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

## Notes to the Schedule of City's Contributions for the Year Ended December 31, 2016

### Note 1. Changes of assumptions.

**Remaining Amortization Period:** 17 years\*

**Asset Valuation Method:** 5-year smoothed fair value

**Mortality:** Disabled (pre-1980): RP-2000 Disabled Mortality Table. All tables projected with Sale AA.

### Note 2. Changes of benefit terms.

No changes during the years presented above.

### Note 3. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

# PRELIMINARY DRAFT

**SUPPLEMENTARY INFORMATION**

# PRELIMINARY DRAFT

CITY OF SALIDA, COLORADO  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2016

---

	Conservation Trust Fund	NRCDC Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	125,983	282,766	408,749
Total Assets	<u>125,983</u>	<u>282,766</u>	<u>408,749</u>
Fund Balance:			
Restricted for:			
Parks and recreation	125,983	-	125,983
Committed to:			
Community development	-	282,766	282,766
Total fund balances	<u>125,983</u>	<u>282,766</u>	<u>408,749</u>
Total Liabilities and Fund Balances	<u>125,983</u>	<u>282,766</u>	<u>408,749</u>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2016**

<b>REVENUES:</b>	Conservation Trust Fund	NRCDC Fund	Total			
Intergovernmental	60,386	-	60,386			
Interest revenue	539	505	1,044			
Lease revenue	-	402,915	402,915			
Sale of assets	-	104,781	104,781			
Total Revenues	<u>60,925</u>	<u>508,201</u>	<u>569,126</u>			
 <b>EXPENDITURES:</b>						
Current:						
General government/community developme	-	87,801	87,801			
Capital outlay	54,136	-	54,136			
Debt service:						
Principal	-	301,768	301,768			
Interest	-	89,143	89,143			
Total Expenditures	<u>54,136</u>	<u>478,712</u>	<u>532,848</u>			
 Excess of Revenues Over (Under) Expenditures				<u>6,789</u>	<u>29,489</u>	<u>36,278</u>
 Fund balances, beginning of year				<u>119,194</u>	<u>253,277</u>	<u>372,471</u>
Fund balances, end of year				<u>125,983</u>	<u>282,766</u>	<u>408,749</u>

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



# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Conservation Trust Fund**  
**Budget and Actual**  
**For the Year Ended December 31, 2016**

	Original and Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES:</b>			
Intergovernmental revenue:			
State lottery	50,000	60,386	10,386
Interest income	100	539	439
Total revenues	<u>50,100</u>	<u>60,925</u>	<u>10,825</u>
<b>EXPENDITURES:</b>			
Parks and recreation:			
Capital outlay	60,000	54,136	5,864
Total Expenditures	<u>60,000</u>	<u>54,136</u>	<u>5,864</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,900)</u>	<u>6,789</u>	<u>4,961</u>
Fund balances, beginning of year	<u>119,194</u>	<u>119,194</u>	<u>-</u>
Fund balances, end of year	<u>\$ 109,294</u>	<u>\$ 125,983</u>	<u>\$ 4,961</u>

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**NRCDC Special Revenue Fund**  
**Budget and Actual**  
**For the Year Ended December 31, 2016**

<b>REVENUES:</b>	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Interest income	-	-	505	505
Lease revenue	-	-	402,915	402,915
Sale of assets	-	-	104,781	104,781
Total revenues	-	-	508,201	508,201
<b>EXPENDITURES:</b>				
General Government:				
Community Development:				
Contracted services	-	-	66,115	(66,115)
Utilities	-	-	13,237	(13,237)
Other operating costs	-	-	8,449	(8,449)
Debt service				
Principal	-	-	301,768	(301,768)
Interest	-	-	89,143	(89,143)
Total Expenditures	-	-	478,712	(478,712)
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	-	29,489	29,489
Fund balances, beginning of year	-	-	253,277	253,277
Fund balances, end of year	-	-	282,766	282,766

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Water Fund**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2016**

<b>Revenues</b>	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Fees for General Services:				
Service and usage fees	1,220,000	1,246,000	1,313,168	67,168
Water line maintenance	185,000	187,000	188,753	1,753
Commerical demand charges	93,000	95,000	96,371	1,371
Other revenues	32,000	32,000	37,347	5,347
Water leases	-	-	20,000	20,000
Total Fees for General Services	<u>1,530,000</u>	<u>1,560,000</u>	<u>1,655,639</u>	<u>95,639</u>
Intergovernmental Revenue				
State grants	<u>153,000</u>	<u>557,500</u>	<u>6,401</u>	<u>(551,099)</u>
Total Intergovernmental Revenue	<u>153,000</u>	<u>557,500</u>	<u>6,401</u>	<u>(551,099)</u>
Capital Revenue:				
System development fees	331,900	331,900	876,367	544,467
Sale of water meters	<u>10,000</u>	<u>10,000</u>	<u>22,058</u>	<u>12,058</u>
Total Capital Revenue	<u>341,900</u>	<u>341,900</u>	<u>898,425</u>	<u>556,525</u>
Other Revenue:				
Interest revenue	3,000	3,000	2,909	(91)
Miscellanenous revenue	-	-	3,538	3,538
Total Other Revenue	<u>3,000</u>	<u>3,000</u>	<u>6,447</u>	<u>3,447</u>
Total Revenues	<u>2,027,900</u>	<u>2,462,400</u>	<u>2,566,912</u>	<u>104,512</u>
<b>Expenses</b>				
Administration - Water:				
Personnel services	76,600	76,600	61,473	15,127
Contracted services	11,700	11,700	57,106	(45,406)
Supplies and materials	4,700	4,700	1,944	2,756
Other operating costs	11,200	11,200	10,227	973
Total Administration - Water	<u>104,200</u>	<u>104,200</u>	<u>130,750</u>	<u>(26,550)</u>
Public Works - Water:				
Personnel services	256,600	238,600	163,971	74,629
Supplies and materials	16,500	16,500	12,251	4,249
Other operating costs	22,200	22,200	36,767	(14,567)
Financing obligations	<u>393,600</u>	<u>393,600</u>	<u>141,400</u>	<u>252,200</u>
Total Public Works - Water	<u>688,900</u>	<u>670,900</u>	<u>354,389</u>	<u>316,511</u>

(continued)

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Water Fund (Continued)**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenses, Continued</b>				
Water Plant:				
Personnel services	259,300	259,300	241,164	18,136
Contracted services	23,200	35,400	14,222	21,178
Supplies and materials	56,800	56,800	32,291	24,509
Utilities	44,400	44,400	45,436	(1,036)
Other operating costs	100,800	164,800	156,982	7,818
Financing obligations	27,300	27,300	-	
Total Water Plant	<u>484,500</u>	<u>560,700</u>	<u>490,095</u>	<u>70,605</u>
Capital outlay	<u>901,800</u>	<u>1,580,000</u>	<u>293,753</u>	
Total Expenses	<u>1,490,500</u>	<u>2,244,900</u>	<u>1,268,987</u>	<u>360,566</u>
<b>Other Financing Sources (Uses)</b>				
Lawsuit Cost	<u>(42,000)</u>	<u>(42,000)</u>	<u>(460,213)</u>	<u>418,213</u>
Total Other Financing Sources (Uses)	<u>(42,000)</u>	<u>(42,000)</u>	<u>(460,213)</u>	<u>418,213</u>
Excess of Revenues Over (Under)				
Expenses - Budget Basis	<u>495,400</u>	<u>175,500</u>	<u>837,712</u>	<u>162,159</u>
<b>GAAP Basis Adjustments</b>				
Capital outlay			293,753	
Depreciation			(557,235)	
Gain (loss) on sale of assets			(61,063)	
Debt service principal			-	
Total GAAP Basis Adjustments			<u>(324,545)</u>	
<b>Net Income - GAAP Basis</b>			513,167	
Net Position, beginning of year			<u>9,054,294</u>	
<b>Net Position, end of year</b>			<u>9,567,461</u>	

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Net Assets**  
**Sewer Fund**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2016**

<b>Revenues</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Fees for General Services:				
Metered service and usage fees	1,055,000	1,076,400	1,092,727	16,327
Unmetered wastewater charges	100,000	102,000	97,899	(4,101)
Septage receiving	80,000	80,000	78,643	(1,357)
Lab analysis fees	33,000	33,000	30,290	(2,710)
Other	25,000	25,000	45,496	20,496
<b>Total Fees for General Services</b>	<b>1,293,000</b>	<b>1,316,400</b>	<b>1,345,055</b>	<b>28,655</b>
Intergovernmental Revenue:				
Federal grants	-	-	108,810	108,810
<b>Total Intergovernmental Revenue</b>	<b>-</b>	<b>-</b>	<b>108,810</b>	<b>108,810</b>
Capital Revenue:				
System development fees	213,400	213,400	588,872	375,472
<b>Total Capital Revenue</b>	<b>213,400</b>	<b>213,400</b>	<b>588,872</b>	<b>375,472</b>
Other Revenue:				
Interest revenue	7,000	7,000	15,145	8,145
Miscellaneous revenue	-	-	250	250
<b>Total Other Revenue</b>	<b>7,000</b>	<b>7,000</b>	<b>15,395</b>	<b>8,395</b>
<b>Total Revenues</b>	<b>1,513,400</b>	<b>1,536,800</b>	<b>2,058,132</b>	<b>521,332</b>
<b>Expenses</b>				
Administration - Wastewater:				
Personnel services	76,600	76,600	61,507	15,093
Contracted services	11,700	13,000	5,623	7,377
Supplies and materials	4,700	4,700	1,944	2,756
Other operating costs	11,200	11,200	9,998	1,202
<b>Total Administration - Wastewater</b>	<b>104,200</b>	<b>105,500</b>	<b>79,072</b>	<b>26,428</b>
Public Works - Wastewater:				
Personnel services	92,700	92,700	77,720	14,980
Contracted services	5,500	5,500	2,201	3,299
Supplies and materials	9,500	9,500	2,311	7,189
Utilities	-	-	1,262	(1,262)
Other operating costs	56,000	56,000	53,243	2,757
<b>Total Public Works - Wastewater</b>	<b>163,700</b>	<b>163,700</b>	<b>136,737</b>	<b>26,963</b>

(continued)

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Sewer Fund (Continued)**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenses, Continued</b>				
Wastewater Plant:				
Personnel services	328,200	328,200	320,203	7,997
Contracted services	19,100	19,100	22,617	(3,517)
Supplies and materials	52,000	52,000	61,631	(9,631)
Utilities	142,700	142,700	121,260	21,440
Other operating costs	107,100	107,100	147,647	(40,547)
Financing obligations	480,400	480,400	284,884	195,516
Total WasteWater Plant	<u>1,129,500</u>	<u>1,129,500</u>	<u>958,242</u>	<u>171,258</u>
Capital outlay	715,100	887,800	912,678	(24,878)
Total Expenses	<u>2,112,500</u>	<u>2,286,500</u>	<u>2,086,729</u>	<u>199,771</u>
Excess of Revenues Over (Under)				
Expenses - Budget Basis	<u>(599,100)</u>	<u>(749,700)</u>	<u>(28,597)</u>	<u>321,561</u>
<b>GAAP Basis Adjustments</b>				
Capitalized expenses			912,678	
Depreciation			(942,982)	
Gain (loss) on sale of assets			-	
Debt service principal			-	
Total GAAP Basis Adjustments			<u>(30,304)</u>	
<b>Net Income - GAAP Basis</b>			(58,901)	
Net Position, beginning of year			<u>10,975,133</u>	
<b>Net Position, end of year</b>			<u>10,916,232</u>	

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

# PRELIMINARY DRAFT

**CITY OF SALIDA, COLORADO**  
**Schedule of Revenues, Expenditures and Changes in Net Assets**  
**Steamplant Event Center Fund**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2016**

<b>Revenues</b>	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Rentals:				
Room rentals	131,700	131,700	122,260	9,440
Other rentals	15,000	15,000	10,137	4,863
Total Rentals	146,700	146,700	132,397	14,303
Intergovernmental Revenue:				
State grants	-	13,500	12,988	(512)
Total Intergovernmental Revenue	-	13,500	12,988	(512)
Sales				
Food sales	8,000	8,000	5,677	2,323
Beverage sales	72,000	72,000	76,592	(4,592)
Merchandise sales	3,000	3,000	1,340	1,660
Total Sales	83,000	83,000	83,609	(609)
Other Charges for Services:				
Ticket sales	20,000	20,000	19,092	
Event sponsorship fees	15,000	15,000	10,400	4,600
Caterer Fee	10,000	10,000	6,984	
Total Other Charge for Services	45,000	45,000	36,476	4,600
Other Revenue:				
Donations	27,000	31,200	8,031	23,169
Other services	4,500	4,500	6,304	(1,804)
Other miscellaneous revenues	-	-	454	(454)
Total Other Revenue	31,500	35,700	14,789	20,911
Total Revenues	306,200	323,900	280,259	39,205
<b>Expenses</b>				
Cost of sales	48,500	48,500	60,013	(11,513)
Personnel services	255,300	255,300	251,830	3,470
Contracted services	4,200	4,200	4,413	(213)
Supplies and materials	10,500	14,700	8,885	5,815
Utilities	32,800	32,800	36,204	(3,404)
Other operating costs	27,700	41,200	35,345	5,855
Repair and maintenance	6,500	9,100	13,006	
Capital outlay	25,500	42,200	29,186	13,014
Total Expenses	411,000	448,000	438,882	13,024
<b>Other Financing Sources</b>				
Transfers in	-	-	124,100	(124,100)
Excess of Revenues Over (Under) Expenses - Budget Basis	(104,800)	(124,100)	(34,523)	(97,919)
<b>GAAP Basis Adjustments</b>				
Capital outlay			29,186	
Depreciation			(70,892)	
Total GAAP Basis Adjustments			(41,706)	
<b>Net Income - GAAP Basis</b>			(76,229)	
Net Position, beginning of year			1,264,233	
<b>Net Position, end of year</b>			1,188,004	

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



**REQUEST FOR CITY COUNCIL ACTION**

Meeting Date: October 17,

2017:

<b>AGENDA ITEM NO.</b> VI. - 1.	<b>ORIGINATING DEPARTMENT:</b> Administration	<b>PRESENTED BY:</b> Larry Lorentzen
------------------------------------	--------------------------------------------------	-----------------------------------------

**ITEM:**

**Consent Agenda**

**BACKGROUND:**

- a) Approval of Agenda
- b) Approval of Meeting Minutes – September 19, 2017
- c) Approval of Meeting Minutes – October 3, 2017
- d) Salida Business Alliance-Request for Closure of streets
- e) Council Action Award Tennis/Pickleball Court, Phase II, Project 2017-019 – Theresa Casey

**FISCAL NOTE:**

N/A

**STAFF RECOMMENDATION:**

**SUGGESTED MOTIONS:**

**A Council Member should “motion to combine and approve the items on the Consent Agenda” Followed by a second and a roll call vote.**





## MEETING OF THE CITY COUNCIL

City Council Chambers  
 448 East 1<sup>st</sup> Street, Room 190  
 City of Salida, Colorado  
 Tuesday, September 19, 2017 6:00 p.m.

***The City Council may take action on any of the following agenda items as presented or modified prior to or during the meeting, and items necessary or convenient to effectuate the agenda items.***

**I. REGULAR MEETING CALLED TO ORDER**

**II. PLEDGE OF ALLEGIANCE** – Led by Mayor Jim LiVecchi

**III. ROLL CALL**

All elected officials were present.

**IV. PRESENTATION**

**Introduction of New Police Officer, David Close** – Terry Clark

Not present as moving to area.

Mayor LiVecchi advised Council that a new Deputy City Clerk has been hired, Linda Travis.

**HPAC – Housing Policy Advisory Committee** –

County Commissioner Keith Baker explained intercounty agreement proposal and direction that program is going in. Needs are there for this program. Second Need is for sharing the costs of an expert to make the program happen and coordinate efforts.

Sherry Johnson-Horsley of Salida Childhood Center spoke about the need for housing for employee low-income families. HPAC is vital to share the responsibilities.

Kimberly Parker, member of HPAC, provided 6 points for why program should go forward. Defined roles so that Municipalities are not taking full share of responsibilities.

Wendal Pryer spoke about positive support with individuals in community government. Need to pursue a tax credit project. Final point is that “we are in a crisis and it is time to act”.

Granzella asked questions regarding the role this expert would take in Wendal’s job arena. Wendal stated that the need for an expert in HUD and various programs would secure this program.

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Granzella asked for Kimberly's 6 points in writing. She will provide the points in written format to Council.

**V. CITIZEN PARTICIPATION** – 3 minute time limit. *Citizen participation is for items not on the agenda and for agenda items that are not scheduled public hearings.*

Vicky Vehill with Salida Business Alliance spoke about traffic study grant regarding parking. Wants Council to endorse. Second, there's 97 days to Christmas, advised Council that Christmas large decorations were ordered for polar poles in town which came out of budget from Council. Just wanted Council to know. Asked for guidance on how to request monies for this project every year. Brown asked who installs the decorations. Public Works does. Brown also advised they should look into replacing hearts at the Pool and let Council know.

Mayor LiVecchi opened the floor with 15 minutes allotted for citizen participation against 419 D. Street Use. No citizens addressed the Council.

Mayor LiVecchi opened the floor with 15 minutes allotted for citizen participation for 419 D. Street Use. Mickey Hodge, Adams Miner, Read McCullum, Melissa Sobel, Zack Zikic, Andrew Richardson and Beth Sabor spoke in favor.

**VI. SCHEDULED ITEMS**

**1. Consent Agenda** – Larry Lorentzen

- a) Approval of Agenda
- b) Approval of Meeting Minutes – September 5, 2017
- c) Water truck Bid Award
- d) Multisite Project Bid Award
- e) Aquatic Center hot water line Bid Award

Granzella motioned for item d to be removed from Brown's initial motion to approve all items.

**Brown amended motion to combine and approve items; a, b, c, and e on the Consent Agenda. Bowers seconded the motion. With all in favor, THE MOTIONED CARRIED.**

Granzella asked about the financing on the Multisite Project Bid Award. David Lady addressed concerns on the budget. Budget so far is under the projected amount.

**Granzella motioned to approve item d on the Consent Agenda. Rogers seconded the motion. With all in favor, THE MOTIONED CARRIED.**

**2. EXECUTIVE SESSION**

**For a conference with the City Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b). AND THE FOLLOWING ADDITIONAL DETAILS ARE PROVIDED FOR IDENTIFICATION PURPOSES:**

- Planning Commission Appeals Process

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**Brown motioned for Council to go into Executive Session to speak to Counsel about the Planning Appeals Process. Hallett seconded the motion. With all in favor, THE MOTIONED CARRIED.**

- 3. Appeal Planning Commission Decision, 419 D. Street** – Glen Van Nimwegan  
Appeal of Planning Commission Decision to approve the Beddingfield Conditional Use Application to operate an Events Center within the former Grace Church building at 419 D Street.

**Brown motioned to extend meeting to 10:30. Hallett seconded the motion. With all in favor, THE MOTIONED CARRIED.**

Mayor LiVecchi proceeded to Judicial Hearing, asking the applicant and the appellant to disclose any contact they have had outside of the hearing with members of planning commissioners or elected officials. Kyle Schulmeyer denied any contact. Sheree Beddingfield stated her husband, Kurt, had limited contact, and she had limited contact with Councilman Brown who let her know that they could not speak.

Mayor LiVecchi delegated the chair to the City Attorney, Ben Kahn for the limited purpose of conducting interviews of witnesses for the Appeal process.

Attorney, Ben Kahn conducted a Quasi-Judicial Appeal Hearing admitting evidence from testimony and exhibits previously submitted.

Admitted with testimony from VanNimwegan:

- Exhibit 1 – Planning Commission agenda for the June 26, 2017 meeting
- Exhibit 2 - The minutes of the June 26, 2017 Planning Commission meeting
- Exhibit 3 – Planning Commission agenda for the August 10, 2017 meeting
- Exhibit 4 – The minutes of the August 10, 2017 Planning Commission meeting
- Exhibit 5 – Videotape of June 26, 2017 Planning Commission meeting
- Exhibit 6 – Videotape of August 10, 2017 Planning Commission meeting
- Exhibit 7 – Notice of Decision
- Exhibit 8 – Ms. Jefferson’s Letter from Exhibit J
- Exhibit 9 – Staff report and application materials for June 26, 2017 Planning Commission meeting excluding Letter for Planning Commission Chair which was improperly submitted.
- Exhibit 10 – Appeal application by Kyle Schulmeyer (appellant)
- Exhibit 11 – Proof of publication of appeal hearing
- Exhibit 12 – Agenda for tonight’s City Council Meeting
- Exhibit 13 – Staff report and application materials for August 10, 2017 Planning Commission meeting.

Presentation from VanNimwegan given as to the timeline of the Application process. Exhibits added:

- Exhibit 14 – Documents received at August 10, 2017 Planning Commission meeting.
- Exhibit 15 – Letter of continuance June 26, 2017

Open to questions from Council Members for VanNimwegan.

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Kyle Schulmeyer, appellant, of 425 D Street presented. Barbara Walker testified. Dean Neely testified. Tom Sobal testified. Exhibits added:

- Exhibit 16 – Appeal information for limited purpose
- Exhibit 17 – Barbara Walker’s letter
- Exhibit 18 – Dean Neely’s letter
- Exhibit 19 – Tom Sobal’s letter

Sheree Beddingfield, applicant, presented. Brad Morrison testified. Susan Matthews from Public Library testified. Jane Whitmer testified. Kim Bouldin testified. Exhibits added:

- Exhibit 20 – Conditional Use Permit for 419 D Street Map

Kyle Schulmeyer, appellant, presented rebuttal.

Attorney, Ben Kahn, concluded. Council given opportunity to question staff. Ben explained that decision will be made in writing at next council meeting. Council presented open opinions on subject and will review all context and planning committee videos.

#### 4. EXECUTIVE SESSION

**For a conference with the City Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b). AND THE FOLLOWING ADDITIONAL DETAILS ARE PROVIDED FOR IDENTIFICATION PURPOSES:**

- Planning Commission Appeals Process
- NRCDC (Natural Resources Center Development Corporation) Site 12 Solar Installation and Vendor.

**Brown motioned to extend meeting to 11:00. Motion opposed by Bowers. Discussion held. Bowers changed objection. The motion was seconded. With all in favor, THE MOTIONED CARRIED.**

**Granzella made a motion to adjourn to go into Executive Session to speak to counsel. Voice vote taken. With all in favor, THE MOTIONED CARRIED.**

Session reconvened by Mayor.

**Brown made a motion based on the results of the executive session where Council received legal advisement from the City attorney relevant to NRCDC, Solar panel installation and based on that advice, Brown made a motion that Council direct the Attorney to transmit a non-appropriated advisement to the power purchase provider as soon as possible. The motion was seconded. In a 4-2 roll call vote, THE MOTION CARRIED. Brown-Kovacic abstained and Rogers had a dissenting vote.**

#### 5. FEMA Flood Insurance Study – 1<sup>st</sup> Reading - Larry Lorentzen

Ordinance 2017-22 adopting new FEMA Flood Insurance Study effective December 7, 2017.

#### 6. Fee Schedule Update – Michael Varnum

Resolution 2017-54 - Steam Plant Event Center Fees and Scout Hut Fees Update.

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**7. Scout Hut Change Order – Theresa Casey**

Resolution 2017-55 - A Change Order for additional work for the Scout Hut for additional replacement logs and other enhancements to the project.

**Brown motioned to approve Resolution 2017-55. Rogers seconded the motion. With all in favor, THE MOTIONED CARRIED.**

**8. IGA Recognizing HPAC - Larry Lorentzen**

Resolution 2017-56 - An Intergovernmental Agreement between Chaffee County, Salida, Buena Vista & Poncha Springs establishing and issuing responsibility and authority to the Housing Policy Advisory Committee (HPAC).

**9. Parking Study Grant – Glen Van Nimwegen**

Requesting authorization for the Mayor to make an application to Department of Local Affairs (DOLA) for an Administrative Planning Grant for a downtown parking study.

**10. Administrator/Deputy City Clerk**

- City Administrator Report – Larry Lorentzen

**11. Elected Official Reports**

- City Clerk – Betty Schwitzer
- City Treasurer – Theresa Cortese
- City Council – Michael Bowers, Hal Brown, Cheryl Brown-Kovacic, Rusty Granzella, Melodee Hallett and Eileen Rogers.
- Committee Reports
- Mayor – Jim LiVecchi

**VII. NEW BUSINESS**

**VIII. OLD BUSINESS**

**IX. ADJOURN**

**Brown motioned to adjourn meeting. Bowers seconded the motion. With all in favor, THE MOTIONED CARRIED.**

All unaddressed items moved to next meeting.

Meeting concluded at 11:00

[SEAL]

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

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## MEETING OF THE CITY COUNCIL

City Council Chambers  
 448 East 1<sup>st</sup> Street, Room 190  
 City of Salida, Colorado  
 Tuesday, October 3, 2017 6:00 p.m.

***The City Council may take action on any of the following agenda items as presented or modified prior to or during the meeting, and items necessary or convenient to effectuate the agenda items.***

**I. REGULAR MEETING CALLED TO ORDER**

**II. PLEDGE OF ALLEGIANCE** – Led by Mayor Jim LiVecchi

**III. ROLL CALL**

All elected officials were present.

**IV. PRESENTATION**

**Introduction of New Police Officer, David Close** – Terry Clark

Terry Clark introduced Officer Close and described his background. Officer Close was officially welcomed to the City.

**A little Help Service Saturday Presentation** – Nancy Powers

Nancy Powers described Little Help Services and their outreach plus the upcoming service Saturday on October 21, 2017. There are 32 members and about 70 volunteers, 30 on a given day. Brochures were given to Council.

**County Housing Office Budget Item** – County Commissioner Greg Felt

Commissioner Felt spoke about the HPAC program and proposed housing office. Felt described the role the hired administrator will take and spoke about the budget projection for Salida of \$22,773 (max). This is a community approach that is moving forward.

**V. CITIZEN PARTICIPATION** – 3 minute time limit. *Citizen participation is for items not on the agenda and for agenda items that are not scheduled public hearings.*

Ken Matthews, a resident of Salida, spoke of his support for what Mr. Felt spoke about and the HPAC and housing office. Concerns included the housing vs job ratio and that companies are not moving in the area due to housing shortages.

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Commissioner Keith Baker reinforced his support for HPAC IGA and the benefits of the program. There are mutual needs in the county. By establishing the Housing Office, the Administrator will live and breathe the job, therefore doing the best for the community.

Read McCullum clarified the housing needs assessment and stands behind moving forward with HPAC. Also wanted to let council know that a meeting is set up in Poncha Town Hall with a speaker who is currently the Housing Authority Director for Gunnison and who previously held that position in Summit County. Invites anyone to attend to ask additional question.

Page Judd of Salida, spoke of her support for housing. Stressed the importance that communities do not end at the town borders. Together the municipalities can have more options.

## VI. SCHEDULED ITEMS

### 1. Consent Agenda – Larry Lorentzen

- a) Approval of Agenda
- b) Approval of Meeting Minutes – September 19, 2017
- c) 17<sup>th</sup> Annual Shed Fest
- d) Fire Department Open House and Street Closure

**Rogers motioned to remove agenda “b” and place on next meeting agenda as corrections needed to add Council action at the conclusion of the second executive session, and to approve consent agenda items a, c, and d. The motion was seconded. With all in favor, THE MOTIONS CARRIED.**

### 2. Appeal Planning Commission Decision, 419 D. Street – Ben Kahn

Appeal of Planning Commission Decision to approve the Beddingfield Conditional Use Application to operate an Events Center within the former Grace Church building at 419 D Street.

Mr. Kahn continued Appeal hearing to Council providing them with a written order including conclusions based on his perception of consensus of the Council members at the conclusion of the hearing at the previous meeting along with input from the Mayer - purpose of hearing is to discuss draft and affirm reverse or modify the conditional use approved by the Planning Commission. A decision is required by October 4, 2017.

Parking: REVERSES & MODIFIES the Conditional use Permit to state *“A parking agreement must be submitted showing at least 24 off-street parking spaces available for all events or a parking agreement must be submitted showing at least 24 off-street parking spaces available for any specific event -* Rogers stated concerns regarding amount required for parking spaces. Brown-Kovacic wants to be consistent with other facility in City. Granzella states we should offer something better. Brown stated that in the evidentiary hearing record it identifies no more than 48 spots available through the City normally requires 75 based on occupancy. Hallett stated there is potential for a lot of vehicles. 18, 24, 36, and 48 are potential numbers.

Alcohol/Cannabis: MODIFIES the Conditional use Permit to state *“Alcohol and cannabis consumption are prohibited at events on the premises. The Applicant can reapply for a new Conditional Use Permit after obtaining a change in use and appropriate license that may allow for alcohol and/or cannabis*

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*consumption at events on the premises.” And “The Conditional Use Permit will automatically terminate without further action by the City if law enforcement reports a single incident of alcohol or cannabis consumption by a minor at an event on the premises.”* - Rogers stated concerns that we may be overwriting what is already City regulations. Brown-Kovacic wants clarification on A2 and A3 Occupancy classification. Glen responded to this stating that the property in question is currently A3 and would need to follow those regulations. Any alcohol use would require a classification change request to A2.

Food: MODIFIES the Conditional use Permit to state *“No food may be prepared on the premises without obtaining proper licensing through the Chaffee County Department of Environmental Health.”* Need to abide by Department of Environmental Health.

Noise: MODIFIES the Conditional use Permit to state *“One of the Applicants must be present at the conclusion of all events on the premises that end after 8:30 pm to control related patron noise volumes.”, “Windows and doors will be kept shut during events on the premises that include music and/or amplification.”* and *“The Conditional Use Permit will automatically terminate without further action by the City if it is adjudicated that the Applicants or their patrons violated municipal sound ordinances”* - Rogers stated implication is they are not allowed windows/doors open for any noise. Wants it to say loud noise. Discussed noise regulations. Police would handle this area if necessary.

Hours of Operation: AFFIRMS the Conditional use Permit stating *“The structure shall not be used for event purposes prior to 8:00 in the morning.”* and REVERSES *“The hours of operation for indoor space are limited to no later than 9:00 pm Sunday-Thursday and no later than 10:00 pm Friday-Saturday.”* . in full agreement on no noise before 8 AM. Discussion held on evening hours. Hours recommended by staff recommendation are acceptable.

Outdoor Space: MODIFIES the Conditional use Permit to state *“The outdoor space shall not be used for event purposes prior to 9:00 in the morning.”* And *“The hours of operation for outdoor space are limited to no later than 6:00 pm for any event.”* - Bowers stated no outdoor space should be used. Should be contained to respect neighborhood. Rogers stated it is good for kids from library to have option of being outside.

Bathroom Facilities: MODIFIES the Conditional use Permit to state *“Written confirmation must be obtained from the Chaffee County Building Department that there are adequate and accessible bathroom facilities for the proposed use and occupancy.”* - No discussion.

Insurance: MODIFIES the Conditional use Permit to state *“Applicants secure premises liability insurance coverage as policyholders or named insureds for events on the premises, with minimum coverage of one million dollars (\$1,000,000.00) for any events involving minors.”* And *“Applicants construct a door or barrier at the top of any stairwell to the basement that is approved by the Chaffee County Building Department.”* - Brown-Kovacic asked if we tell other businesses or clubs what insurance they must have. Hallett stated it is not uncommon to have \$500,000 for insurance policies. Bowers stated it is not uncommon to have the large amount of insurance.

Enforcement: AFFIRMS the Conditional use Permit to state *“Change in occupancy must be obtained by the Chaffee County Building Department and be posted. Occupancy of the upstairs space will be limited*

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*to the assigned occupancy number.” and “Inspections are required by the building and fire departments and all of their resulting requirements must be met.”; MODIFIES the Conditional use Permit to state “Change of use must be obtained by the Chaffee County Building Department and be posted. Use of the upstairs space will be limited to the approved use(s)”, “A code analysis by a Colorado Licensed Architect must be submitted in accordance with State law that includes the proposed use and occupancy, type of construction, detailed floor plan, and allowable/actual floor areas and that addresses fire protection, structural integrity, an existing plan, travel distance, handicap accessibility, occupant loads, number and type of plumbing. Fixtures and any other information appropriate for the proposed occupancy”, Inspections are required by the public health department and all of their resulting requirements must be met” and “All events characterized as "private parties" must comply with the conditions in this Conditional Use Permit.” - No objections. Continue with County regulations.*

Affordability: MODIFIES the Conditional use Permit to state “Applicants shall submit a rate schedule for non-profit gatherings on the premises that is binding during the term of the Conditional Use Permit.” - Rogers stated we should not regulate their rate schedule. Hallett agrees but pointed out it was addressed as a major concern in the hearing.

Miscellaneous: AFFIRMS the Conditional use Permit to state “This approval is for the applicant only; no other entity may own or manage The Church Event Center without first obtaining a conditional use approval.”, “All of the above conditions must be satisfied prior to resuming operations as an event center.”, and “The conditional use approval is valid for 1 year. The applicants must reapply in one year if they want to continue the use as an Event Center.” - Discussion was done regarding the name that was applied by the City and if it is the proper name.

**Brown-Kovacic motioned to grant the conditional use with the given modifications accept that modification for parking spaces be made to 24 and that the hours of operation be modified to 9 pm Sunday to Thursday and 10 pm Friday and Saturday. Rogers seconded the motion. THE MOTION PASSED in a 4-3 roll call vote with Bowers, Brown and Hallett dissenting and Mayor LiVecchi voting in favor to break tie.**

### **3. FEMA Flood Insurance Study – 1<sup>st</sup> Reading - Larry Lorentzen**

Ordinance 2017-22 adopting new FEMA Flood Insurance Study effective October 17, 2017.

Larry described the new FEMA Flood Insurance Study stating there are no changes to the floodplain boundaries within Salida.

**Brown motioned to accept the First Reading of Ordinance 2017-22, an Ordinance of the City Council of the City of Salida, Colorado, to amend Article 11, Chapter 16 of the Salida Municipal Code, adopting the FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE STUDY FOR CHAFFEE COUNTY, COLORADO AND INCORPORATED AREAS, Effective date December 7, 2017, on first reading and to set the second reading and public hearing for October 17, 2017. Rogers seconded the motion. With all in favor, THE MOTION CARRIED.**

### **4. Fee Schedule Update – Michael Varnum**

Resolution 2017-54 - Steam Plant Event Center Fees and Scout Hut Fees Update.

Michael Varnum explained that fees have not been updated for 10 years and why he feels the need to address them now.

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Bowers asked how the changes affected the Scouts. Michael stated there are no changes as the Council previously approved no charges to Scout usage.

Hallett expressed concerns including the cost of using city facilities for community programs as it was definitely brought up again during the recent Appeal process. Hallett believes if the City pays for these facilities there should be some kind of local discount for community committees that like to use the Steam Plant facility.

Hallett's second concern involves cleanup of the event. Is the City maintaining them or not? Michael stated that the City maintains them with the new contract.

Hallett's third concern is that we need to offer services so the people are not scrambling to go private. There should be a benefit of being a citizen of Salida. That benefit should be that citizens are able to have use of our City facilities at a reasonable rate. Hallett would like to get community input and be able to re-evaluate all City facilities down the road.

Brown-Kovacic has the same concerns as Hallett and suggests \$25 upstairs and \$20 downstairs for the same reason. Since there have been extensive donations from residents, Brown-Kovacic thinks that lower rates would be a way to show respect for all that the community has contributed to the renovations.

Rogers believes this should be looked at during budget meetings.

**Brown-Kovacic motioned to accept the fee schedule in Resolution 2017-54, a resolution of the City Council of the City of Salida, Colorado, adopting a revised fee schedule for the Steam Plant Event Center and Scout Hut, with a modification of the Scout Hut main floor, no setup at \$25 an hour and the lower level, no setup at \$20 an hour. Bowers seconded the motion. With all in favor, THE MOTION CARRIED.**

**5. IGA Recognizing HPAC - Larry Lorentzen**

Resolution 2017-56 - An Intergovernmental Agreement between Chaffee County, Salida, Buena Vista & Poncha Springs establishing and issuing responsibility and authority to the Housing Policy Advisory Committee (HPAC).

**Rogers motioned to approve Resolution 2017-56, a Resolution approving an Intergovernmental Agreement between Chaffee County, the City of Salida, the Town of Buena Vista and the Town of Poncha Springs establishing the Housing Policy Advisory Committee. Brown-Kovacic seconded the motion. With all in favor, THE MOTION CARRIED.**

**6. Lien Certification List-2017 – Renee Thonhoff via Larry Lorentzen**

Resolution 2017-57 – certification of Delinquent Accounts to Chaffee County

Larry explained the report to Council.

**Brown motioned to approve Resolution 2017-57, a resolution certifying delinquent water, sewer and special charges to the Chaffee County Treasurer to be added to the 2017 tax role authorizing the Mayor and City Clerk to sign the Order. Granzella seconded the motion. With all in favor, THE MOTION CARRIED.**

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- 7. Authorizing City Administrator Signature for WTP State Revolving Loan** – Larry Lorentzen  
Resolution 2017-58 – Resolution authorizing Larry Lorentzen to replace Guy Patterson as Authorized Officer on the Colorado Water Resources and Power Development Loan for the Water Treatment Plant UV Project.

**Granzella motioned to approve Resolution 2017-58, a resolution of the City Council of the City of Salida, Colorado, amending the City Administrator name on the Colorado Water Resources and Power Development Loan #D17F382. Brown-Kovacic seconded the motion. With all in favor, THE MOTION CARRIED.**

- 8. Pre-annex Agreement Resolution** – Glen Van Nimwegen  
Resolution 2017-59 – Approving the First Amendment to the Pre-Annexation and Water Main Extension Agreement for the Granzella Property

Granzella removed himself from the Council panel during discussion and motions. Glen explained this was an amendment to two paragraphs to allow the addition of a sewer tap.

**Rogers motioned to approve Resolution 2017-59, a resolution approving the First Amendment to the Pre-Annexation and Water Main Extension Agreement for the Granzella Property. Bowers seconded the motion. With all in favor, THE MOTION CARRIED.**

- 9. Water Treatment Plant Disinfection Project** – David Lady  
Resolution 2017-60- to Accept Water Treatment Facility Disinfection Improvements Project Change Order No. 1.

**Rogers motioned to approve Resolution 2017-60, a resolution to increase the construction budget to \$2,091,476.35 and accepting Change Order No 1 for the 2017 Water Treatment Plant Facility Disinfection Improvements Project. Brown-Kovacic seconded the motion. With all in favor, THE MOTION CARRIED.**

- 10. Fred Lowry River Park Maintenance Project Award** – David Lady  
Council Action Resolution 2017-61 and Award Fred Lowry River Park Maintenance Project, Project No 2017-022.

**Bowers motioned to approve Resolution 2017-61, a resolution to approve the budget amendment and authorize the City Administrator to enter into a Construction Agreement between the City and Lowry Contracting, Inc., not to exceed \$26,500.00. Granzella seconded the motion. With all in favor, THE MOTION CARRIED.**

#### **11. Administrator/Deputy City Clerk**

- City Administrator Report – Larry Lorentzen

Larry announced the new Deputy City Clerk begins on October 4, 2017.

Larry thanked all City Hall employees for their extra work during the last few weeks and thanked Monica for helping out with the Council meetings.

Larry advised the Council that the next Work Session would include the budget review. It will be a fairly rough draft form as the City has not received the final figures from the Auditors for 2016.

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Councilman Brown advised that he spoke to the Auditors who promised to have a draft to the City by Friday, October 6, 2017. The Auditors will present the audit at the next meeting October 17, 2017. The Firm have expressed interest in being a financial Consultant for the City if needed. Councilman Brown will direct them to contact Larry Lorentzen.

Larry advised that, along with Betty Schwitzer, the election ballot information has been completed and approved by the County Clerk. There was one con statement for the TABOR BALLOT QUESTION submitted and no pro statements.

## 12. Elected Official Reports

- City Clerk – Betty Schwitzer - none
- City Treasurer – Theresa Cortese - none
- City Council – Michael Bowers, Hal Brown, Cheryl Brown-Kovacic, Rusty Granzella, Melodee Hallett and Eileen Rogers.

Brown-Kovacic stated that community members would like to see the diversion for trucks from 291 made permanent. City employees have advised her that it is a State Highway.

Brown-Kovacic stated that stated that the Third and D intersection still needs look at to establish if a four way stop can be installed. Larry advised that per the Police Department, a traffic survey would be needed. Brown-Kovacic would like this placed on the next work session for discussion.

Rogers expressed her concerns about the lack of invoices from Mr. Kahn to the City for reimbursement and that procedures should be changed.

- Committee Reports - none
- Mayor – Jim LiVecchi - none

## VII. NEW BUSINESS

Brown advised Council that a the firm Clifton Larsen Allen which has consulted with the Audit Committee in the past has expressed interest in consulting with the City regarding finance issues. He felt this was a good idea due to the Cities limited staff. Larry advised that we would still need a financial director to manage the financial department staff but that outsourcing could be a solution to minimize the need for a new HR person. Discussion will follow with the City Administrator and the Consultant.

## VIII. OLD BUSINESS

Bowers expressed concern about a pedestrian accident on Hwy 50 and the need to get the sidewalk extended in that area. Would like follow up with CDOT to see about getting the extension done.

Granzella advised that the parking committee was advised that parking is available behind Amica's. Hilton Lumber wants to do a land trade for parking. Bonnie McDonald also has land she wished to lease. Granzella brought up the possibility of putting money in the budget for use to acquire parking.

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**IX. ADJOURN**

**Bowers motioned to Adjourn the Council Meeting. Brown seconded the motion. With all in favor, THE MOTION CARRIED.**

**The Meeting adjourned around 9:00 P.M.**

[SEAL]

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City Clerk

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Mayor

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# Salida Business Alliance

*PO Box 981 • Salida, Co • 81201*

Sept. 29, 2017

Dear Council,

I am writing to request closure of downtown streets for the upcoming:  
Light up Salida! Holiday Parade. It will be held on the day after Thanksgiving  
Nov. 24, 2017.

The parade will start at 5<sup>th</sup> street and continue down F to Sackett Street. Santa will be the last entry stopping at his house on F Street. The Salida Fire department will be bringing him on the fire truck. He will light Christmas Mountain from the truck.

We request the traditional parade route closure: F Street to be closed from 5<sup>th</sup> to Sackett from 4 pm until at least 8 pm. Parade route signs at 1<sup>st</sup> and 3<sup>rd</sup> at 12 noon..

In the past, Salida Police Dept. has helped us remove the cars from F Street, and Salida Fire Dept. helped with the Lighting of Christmas Mountain and the fireworks.  
**We need to confirm that the police will have the streets cleared by 6 pm as last year due to them not being cleared it was very dangerous. If we need to close at 3 pm we can arrange that. We have corner signs available this year, we could use the city's parade route signs and help put them up. We could also ask Public works to supply us with additional orange cones that the merchants could put in parking spaces as they become available...all thoughts on how we can work together to have the streets cleared by 6pm. We would appreciate their help again.**

We will also need an amplified music permit, as we will have music during the event.

At this same time I request that the S Mountain Road be closed from Nov. 1, 2017 until March 1, 2018. This is to accommodate putting up the Christmas lights on Christmas Mountain and taking them down allowing for no road traffic during the season.

If you have any questions, please give me a call at the Mountain Mail, 539-6691.

Once again we enjoy working with the City and thank you for your continued support of our organization.

Vickie Sue Vigil  
President  
Salida Business Alliance



**CITY OF SALIDA  
AMPLIFIED SOUND PERMIT**

Pursuant to Article IX Section 10-9-80 S.M.C., \_\_\_\_\_ (Permittee) has been granted this permit to exceed the maximum sound levels established in Article IX Section 10-9-80, S.M.C., in accordance with the following terms and conditions:

Permittee: Salida Business Alliance

Address: PO Box 981

Telephone: 539-6691

Individual supervising sound (if different from Permittee): Sunset Production

Activity/event: Parade of Lights

Type of sound amplification equipment authorized (if any): \_\_\_\_\_

Location: F St and 2nd - Pueblo Bank & Trust

Date(s): 11-24-17

Hours of operation: 4 to 8 pm

Additional terms/conditions (attach additional sheets if necessary): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Expiration: \_\_\_\_\_

**This permit will not be issued beyond 10:00 p.m.**

**The Permittee shall ensure that the sound/activity authorized by this permit shall be conducted in compliance with all applicable City ordinances and regulations, and a failure by the Permittee to do so, or to comply with all terms and conditions set forth hereinabove, may result in the summary revocation of this permit.**

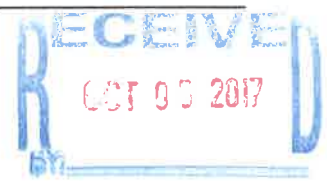
Approved by the City Administrator on the \_\_\_\_ day of \_\_\_\_\_

City of Salida: \_\_\_\_\_ (City Administrator)

Accepted and agreed to by the Permittee: \_\_\_\_\_

Date: \_\_\_\_\_

Copies to: Police \_\_\_ Public Works \_\_\_ Fire \_\_\_ City Clerk \_\_\_



# Street Closure Petition

Event location: Parade of Lights Date: 11-24-17

Event time/ From: 2pm To: 8pm

Event coordinator: SBA Phone: 539-6691

NAME AND ADDRESS Please print	BUSINESS NAME	Support Yes or No	SIGNATURE
Viki Sue Vigil	Mtn Mail	Yes	[Signature]
Richard Leavitt	Howe's the Scoop	yes	[Signature]
Katy Grether	The Mixing Bowl	Yes	Katy Grether
Marionne Kette		Yes	[Signature]
Kristinelle Flis	Kristinelle Flis	yes	[Signature]
Jeanne Herrick-Stare	Central Colo. Conservancy	Yes	Jeanne Herrick-Stare
Jim Baloun	Sulasa Furniture	yes	[Signature]
Nicole Bulant	Sulasa! Furniture	yes	[Signature]
Julie Himbrough	Seasons Cafe	yes	[Signature]
Donna Cole	Kaleidoscope Toys	yes	Donna Cole
Theresa Casen	City of Salida	yes	Theresa Casen
Deborah Fields	D Fields Design	yes	D Fields
<del>XXXXXXXXXXXX</del>	<del>XXXXXXXXXXXX</del>		
Abbie Matthews	RHEU 106.9 fm	yes	[Signature]
Joi Santa Cruz	THE Hodgepodge	Yes	[Signature]
TAMAR MADRIGAL	CORVUS	Yes	[Signature]
LORI ROBERTS	CHAMBER	YES	Lori Roberts
Rob Hurst	Monarch Mtn	YES	[Signature]
Sandi Lacey	The Hodgepodge	YES	Sandra Lacey







**REQUEST FOR CITY COUNCIL ACTION**

Meeting Date: October 11,

2017:

<b>AGENDA ITEM NO.</b> VI. - 1.	<b>ORIGINATING DEPARTMENT:</b> Recreation & Aquatic Center	<b>PRESENTED BY:</b> Theresa Casey
------------------------------------	---------------------------------------------------------------	---------------------------------------

**ITEM:** Council Action Award Tennis/Pickleball Court, Phase II, Project 2017-019

**BACKGROUND:**

The City of Salida applied for a Great Outdoors Colorado (GOCO) Grant, to construct new tennis/pickleball courts, in Centennial Park, in the fall of 2016. In March of 2017 the city was notified that it was awarded \$240,000 in GOCO funds for the tennis/pickleball project.

**FISCAL NOTE:**

The City of Salida budgeted \$350,000 in the 2017 Capital Improvements Fund (CIF) for construction of the tennis/pickleball courts. The project budget includes \$240,000 from GOCO, \$15,000 from Chaffee County Government and approximately \$10,000 from the tennis and pickleball clubs with the remaining \$85,000 from the city CIF.

Two bids were received: Avalanche Excavation, Inc., and Y&K Excavation, Inc. CGI has reviewed their bid documents, conducted reference checks, and considers both companies to be qualified based on project performance.

Both bidders are located within the City of Salida, so no bid credit applies.

The project was bid as a Base Bid, Alternate A, and Alternate B. See Figure 1, below, for the breakout of Base Bid and Alternates.

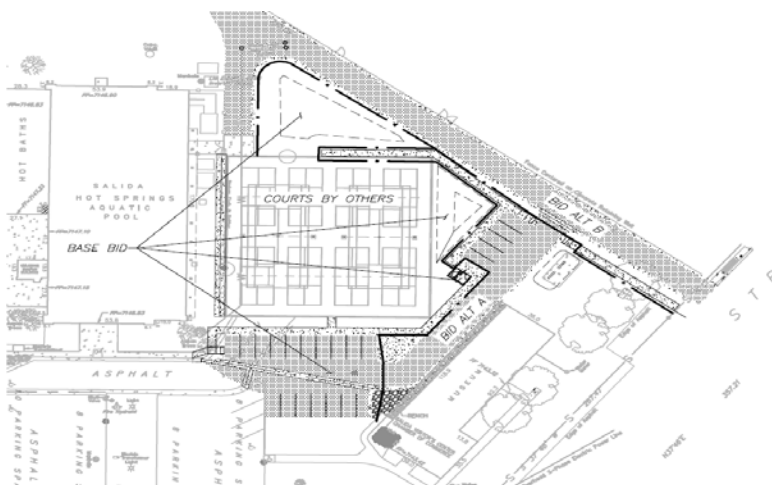


Figure 1. Bid Alternates



**REQUEST FOR CITY COUNCIL ACTION**

Meeting Date: October 11,

2017:

<b>AGENDA ITEM NO.</b> VI. - 1.	<b>ORIGINATING DEPARTMENT:</b> Recreation & Aquatic Center	<b>PRESENTED BY:</b> Theresa Casey
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*Avalanche Excavation, Inc.*, is the apparent low bid for the Base Bid, and for the combination [Base Bid + Alternate A]. *Y&K Excavation, Inc.*, is the apparent low bid for the combination [Base Bid + Alternate A + Alternate B]. See Table 1, below, for a summary of bid results. Apparent low bids are highlighted.

**Table 1. Bid Comparison**

	Avalanche Excavation	Y&K Excavation
<b>Base Bid</b>	<b>\$ 153,201.00</b>	<b>\$ 154,240.59</b>
Bid Alternate A	\$ 48,774.72	\$ 49,595.37
<b>Base + Alt A</b>	<b>\$ 201,975.72</b>	<b>\$ 203,835.96</b>
Bid Alternate B	\$ 61,542.50	\$ 59,569.28
<b>Total (Base + Alt A + Alt B)</b>	<b>\$ 263,518.22</b>	<b>\$ 263,405.24</b>

For all possible award combinations, the high and low bids differ by less than 1%. Attached to this memo is a complete bid tab comparison of the proposals from the two bidders.

The City of Salida's budget for the scope of work contained within this project is listed in Table 2 (from information provided by the City of Salida Recreation and Aquatics Center).

**Table 2. City of Salida Project Budget**

<b>Total Court/Site Budget</b>	<b>\$ 341,810.00</b>
Engineering Design (all phases)	\$ (11,500.00)
Court Construction	\$(158,153.00)
<b>Budget Remaining</b>	<b>\$ 172,157.00</b>

It is recommended that the Base Bid submitted by *Avalanche Excavation, Inc.*, (of **\$153,201.00**) be accepted. A contingency of 8% should be held in the project budget to cover minor field adjustments during construction. Construction management cost should also be included to coordinate contractors, answer questions, and ensure the project is built to the specified requirements. Construction management cost below covers both the court construction already underway, and the site improvements requested here. Construction management cost is 2% of the combined cost of the two construction contracts.

Requested project budget of **\$171,701.00** is summarized in Table 3.

**Table 3. Requested Project Budget**

Avalanche Excavation, Inc., Base Bid	\$ 153,201.00
Minor Contract Changes (8% of Avalanche Base Bid)	\$ 12,300.00
Construction Management (2% of Construction Total)	\$ 6,200.00
<b>Project Budget</b>	<b>\$ 171,701.00</b>



**REQUEST FOR CITY COUNCIL ACTION**

Meeting Date: October 11,

2017:

<b>AGENDA ITEM NO.</b> VI. - 1.	<b>ORIGINATING DEPARTMENT:</b> Recreation & Aquatic Center	<b>PRESENTED BY:</b> Theresa Casey
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**STAFF RECOMMENDATION:**

Staff is recommending Council award a construction contract for the 2017 Pickleball/tennis Court Project – Phase II and authorizing the City Administrator to enter in to a Construction Agreement between the City and Avalanche Excavation, in the amount of **\$153,201.00**.

**SUGGESTED MOTIONS:**

A Council person should make a motion to “combine and approve the items on the Consent Agenda”.

Dear City Council of Salida,

My name is Andre Wilkins and I am the music director for Salida High School. I am writing this letter in the hopes that you will wave the \$60 rental fee for Salida High School Concert and Jazz Band Pops Concert we held at Riverside Park on October 4<sup>th</sup> from 5:30 pm to 7:30 pm. The concert was a huge success. The students of the Salida High School band program did an awesome job. I apologize for the post concert request.

Thank you for your time

September



**REQUEST FOR CITY COUNCIL ACTION**

Meeting Date: October 17, 2017:

<b>AGENDA ITEM NO.</b> VI. - 2.	<b>ORIGINATING DEPARTMENT:</b> Administration	<b>PRESENTED BY:</b> Larry Lorentzen
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**ITEM:**

Public Hearing and 2<sup>nd</sup> Reading - Ordinance 2017-22 adopting new FEMA Flood Insurance Study

**BACKGROUND:**

FEMA has completed a new Flood Insurance Study for Chaffee County, including the City of Salida which will become effective December 7<sup>th</sup>. FEMA requires the City adopt the new rate study prior to it's effective date in order to remain eligible for the flood insurance program.

**FISCAL NOTE:**

There are no associated costs with this action

**STAFF RECOMMENDATION:**

There have been no changes to the Ordinance since 1<sup>st</sup> Reading. Staff recommends approval of Ordinance 2017-22

**SUGGESTED MOTIONS:**

A Council person should make the motion "I move to Adopt Ordinance No. 2017-22, An Ordinance of the City Council of the City of Salida, Colorado to amend Article 11, Chapter 16 of the Salida Municipal Code, adopting the FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE STUDY FOR CHAFFEE COUNTY, COLORADO AND INCORPORATED AREAS, EFFECTIVE DATE DECEMBER 7, 2017 on 2<sup>nd</sup> Reading,

ORDINANCE NO. 22  
(Series of 2017)

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO TO AMEND ARTICLE 11 CHAPTER 16 OF THE SALIDA MUNICIPAL CODE ADOPTING THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE STUDY FOR CHAFFEE COUNTY, COLORADO AND INCORPORATED AREAS, EFFECTIVE DATE DECEMBER 7, 2017**

WHEREAS, the City of Salida participates in the Federal Emergency Management Agency (FEMA) floodplain management program to ensure the availability of flood insurance to the residents and businesses in the City; and

WHEREAS, the City of Salida Municipal Code contains the regulations for flood management within the City based on the currently adopted FEMA Flood Insurance Study; and

WHEREAS, FEMA has completed and published a revised Flood Insurance Rate Study for Chaffee County including the City of Salida which will become effective December 7, 2017; and

WHEREAS, FEMA requires adoption of said Rate Study by participating entities prior to the December 7, 2107 effective date.

**NOW THEREFORE, IT IS HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO** as follows:

1. Section 70, Article 11, Chapter 16 of the Salida Municipal Code is amended to read as follows:

Sec. 16-11-70. - Basis for establishing special flood hazard areas.

The Special Flood Hazard Areas identified by the Federal Emergency Management Agency in a scientific and engineering report entitled, " Flood Insurance Study for Chaffee County, Colorado and Incorporated areas," effective date December 7, 2017, with accompanying Flood Insurance Rate Maps and/or Flood Boundary-Floodway Maps (FIRM and/or FBFM) and any revisions thereto are hereby adopted by reference and declared to be a part of this Article. These Special Flood Hazard Areas identified by the FIS and attendant mapping are the minimum area of applicability of this Article and may be supplemented by studies designated and approved by the City Council. The Floodplain Administrator shall keep a copy of the Flood Insurance Study (FIS), DFIRMs, FIRMs and/or FBFMs on file and available for public inspection.

INTRODUCED ON FIRST READING on October 3, 2017, ADOPTED AND ORDERED PUBLISHED IN FULL in a newspaper of general circulation in the city of Salida by the City

Council on October 3rd, 2017 and set for second reading and public hearing on the 17<sup>th</sup> day of October, 2017.

INTRODUCED ON SECOND READING, FINALLY ADOPTED AND ORDERED PUBLISHED BY TITLE ONLY by the City Council on the 17<sup>th</sup> day of October, 2017.

CITY OF SALIDA, COLORADO

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James LiVecchi, Mayor

[SEAL]

ATTEST:

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City Clerk/Deputy City Clerk

PUBLISHED IN FULL in the Mountain Mail after First Reading on October 6<sup>th</sup>, 2017 and by TITLE ONLY, after the final adoption on the 20<sup>th</sup> day of October, 2017.

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City Clerk/Deputy City Clerk



**FEMA**

AUG 24 2017

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

The Honorable Jim LiVecchi  
Mayor, City of Salida  
448 East First Street, Suite 112  
Salida, Colorado 81201

Dear Mayor LiVecchi:

I commend you for the efforts that have been put forth in implementing the floodplain management measures for the City of Salida, Colorado, to participate in the National Flood Insurance Program (NFIP). As you implement these measures, I want to emphasize the following:

- a Flood Insurance Study (FIS) and Flood Insurance Rate Map (FIRM) have been completed for your community;
- the FIS and FIRM will become effective on December 7, 2017; and
- by the FIS and FIRM effective date, the Department of Homeland Security's Federal Emergency Management Agency (FEMA) Regional Office is required to approve the legally enforceable floodplain management measures your community adopts in accordance with Title 44 Code of Federal Regulations Section 60.3(d).

As noted in FEMA's letter dated June 7, 2017, no significant changes have been made to the flood hazard data on the Preliminary and/or revised Preliminary copies of the FIRM for Chaffee County. Therefore, the City of Salida should use the Preliminary and/or revised Preliminary copies of the FIRM as the basis for adopting the required floodplain management measures. Final printed copies of the FIRM for the City of Salida will be sent to you within the next few months.

If you encounter difficulties in enacting the measures, I recommend you contact the Colorado Water Conservation Board. You may contact Stephanie DiBetitto, CFM, the NFIP State Coordinator, by telephone at (303) 866-3441, Extension 3221, in writing at 1313 Sherman Street, Room 721, Denver, Colorado 80203, or by electronic mail at [stephanie.dibetitto@state.co.us](mailto:stephanie.dibetitto@state.co.us).

The FEMA Regional staff in Denver, Colorado, is also available to provide technical assistance and guidance in the development of floodplain management measures. The adoption of compliant floodplain management measures will provide protection for the City of Salida and will ensure its participation in the NFIP. The Regional Office may be contacted by telephone at (303) 235-4800 or in writing. Please send your written inquiries to the Federal Insurance and Mitigation Division, FEMA Region VIII, at the Denver Federal Center, Building 710, Box 25267, Denver, Colorado 80225.



The Honorable Jim LiVecchi

AUG 24 2017

Page 2

You may have already contacted the NFIP State Coordinator and/or the FEMA Regional Office, and may be in the final adoption process or recently adopted the appropriate measures. However, in the event your community has not adopted the appropriate measures, this letter is FEMA's official notification that you only have until December 7, 2017, to adopt and/or submit a floodplain management ordinance that meets or exceeds the minimum NFIP requirements, and request approval from the FEMA Regional Office by the effective date. Your community's adopted measures will be reviewed upon receipt and the FEMA Regional Office will notify you when the measures are approved.

I appreciate your cooperation to ensure that your community's floodplain management measures are approved by the FEMA Regional Office by December 7, 2017. Your compliance with these mandatory program requirements will enable your community to avoid suspension from the NFIP.

Sincerely,



Rachel Sears, Director  
Floodplain Management Division  
Mitigation Directorate | FEMA

cc: Nancy J. Dragani, Acting Regional Administrator, FEMA Region VIII  
Stephanie DiBetitto, CFM, NFIP State Coordinator, Colorado Water Conservation Board  
Guy Patterson, City Administrator, City of Salida



**REQUEST FOR CITY COUNCIL ACTION**

Meeting Date: Oct. 17, 2017:

<b>AGENDA ITEM NO.</b> VI. - 3.	<b>ORIGINATING DEPARTMENT:</b> Community Development	<b>PRESENTED BY:</b> Glen Van Nimwegen
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**ITEM:**

Resolution 2017-62 - Extend suspension of the Main Street Patio Program.

**BACKGROUND:**

At the June 6, 2017 meeting the City Council raised concerns about the patios and asked staff to not accept new applications until changes could be made. Resolution 2017-36 (attached) was approved on June 20 to “suspend” the policy until a new ordinance could be brought forward. A four month time period was given to prepare the changes (October 20, 2017).

Staff made a presentation to the City Council at their July 17<sup>th</sup> Work Session. There was support from Council to reduce the size of the patios, particularly the encroachment onto the sidewalk and raising the lease fees.

Staff discussed proposed changes with the Planning Commission at their August 8, September 12 and September 25<sup>th</sup> work sessions. Staff heard a consensus from the Commission that the proposed amendments address the following:

- There should be a limitation of one per block; but provide flexibility so the Commission may consider additional patios.
- There was support that the patios be part time, and be removed for the winter season. However the Commission did want the flexibility to allow a patio to remain longer under certain conditions, such as an agreement by the owner to remove snow and ice.
- Assure there are safe sight distances at intersections around patios.
- Allow other businesses in addition to restaurants and breweries if certain criteria are met.

Staff prepared a draft ordinance (attached) and advertised for public hearings for the October 10 Planning Commission meeting and November 7, 2017 City Council meeting. We have since received review comments from Legal recommending the ordinance address all uses within the right-of-way, not just the patios, and other changes. Staff will need additional time to revise the ordinance.

The Planning Commission tabled the proposed ordinance at their October 10<sup>th</sup> meeting.

**FISCAL NOTE:**

Subsequent review of the Revocable License Agreement will propose higher fees.

**STAFF RECOMMENDATION:**

Staff recommends approval of Resolution 2017-62, extending the suspension of the Main Street Patio Program for an additional four months (March 20, 2018).

**SUGGESTED MOTIONS:**

A councilmember should make the motion to “Approve Resolution 2017-62 to extend the suspension of the Main Street Patio Program.”

**CITY OF SALIDA, COLORADO**  
**RESOLUTION NO. 62**  
**(Series of 2017)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO,  
EXTENDING THE SUSPENSION OF THE MAIN STREET PATIO PROGRAM  
POLICY.**

**WHEREAS**, on June 20, 2017 the City Council approved Resolution 2017-36 to suspend the Main Street Patio Program Policy to incorporate changes regarding the patios into the Salida Municipal Code; and

**WHEREAS**, the temporary suspension was on accepting, processing and approval of applications for new Main Street Patios; and

**WHEREAS**, the suspension allowed the existing licenses to remain in full force and effect if in compliance with their approved license; and allows for the renewal of these licenses if annual lease payments are made for 2018 no later than ten (10) days prior to the annual renewal, or December 21, 2017; and

**WHEREAS**, Resolution 2017-36 included direction to staff to draft new regulations to be codified within the Salida Municipal Code within four months of the suspension date, or October 20, 2017; and

**WHEREAS**, the Planning Commission reviewed and discussed a draft ordinance and received public comment at their meetings of August 8, September 12 and September 25, 2017; and

**WHEREAS**, additional time is required to consider the comments received including the private use of all areas within the right-of-way including downtown sidewalks.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SALIDA, COLORADO, THAT:**

1. Conditions 1-4 of Resolution 2017-36 shall remain the same; and
2. Condition number 5 shall be amended to read "Staff is hereby directed to draft new regulations to be codified within the Municipal Code of the City of Salida within eight months of the suspension date, or March 20, 2018.

RESOLVED, APPROVED AND ADOPTED this 17<sup>th</sup> day of October, 2017.

CITY OF SALIDA, COLORADO

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Mayor James LiVecchi

[SEAL]

ATTEST:

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City Clerk/Deputy City Clerk

**CITY OF SALIDA, COLORADO**  
**RESOLUTION NO. 36**  
**(Series of 2017)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO,  
SUSPENDING THE MAIN STREET PATIO PROGRAM POLICY.**

**WHEREAS**, on March 15, 2016 the City Council approved Resolution 2016-28 to establish the Main Street Patio Program Policy; and

**WHEREAS**, the Policy allowed the City to enter into a license agreement to allow owners of retail food and beverage establishments to erect patio structures in the city right-of-way; and

**WHEREAS**, approval of the license agreement is administrative if certain criteria are met, such as adjacent owner consent, liability insurance, and a complete application; and

**WHEREAS**, structures and uses within the right-of-way are regulated by numerous sections of the Salida Municipal Code including Chapter 6. Business Licenses and Regulations which among other things requires license fees, taxes and penalties; Chapter 8. Vehicles and Traffic which regulates motor vehicles traversing and parking within public rights-of-way; Chapter 11. Streets, Sidewalks and Public Property which regulates encroachments on public rights-of-way; Chapter 16. Land Use and Development which regulates all land uses with the city through zoning and conditional uses; and Chapter 18. Building Regulations which ensure the safety of built structures; and

**WHEREAS**, the policy has been in place for a period of 15 months and a number of concerns have been raised by residents and business owners including where and how many of the patios structures should be allowed; the appropriate approving authority; license fees; the need for additional public input prior to approval and the loss of downtown parking; and

**WHEREAS**, additional considerations should be made for the ability of public works personnel to maintain streets and utilities; and

**WHEREAS**, regulations for establishing a use and erecting a structure within city right-of-way should be codified in the Salida Municipal Code; and

**WHEREAS**, City staff needs the necessary time to develop appropriate Main Street Patio land use and development regulations for consideration by the City Council; and

**WHEREAS**, while City staff develops appropriate regulations and receives input from those affected, it is the desire of the City Council to maintain the approved licenses for businesses that have established the patios per the previous policy and not accept new requests for licenses per the Main Street Patio Program until new regulations are established.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SALIDA, COLORADO, THAT:**

1. The City shall, effective June 21, 2017, halt the acceptance, processing and approval of applications for new Main Street Patio Licenses.
2. Existing licenses shall remain in full force and effect in compliance with the provisions of the license.
3. Any applications that are pending as of June 21, 2017 shall be processed in compliance with the provisions of the existing Main Street Patio Program Policy.
4. Automatic renewals of approved licenses will occur if annual lease payments are made for 2018 no later than ten (10) days prior to the annual renewal, or December 21, 2017 unless terminated by either party.
5. Staff is hereby directed to draft new regulations to be codified within the Municipal Code of the City of Salida within four months of the suspension date.

RESOLVED, APPROVED AND ADOPTED this 20<sup>th</sup> day of June, 2017.

CITY OF SALIDA, COLORADO

  
Mayor James LiVecchi



[SEAL]

ATTEST:

  
City Clerk/Deputy City Clerk

## EXHIBIT B

### PROPOSED ADDITION TO Sec. 16-4-190. Review Standards Applicable to Particular Uses

- (r) Downtown Street Patios. The Downtown Street Patio program allows the use of public street right-of-way in the downtown for outdoor dining activities. Downtown is defined as that area zoned Central Business (C-2). The purpose of this policy is to enliven the outdoor pedestrian environment by providing additional area to the streetscape for dining within a framework that promotes economic vitality while protecting the health, safety and welfare of residents, businesses, and visitors.

#### (1) Siting Standards

- a. Downtown Street Patios will be allowed from May 1 to October 1 of each year. The Patios must be removed from October 8 to April 24 each year. Additional time may be granted through the conditional use process if the additional review standard to Section 16-4-110 (d) is met that:

8. ~~Downtown Street Patio Time Extension. The patio will be in use~~The impact of the use of the patio beyond the prescribed time has been mitigated by the applicant making during the additional period and adequate accommodations have been made for snow and ice removal ~~by the applicant; and may agreeing to remove the patio upon request be removed for other~~for special events.

It shall be the applicant's responsibility to provide justification that the request for additional time meets this standard.

- b. Patios ~~must~~shall not exceed a size of eight (8) feet by twenty (20) feet within the roadway. The structures may extend over the sidewalk up to one (1) foot.
- c. ADA ramps shall be integral to the design wherein they do not further encroach into the sidewalk.
- d. Generally patios should not be located at intersections of streets or alleys in such a way as to block appropriate sight triangles.
- e. There shall be no more than one (1) Downtown Street Patio per block to include both street frontages. An additional patio may be allowed per block through the conditional use process if the additional review standard to Section 16-4-110 (d) is met ~~that~~.

9. Additional Downtown Street Patio per Block. The additional patio will allow safe vehicle movements in the street; clear pedestrian passage and not overly restrict parking within the block.

It shall be the applicant's responsibility to provide justification that the additional patio meets this standard.

- f. The location of the patio must be in proximity to the business being served.
- g. Signage is not allowed on the patios except for public purposes.

#### (2) Use Standards.

- a. Use of the patios shall ~~generally~~ be for retail food and beverage establishments and retail establishments that serve specialty foods and beverages (e.g. ice cream shops, coffee houses, and bars/distilleries/brew pubs) located within buildings in the downtown. ~~Mobile food vendors are not eligible for the main street patio program.~~ Alternative uses may be considered through the conditional use process if an additional review standard to Section 16-4-110(d) is met that:

10. Alternative Uses for Downtown Street Patios. The ~~proposed alternative~~ use meets the intent of the Downtown Street Patio program by enlivening the outdoor pedestrian

environment to an equivalent level as outdoor dining and drinking establishments. The alternative use would meet this criteria by having a high pedestrian turnover; be an attraction; provides interest to pedestrian level views; and allowing the use al fresco will add to the intrinsic value of the use.

It shall be the applicant's responsibility to provide justification that the alternative use meets this standard.

- b. The applicant shall reduce the impact on zoning-parking in the downtown by providing a minimum of one (1) off-street parking space for customers or employees. The parking space shall either be ~~provided~~-owned or leased on-site or off-site. Verification shall be provided with the application. This requirement may be met by providing a fee-in-lieu of the parking space in an amount equal to and in addition to the lease amount as provided in the revocable license agreement.
  - c. Construction of the Downtown Street Patio shall meet the specifications of the Community Development Department.
- (3) Revocable License Required. Business owners who receive conditional use approval for a Downtown Street Patios will have to enter into a revocable license agreement with the City of Salida, as approved by the City Council, prior to installation of the patio.





**REQUEST FOR CITY COUNCIL ACTION**

Meeting Date: Oct. 17, 2017:

<b>AGENDA ITEM NO.</b> VI. - 4.	<b>ORIGINATING DEPARTMENT:</b> Community Development	<b>PRESENTED BY:</b> Glen Van Nimwegen
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**ITEM:**

Authorize the Mayor to make an application to Department of Local Affairs (DOLA) for an Administrative Planning Grant in the amount of \$25,000 to apply to the cost of a downtown parking study.

**BACKGROUND:**

The city's 2015 Community Survey measures our resident's support of economic development and public improvement efforts. "Support our local businesses" ranked #1 for what we should put our efforts toward and "Downtown parking" received a third of the votes for important public improvements that should be made, only below constructing street and sidewalks. Before any major improvement to downtown parking, or a change in enforcement policy is taken, staff recommends we determine the current state of supply, demand and parking characteristics of our downtown.

DOLA provides Administrative Planning Grants for up to \$25,000 if matched by the local community. The grants are available year round and are approved by their staff. A consultant who has performed downtown parking studies for many Colorado communities estimates the evaluation could range from \$60-80,000 and would:

- Inventory of parking demand by day, time, location and season;
- Determine parking duration to analyze time restrictions;
- Inventory land uses and square footage of businesses downtown;
- Inventory available land and right-of-way.

From this data, recommendations would be developed for actions to expand parking; better target restrictions and requirements for future building expansions.

The grant application requires a letter from the Mayor detailing the need, proposed scope and timeline.

**FISCAL NOTE:**

Staff estimates the study would cost \$70,000. Therefore if the grant is approved, the city's portion would be approximately \$45,000. If Council is supportive, this amount could be budgeted for next year, or Economic Development funds could be utilized to start the study this year.

**STAFF RECOMMENDATION:**

Staff recommends proceeding with the \$25,000 grant request. If successful, utilize an additional \$45,000 of Economic Development funds to complete the study. Staff would return to Council for the appropriation with approval of accepting the grant funds.

**SUGGESTED MOTIONS:**

A councilmember should make the motion to "Authorize the Mayor to make an application for a DOLA Administrative Planning Grant in the amount of \$25,000."