



**Financial Statements
December 31, 2018**

**City of Salida, Colorado
Financial Statements
December 31, 2018**

Table of Contents

	Page
Introductory Section – Transmittal Letter	i – iii
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management’s Discussion and Analysis	B1 – B9
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C3
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Net Position - Proprietary Funds	C7
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	C8
Statement of Cash Flows - Proprietary Funds	C9
Notes to the Financial Statements	D1 – D28
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	E1 - E4
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Street Fund	E5
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Capital Improvement Fund	E6
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Economic Development Fund	E7

**City of Salida, Colorado
Financial Statements
December 31, 2018**

**Table of Contents
(Continued)**

	Page
Required Supplementary Information (continued):	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Lodging Tax Fund	E8
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Conservation Trust Fund	E9
Schedule of City's Proportionate Share of Net Pension Asset/Liability – FPPA Defined Benefit Plan	E10
Schedule of City's Contributions – FPPA Defined Benefit Plan	E11
Schedule of Changes in Net Pension Asset/Liability – Fire "Old Hire" Plan	E12
Schedule of Changes in Net Pension Asset/Liability – Police "Old Hire" Plan	E13
Schedule of City's Contributions – "Old Hire" Plan	E14
Notes to Required Supplementary Information	E15 – E16
Supplementary Information:	
Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Water Fund	F1 – F2
Schedule of Revenues and Expenditures - Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Sewer Fund	F3 – F4
Schedule of Revenues and Expenditures – Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis – Steamplant Event Center	F5
Local Highway Finance Report	F6 – F7



July 26, 2019

To the Honorable Mayor, Members of the City Council and Citizens of the City of Salida:

State law requires that every general purpose local government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McMahan and Associates, LLC, a firm of licensed Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Salida's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The City of Salida, incorporated in 1880, is known as the "Heart of the Rockies." Salida is located approximately two to three hours from the more densely populated urban "front range" communities of Colorado, such as Colorado Springs, Denver and Boulder. Salida is the county seat of Chaffee County and its largest city, with a population of approximately 5,600. The City is the service, supply, and tourism center for the Upper Arkansas River Valley in central Colorado. Although flanked by majestic 14,000-foot snow-capped peaks, at just over 7,000 feet in elevation, Salida enjoys a surprisingly mild climate that some refer to as the Banana Belt. Salida has a relaxed pace and a small hometown feel along with world-class recreational opportunities.

The City limits currently occupy just over 2.2 square miles. The City of Salida is empowered to levy a property tax on real property located within its boundaries, but the tax was repealed in 2008. It relies primarily on sales tax revenue to provide government services. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

Salida is organized as a statutory city under the constitution of the State of Colorado that follows the mayor-council form of government. The Mayor, City Clerk, the Treasurer and six Council members are directly elected. There are three wards in the City, and two council members represent each ward, serving staggered four-year terms. Policy-making and legislative authority are vested in the governing body consisting of the mayor and six council members. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a two-year term. According to Colorado statutes, officials elected to two-year terms

are eligible for three terms. Council members, the Clerk and Treasurer are elected to four-year terms and are limited to two terms. The City Council appoints the City Administrator, who in turn appoints department heads.

Services provided by municipalities vary widely. Although citizens have many of the same services available to them in any incorporated area, some may be served by a special district or other governmental entity. Therefore, one town or city may not be directly comparable to another. It is important that readers of the financial statements and budgets know what services the City provides in order to understand the reports. The broad services provided by Salida's employees across the various funds (described below) include the following:

- Public safety –
 - 24/7 police protection, vehicle, bicycle and foot patrol, crime prevention and law enforcement; vehicle identification number inspections, school safety, special event support, DUI awareness programs, drug task force, regional preparedness, E911 board representation
 - 24/7 professional fire response (structural and wildland), emergency medical services, hazardous material response, technical rescue (ice, swift water, confined space, high and low angles), installation of smoke detectors, inspections and plans reviews, code enforcement, fire prevention and CPR classes, fireworks displays, staffing for fire protection district, regional preparedness and various other education and civic activities
- Public works – operation, maintenance and improvement of streets, alleys, walkways, parking lots, parks, play features, public structures, underground distribution or collection lines and appurtenances, trees, and other public infrastructure
- Water and Wastewater plant operations – Treatment and distribution of municipal water; collection, treatment and safe discharge of wastewater (including wastewater services for the Town on Poncha Springs); lab testing, acceptance and treatment of outside septage
- Community development – land use and zoning, review of development plans, subdivisions, building permits and sign permits, long range and current planning, historic preservation, grant writing and reporting
- Arts and recreation – swimming pool, lessons, fitness and recreation programs, an events center, activities and special events for community members of all ages, liaison with outside organizations (chamber of commerce, small business association, etc.); professional event center
- Administrative services – liquor, marijuana and arborists licensing, vendor and special event permitting, billing and collection of water and wastewater services, protection of water rights, birth and death certificates, municipal court, grant writing and reporting, intergovernmental facility management, payroll, accounts payable, accounts receivable, budgeting, financial reporting, human resources, legal, cash management / treasury, risk management, records management, public information, meeting coordination, and other general government and administrative services

Water treatment and distribution and wastewater collection and treatment services are provided through an enterprise fund. In addition, the SteamPlant Event Center was established as an enterprise fund. See the MD&A for an explanation about different types of funds.

The Council is required to adopt an initial budget for the fiscal year no later than December 31 preceding the beginning of the fiscal year on January 1. This annual budget serves as the foundation for the City of Salida's financial planning and control. The budget is prepared by fund, function or department (e.g., police). Department heads may transfer resources within a

department as they see fit. Transfers between departments, however, need special approval from the governing council in the form of a resolution.

The City of Salida serves as a shopping hub for the surrounding small towns and rural areas. Tourism is a major contributor to the local economy. Sales tax revenue peaks in the "summer season" of June to September, with July being the strongest month. Salida is a short drive from the Monarch Ski area, which draws winter visitors to the area and contributes to the local economy. However, February, which falls in the middle of the "ski season" is the slowest month for collections. Increasingly, Salida is experiencing growth in sales tax collections during the "shoulder season" defined as April-May and October-November when the weather is typically suitable for many outdoor activities that attract visitors to the area.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the finance and administration department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Salida.

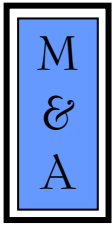
Respectfully submitted,



Drew Nelson
City Administrator



Aimee Tihonovich
Finance Director



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council City of Salida

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, 2018, 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 U.S. generally accepted accounting principles; 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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Salida as of December 31, 2018, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

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

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis in Section B 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards 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.

U. S. generally accepted accounting principles require that the Schedule of Employer's Proportionate Share of the Net Pension Liability, the Schedule of Changes in Net Pension Asset / Liability, and the Schedules of City Contributions 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, economic, or historical context. We have applied certain limited procedures to the Schedule of Employer's Proportionate Share of the Net Pension Liability, the Schedule of Changes in Net Pension Asset / Liability, and the Schedules of City Contributions in Section E in accordance with U.S. generally accepted auditing standards, 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 the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 taken as a whole.

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

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 budgetary comparisons found in Section F are presented for purposes of additional analysis and are not a required part of the financial statements. The budgetary comparisons found in Section F 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. The *Local Highway Finance Report*, on pages F6 and F7, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
August 2, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

As Management of the City of Salida, we offer readers of the City of Salida's financial statement this narrative overview and analysis of the financial activities of the City of Salida for the fiscal year ended December 31, 2018. Please read in conjunction with the accompanying financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Salida exceeded its liabilities at the close of the most recent fiscal year by \$56,361,172 (net position). Of this amount, \$11,089,442 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Salida's total net position increased by \$7,263,242 due mostly to an increased investment in capital assets (land and infrastructure).
- At the close of the current fiscal year, the City of Salida's governmental funds reported combined fund balances of \$5,361,421, an increase of \$233,591 (4.6%) in comparison with the prior year. Approximately 81.0% of this amount (\$4,341,936) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$5,235,354, or approximately 80.4% of total general fund expenditures.
- The City of Salida's total outstanding long-term debt decreased by \$356,061 during the current fiscal period as payments on debt exceeded new debt issuances.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City of Salida's basic financial statements. The City of Salida's basic financial statements consist of three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The *governmental-wide financial statements* are designed to provide readers with a broad overview of the City of Salida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Salida's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Salida is improving or deteriorating.

The *statement of activities* presents information showing how the City of Salida's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Salida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Salida include general government, public safety, public works/streets, and culture, parks and recreation. The business-type activities of the City of Salida include water, sewer and an event center.

The government-wide financial statements can be found on pages C1 to C2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Salida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Salida can be divided into two categories: governmental and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Salida maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all six funds (the General Fund, the Street Fund, the Capital Improvement Fund, the Economic Development Fund, the Lodging Tax Fund and the Conservation Trust Fund).

The basic governmental fund financial statements can be found on pages C3 to C6 of this report.

Proprietary Funds. The City of Salida maintains three proprietary funds, all are *enterprise funds*. Enterprise funds are used to report the same functions presented as *business-type*

activities in the government-wide financial statements. The City of Salida uses enterprises funds to account for its Water, Sewer and SteamPlant event center operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages C7 to C9 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages D1 to D28 of this report.

Other Information

The City of Salida adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement for the governmental funds is provided in the *required supplementary information* section. The City of Salida also presents *required supplementary information* concerning the City of Salida's progress in funding its obligation to provide pension benefits to its employees. The required supplementary information can be found on pages E10 to E16.

Finally, budget comparison statements for proprietary funds are presented in the *supplementary information* section as well as the Local Highway Finance Report filed with the State of Colorado. This supplemental information can be found on pages F1 to F7 of this report.

Government-wide Overall Financial Analysis

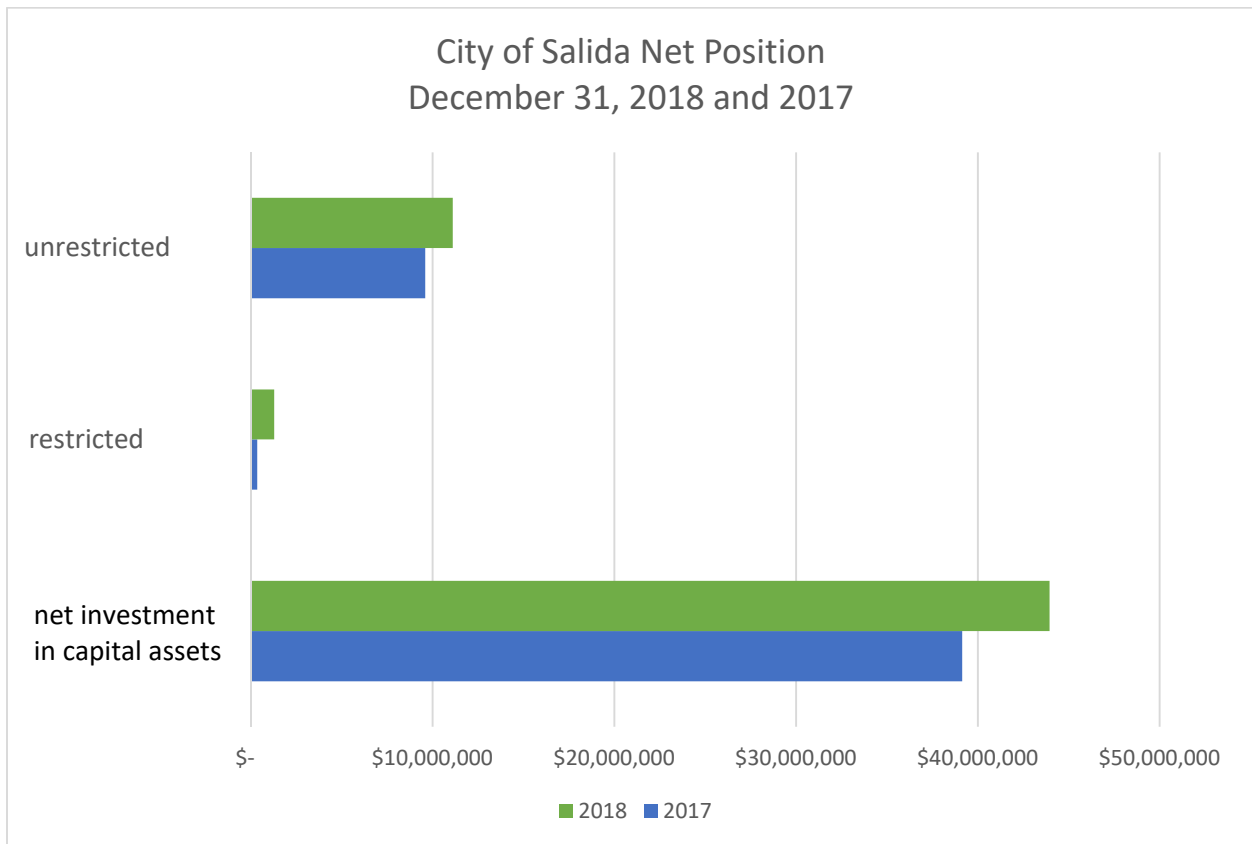
As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Salida, assets and deferred outflows of resources exceeded liabilities by \$56,361,172.

	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 6,217,685	\$ 6,024,101	\$ 7,745,467	\$ 5,483,107	\$ 13,963,152	\$ 11,507,208
Capital Assets	25,722,575	21,513,346	32,398,802	32,330,690	58,121,377	53,844,036
Total Assets	31,940,260	27,537,447	40,144,269	37,813,797	72,084,529	65,351,244
Total Deferred outflows of resources	577,740	642,758	-	-	577,740	642,758
Long-term liabilities	1,842,552	1,943,610	12,452,970	12,707,973	14,295,522	14,651,583
Other liabilities	723,128	1,203,262	1,088,805	1,025,561	1,811,933	2,228,823
Total liabilities	2,565,680	3,146,872	13,541,775	13,733,534	16,107,455	16,880,406
Total Deferred inflows of resources	193,642	15,666	-	-	193,642	15,666
Net position:						
Net investment in capital assets	24,397,257	19,889,837	19,543,829	19,251,243	43,941,086	39,141,080
Restricted	415,821	357,296	914,823	-	1,330,644	357,296
Unrestricted	4,945,600	4,770,534	6,143,842	4,829,020	11,089,442	9,599,554
Total net position	\$ 29,758,678	\$ 25,017,667	\$ 26,602,494	\$ 24,080,263	\$ 56,361,172	\$ 49,097,930

By far, the largest portion of the City of Salida’s net position (78.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Salida uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Salida’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Salida’s net position (2.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,089,442 is unrestricted and may be used to meet the government’s ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Salida is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The City of Salida’s overall net position increased by \$7,263,242 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$4,741,011 from the prior fiscal year for an ending balance of \$29,758,678. While the economy is good and tourism is up causing an uptick in sales tax dollars, the main reason for the increased change in net position is a transfer of land and all other assets and liabilities from the Salida Natural Resource Center Development Corporation (SNRCDC) to the City of Salida for the benefit of the citizens of the City of Salida for a net value of \$3,172,780.

Business-type Activities. For the City of Salida's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$26,602,494. The total increase in net position for business-type activities (water, sewer and SteamPlant event center funds) was \$2,522,231 or 10.5% from the prior fiscal year. The increase from 2016 to 2017 was similar at \$2,408,565. Project needs in the water and sewer funds are large and it can take several years to accumulate the funds to address.

City of Salida's Changes in Net Position

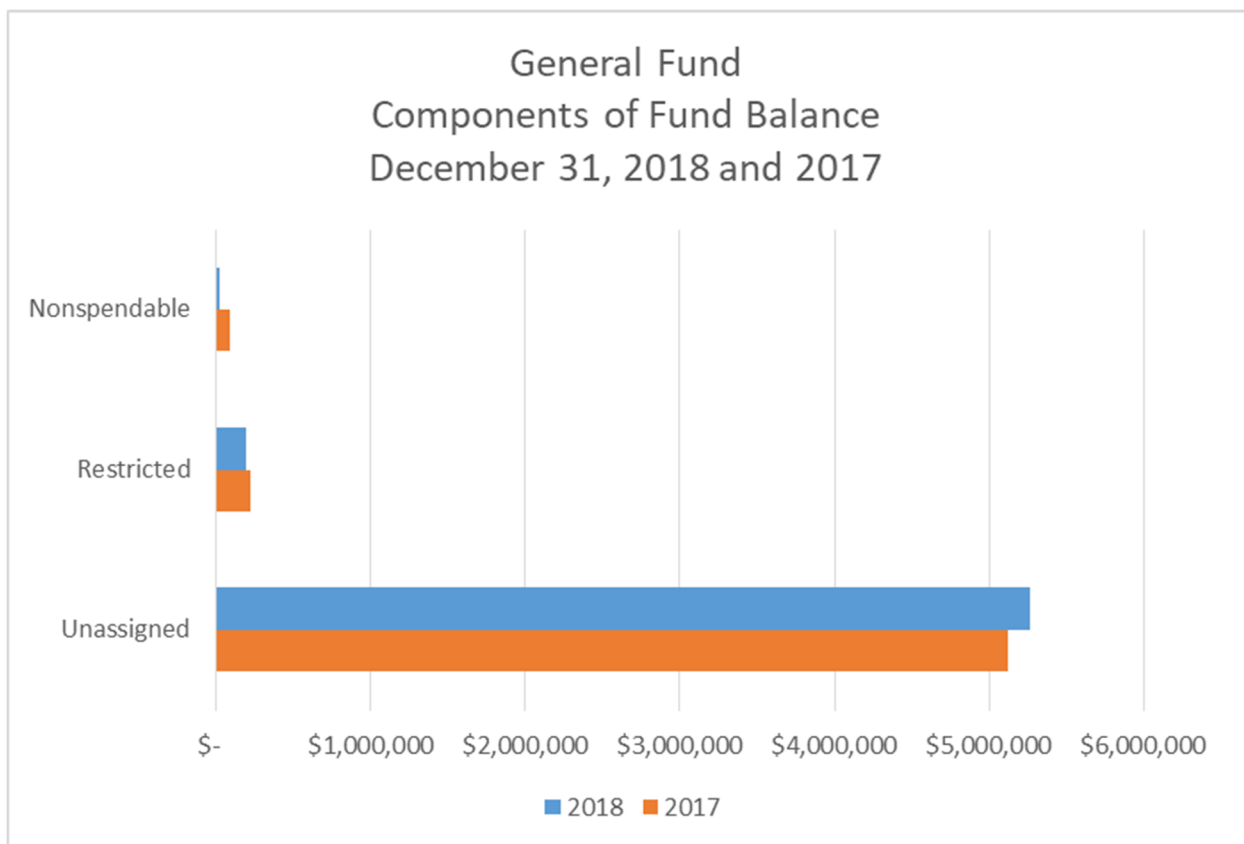
	<u>Governmental Activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues						
Charges for service	\$ 890,385	\$ 831,879	\$ 3,503,401	\$ 3,342,002	\$ 4,393,786	\$ 4,173,881
Operating grants and contributions	-	-	5,060	16,911	5,060	16,911
Capital grants and contributions	827,689	363,576	2,191,124	2,534,362	3,018,813	2,897,938
General revenues:						
Taxes (Sales & Franchise)	8,836,639	8,211,014			8,836,639	8,211,014
Unrestricted investment earnings	75,419	32,320	62,227	33,354	137,646	65,674
Capital Contributions	3,172,780				3,172,780	-
Other	214,764	423,818		(10,316)	214,764	413,502
Total revenues	14,017,676	9,862,607	5,761,812	5,916,313	19,779,488	15,778,920
Expenses:						
General government	1,175,900	1,574,671			1,175,900	1,574,671
Public safety	3,283,906	3,096,405			3,283,906	3,096,405
Public works/streets	1,827,415	2,056,193			1,827,415	2,056,193
Culture, parks and recreation	1,824,233	1,520,283			1,824,233	1,520,283
Interest on long term debt	37,263	41,032			37,263	41,032
Water			1,286,580	1,421,395	1,286,580	1,421,395
Sewer			2,365,047	2,173,083	2,365,047	2,173,083
Event center			715,902	548,550	715,902	548,550
Total expenses	8,148,717	8,288,584	4,367,529	4,143,028	12,516,246	12,431,612
Increase (decrease) in net position before transfers	5,868,959	1,574,023	1,394,283	1,773,285	7,263,242	3,347,308
Transfers	(1,127,948)	(635,280)	1,127,948	635,280	-	-
Increase (decrease) in net position	4,741,011	938,743	2,522,231	2,408,565	7,263,242	3,347,308
Net position-beginning	25,017,667	24,078,924	24,080,263	21,671,698	49,097,930	45,750,622
Net position-ending	\$ 29,758,678	\$ 25,017,667	\$ 26,602,494	\$ 24,080,263	\$ 56,361,172	\$ 49,097,930

Financial Analysis of Governmental Funds

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

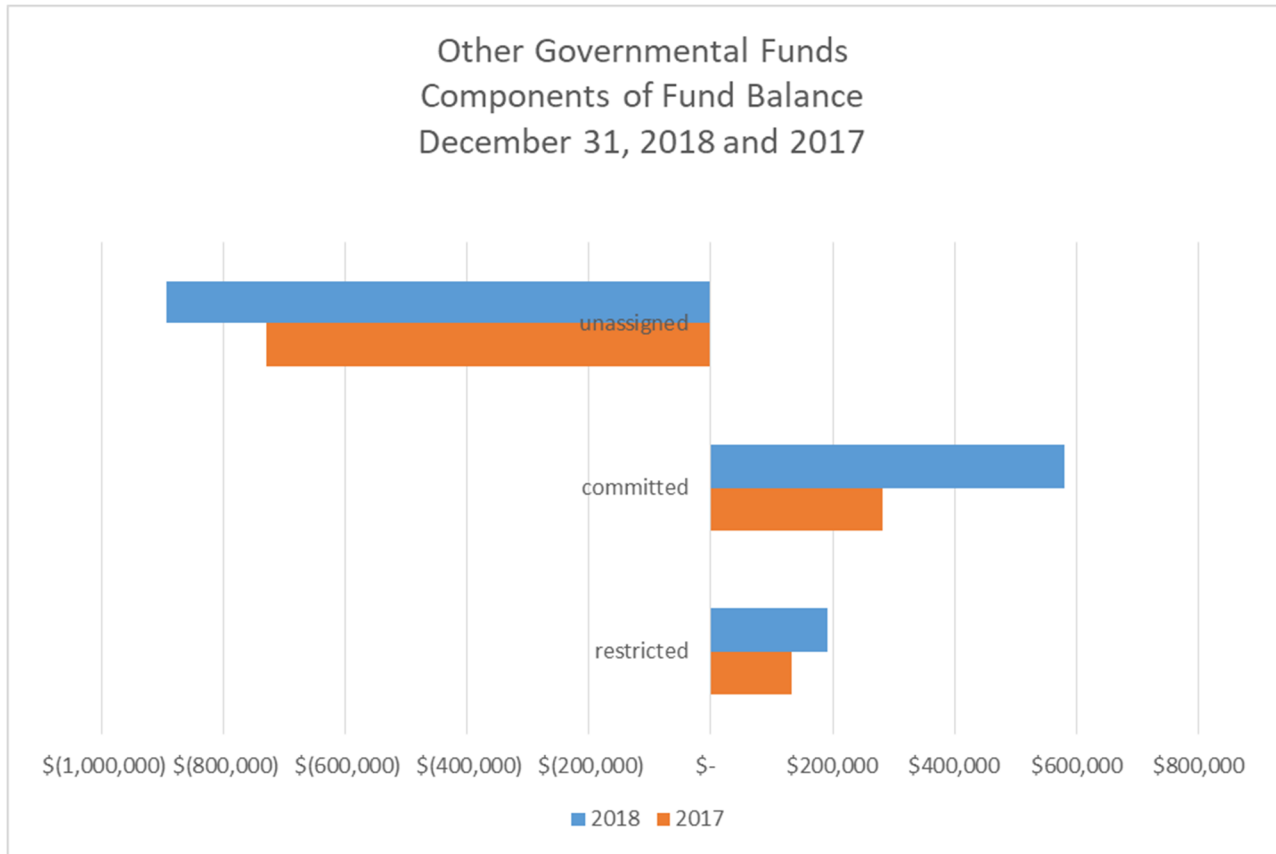
Governmental Funds. The focus of the City of Salida's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Salida's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party or the City of Salida itself.

At December 31, 2018, the City of Salida's governmental funds reported combined fund balances of \$5,361,421, an increase of 233,591 in comparison with the prior year. Approximately 81.0% of this amount (\$4,341,936) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, or *committed* to indicate that it is 1) not in spendable form (\$22,985), 2) legally required to be maintained intact (\$224,000), 3) restricted for particular purposes (\$191,821), or committed for particular purposes (\$580,679).



The general fund is the chief operating fund of the City of Salida. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,235,354, while total fund balance increased by \$38,416 to \$5,482,339. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 80.4% percent of total

general fund expenditures, while total fund balance represents approximately 84.2% of that same amount.



The Street Fund, which is a fund established in 2017 by a vote of the people and financed by a reallocation of sales tax out of the General Fund and into the Street Fund, currently has a negative fund balance. This fund has had higher spending needs to keep up with street maintenance than the sales tax revenues allocated to it. There are plans to transfer general fund reserves to this fund to correct the funding distribution.

Proprietary Funds. The City of Salida’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year was \$3,687,104, \$2,354,413 for the Sewer Fund and \$102,325 for the SteamPlant event center. Total growth (decline) in net position was \$1,583,997, (\$116,881), and \$1,052,115 respectively.

General Fund Budgetary Highlights

Original budget compared to final budget. Actual revenues exceeded budgeted revenues in the General Fund by \$64,650 and actual expenses including budgeted transfers were \$281,009 less than budget.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of Salida and were considered in developing the 2019 fiscal year budget.

- The unemployment rate in Salida is 2% which is 60% lower than the national average.
- 2018 sales tax rose 6.7% over the previous year and is expected to continue into 2019.
- The most recent population estimate for Salida (2017) is 5,856 which is a 2.3% increase from the previous year.
- Affordable housing is the most pressing problem facing Salida in 2019.
- According to Zillow real estate, average home values in Salida are \$409,600, up 8.4% over the past year.

During the current fiscal year, the unassigned fund balance in the general fund was \$5,235,354. The City of Salida has appropriated \$661,273 of this amount for spending in the 2019 fiscal year budget and will likely amend this appropriation to utilize another \$1,522,384 to help finance projects in other funds also reliant on sales tax revenues.

Request for Information

This financial report is designed to provide a general overview of the City of Salida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Aimee.Tihonovich@CityofSalida.com.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SALIDA, COLORADO
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments	4,237,428	5,783,176	10,020,604
Restricted cash	-	914,823	914,823
Receivables (net of allowance)	1,599,999	1,017,197	2,617,196
Inventories	-	2,914	2,914
Prepays	22,985	27,357	50,342
Net pension asset	357,273	-	357,273
Capital assets not being depreciated:			
Land and right-of-way	4,486,920	89,435	4,576,355
Water rights	-	1,391,521	1,391,521
Construction in progress	384,423	2,136,901	2,521,324
Capital assets being depreciated, net of accumulated depreciation	20,851,232	28,780,945	49,632,177
Total Assets	<u>31,940,260</u>	<u>40,144,269</u>	<u>72,084,529</u>
Deferred Outflows of Resources:			
Deferred outflows related to pensions	<u>577,740</u>	<u>-</u>	<u>577,740</u>
Liabilities:			
Accounts payable and other current liabilities	498,989	409,567	908,556
Retainage payable	-	93,431	93,431
Interest payable	-	69,119	69,119
Accrued compensated absences	65,347	15,518	80,865
Unearned revenue	-	99,167	99,167
Noncurrent liabilities:			
Due within one year	158,792	402,003	560,795
Due in more than one year	983,925	12,452,970	13,436,895
Net pension liability	858,627	-	858,627
Total Liabilities	<u>2,565,680</u>	<u>13,541,775</u>	<u>16,107,455</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	<u>193,642</u>	<u>-</u>	<u>193,642</u>
Net Position:			
Net investment in capital assets	24,397,257	19,543,829	43,941,086
Restricted for:			
Emergencies	224,000	-	224,000
Parks and recreation	191,821	-	191,821
Debt service	-	914,823	914,823
Unrestricted	4,945,600	6,143,842	11,089,442
Total Net Position	<u>29,758,678</u>	<u>26,602,494</u>	<u>56,361,172</u>

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

CITY OF SALIDA, COLORADO
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	1,175,900	314,597	-	827,689	(33,614)	-	(33,614)
Public safety	3,283,906	79,729	-	-	(3,204,177)	-	(3,204,177)
Public works/Streets	1,827,415	23,147	-	-	(1,804,268)	-	(1,804,268)
Culture, parks and recreation	1,824,233	472,912	-	-	(1,351,321)	-	(1,351,321)
Interest on long-term debt	37,263	-	-	-	(37,263)	-	(37,263)
Total governmental activities	<u>8,148,717</u>	<u>890,385</u>	<u>-</u>	<u>827,689</u>	<u>(6,430,643)</u>	<u>-</u>	<u>(6,430,643)</u>
Business-type activities:							
Water	1,286,580	1,756,919	-	1,364,265	-	1,834,604	1,834,604
Sewer	2,365,047	1,377,798	-	826,859	-	(160,390)	(160,390)
Steamplant Event Center	715,902	368,684	5,060	-	-	(342,158)	(342,158)
Total business-type activities	<u>4,367,529</u>	<u>3,503,401</u>	<u>5,060</u>	<u>2,191,124</u>	<u>-</u>	<u>1,332,056</u>	<u>1,332,056</u>
Total Primary Government	<u>12,516,246</u>	<u>4,393,786</u>	<u>5,060</u>	<u>3,018,813</u>	<u>(6,430,643)</u>	<u>1,332,056</u>	<u>(5,098,587)</u>
General revenues:							
Taxes:							
Sales taxes					6,110,252	-	6,110,252
Sales taxes - County					1,997,746	-	1,997,746
Franchise taxes					339,620	-	339,620
Other taxes					389,021	-	389,021
Unrestricted investment earnings					75,419	62,227	137,646
Capital Contributions					3,172,780	-	3,172,780
Miscellaneous					214,764	-	214,764
Transfers					(1,127,948)	1,127,948	-
Total general revenues, special items, and transfers					<u>11,171,654</u>	<u>1,190,175</u>	<u>12,361,829</u>
Change in Net Position					4,741,011	2,522,231	7,263,242
Net position - beginning					<u>25,017,667</u>	<u>24,080,263</u>	<u>49,097,930</u>
Net position - ending					<u>29,758,678</u>	<u>26,602,494</u>	<u>56,361,172</u>

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

FUND FINANCIAL STATEMENTS

CITY OF SALIDA, COLORADO
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Street Fund</u>	<u>Capital Improvement Fund</u>	<u>Economic Development Fund</u>	<u>Lodging Tax Fund</u>	<u>Conservation Trust Fund</u>	<u>Total Governmental Funds</u>
Assets							
Cash and cash equivalents	4,458,264	(869,422)	(84,790)	126,953	414,602	191,821	4,237,428
Receivables, net:							
Taxes receivable	1,346,856	-	-	-	-	-	1,346,856
Accounts receivable	552	13,100	-	-	-	-	13,652
Intergovernmental	-	67,069	172,422	-	-	-	239,491
Prepaid items	22,985	-	-	-	-	-	22,985
Total Assets	<u>5,828,657</u>	<u>(789,253)</u>	<u>87,632</u>	<u>126,953</u>	<u>414,602</u>	<u>191,821</u>	<u>5,860,412</u>
Liabilities:							
Accounts payable	130,226	4,271	19,960	-	-	-	154,457
Retainage payable	-	89,372	28,548	-	-	-	117,920
Accrued wages and benefits	140,059	10,522	-	-	-	-	150,581
Accrued liabilities	17,826	-	-	-	-	-	17,826
Customer deposits	50,770	-	-	-	-	-	50,770
Unearned revenue	7,437	-	-	-	-	-	7,437
Total Liabilities	<u>346,318</u>	<u>104,165</u>	<u>48,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,991</u>
Fund Balances							
Nonspendable	22,985	-	-	-	-	-	22,985
Restricted for:							
Parks and recreation	-	-	-	-	-	191,821	191,821
Emergencies	224,000	-	-	-	-	-	224,000
Committed to:							
Capital outlay	-	-	39,124	-	-	-	39,124
Community and economic development	-	-	-	126,953	414,602	-	541,555
Unassigned	5,235,354	(893,418)	-	-	-	-	4,341,936
Total Fund Balances	<u>5,482,339</u>	<u>(893,418)</u>	<u>39,124</u>	<u>126,953</u>	<u>414,602</u>	<u>191,821</u>	<u>5,361,421</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>5,828,657</u>	<u>(789,253)</u>	<u>87,632</u>	<u>126,953</u>	<u>414,602</u>	<u>191,821</u>	<u>5,860,412</u>

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

CITY OF SALIDA, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
For the Year Ended December 31, 2018

Total fund balances - governmental funds	5,361,421	
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	41,751,826	
Accumulated depreciation	<u>(16,029,249)</u>	
		25,722,577
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		
Capital leases	(1,142,717)	
Net pension liability	(858,627)	
Compensated absences	<u>(65,347)</u>	
		(2,066,691)
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	577,740	
Deferred inflows	(193,642)	
Net pension asset	<u>357,273</u>	
		741,371
Total net position - governmental activities		<u><u>29,758,678</u></u>

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

CITY OF SALIDA, COLORADO
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Street Fund	Capital Improvement Fund	Economic Development Fund	Lodging Tax Fund	Conservation Trust Fund	Total Governmental Funds
REVENUES							
Taxes	3,727,223	1,904,605	476,151	119,038	229,155	-	6,456,172
Fees for general services	216,316	-	-	-	-	-	216,316
Intergovernmental	2,228,812	333,148	688,960	-	-	57,198	3,308,118
Charges for services	472,912	-	-	-	-	-	472,912
Fines and forfeitures	72,183	-	-	-	-	-	72,183
Interest revenue	73,092	-	-	-	-	2,327	75,419
Other revenues	241,762	2,014	-	-	-	-	243,776
Total Revenues	7,032,300	2,239,767	1,165,111	119,038	229,155	59,525	10,844,896
EXPENDITURES							
Current:							
General government	1,306,284	-	-	28,122	-	-	1,334,406
Public safety	3,003,536	-	-	-	-	-	3,003,536
Public works/streets	509,602	569,535	-	-	-	-	1,079,137
Culture, parks and recreation	1,254,096	-	-	-	-	-	1,254,096
Capital outlay	238,974	2,248,018	1,508,465	-	-	-	3,995,457
Debt service:							
Principal	160,053	-	-	-	-	-	160,053
Interest and fiscal charges	37,263	-	-	-	-	-	37,263
Total Expenditures	6,509,808	2,817,553	1,508,465	28,122	-	-	10,863,948
Excess of Revenues Over (Under) Expenditures	522,492	(577,786)	(343,354)	90,916	229,155	59,525	(19,052)
Other Financing Sources (Uses):							
TABOR Refund	(84,101)	-	-	-	-	-	(84,101)
Capital Contributions	439,830	-	-	-	-	-	439,830
Transfers in	-	354,290	442,029	-	-	-	796,319
Transfers out	(1,001,528)	-	-	(59,600)	-	-	(1,061,128)
Lease proceeds	161,723	-	-	-	-	-	161,723
Total Other Financing Sources (Uses)	(484,076)	354,290	442,029	(59,600)	-	-	252,643
Net change in fund balances	38,416	(223,496)	98,675	31,316	229,155	59,525	233,591
Fund balances, beginning of year	5,443,923	(669,922)	(59,551)	95,637	185,447	132,296	5,127,830
Fund balances, end of year	5,482,339	(893,418)	39,124	126,953	414,602	191,821	5,361,421

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

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, 2018

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

Net change in fund balances - total governmental funds		233,591
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	3,763,825	
Depreciation expense	<u>(1,397,302)</u>	2,366,523
Contributions of capital assets are recorded as long-term assets in the Statement of net position, however, no current financial resources are recorded in the governmental funds.		2,732,950
Governmental funds reports the loss from the sale of capital assets as an expense. However, in the statement of activities, the loss on the sale of capital assets is reported net of its net book value.		(27,105)
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.		160,053
Lease proceeds provide current financial resources to governmental funds, but are long-term liabilities in the Statement of Net Position.		(161,723)
A transfer of capital assets from government-type activities to business-type activities is not reported in the governmental funds but is reported as an interfund transfer in governmental activities.		(863,139)
Payment of the long-term TABOR liability is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.		84,101
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>220,047</u>	220,047
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.		(4,287)
Change in net position of governmental activities		<u><u>4,741,011</u></u>

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

CITY OF SALIDA, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2018

	Water	Sewer	Steamplant Event Center	Combined Total
Assets				
Current assets:				
Cash	3,387,416	2,236,122	159,638	5,783,176
Restricted cash	-	914,823	-	914,823
Receivables (net of allowance)	392,731	293,399	2,240	688,370
Due from other governments	328,827	-	-	328,827
Inventory	-	-	2,914	2,914
Prepays	27,191	166	-	27,357
Total current assets	<u>4,136,165</u>	<u>3,444,510</u>	<u>164,792</u>	<u>7,745,467</u>
Capital assets:				
Land	49,772	39,663	-	89,435
Water rights	1,391,521	-	-	1,391,521
Construction in progress	2,128,426	8,475	-	2,136,901
Plant and equipment	15,703,640	26,369,283	2,734,551	44,807,474
Accumulated depreciation	(6,886,985)	(8,325,448)	(814,096)	(16,026,529)
Total capital assets	<u>12,386,374</u>	<u>18,091,973</u>	<u>1,920,455</u>	<u>32,398,802</u>
Total Assets	<u>16,522,539</u>	<u>21,536,483</u>	<u>2,085,247</u>	<u>40,144,269</u>
Liabilities				
Current liabilities:				
Accounts payable	326,364	15,227	10,548	352,139
Accrued wages and benefits	19,942	18,533	9,171	47,646
Accrued liabilities	8,151	9,568	7,581	25,300
Retainage payable	93,431	-	-	93,431
Interest payable	1,173	67,946	-	69,119
Unearned revenue	-	64,000	35,167	99,167
Loans and Bonds payable - current	192,002	210,001	-	402,003
Total current liabilities	<u>641,063</u>	<u>385,275</u>	<u>62,467</u>	<u>1,088,805</u>
Noncurrent liabilities				
Long-term debt (net of current portion):				
Loans payable	621,549	10,661,421	-	11,282,970
Bonds payable	1,170,000	-	-	1,170,000
Total noncurrent liabilities	<u>1,791,549</u>	<u>10,661,421</u>	<u>-</u>	<u>12,452,970</u>
Total liabilities	<u>2,432,612</u>	<u>11,046,696</u>	<u>62,467</u>	<u>13,541,775</u>
Net Position				
Net investment in capital assets	10,402,823	7,220,551	1,920,455	19,543,829
Restricted for debt service	-	914,823	-	914,823
Unrestricted	3,687,104	2,354,413	102,325	6,143,842
Total net position	<u>14,089,927</u>	<u>10,489,787</u>	<u>2,022,780</u>	<u>26,602,494</u>

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

CITY OF SALIDA, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Water	Wastewater	Steamplant Event Center	Combined Total
Operating Revenues				
Charges for services	1,756,430	1,377,458	356,346	3,490,234
Other revenues	489	340	12,338	13,167
Total operating revenues	<u>1,756,919</u>	<u>1,377,798</u>	<u>368,684</u>	<u>3,503,401</u>
Operating Expenses				
Administrative	171,888	98,236	-	270,124
Operations	502,985	701,802	618,603	1,823,390
Public Works	107,914	371,298	-	479,212
Depreciation	466,198	919,382	97,299	1,482,879
Total operating expenses	<u>1,248,985</u>	<u>2,090,718</u>	<u>715,902</u>	<u>4,055,605</u>
Operating Income (loss)	<u>507,934</u>	<u>(712,920)</u>	<u>(347,218)</u>	<u>(552,204)</u>
Non-Operating Revenues (Expenses)				
Donations	-	-	5,060	5,060
Interest income	12,159	50,068	-	62,227
Interest expense and fiscal charges	(34,691)	(274,329)	-	(309,020)
Total non-operating revenue (expenses)	<u>(22,532)</u>	<u>(224,261)</u>	<u>5,060</u>	<u>(241,733)</u>
Income (loss) before contributions and transfers	485,402	(937,181)	(342,158)	(793,937)
Capital Contributions, Grants and Transfers:				
Debt forgiveness	178,089	-	-	178,089
Development fees and other capital revenue	1,182,470	826,859	-	2,009,329
Capital grants	3,706	-	-	3,706
Gain (Loss) on sale of assets	(2,904)	-	-	(2,904)
Transfers (out)	(347,731)	(6,559)	-	(354,290)
Transfers in	87,965	-	558,499	646,464
Capital transfers in	-	-	835,774	835,774
Total capital contributions, grants and transfers	<u>1,101,595</u>	<u>820,300</u>	<u>1,394,273</u>	<u>3,316,168</u>
Change in net position	1,586,997	(116,881)	1,052,115	2,522,231
Net Position, beginning of year	<u>12,502,930</u>	<u>10,606,668</u>	<u>970,665</u>	<u>24,080,263</u>
Net position, end of year	<u><u>14,089,927</u></u>	<u><u>10,489,787</u></u>	<u><u>2,022,780</u></u>	<u><u>26,602,494</u></u>

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

CITY OF SALIDA, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Water	Sewer	Steamplant Event Center	Combined Total
Cash Flows From Operating Activities:				
Cash received from customers, service fees	1,748,869	1,362,389	382,485	3,493,743
Cash paid to suppliers	(176,605)	(570,471)	(264,969)	(1,012,045)
Cash paid to employees	(553,474)	(597,308)	(349,477)	(1,500,259)
Net Cash Provided by Operating Activities	<u>1,018,790</u>	<u>194,610</u>	<u>(231,961)</u>	<u>981,439</u>
Cash Flows From Noncapital Financing Activities:				
Donations	-	-	5,061	5,061
Transfers from/(to) other funds	(259,766)	(6,559)	558,499	292,174
Net cash flows from noncapital and financing activities	<u>(259,766)</u>	<u>(6,559)</u>	<u>563,560</u>	<u>297,235</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(659,707)	(47,251)	-	(706,958)
(Gain) Loss on sale of assets	(2,847)	(8,315)	-	(11,162)
Principal paid on long-term debt	(344,717)	(204,879)	-	(549,596)
Interest paid	(36,895)	(275,610)	-	(312,505)
Debt forgiveness	178,089	-	-	178,089
Debt proceeds	325,121	-	-	325,121
Development fees and other capital revenue	1,182,470	826,853	-	2,009,323
Capital grants	366,775	-	-	366,775
Net cash flows from capital and related financing activities	<u>1,008,289</u>	<u>290,798</u>	<u>-</u>	<u>1,299,087</u>
Cash Flows From Investing Activities				
Interest on investments	12,159	50,068	-	62,227
Net change in cash and cash equivalents	1,779,472	528,917	331,599	2,639,988
Cash and cash equivalents, beginning of year	<u>1,607,944</u>	<u>2,622,028</u>	<u>(171,961)</u>	<u>4,058,011</u>
Cash and Cash Equivalents, End of Year	<u><u>3,387,416</u></u>	<u><u>3,150,945</u></u>	<u><u>159,638</u></u>	<u><u>6,697,999</u></u>
Reconciliation of Operating Income to net cash provided by operating activities:				
Net operating income/(loss)	507,934	(712,920)	(347,218)	(552,204)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities				
Depreciation/amortization	466,198	919,382	97,299	1,482,879
Changes in operating assets and liabilities				
(Increase)/decrease in accounts receivable	(8,049)	593	(2,126)	(9,582)
(Increase)/decrease in inventory	-	-	678	678
(Increase)/decrease in prepaids	9,344	10,990	3,129	23,463
Increase/(decrease) in payables	(63,051)	(10,670)	(719)	(74,440)
Increase/(decrease) in accrued liabilities	106,414	3,235	1,069	110,718
Increase/(decrease) in unearned revenue	-	(16,000)	15,927	(73)
Total adjustments	<u>510,856</u>	<u>907,530</u>	<u>115,257</u>	<u>1,533,643</u>
Net cash flows from operating activities	<u><u>1,018,790</u></u>	<u><u>194,610</u></u>	<u><u>(231,961)</u></u>	<u><u>981,439</u></u>
Non-Cash Items:				
Capital assets transferred in	-	-	835,774	835,774

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018

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 is not financially accountable to any other entity and 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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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 major 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 City reports the following special revenue funds:

The *Streets Fund* accounts for sales taxes to be used solely for the construction, operating, maintenance and repair of city streets and street-related infrastructure.

The *Capital Improvement Fund* accounts for sales taxes to be used to provide capital improvements, other than streets.

The *Economic Development Fund* accounts for sales taxes to be used for economic development purposes.

The *Lodging Tax Fund* accounts for revenues derived from lodging taxes to be used primarily for capital improvements and operations expenses for parks and recreation and arts facilities.

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

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (Continued)

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.

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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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.

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, net asset value, or amortized cost. The change in fair value, net asset value, or amortized cost 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

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. 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.

4. Prepaid Expenses

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

5. Inventory

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

6. 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

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. 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.

8. 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.

9. 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.

10. 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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. 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.

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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

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 \$25,722,575 difference is related to capital assets of \$41,751,826 less accumulated depreciation of \$16,029,249.

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.

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 2018.

1. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2017, a recommended budget which detailed available revenues to meet the City’s operating requirements.
2. Prior to December 15, 2017, 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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

For the year ended December 31, 2018, expenditures exceeded appropriations in the following funds:

Fund	Expenditures in excess of budget
SteamPlant	746

This may be a violation of Colorado budget law.

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.

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 \$224,000, which is the approximate required reserve at December 31, 2018.

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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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?"

On November 7, 2017, the City's voters approved the following ballot question:

"Without raising tax rates or levying any new tax, shall the City of Salida be authorized to collect, keep and send the revenues it receives from all sources commencing on January 1, 2017 as a voter approved revenue change pursuant to the Article X, Section 20 of the Colorado Constitution."

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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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.

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, 2018, the City had the following recurring fair value measurements.

Investments Measured at Fair Value	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 896,243	-	896,243	-
U.S. government agency securities	789,226	-	789,226	-
Money market	7,141	7,141	-	-
Total	<u>\$1,692,610</u>	<u>7,141</u>	<u>1,685,469</u>	<u>-</u>
 Investments Measured at Net Asset Value				
Colotrust	\$1,563,437			
 Investments Measured at Amortized Cost				
CSIP - Local Government Investment Pool	\$4,585,144			

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 and Colotrust. The fair value of the pool is determined by the pool's share price. They operate similarly to a money market fund and each share is equal in value to \$1. The City has no regulatory oversight for the pool. At December 31, 2018, the City's investments in CSIP and Colotrust were 58% and 20% of the City's investment portfolio respectively.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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:

	Standard & Poors Rating	Carrying Amounts	Less than one year	Less than five years
<i>Deposits:</i>				
Cash on hand	<i>Not Rated</i>	\$ 3,870	\$ 3,870	\$ -
Checking and savings	<i>Not Rated</i>	3,097,507	3,097,507	-
CD	<i>Not Rated</i>	896,243	377,838	518,405
<i>Investments:</i>				
Pools	<i>AAAm</i>	6,148,581	6,148,581	-
U.S. agencies	<i>AA+</i>	789,226	789,226	-
Total		<u>\$ 10,935,427</u>		

The City's cash and investments are presented on the Statement of Net Position as follows:

	Governmental Activities	Business- type Activities	Total
Cash and investments	\$ 3,883,138	6,137,466	10,020,604
Restricted cash	-	914,823	914,823
Total	<u>\$ 3,883,138</u>	<u>7,052,289</u>	<u>10,935,427</u>

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of December 31, 2018, for the City's funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Street	Capital Improvement	Water	Sewer	Steamplant	Total
Receivables:							
Taxes	\$ 1,346,856	-	-	-	-	-	1,346,856
Accounts	552	13,100	-	392,731	293,399	2,240	702,022
Intergovernmental	-	67,069	172,422	328,827	-	-	568,318
Gross receivables	<u>1,347,408</u>	<u>80,169</u>	<u>172,422</u>	<u>721,558</u>	<u>293,399</u>	<u>2,240</u>	<u>2,617,196</u>
Less: allowance for uncollectible	-	-	-	-	-	-	-
Net receivables	<u><u>\$ 1,347,408</u></u>	<u><u>\$ 80,169</u></u>	<u><u>\$ 172,422</u></u>	<u><u>721,558</u></u>	<u><u>293,399</u></u>	<u><u>2,240</u></u>	<u><u>2,617,196</u></u>

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,781,075	2,732,949	(27,104)	4,486,920
Construction in progress	1,509,377	883,689	(2,008,643)	384,423
Total capital assets, not being depreciated	<u>3,290,452</u>	<u>3,616,638</u>	<u>(2,035,747)</u>	<u>4,871,343</u>
Capital assets, being depreciated:				
Buildings	11,242,723	308,339	-	11,551,062
Park land and improvements	4,387,288	658,846	(709)	5,045,425
Vehicles	2,971,610	300,552	-	3,272,162
Equipment	1,335,823	204,176	(2,762)	1,537,237
Infrastructure	12,942,682	2,481,320	-	15,424,002
Software and other intangibles	35,932	14,661	-	50,593
Total capital assets being depreciated	<u>32,916,058</u>	<u>3,967,894</u>	<u>(3,471)</u>	<u>36,880,481</u>
Less accumulated depreciation for:				
Buildings	(5,866,539)	(265,019)	-	(6,131,558)
Park land and improvements	(1,840,615)	(203,408)	709	(2,043,314)
Vehicles	(2,284,108)	(93,279)	-	(2,355,572)
Equipment	(805,735)	(130,113)	2,762	(897,155)
Infrastructure	(3,860,235)	(702,743)	-	(4,562,978)
Software and other intangibles	(35,932)	(2,740)	-	(38,672)
Total accumulated depreciation	<u>(14,693,164)</u>	<u>(1,397,302)</u>	<u>3,471</u>	<u>(16,029,249)</u>
Total capital assets, being depreciated, net	<u>18,222,894</u>	<u>2,570,592</u>	<u>-</u>	<u>20,851,232</u>
Governmental activities capital assets, net	<u><u>\$ 21,513,346</u></u>	<u><u>6,187,230</u></u>	<u><u>(2,035,747)</u></u>	<u><u>25,722,575</u></u>

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 76,027	16,312	(2,904)	89,435
Water rights	1,391,521	-	-	1,391,521
Construction in progress	1,999,633	349,020	(211,750)	2,136,903
Total capital assets, not being depreciated	<u>3,467,181</u>	<u>365,332</u>	<u>(214,654)</u>	<u>3,617,859</u>
Capital assets, being depreciated:				
Lines	13,161,245	513,182	(13,249)	13,661,178
Structures	14,795,436	759,808	(2,663)	15,552,581
Land improvements	697,266	97,189	-	794,455
Equipment and vehicles	14,796,864	21,375	(18,981)	14,799,258
Total capital assets being depreciated	<u>43,450,811</u>	<u>1,391,554</u>	<u>(34,893)</u>	<u>44,807,472</u>
Less accumulated depreciation for:				
Lines	(4,682,327)	(310,996)	5,023	(4,988,300)
Structures	(5,347,402)	(459,880)	2,013	(5,805,269)
Land improvements	(168,273)	(44,653)	-	(212,926)
Equipment and vehicles	(4,389,300)	(667,350)	36,616	(5,020,034)
Total accumulated depreciation	<u>(14,587,302)</u>	<u>(1,482,879)</u>	<u>43,652</u>	<u>(16,026,529)</u>
Total capital assets, being depreciated, net	<u>28,863,509</u>	<u>(91,325)</u>	<u>8,759</u>	<u>28,780,943</u>
Business-type activities capital assets, net	<u>\$ 32,330,690</u>	<u>274,007</u>	<u>(205,895)</u>	<u>32,398,802</u>

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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	\$ 143,029
Public safety	189,512
Public works	697,656
Culture and recreation	367,105
Total depreciation expense - governmental activities	<u><u>\$ 1,397,302</u></u>

Business-type activities:

Water	466,198
Sewer	919,382
Steamplant	97,299
Total depreciation expense - business-type activities	<u><u>\$ 1,482,879</u></u>

D. Interfund Receivables, Payables, and Transfers

There were no interfund receivables or payables as of December 31, 2018.

Transfers were as follows:

	In	Out	Purpose
General Fund	\$ -	\$1,001,528	To fund capital projects
Conservation Trust	442,029	-	To fund capital projects
SteamPlant	1,394,273	-	To fund capital projects
Economic Development	-	59,600	To fund capital projects
Governmental Activities	-	863,139	To fund capital projects
Street Fund	354,290	-	To fund capital projects
Water Fund	87,965	347,731	To fund capital projects
Wastewater Fund	-	6,559	To fund capital projects
Total	<u><u>\$ 2,278,557</u></u>	<u><u>\$2,278,557</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.

2. Lease Purchase – Equipment

On August 3, 2018, the City entered into a \$161,723 lease to purchase radio equipment for the Police, Fire, and Public Works departments. The lease requires five annual payments of \$35,484 and bears an interest rate of 4.722%. The lease matures August 15, 2022.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Liabilities (continued)

3. 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.

4. 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 10% of the monthly payment each month over the life of the loan until one annual installment is accumulated. The agreement also requires a reserve equal to the lesser of the combined maximum annual principal. As of December 31, 2018, the City has reserved \$914,823 for the loan.

5. 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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Liabilities (continued)

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

Total Gross Revenue requirement \$ 1,003,713

Total water fund revenues, excluding capital grants \$1,756,430

Excess (deficiency) of gross revenues \$ 752,717

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.

7. 2017 CWRPDA Loan – Drinking Water Revolving Fund

On February 28, 2017, the City entered into a \$1,505,000 note with CWRPDA for the purposes of installing a UV disinfection system. The note requires semiannual payments of \$18,622, and are due May 1 and November 1, bearing interest at 1% per annum. The note matures November 1, 2037. During the fiscal year ending December 31, 2018, the City had drawn \$325,121, and the CWRPDA had forgiven debts of \$178,090. As of December 31, 2018, the City's total authorized but unissued debt totaled \$370,581.

8. Schedule of Debt Service Requirements

Year ending December 31	Governmental Activities			Business Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 158,793	38,524	197,317	\$ 415,273	306,936	722,209
2020	164,650	32,666	197,316	421,472	297,821	719,293
2021	170,728	26,588	197,316	427,837	288,540	716,377
2022	177,035	20,281	197,316	425,331	279,087	704,418
2023	148,094	13,738	161,832	441,342	270,052	711,394
2024 - 2029	323,417	12,017	335,434	2,492,734	1,420,291	3,913,024
2030 - 2034	-	-	-	1,695,195	961,571	2,656,765
2035 - 2039	-	-	-	1,752,967	761,185	2,514,152
2040 - 2044	-	-	-	1,860,507	541,913	2,402,420
2045 - 2049	-	-	-	2,106,598	295,822	2,402,420
2050 - 2052	-	-	-	1,186,361	46,001	1,232,362
	<u>\$ 1,142,717</u>	<u>143,814</u>	<u>1,286,531</u>	<u>\$ 13,225,617</u>	<u>5,469,217</u>	<u>18,694,834</u>

9. Accrued Compensated Absences

Earned but unused vacation benefits amounted to \$65,347 in governmental activities and \$15,728 in business-type activities at December 31, 2018.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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>
Governmental Activities:					
Capital leases	\$ 1,141,046	161,723	(160,052)	1,142,717	158,792
Net pension liability	964,395		(105,768)	858,627	-
Accrued compensated absences	61,059	-	-	65,347	21,782
Total Governmental Activities					
Long-term Liabilities	<u>\$ 2,166,500</u>	<u>161,723</u>	<u>(265,820)</u>	<u>2,066,691</u>	<u>180,574</u>
Business-type Activities:					
Water and Sewer Revenue Bonds 2016	\$ 1,415,000	-	(110,000)	1,305,000	135,000
USDA Loan - WWTF Upgrade	11,076,332	-	(204,910)	10,871,422	210,001
CO Water Resources & Power Development Authority	395,125	-	(27,250)	367,875	13,981
CWRPDA Drinking Water Revolving Fund	143,227	325,121	(195,913)	272,435	30,891
DOLA Note Payable	49,794	-	(11,553)	38,241	12,130
Accrued compensated absences	15,004	514	-	15,518	5,173
Total Business-type Activities					
Long-term Liabilities	<u>\$ 13,094,482</u>	<u>325,635</u>	<u>(549,626)</u>	<u>12,870,491</u>	<u>407,176</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. Employers and employees are contributing at a rate of 8% and 9.5%, respectively of base salary for a total contribution rate of 17.5% through 2017. 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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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 re-entry group has a combined contribution rate of 21.5% of base salary through 2017. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the re-entry 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%.

Benefits 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. 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.

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 3.7%.

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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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)

Net Pension Liability (Asset): At December 31, 2018, the City reported assets of (\$163,320) and (\$193,953) 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 exceeds the net pension asset.) The net pension (asset) was measured as of December 31, 2017, and the total pension (asset) used to calculate the net pension (asset) was determined by an actuarial valuation as of January 1, 2018. The City's proportion of the net pension (asset) was based on City contributions to the Plan for the calendar year 2017 relative to the total contributions of participating employers to the Plan.

At the pension measurement date of December 31, 2017 and 2016, the City's proportionate shares for fire and police were as follows:

	Proportionate Share	
	2017	2016
Fire	0.11352%	0.10555%
Police	0.13482%	0.11971%

For the year ended December 31, 2018, the City recognized net pension revenue of \$106,953 and \$135,017 for fire and police respectively.

At December 31, 2018, 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	\$ 117,776	1,810	139,882	2,279
Changes of assumptions or other inputs	24,606	-	29,249	-
Net difference between projected and actual earnings on pension plan investments	-	55,453	87	65,854
Changes in proportionate share of contributions	9,088	10,425	14,908	26,196
Difference between actual and reported contributions recognized	-	-	-	-
Contributions subsequent to the measurement date	54,097	-	73,386	-
Total	\$ 205,567	67,688	257,512	94,329

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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)

Contributions subsequent to the measurement date of December 31, 2017, 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, 2018. 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 December 31:	Amortization	
	Fire	Police
2019	\$ 19,298	\$ 21,964
2020	16,775	18,964
2021	(6,756)	(8,858)
2022	(15,497)	(19,238)
Thereafter	69,962	76,965
	<u>\$ 83,782</u>	<u>\$ 89,797</u>

Actuarial assumptions. The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Total Pension Liability 2018	Actuarially Determined Contributions 2017
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Asset Valuation Method	5-Year Smoothed Fair Value	5-Year Smoothed Fair Value
Long-term investment Rate of Return *	7.5%	7.5%
Projected Salary Increases	4% to 14%	4% to 14%
Cost of Living Adjustments	0%	0%
* Includes Inflation at	2.50%	2.50%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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 totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

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.

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Illiquid Alternatives	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%
Total	100%	

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.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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)

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 percent; the municipal bond rate is 3.313 percent (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 percent.

Sensitivity of the District’s proportionate share of the net pension liability (asset) 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 (6.5 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)	\$ 156,626,967	(143,865,763)	(393,386,428)
Proportionate share of net pension liability (asset)			
Fire	\$ 177,806	(163,320)	(446,581)
Police	\$ 211,157	(193,953)	(530,345)

Pension plan fiduciary net position: Detailed information about the Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report, which can be obtained at: http://www.fppaco.org/annual_reports.htm.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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 firefighters and police hired before April 8, 1978 (“old hires”) 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 and police 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 or policeman is 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 or policeman was entitled to receive. There are no vested retirement benefits.

As of January 1, 2018 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, 2018 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.

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, 2018, the Old Hire pension fund reported a net pension liability of \$116,712 and \$741,915 for Fire and Police, respectively. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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: The significant actuarial assumptions used in the valuation as of January 1, 2018 were:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	15 Years*
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Long-term investment Rate of Return *	7.5%
Retirement age	Any remaining actives are assumed to retire immediately.
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 Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of 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 (3.31%) 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%.

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	\$ 131,167	116,712	103,837
Police	\$ 844,630	741,915	652,888

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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)

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, 2018:

	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	\$ 4,527	(5,482)	\$ 20,252	(26,143)
Contributions subsequent to the measurement date	14,074	-	75,808	-
Total	<u>\$ 18,601</u>	<u>(5,482)</u>	<u>\$ 96,060</u>	<u>(26,143)</u>

Contributions subsequent to the measurement date of December 31, 2017, 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:		
2018	\$ 749	\$ 3,018
2019	541	1,960
2020	(876)	(4,334)
2021	(1,369)	(6,535)
Thereafter	-	-
	<u>\$ (955)</u>	<u>\$ (5,891)</u>

G. Restricted Net Position

The City restricted net position in the following funds as of December 31, 2018:

	General Fund	Conservation Trust Fund	Sewer Fund	Description
Restricted:				
Emergency Reserve	\$ 224,000	-	-	Legislative restriction
Conservation Trust	-	191,821	-	Legislative restriction
Debt Service	-	-	914,823	Bond reserve requirement

CITY OF SALIDA, COLORADO
Notes to the Financial Statements
December 31, 2018
(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.

D. Fund Balance Deficit

At December 31, 2018, the City's Street Fund had a deficit fund balance of \$893,418.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2018

REVENUES:	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Taxes:			
Sales tax	3,332,574	3,381,303	48,729
Real estate assessments	-	6,300	6,300
Franchise fees	300,000	339,620	39,620
Total Taxes	<u>3,632,574</u>	<u>3,727,223</u>	<u>94,649</u>
Fees for General Services:			
Vin inspections	6,000	7,040	1,040
Vital statistics records	20,000	16,857	(3,143)
Planning and zoning fees	105,000	106,191	1,191
Fire plans and inspections	5,000	5,544	544
Emergency response fees	10,000	4,185	(5,815)
Public works charges	-	14,118	14,118
Other revenues	1,000	62,381	61,381
Total Licenses, Permits, and Fees	<u>147,000</u>	<u>216,316</u>	<u>69,316</u>
Intergovernmental:			
Sales tax - County	1,880,448	1,997,746	117,298
Cigarette tax	20,000	20,773	773
Other state taxes	65,000	95,869	30,869
Highway users tax	218,378	-	(218,378)
Motor vehicle registration	25,000	20,933	(4,067)
County road and bridge	8,000	9,029	1,029
State grants	-	14,462	14,462
South Ark Fire District	70,000	70,000	-
Total Intergovernmental	<u>2,286,826</u>	<u>2,228,812</u>	<u>(58,014)</u>
Fees for Recreation and Event Services:			
Hot springs pool	375,000	404,665	29,665
Soaking pool fees	25,000	23,275	(1,725)
Events and program revenues	35,000	29,818	(5,182)
Park rentals	12,000	10,555	(1,445)
Other recreation revenues	35,650	4,599	(31,051)
Total Charges for Recreation and Events	<u>482,650</u>	<u>472,912</u>	<u>(9,738)</u>
Fines and Forfeitures:			
Court fines	36,000	42,730	6,730
Parking fines	15,000	15,845	845
Other court costs charges and forfeitures	8,000	13,608	5,608
Total Fines and Forfeitures	<u>59,000</u>	<u>72,183</u>	<u>13,183</u>
Licenses, Permits and Fees:			
Liquor licenses	15,600	13,054	(2,546)
Medical marijuana dispensary license	3,000	3,300	300
Business licenses	4,500	9,200	4,700
Other licenses and permits	4,000	3,458	(542)
Total Licenses, Permits, and Fees	<u>27,100</u>	<u>29,012</u>	<u>1,912</u>

(continued)

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2018

REVENUES, CONTINUED	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Other Revenues:			
Capital revenue			
Insurance proceeds	-	35,591	35,591
Donations	-	11,210	11,210
Other capital revenues	115,000	-	(115,000)
Miscellaneous revenue			
Interest revenue	25,000	73,092	48,092
Rent, leases and royalties	60,000	51,508	(8,492)
Donations	6,000	1,856	(4,144)
Other miscellaneous revenues	126,500	112,585	(13,915)
Total Other revenues	<u>332,500</u>	<u>285,842</u>	<u>(46,658)</u>
TOTAL REVENUES	<u>6,967,650</u>	<u>7,032,300</u>	<u>64,650</u>
EXPENDITURES:			
General Government:			
Administration			
Personnel services	414,151	481,882	(67,731)
Contracted services	183,000	292,088	(109,088)
Supplies and materials	9,250	14,772	(5,522)
Utilities	32,300	34,253	(1,953)
Other operating costs	130,000	176,667	(46,667)
Debt service	161,832	197,316	(35,484)
Budgetary capital expenditures (<\$5,000)	15,000	7,164	7,836
Capital purchases and improvements (\$5,000+)	-	24,432	(24,432)
Total Administration	<u>945,533</u>	<u>1,228,574</u>	<u>(283,041)</u>
Community Development:			
Personnel services	240,157	224,103	16,054
Contracted services	83,773	16,899	66,874
Supplies and materials	1,800	1,485	315
Utilities	-	700	(700)
Other operating costs	15,550	21,237	(5,687)
Budgetary capital expenditures (<\$5,000)	8,000	7,888	112
Total Community Development	<u>349,280</u>	<u>272,312</u>	<u>76,968</u>
Other:			
Municipal judge and city prosecutor	25,000	1,638	23,362
Community support grants	30,000	25,508	4,492
Total General Government - Other	<u>55,000</u>	<u>27,146</u>	<u>27,854</u>
Total General Government	<u>1,349,813</u>	<u>1,528,032</u>	<u>(178,219)</u>

(continued)

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2018

EXPENDITURES, CONTINUED	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Public Safety:			
Police:			
Personnel services	1,579,561	1,580,750	(1,189)
Contracted services	97,600	100,275	(2,675)
Supplies and materials	57,600	74,183	(16,583)
Utilities	43,300	46,245	(2,945)
Other operating costs	45,775	61,112	(15,337)
Budgetary capital expenditures (<\$5,000)	6,300	7,147	(847)
Capital purchases and improvements (\$5,000+)	-	60,721	(60,721)
Total Police	<u>1,830,136</u>	<u>1,930,433</u>	<u>(100,297)</u>
Fire:			
Personnel services	1,076,138	1,035,729	40,409
Contracted services	18,800	12,229	6,571
Supplies and materials	26,000	31,875	(5,875)
Utilities	6,400	6,608	(208)
Other operating costs	58,300	36,457	21,843
Budgetary capital expenditures (<\$5,000)	9,900	10,926	(1,026)
Capital purchases and improvements (\$5,000+)	12,000	91,852	(79,852)
Total Fire	<u>1,207,538</u>	<u>1,225,676</u>	<u>(18,138)</u>
Total Public Safety	<u>3,037,674</u>	<u>3,156,109</u>	<u>(118,435)</u>
Public Works:			
Public Works:			
Personnel services	-	496	(496)
Contracted services	-	(4,487)	4,487
Supplies and materials	6,250	8,104	(1,854)
Utilities	100,500	71,045	29,455
Other operating costs	69,500	39,339	30,161
Budgetary capital expenditures (<\$5,000)	15,000	-	15,000
Capital purchases and improvements (\$5,000+)	-	22,690	(22,690)
Total Public Works	<u>191,250</u>	<u>137,187</u>	<u>54,063</u>
Facilities and Vehicle Management			
Personnel services	175,029	163,358	11,671
Contracted services	4,300	5,909	(1,609)
Supplies and materials	19,900	8,855	11,045
Utilities	10,000	10,109	(109)
Other operating costs	38,050	31,228	6,822
Budgetary capital expenditures (<\$5,000)	6,000	2,692	3,308
Total Public Works - Facilities and Vehicle Management	<u>253,279</u>	<u>222,151</u>	<u>31,128</u>
Other:			
Airport operations	70,000	70,000	-
Contracted services	-	13,185	(13,185)
Utilities	17,500	16,574	926
Other operating costs	108,500	73,195	35,305
Total Public Works - Other	<u>196,000</u>	<u>172,954</u>	<u>23,046</u>
Total Public Works	<u>640,529</u>	<u>532,292</u>	<u>108,237</u>

(continued)

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

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2018

EXPENDITURES, CONTINUED	Original and Final Budget	Actual Amounts	Variance with Final Budget
Culture, Parks and Recreation:			
Pool and Recreation:			
Personnel services	622,113	557,777	64,336
Contracted services	24,300	17,185	7,115
Supplies and materials	35,400	47,227	(11,827)
Utilities	66,100	74,459	(8,359)
Other operating costs	70,600	69,230	1,370
Budgetary capital expenditures (<\$5,000)	40,000	20,238	19,762
Capital purchases and improvements (\$5,000+)	-	39,279	(39,279)
Total Pool and Recreation	<u>858,513</u>	<u>825,395</u>	<u>33,118</u>
Parks, Open Space and Trails:			
Personnel services	312,394	279,477	32,917
Contracted services	13,300	4,732	8,568
Supplies and materials	55,500	40,808	14,692
Utilities	68,100	91,681	(23,581)
Other operating costs	78,100	51,282	26,818
Budgetary capital expenditures (<\$5,000)	21,500	-	21,500
Total Park, Open Space, and Trails	<u>548,894</u>	<u>467,980</u>	<u>80,914</u>
Total Culture, Parks and Recreation	<u>1,407,407</u>	<u>1,293,375</u>	<u>114,032</u>
TOTAL EXPENDITURES	<u>6,435,423</u>	<u>6,509,808</u>	<u>(74,385)</u>
Excess of Revenues Over (Under) Expenditures	<u>532,227</u>	<u>522,492</u>	<u>(9,735)</u>
Other Financing Sources (Uses):			
TABOR Refund	-	(84,101)	(84,101)
Capital Contributions	-	439,830	439,830
Transfer in	200,000	-	(200,000)
Transfer (out)	(1,356,921)	(1,001,528)	355,393
Lease proceeds	-	161,723	161,723
Total Other Financing Sources (Uses)	<u>(1,156,921)</u>	<u>(484,076)</u>	<u>672,845</u>
Net change in fund balance	(624,694)	38,416	663,110
Fund balance, beginning of year	<u>4,857,004</u>	<u>5,443,923</u>	<u>586,919</u>
Fund balance, end of year	<u>4,232,310</u>	<u>5,482,339</u>	<u>1,250,029</u>

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

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Street Fund
Budget and Actual
For the Year Ended December 31, 2018

REVENUES:	Original and Final Budget	Actual Amounts	Variance with Final Budget
Taxes:			
Sales tax	1,838,662	1,904,605	65,943
Intergovernmental:			
Highway users tax	-	266,079	266,079
State grants	-	67,069	67,069
Public improvement - payments in lieu	25,000	2,014	(22,986)
Total revenues	<u>1,863,662</u>	<u>2,239,767</u>	<u>376,105</u>
EXPENDITURES:			
Public Works:			
Personnel services	339,711	346,354	(6,643)
Contracted services	150,000	128,773	21,227
Supplies and materials	30,300	24,415	5,885
Other operating costs	134,000	69,993	64,007
Capital purchases and improvements (\$5,000+)	2,422,448	2,248,018	174,430
Total Expenditures	<u>3,076,459</u>	<u>2,817,553</u>	<u>258,906</u>
Excess of Revenues			
Over (Under) Expenditures	<u>(1,212,797)</u>	<u>(577,786)</u>	<u>635,011</u>
Other Financing Sources (Uses):			
Transfer in	675,000	354,290	(320,710)
Total Other Financing Sources (Uses)	<u>675,000</u>	<u>354,290</u>	<u>(320,710)</u>
Net change in fund balance	(537,797)	(223,496)	314,301
Fund balances, beginning of year	<u>598,609</u>	<u>(669,922)</u>	<u>(1,268,531)</u>
Fund balances, end of year	<u><u>60,812</u></u>	<u><u>(893,418)</u></u>	<u><u>(954,230)</u></u>

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

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Improvement Fund
Budget and Actual
For the Year Ended December 31, 2018

REVENUES:	Original and Final Budget	Actual Amounts	Variance with Final Budget
Taxes:			
Sales tax	459,665	476,151	16,486
Intergovernmental revenue:			
State grants	796,900	688,960	(107,940)
Miscellaneous revenue	25,000	-	(25,000)
Total revenues	<u>1,281,565</u>	<u>1,165,111</u>	<u>(116,454)</u>
EXPENDITURES:			
Administration:			
Capital outlay	20,600	-	20,600
Police:			
Capital outlay	117,500	114,637	2,863
Fire:			
Capital outlay	49,000	60,257	(11,257)
Public works:			
Capital outlay	145,209	109,409	35,800
Pool and recreation			
Capital outlay	170,000	194,053	(24,053)
Parks, open space and trails			
Capital outlay	1,881,569	1,030,109	851,460
Total Expenditures	<u>2,383,878</u>	<u>1,508,465</u>	<u>875,413</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,102,313)</u>	<u>(343,354)</u>	<u>758,959</u>
Other Financing Sources (Uses):			
Transfer in	1,150,000	442,029	(707,971)
Total Other Financing Sources (Uses)	<u>1,150,000</u>	<u>442,029</u>	<u>(707,971)</u>
Net change in fund balance	47,687	98,675	50,988
Fund balances, beginning of year	<u>7,911</u>	<u>(59,551)</u>	<u>(67,462)</u>
Fund balances, end of year	<u><u>55,598</u></u>	<u><u>39,124</u></u>	<u><u>(16,474)</u></u>

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

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Economic Development Fund
Budget and Actual
For the Year Ended December 31, 2018

REVENUES:	Original and Final Budget	Actual Amounts	Variance with Final Budget
Taxes:			
Sales tax	113,811	119,038	5,227
Total revenues	<u>113,811</u>	<u>119,038</u>	<u>5,227</u>
EXPENDITURES:			
Community development	48,000	28,122	19,878
Total Expenditures	<u>48,000</u>	<u>28,122</u>	<u>19,878</u>
Excess of Revenues Over (Under) Expenditures	<u>65,811</u>	<u>90,916</u>	<u>25,105</u>
Other Financing Sources (Uses):			
Transfer (out)	-	(59,600)	(59,600)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(59,600)</u>	<u>(59,600)</u>
Net change in fund balance	65,811	31,316	(34,495)
Fund balances, beginning of year	<u>97,336</u>	<u>95,637</u>	<u>(1,699)</u>
Fund balances, end of year	<u><u>163,147</u></u>	<u><u>126,953</u></u>	<u><u>(36,194)</u></u>

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

CITY OF SALIDA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Lodging Tax Fund
Budget and Actual
For the Year Ended December 31, 2018

REVENUES:	Original and Final Budget	Actual Amounts	Variance with Final Budget
Taxes:			
Sales tax	200,000	229,155	29,155
Total revenues	<u>200,000</u>	<u>229,155</u>	<u>29,155</u>
EXPENDITURES:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>200,000</u>	<u>229,155</u>	<u>29,155</u>
Other Financing Sources (Uses):			
Transfer out	(200,000)	-	200,000
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	-	229,155	229,155
Fund balances, beginning of year	<u>-</u>	<u>185,447</u>	<u>185,447</u>
Fund balances, end of year	<u><u>-</u></u>	<u><u>414,602</u></u>	<u><u>414,602</u></u>

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

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, 2018

REVENUES:	Original and Final Budget	Actual Amounts	Variance with Final Budget
Intergovernmental revenue:			
State lottery	60,000	57,198	(2,802)
Interest income	600	2,327	1,727
Total revenues	<u>60,600</u>	<u>59,525</u>	<u>(1,075)</u>
 EXPENDITURES:			
Parks and recreation:			
Capital outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>60,600</u>	<u>59,525</u>	<u>(1,075)</u>
Other Financing Sources (Uses):			
Transfer out	(150,000)	-	150,000
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net change in fund balance	(89,400)	59,525	148,925
Fund balances, beginning of year	131,294	132,296	1,002
Fund balances, end of year	<u>41,894</u>	<u>191,821</u>	<u>149,927</u>

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

CITY OF SALIDA, COLORADO
Schedule of City'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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fire:					
City's portion of the net pension asset - Fire	0.113522%	0.105545%	0.111828%	0.109666%	0.105488%
City's proportionate share of the net pension asset (liability) - Fire	163,320	(38,138)	1,971	123,767	94,326
City's covered-employee payroll - Fire	664,025	540,163	542,116	493,175	458,177
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll - Fire	24.60%	-7.06%	0.36%	25.10%	20.59%
Police:					
City's portion of the net pension asset - Police	0.134815%	0.119709%	0.126477%	0.117005%	0.129598%
City's proportionate share of the net pension asset (liability)- Police	193,953	(43,255)	2,230	132,049	115,885
City's covered-employee payroll - Police	788,575	612,650	613,126	525,825	562,895
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll - Police	24.60%	-7.06%	0.36%	25.11%	20.59%
Plan fiduciary net position as a percentage of the total pension asset	106.30%	98.21%	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.

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

Statewide Defined Benefit Plan:	2018	2017	2016	2015	2014
Fire:					
Contractually required contribution	54,907	53,122	43,213	43,369	39,454
Contributions in relation to the contractually required contribution	<u>(54,907)</u>	<u>(53,122)</u>	<u>(43,213)</u>	<u>(43,369)</u>	<u>(39,454)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
City's covered-employee payroll	686,338	664,025	540,163	542,116	493,175
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%	8.00%	8.00%
Police:					
Contractually required contribution	73,386	63,086	49,012	49,050	42,066
Contributions in relation to the contractually required contribution	<u>(73,386)</u>	<u>(63,086)</u>	<u>(49,012)</u>	<u>(49,050)</u>	<u>(42,066)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
City's covered-employee payroll	917,325	788,575	612,650	613,126	525,825
Contributions as a percentage of covered-employee payroll	8.00%	8.00%	8.00%	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.

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Interest on the Total Pension Liability	15,903	16,704	15,943	16,742
Difference between Expected and Actual Experience	8,761	-	8,172	-
Assumption Changes	-	-	13,426	-
Benefit Payments	(27,391)	(27,391)	(27,391)	(27,391)
Net Change in Total Pension Liability	<u>(2,727)</u>	<u>(10,687)</u>	<u>10,150</u>	<u>(10,649)</u>
Total Pension Liability - Beginning	<u>225,484</u>	<u>236,171</u>	<u>226,021</u>	<u>236,670</u>
Total Pension Liability - Ending (a)	<u><u>222,757</u></u>	<u><u>225,484</u></u>	<u><u>236,171</u></u>	<u><u>226,021</u></u>
Plan Fiduciary Net Position				
Employer Contributions	14,074	9,539	9,539	5,426
Pension Plan Net Investment Income	14,284	5,806	2,452	9,441
Benefit Payments	(27,391)	(27,391)	(27,391)	(27,391)
Pension Plan Administrative Expense	(1,065)	(2,052)	(544)	(3,351)
Net Change in Plan Fiduciary Net Position	<u>(98)</u>	<u>(14,098)</u>	<u>(15,944)</u>	<u>(15,875)</u>
Plan Fiduciary Net Position - Beginning	<u>106,143</u>	<u>120,241</u>	<u>136,185</u>	<u>152,060</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>106,045</u></u>	<u><u>106,143</u></u>	<u><u>120,241</u></u>	<u><u>136,185</u></u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>116,712</u></u>	<u><u>119,341</u></u>	<u><u>115,930</u></u>	<u><u>89,836</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	47.61%	47.07%	50.91%	60.25%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

The accompanying notes are an integral part of these financial statements

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,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Interest on the Total Pension Liability	90,074	92,791	89,922	92,650
Difference between Expected and Actual Experience	30,567	-	27,855	-
Assumption Changes	-	-	49,510	-
Benefit Payments	(129,025)	(129,025)	(129,025)	(129,025)
Net Change in Total Pension Liability	(8,384)	(36,234)	38,262	(36,375)
Total Pension Liability - Beginning	<u>1,264,329</u>	<u>1,300,563</u>	<u>1,262,301</u>	<u>1,298,676</u>
Total Pension Liability - Ending (a)	<u><u>1,255,945</u></u>	<u><u>1,264,329</u></u>	<u><u>1,300,563</u></u>	<u><u>1,262,301</u></u>
Plan Fiduciary Net Position				
Employer Contributions	75,808	66,481	66,481	56,214
Pension Plan Net Investment Income	68,209	27,005	10,580	39,097
Benefit Payments	(129,025)	(129,025)	(129,025)	(129,025)
Pension Plan Administrative Expense	(1,628)	(2,683)	(1,127)	(3,771)
Net Change in Plan Fiduciary Net Position	13,364	(38,222)	(53,091)	(37,485)
Plan Fiduciary Net Position - Beginning	<u>500,666</u>	<u>538,888</u>	<u>591,979</u>	<u>629,464</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>514,030</u></u>	<u><u>500,666</u></u>	<u><u>538,888</u></u>	<u><u>591,979</u></u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>741,915</u></u>	<u><u>763,663</u></u>	<u><u>761,675</u></u>	<u><u>670,322</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	40.93%	39.60%	41.43%	46.90%
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A

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

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

Agent - Fire "Old Hire" Plan:	2018	2017	2016	2015	2014
Actuarially determined contribution	14,074	14,074	9,539	9,539	5,426
Actual contribution	<u>(14,074)</u>	<u>(14,074)</u>	<u>(9,539)</u>	<u>(9,539)</u>	<u>(5,426)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Agent - Police "Old Hire" Plan:	2018	2017	2016	2015	2014
Actuarially determined contribution	75,808	78,808	66,481	66,481	56,214
Actual contribution	<u>(75,808)</u>	<u>(78,808)</u>	<u>(66,481)</u>	<u>(66,481)</u>	<u>(56,214)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	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.

City of Salida
Notes to the Required Supplementary Information
December 31, 2018

I. Schedule of City's Proportionate Share of the Net Pension (Asset) Liability – Statewide Defined Benefit Plans

A. Changes to assumptions or other inputs

1. 2016 Changes Since the January 1, 2015 Actuarial Valuation are as Follows:

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

2. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

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 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.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

II. Notes to the Schedule of City's Contributions – Statewide Defined Benefit Plans

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

City of Salida
Notes to the Required Supplementary Information
December 31, 2018

III. Schedule of Changes in Net Pension Asset / Liability – Fire and Police “Old Hire” Plan

A. Changes to assumptions

1. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

The inflation assumption was reduced from 3.0% to 2.5%.

Post-retirement mortality assumptions: 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) mortality assumptions: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% for females.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

IV. Schedule of City’s Contributions – Fire and Police “Old Hire” Plan

A. Changes to assumptions

1. 2015 Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

The asset method valuation approximates smoothing over a five-year period by recognizing 20% of the difference between the projected actuarial value and the market value at the valuation date. The remaining amortization period is 17 years.

Disabled (pre-1980) mortality assumptions: RP-2000 Disabled Mortality Table generationally projected with Scale AA.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

SUPPLEMENTARY INFORMATION

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, 2018

Revenues	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Fees for General Services:			
Service and usage fees	1,375,500	1,418,260	42,760
Water line maintenance	194,250	199,541	5,291
Commercial demand charges	99,750	95,858	(3,892)
Other revenues	28,500	42,771	14,271
Total Fees for General Services	<u>1,698,000</u>	<u>1,756,430</u>	<u>58,430</u>
Intergovernmental Revenue			
State grants	300,000	3,706	(296,294)
Total Intergovernmental Revenue	<u>300,000</u>	<u>3,706</u>	<u>(296,294)</u>
Capital Revenue:			
System development fees	535,500	1,146,753	611,253
Sale of water meters	10,000	35,717	25,717
Total Capital Revenue	<u>545,500</u>	<u>1,182,470</u>	<u>636,970</u>
Other Revenue:			
Interest revenue	3,000	12,159	9,159
Miscellaneous revenue	-	489	489
Total Other Revenue	<u>3,000</u>	<u>12,648</u>	<u>9,648</u>
Total Revenues	<u>2,546,500</u>	<u>2,955,254</u>	<u>408,754</u>
Expenses			
Administration - Water:			
Personnel services	108,947	78,866	30,081
Contracted services	17,700	74,612	(56,912)
Supplies and materials	3,500	1,486	2,014
Other operating costs	11,500	16,924	(5,424)
Total Administration - Water	<u>141,647</u>	<u>171,888</u>	<u>(30,241)</u>
Public Works - Water:			
Personnel services	245,775	217,530	28,245
Contracted services	63,500	35,054	28,446
Supplies and materials	17,500	26,887	(9,387)
Other operating costs	33,950	19,394	14,556
Financing obligations	215,246	197,477	17,769
Total Public Works - Water	<u>575,971</u>	<u>496,342</u>	<u>79,629</u>

(continued)

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

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, 2018

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenses, Continued			
Water Plant:			
Personnel services	256,465	270,061	(13,596)
Contracted services	38,800	35,694	3,106
Supplies and materials	53,100	42,169	10,931
Utilities	44,400	66,807	(22,407)
Other operating costs	121,250	88,254	32,996
Financing obligations	27,250	3,842	23,408
Total Water Plant	<u>541,265</u>	<u>506,827</u>	<u>34,438</u>
Capital outlay	<u>616,500</u>	<u>443,741</u>	<u>172,759</u>
Total Expenses	<u>1,875,383</u>	<u>1,618,798</u>	<u>256,585</u>
Other Financing Sources (Uses)			
Debt forgiveness	-	178,089	178,089
Transfers (out)	(600,000)	(347,731)	252,269
Transfers in	-	87,965	87,965
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>(81,677)</u>	<u>518,323</u>
Excess of Revenues Over (Under)			
Expenses - Budget Basis	<u>71,117</u>	<u>1,254,779</u>	<u>1,183,662</u>
GAAP Basis Adjustments			
Debt proceeds		325,121	
Capital outlay		634,692	
Depreciation		(466,198)	
Gain (loss) on sale of assets		(2,904)	
Debt principal		166,628	
Total GAAP Basis Adjustments		<u>332,218</u>	
Net Income - GAAP Basis		1,586,997	
Net Position, beginning of year		<u>12,502,930</u>	
Net Position, end of year		<u>14,089,927</u>	

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

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, 2018

Revenues	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Fees for General Services:			
Metered service and usage fees	1,144,500	1,187,347	42,847
Unmetered wastewater charges	105,000	75,293	(29,707)
Septage receiving	95,000	76,407	(18,593)
Lab analysis fees	32,000	24,764	(7,236)
Other	17,000	13,647	(3,353)
Total Fees for General Services	<u>1,393,500</u>	<u>1,377,458</u>	<u>(16,042)</u>
Capital Revenue:			
System development fees	315,000	826,859	511,859
Total Capital Revenue	<u>315,000</u>	<u>826,859</u>	<u>511,859</u>
Other Revenue:			
Interest revenue	9,500	50,068	40,568
Miscellaneous revenue	100	340	240
Total Other Revenue	<u>9,600</u>	<u>50,408</u>	<u>40,808</u>
Total Revenues	<u>1,718,100</u>	<u>2,254,725</u>	<u>536,625</u>
Expenses			
Administration - Wastewater:			
Personnel services	106,632	79,114	27,518
Contracted services	12,600	3,541	9,059
Supplies and materials	1,500	1,486	14
Other operating costs	11,300	14,095	(2,795)
Total Administration - Wastewater	<u>132,032</u>	<u>98,236</u>	<u>33,796</u>
Public Works - Wastewater:			
Personnel services	126,662	174,676	(48,014)
Contracted services	145,500	179,059	(33,559)
Supplies and materials	14,000	8,965	5,035
Utilities	720	2,620	(1,900)
Other operating costs	12,000	5,978	6,022
Total Public Works - Wastewater	<u>298,882</u>	<u>371,298</u>	<u>(72,416)</u>

(continued)

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

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, 2018

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenses, Continued			
Wastewater Plant:			
Personnel services	353,142	346,753	6,389
Contracted services	64,800	58,718	6,082
Supplies and materials	66,000	40,672	25,328
Utilities	131,800	109,444	22,356
Other operating costs	142,199	145,044	(2,845)
Financing obligations	480,484	479,208	1,276
Total WasteWater Plant	<u>1,238,425</u>	<u>1,179,839</u>	<u>58,586</u>
Capital outlay	<u>380,000</u>	<u>56,737</u>	<u>323,263</u>
Total Expenses	<u>2,049,339</u>	<u>1,706,110</u>	<u>343,229</u>
Other Financing Sources			
Transfers (out)	<u>(75,000)</u>	<u>(6,559)</u>	<u>68,441</u>
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>(6,559)</u>	<u>68,441</u>
Excess of Revenues Over (Under) Expenses - Budget Basis	<u>(406,239)</u>	<u>542,056</u>	<u>948,295</u>
GAAP Basis Adjustments			
Capitalized expenses		55,566	
Depreciation		(919,382)	
Debt service principal		204,879	
Total GAAP Basis Adjustments		<u>(658,937)</u>	
Net Income - GAAP Basis		(116,881)	
Net Position, beginning of year		<u>10,606,668</u>	
Net Position, end of year		<u>10,489,787</u>	

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

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, 2018

Revenues	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Rentals:				
Room rentals	149,200	149,200	146,634	(2,566)
Other rentals	9,000	9,000	15,878	6,878
Total Rentals	<u>158,200</u>	<u>158,200</u>	<u>162,512</u>	<u>4,312</u>
Sales				
Food sales	500	500	3,394	2,894
Beverage sales	85,000	85,000	120,948	35,948
Merchandise sales	1,500	1,500	3,889	2,389
Total Sales	<u>87,000</u>	<u>87,000</u>	<u>128,231</u>	<u>41,231</u>
Other Charges for Services:				
Ticket sales	16,000	16,000	43,068	27,068
Event sponsorship fees	10,000	10,000	11,225	1,225
Caterer Fee	8,000	8,000	11,310	3,310
Total Other Charge for Services	<u>34,000</u>	<u>34,000</u>	<u>65,603</u>	<u>31,603</u>
Other Revenue:				
Donations	5,000	5,000	5,060	60
Other services	4,500	4,500	8,724	4,224
Other miscellaneous revenues	-	-	3,614	3,614
Total Other Revenue	<u>9,500</u>	<u>9,500</u>	<u>17,398</u>	<u>7,898</u>
Total Revenues	<u>288,700</u>	<u>288,700</u>	<u>373,744</u>	<u>85,044</u>
Expenses				
Cost of sales	51,000	68,636	107,880	(39,244)
Personnel services	360,871	360,871	350,546	10,325
Contracted services	-	-	3,711	(3,711)
Supplies and materials	16,400	16,400	14,207	2,193
Utilities	26,800	26,800	26,659	141
Other operating costs	41,050	41,050	43,710	(2,660)
Repair and maintenance	7,500	7,500	10,102	(2,602)
Capital outlay	96,600	96,600	61,788	34,812
Total Expenses	<u>600,221</u>	<u>617,857</u>	<u>618,603</u>	<u>(746)</u>
Other Financing Sources				
Capital transfer in	-	-	835,774	835,774
Transfers in	356,922	356,922	558,499	201,577
Total Other Financing Sources (Uses)	<u>356,922</u>	<u>356,922</u>	<u>1,394,273</u>	<u>1,037,351</u>
Excess of Revenues Over (Under) Expenses - Budget Basis	<u>45,401</u>	<u>27,765</u>	<u>1,149,414</u>	<u>1,121,649</u>
GAAP Basis Adjustments				
Depreciation			(97,299)	
Total GAAP Basis Adjustments			<u>(97,299)</u>	
Net Income - GAAP Basis			1,052,115	
Net Position, beginning of year			<u>970,665</u>	
Net Position, end of year			<u>2,022,780</u>	

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: December 2018
	YEAR ENDING : December 2018

This Information From The Records Of (example - City of _ or County of _):	Prepared By: Phone:
--	------------------------

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,250,515
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	167,894
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	19,521
2. General fund appropriations	-	b. Snow and ice removal	10,104
3. Other local imposts (from page 2)	5,789,670	c. Other	15,381
4. Miscellaneous local receipts (from page 2)	58,575	d. Total (a. through c.)	45,006
5. Transfers from toll facilities	-	4. General administration & miscellaneous	277,454
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	462,277
a. Bonds - Original Issues	-	6. Total (1 through 5)	3,203,146
b. Bonds - Refunding Issues	-	B. Debt service on local obligations:	
c. Notes	-	1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	-
7. Total (1 through 6)	5,848,245	b. Redemption	-
B. Private Contributions		c. Total (a. + b.)	-
C. Receipts from State government (from page 2)		2. Notes:	
		a. Interest	-
		b. Redemption	-
D. Receipts from Federal Government (from page 2)		c. Total (a. + b.)	-
		3. Total (1.c + 2.c)	-
E. Total receipts (A.7 + B + C + D)		C. Payments to State for highways	-
		D. Payments to toll facilities	-
		E. Total disbursements (A.6 + B.3 + C + D)	3,203,146

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	-	-	-	-
1. Bonds (Refunding Portion)				
B. Notes (Total)	-	-	-	-

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		6,122,157	3,203,146		2,919,011

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	-	a. Interest on investments	-
b. Other local imposts:		b. Traffic Fines & Penalties	58,575
1. Sales Taxes	5,762,059	c. Parking Garage Fees	-
2. Infrastructure & Impact Fees	-	d. Parking Meter Fees	-
3. Liens	-	e. Sale of Surplus Property	-
4. Licenses	27,611	f. Charges for Services	-
5. Specific Ownership &/or Other	-	g. Other Misc. Receipts	-
6. Total (1. through 5.)	5,789,670	h. Other	-
c. Total (a. + b.)	5,789,670	i. Total (a. through h.)	58,575
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	252,979	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	-
a. State bond proceeds		b. FEMA	-
b. Project Match		c. HUD	-
c. Motor Vehicle Registrations	20,933	d. Federal Transit Admin	-
d. Other (Specify) - DOLA Grant	-	e. U.S. Corps of Engineers	-
e. Other (Specify)	-	f. Other Federal	-
f. Total (a. through e.)	20,933	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	273,912	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	-	-	-
b. Engineering Costs	22,102	26,244	48,346
c. Construction:			
(1). New Facilities	-	4,624	4,624
(2). Capacity Improvements	-	537,531	537,531
(3). System Preservation	-	-	-
(4). System Enhancement & Operation	-	1,660,014	1,660,014
(5). Total Construction (1) + (2) + (3) + (4)	-	2,202,169	2,202,169
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	22,102	2,228,413	2,250,515
			(Carry forward to page 1)
Notes and Comments:			