

**City of Glenwood Springs  
Glenwood Springs, Colorado**

**Financial Statements  
December 31, 2007**



**City of Glenwood Springs, Colorado  
Financial Report  
December 31, 2007**

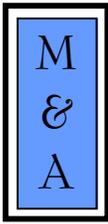
**Table of Contents**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	A1 - A2
<b>Management's Discussion and Analysis</b>	B1 - B7
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets	C1
Statement of Activities	C2
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets	C4
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	C5
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Net Assets - Enterprise Funds	C7
Statement of Revenues, Expenses and Changes in Fund Net Assets - Enterprise Funds	C8
Combining Statement of Cash Flows- Enterprise Funds	C9
Statement of Fiduciary Net Assets	C10
Combining Statement of Changes in Fiduciary Net Assets	C11
<b>Notes to the Financial Statements</b>	D1 - D24
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual: General Fund	E1 - E2

**City of Glenwood Springs, Colorado  
Financial Report  
December 31, 2007**

**Table of Contents**

	<b>Page</b>
<b>Supplementary Information:</b>	
Non-Major Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
Capital Projects Fund	F1
Acquisition and Improvement Fund	F2
Combining Balance Sheets - Non-major Governmental Funds	F3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	F4
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
Tourism Fund	F5
Street Tax Fund	F6
V.A.L.E. Fund	F7
Conservation Trust Fund	F8
Bus Tax Fund	F9
Downtown Development Authority	F10
General Improvement District No. 1980	F11
Emergency Services Equipment Replacement Fund	F12
Schedule of Revenues and Expenses - Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis:	
Water and Sewer Fund	F13
Electric System Fund	F14
Airport Operations Fund	F15
Landfill Operations Fund	F16
Self Insurance Fund	F17
Fleet Service Fund	F18
Schedule of Changes in Fiduciary Net Assets - Budget (GAAP Basis) and Actual:	
Cathy Carney Scholarship Fund	F19
Cemetery Reserve Fund	F20
Schedule of Changes in Fiduciary Net Assets - Firemen's Pension Fund	
	F21
Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets	G1 - G2



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## INDEPENDENT AUDITOR'S REPORT

### **To the Members of City Council City of Glenwood Springs, Colorado**

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 Glenwood Springs, Colorado, (the "City"), as of and for the year ended December 31, 2007, which collectively comprises the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenwood Springs, Colorado, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the major funds for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis in section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary fund 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. The budgetary fund information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Performing services for local governments throughout Colorado*

*D. Jerry McMahan, C.P.A.  
Paul J. Backes, C.P.A.*

*Daniel R. Cudahy, C.P.A.  
Michael N. Jenkins, C.A., C.P.A.*

Members: American Institute of Certified Public Accountants/Colorado Society of Certified Public Accountants  
National and Colorado Government Finance Officers Association/Colorado Municipal League

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual non-major fund financial statements, and the Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The individual non-major fund financial statements, and the Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to basic financial statements, taken as a whole.

**McMahan and Associates, L.L.C.**  
**May 2, 2008**

MANAGEMENT'S DISCUSSION AND ANALYSIS



# City of Glenwood Springs, Colorado

Management's Discussion and Analysis

December 31, 2007

As management of the City of Glenwood Springs (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, transportation, public safety, community development, public works and culture and recreation. The business-type activities of the City include water and sewer operations, electric distribution operation, airport and landfill operations.

The government-wide financial statements can be found in Section C 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, 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 can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 evaluating a government's near-term financing requirements. The City's major governmental funds include the General Fund, Capital Projects Fund, and Acquisition and Improvement Fund. The City also reports a number of minor governmental funds.

## Overview of the Financial Statements (continued)

**Governmental Funds (continued):** Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for 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. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic major governmental fund financial statements can be found in Section C.

**Proprietary Funds:** The City maintains Proprietary Funds commonly known as Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its Water and Sewer, Electric Distribution, Airport and Landfill Operations. The City created an internal service fund, the Fleet Service Fund, in 2007, to account for the capital asset replacement plan.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for each of the business-type services provided by the City, each of which is considered to be a major fund of the City.

The basic Proprietary Fund financial statements can be found in Section C of this report.

**Fiduciary Funds:** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Fiduciary Funds used by the City are the Cemetery Reserve, Cathy Carney Scholarship Trust and the Volunteer Firemen's Pension Plan.

The basic Fiduciary Fund financial statements can be found in Section C of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

**Government-wide Financial Analysis:**

**City of Glenwood Spring's Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Assets:</b>						
Current and other assets	21,446,343	16,443,902	21,982,172	19,515,421	43,428,515	35,959,323
Capital assets, net	63,309,224	63,323,397	45,698,796	43,347,622	109,008,020	106,671,019
<b>Total Assets</b>	<b>84,755,567</b>	<b>79,767,299</b>	<b>67,680,968</b>	<b>62,863,043</b>	<b>152,436,535</b>	<b>142,630,342</b>
<b>Liabilities:</b>						
Other liabilities	5,431,019	5,119,896	1,941,942	1,806,392	7,372,961	6,926,288
Long-term liabilities	19,563,132	21,644,677	2,572,328	2,935,775	22,135,460	24,580,452
<b>Total Liabilities</b>	<b>24,994,151</b>	<b>26,764,573</b>	<b>4,514,270</b>	<b>4,742,167</b>	<b>29,508,421</b>	<b>31,506,740</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	42,137,245	40,043,735	42,786,587	40,080,489	84,923,832	80,124,224
Restricted	4,057,777	4,649,734	2,815,394	2,390,098	6,873,171	7,039,832
Unrestricted	13,566,394	8,309,257	17,564,717	15,650,289	31,131,111	23,959,546
<b>Total Net Assets</b>	<b>59,761,416</b>	<b>53,002,726</b>	<b>63,166,698</b>	<b>58,120,876</b>	<b>122,928,114</b>	<b>111,123,602</b>

**Government-wide Net Assets and Activities:** Traditionally, the largest portion of any municipality's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the City's residents and visitors. The City's capital assets account for 72% of its total assets; these assets are not an available source for payment of future spending. Of the remaining \$43,428,515 in assets, \$6,873,171 is restricted for the following purposes:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Due from Downtown Development Authority	\$ 364,752	-
Emergency Reserve	707,743	-
Prepaid expenses and inventory	27,165	-
Other projects	2,958,117	2,353,894
Debt service	-	461,500
	<b>\$ 4,057,777</b>	<b>2,815,394</b>

At the end of the 2007 fiscal year, the City is able to report positive balances in all three categories of net assets, first for the government as a whole, and then as separate governmental and business-type activities.

The City's net assets increased \$12,105,077 during the current fiscal year. The increase in governmental activities can primarily be attributed to the City's investment in capital assets and debt reduction. Additionally, the opening of the Glenwood Meadows complex has provided the City with an additional revenue stream. The increase in business-type activities is due to net income in the water and sewer fund, electric fund and landfill fund. The business-type activities have increased because the sale of services has exceeded operating costs.

**Government-wide Financial Analysis (continued):**

**Governmental Activities:** Governmental activities increased the City's net assets by \$7,059,260. Key elements of this increase are as follows:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program revenues:						
Charges for services	3,907,968	3,804,271	18,382,769	16,718,406	22,290,737	20,522,677
Grants and contributions	2,077,634	1,913,095	1,386,224	421,224	3,463,858	2,334,319
General revenue:						
Sales and use taxes	17,254,575	15,768,744	-	-	17,254,575	15,768,744
Property taxes	1,185,481	1,130,727	-	-	1,185,481	1,130,727
Other taxes	1,112,963	1,005,130	-	-	1,112,963	1,005,130
Interest and other revenues	661,304	1,020,202	946,776	619,811	1,608,080	1,640,013
<b>Total Revenues</b>	<b>26,199,925</b>	<b>24,642,169</b>	<b>20,715,769</b>	<b>17,759,441</b>	<b>46,915,694</b>	<b>42,401,610</b>
Expenses:						
General government	3,880,775	3,516,170	-	-	3,880,775	3,516,170
Transportation	1,137,237	847,460	-	-	1,137,237	847,460
Public Safety	6,131,865	5,478,364	-	-	6,131,865	5,478,364
Community development	1,380,891	1,133,847	-	-	1,380,891	1,133,847
Public works	3,971,886	5,420,541	-	-	3,971,886	5,420,541
Culture and recreation	3,680,035	3,442,855	-	-	3,680,035	3,442,855
Interest on long-term debt	954,355	1,032,398	-	-	954,355	1,032,398
Water and sewer	-	-	3,239,452	3,125,407	3,239,452	3,125,407
Electric system	-	-	8,729,742	8,149,316	8,729,742	8,149,316
Airport operations	-	-	171,345	165,155	171,345	165,155
Landfill	-	-	1,833,601	1,929,527	1,833,601	1,929,527
<b>Total Expenses</b>	<b>21,137,044</b>	<b>20,871,635</b>	<b>13,974,140</b>	<b>13,369,405</b>	<b>35,111,184</b>	<b>34,241,040</b>
<b>Change in Net Assets</b>						
<b>Before Transfers</b>	<b>5,062,881</b>	<b>3,770,534</b>	<b>6,741,629</b>	<b>4,390,036</b>	<b>11,804,510</b>	<b>8,160,570</b>
Transfers	1,695,812	(1,096,068)	(1,695,812)	1,096,068	-	-
<b>Change in Net Assets</b>	<b>6,758,693</b>	<b>2,674,466</b>	<b>5,045,817</b>	<b>5,486,104</b>	<b>11,804,510</b>	<b>8,160,570</b>
<b>Net Assets - Beginning</b>	<b>53,002,723</b>	<b>50,328,257</b>	<b>58,120,881</b>	<b>52,634,777</b>	<b>111,123,604</b>	<b>102,963,034</b>
<b>Net Assets - Ending</b>	<b>59,761,416</b>	<b>53,002,723</b>	<b>63,166,698</b>	<b>58,120,881</b>	<b>122,928,114</b>	<b>111,123,604</b>

Significant events impacting 2007 are:

- Governmental Activities revenues increased \$1,858,323 over the prior year. Sales tax increased by \$1,485,831 over the prior year due to increased sales at the Glenwood Meadows project. Expenditures increased slightly over 1%.
- Broadband activities are being accounted for in the Electric Fund. The activities are being accounted for in the Electric Fund because the broadband infrastructure utilizes the City's electric right of ways and conduits. The City sells broadband access to Internet Service Providers within the City. The services at some date in the future are intended to cover operational costs.

## Government-wide Financial Analysis (continued):

- The City has historically contributed capital assets from the Capital Projects Fund to the business-type activities funds. The business-type activities funds also share the cost of general government overhead functions. The reimbursement of overhead from business-type activities to governmental activities has assisted the governmental activities in maintaining an overall positive net asset position.

**Business-type Activities:** Business-type activities increased the City's net assets by \$5,045,817. Key elements of this increase are as follows:

- The Water and Sewer Fund's net assets increased \$1,820,689. User fees increased \$465,401 over the prior year. The collection and distribution system capitalized \$2,079,417 for both the water and sewer system. The cash increased by \$117,139 for this fund.
- The Electric Fund's net assets increased \$932,416. This increase is due to several factors including an increase in user fees of \$405,419. Additionally, the fund received \$189,057 in developer contributions. The Fund's available cash increased by \$76,523.
- The Landfill Fund's net assets increased \$2,279,041. This increase is largely due to operating revenues exceeding operating expenditures; as disposal fees continue to exceed budget estimates. Transfers out to the Acquisition and Improvement Fund totaled \$474,686, and to the Fleet Service Fund totaled \$603,563. Additionally, the Landfill Fund advanced \$435,767 to the Downtown Development Authority for the purchase of property. Cash in this fund increased \$1,668,484.

## Financial Analysis of the City's Funds

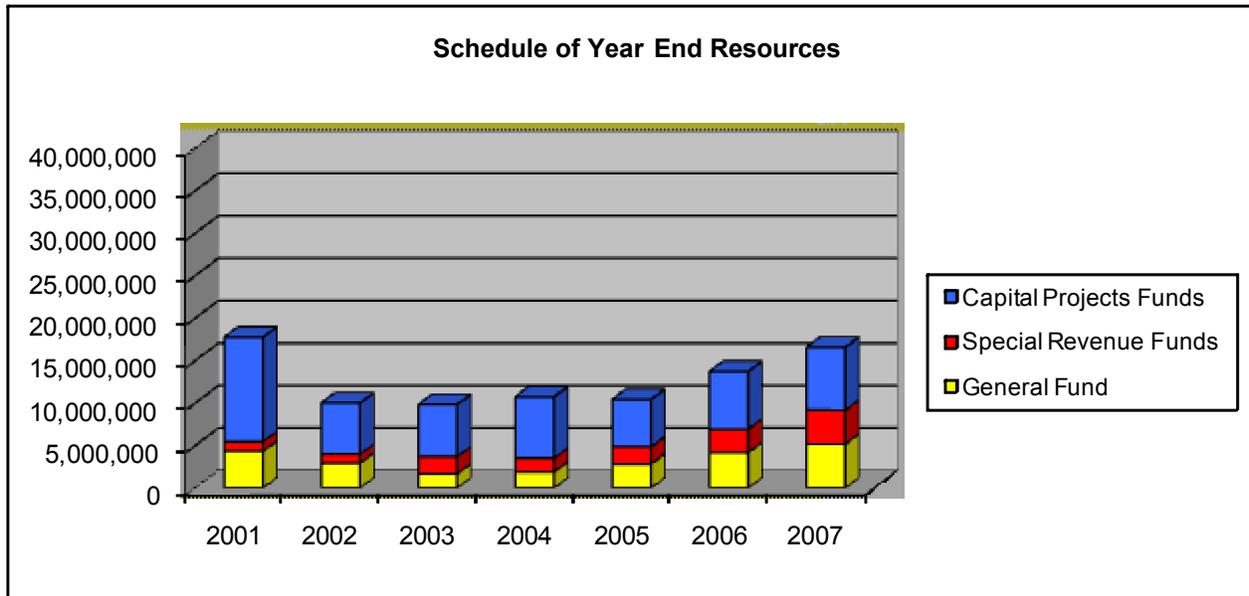
As mentioned earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the City'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's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

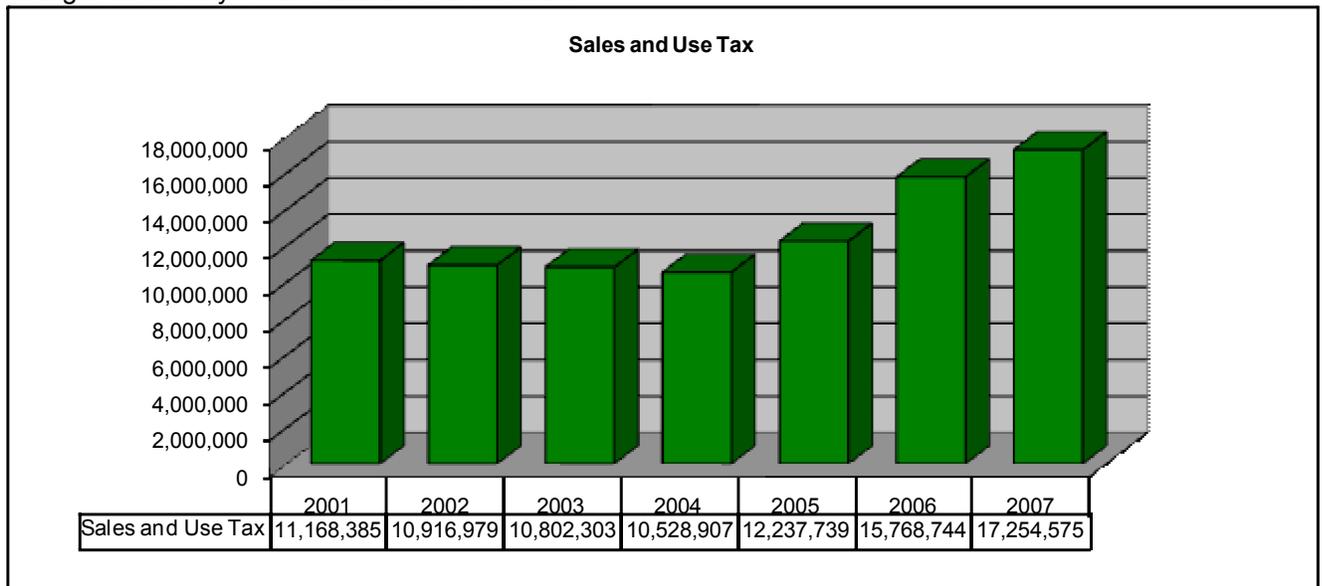
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,576,033, an increase of \$2,846,745 from the prior year ending fund balances. This increase is largely due to increased sales tax collection. The Glenwood Meadows project continues to generate sales tax for the City. Approximately 26% of the total fund balance, or \$4,329,047, is reserved, meaning it is not available for new spending because it has already been committed. The remainder of the combined fund balance is unreserved, which is available for spending at the City's discretion. The following graph provides a view of the City's ending fund balances:

**Financial Analysis of the City's Funds (continued)**

**Governmental Funds (continued):**



The City's primary funding of governmental activities is sales and use tax. The following chart represents changes in the City's sales and use tax revenue:



The increase in 2007 is a result of the continued sales tax earned from the opening of the Glenwood Meadow project. This coupled with a rebounding economy resulted in significant increase over years past. Governmental funds received a total of \$1,695,812 in operational transfers in from proprietary funds, before accounting for any capital contributions between fund types. These transfers were approved to primarily cover equipment and land acquisitions and to subsidize operational costs.

## Financial Analysis of the City's Funds (continued)

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

The City's proprietary funds had ending net assets of \$63,166,698 broken down by fund as follows: Water and Sewer - \$28,893,981, Electric - \$26,054,699, Airport - \$127,028 and Landfill - \$8,090,990. The net assets listed previously include fixed assets. Cash available at year-end (unrestricted) broken down by fund is: Water and Sewer - \$4,271,037, Electric System - \$4,858,905, Airport - \$36,106, and Landfill Operations - \$6,589,063.

The approved budget for 2008 decreases transfers from the Enterprise funds; only debt requirements are budgeted.

**Budget Variances in the General Fund:** The City amended the General Fund budget during the year increasing appropriations by \$214,354. Actual expenditures for the fund were \$835,579 less than the amended budget. The following significant variances were noted in the General Fund:

<u>Account</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
<b>Revenues:</b>		
Sales Tax	\$ 396,401	Continued increased sales tax earned from Glenwood Meadows Project.
Interest Income	169,280	Higher interest rates than anticipated at budget time.
<b>Expenses:</b>		
Annexation costs	211,199	Discretionary budget is for unforeseen expenses, which was not necessary.
Police Department	174,653	Staff vacancies throughout the year to prior year.
Recreation	114,226	Expenses were scaled back and revenue was less than anticipated.

**Capital Assets:** The City's capitalization policy pertains to assets with a purchase value of \$5,000 or greater. Assets of lesser value are treated as operational expenditures. Additional information as well as a detailed classification of the City's net capital assets can be found in the Notes to the Financial Statement in section D.

**Long-term Debts:** As of the end of the current fiscal year, the City's long-term liabilities totaled \$23,396,979. Additional information as well as a detailed classification of the City's total long-term liabilities can be found in the Notes to the Financial Statements in section D of this report.

**Next Year's Budget and Rates:** The City's General Fund balance at the end of fiscal year 2007 totaled \$5,204,700. The original 2008 budget anticipates decreasing this balance by \$385,842.

### Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Glenwood Springs, City Finance Director, 101 W. 8th Street, Glenwood Springs, CO 81601.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**City of Glenwood Springs, Colorado**  
**Statement of Net Assets**  
**December 31, 2007**

<b>Assets:</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Cash and cash equivalents - unrestricted	18,107,399	15,755,110	33,862,509
Cash and cash equivalents - restricted	-	2,634,383	2,634,383
Accounts, taxes, and interest receivable	3,716,759	2,605,358	6,322,117
Due from other governments	24,000	-	24,000
Prepaid expenses	1,196	-	1,196
Internal Balances	(435,767)	435,767	-
Inventory	32,756	490,874	523,630
<b>Total current assets</b>	<b>21,446,343</b>	<b>21,921,492</b>	<b>43,367,835</b>
<b>Other assets:</b>			
Deferred charges	-	60,680	60,680
<b>Capital assets:</b>			
Land and water rights	9,697,864	134,441	9,832,305
Buildings and improvements	73,151,670	62,907,891	136,059,561
Equipment	1,602,225	2,891,749	4,493,974
Vehicles	4,378,673	118,375	4,497,048
Construction in Progress	1,248,165	2,492,821	3,740,986
Less accumulated depreciation	(26,769,373)	(22,846,481)	(49,615,854)
<b>Total capital assets (net of accumulated depr.)</b>	<b>63,309,224</b>	<b>45,698,796</b>	<b>109,008,020</b>
<b>Total assets</b>	<b>84,755,567</b>	<b>67,680,968</b>	<b>152,436,535</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts, retainage, arbitrage & deposits payable	1,076,965	1,143,621	2,220,586
Accrued compensation	323,760	71,724	395,484
Interest payable	264,359	10,538	274,897
Deferred revenue	1,226,831	-	1,226,831
Compensated absences - Due within one year	372,102	261,059	633,161
Long-term debt - Due within one year	2,167,002	455,000	2,622,002
<b>Total current liabilities:</b>	<b>5,431,019</b>	<b>1,941,942</b>	<b>7,372,961</b>
<b>Noncurrent liabilities:</b>			
Compensated absences	558,155	115,119	673,274
Long-term debt	19,004,977	2,457,209	21,462,186
<b>Total noncurrent liabilities</b>	<b>19,563,132</b>	<b>2,572,328</b>	<b>22,135,460</b>
<b>Total Liabilities</b>	<b>24,994,151</b>	<b>4,514,270</b>	<b>29,508,421</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	42,137,245	42,786,587	84,923,832
Restricted for:			
Debt service	-	461,500	461,500
Other purposes	3,350,034	2,353,894	5,703,928
Emergencies	707,743	-	707,743
Unrestricted	13,566,394	17,564,717	31,131,111
<b>Net Assets</b>	<b>59,761,416</b>	<b>63,166,698</b>	<b>122,928,114</b>

The notes to the financial statements are an integral part of this statement.

**City of Glenwood Springs, Colorado**  
**Statement of Activities**  
**For the Year Ended December 31, 2007**

	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating</b>	<b>Capital</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
			<b>Grants and Contributions</b>	<b>Grants and Contributions</b>			
<b>Functions/Programs:</b>							
<b>Governmental Activities:</b>							
General government	3,880,775	1,613,960	262,289	-	(2,004,526)	-	(2,004,526)
Public transportation	1,137,237	10,811	198,981	10,000	(917,445)	-	(917,445)
Public safety	6,131,865	726,896	750,139	-	(4,654,830)	-	(4,654,830)
Community and economic development	1,380,891	236,147	69	-	(1,144,675)	-	(1,144,675)
Public works	3,971,886	172,690	738,381	-	(3,060,815)	-	(3,060,815)
Culture and recreation	3,680,035	1,147,464	6,048	111,727	(2,414,796)	-	(2,414,796)
Interest on long-term debt	954,355	-	-	-	(954,355)	-	(954,355)
<b>Total Governmental Activities</b>	<b>21,137,044</b>	<b>3,907,968</b>	<b>1,955,907</b>	<b>121,727</b>	<b>(15,151,442)</b>	<b>-</b>	<b>(15,151,442)</b>
<b>Business-type activities:</b>							
Water and sewer	3,239,452	3,645,843	193,953	532,111	-	1,132,455	1,132,455
Electric system	8,729,742	9,704,543	448,755	189,057	-	1,612,613	1,612,613
Airport operations	171,345	162,448	22,348	-	-	13,451	13,451
Landfill operations	1,833,601	4,869,935	-	-	-	3,036,334	3,036,334
<b>Total Business-type Activities</b>	<b>13,974,140</b>	<b>18,382,769</b>	<b>665,056</b>	<b>721,168</b>	<b>-</b>	<b>5,794,853</b>	<b>5,794,853</b>
<b>Total</b>	<b>35,111,184</b>	<b>22,290,737</b>	<b>2,620,963</b>	<b>842,895</b>	<b>(15,151,442)</b>	<b>5,794,853</b>	<b>(9,356,589)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property tax, levied for general purposes					1,185,481	-	1,185,481
Specific ownership tax					87,997	-	87,997
Sales and use tax					17,254,575	-	17,254,575
Franchise tax					157,458	-	157,458
Accommodations tax					831,994	-	831,994
Other miscellaneous taxes					35,514	-	35,514
Unrestricted investment earnings					718,708	944,731	1,663,439
Grants, contributions and miscellaneous income not restricted for specific purposes					243,163	800	243,963
(Loss) on asset disposal					(300,567)	1,245	(299,322)
Transfers					1,695,812	(1,695,812)	-
<b>Total General Revenues and Transfers</b>					<b>21,910,135</b>	<b>(749,036)</b>	<b>21,161,099</b>
<b>Change in Net Assets</b>					<b>6,758,693</b>	<b>5,045,817</b>	<b>11,804,510</b>
<b>Net Assets - Beginning</b>					<b>53,002,723</b>	<b>58,120,881</b>	<b>111,123,604</b>
<b>Net Assets - Ending</b>					<b>59,761,416</b>	<b>63,166,698</b>	<b>122,928,114</b>

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

FUND FINANCIAL STATEMENTS



**City of Glenwood Springs, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**

	<u>General</u>	<u>Capital Projects</u>	<u>Acquisition and Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>					
Cash and investments	4,555,707	1,917,449	4,876,514	4,499,669	15,849,339
Taxes receivable	1,956,172	261,296	522,591	657,040	3,397,099
Accounts receivable	186,307	404	13	57,729	244,453
Interest receivable	28,255	11,741	7,448	20,397	67,841
Due from other governments	-	-	24,000	-	24,000
Due (to) from other funds	271,270	-	-	(707,037)	(435,767)
Prepaid expenses	-	-	-	1,196	1,196
Inventory	25,969	-	-	-	25,969
<b>Total Assets</b>	<u>7,023,680</u>	<u>2,190,890</u>	<u>5,430,566</u>	<u>4,528,994</u>	<u>19,174,130</u>
<b>Liabilities and Fund Equity:</b>					
<b>Liabilities:</b>					
Accounts/vouchers payable	254,949	57,664	171,460	307,872	791,945
Other liabilities	272,680	-	-	-	272,680
Accrued payroll and related liabilities	301,688	4,953	-	-	306,641
Deferred property taxes not collectible until subsequent year	989,663	-	-	237,168	1,226,831
<b>Total Liabilities</b>	<u>1,818,980</u>	<u>62,617</u>	<u>171,460</u>	<u>545,040</u>	<u>2,598,097</u>
<b>Fund Balance:</b>					
Reserved:					
Other	202,722	285,707	2,339,727	129,961	2,958,117
Emergencies	408,958	69,244	80,979	148,562	707,743
Inventory and prepaids	25,969	-	-	1,196	27,165
Long-Term receivable - DDA	-	-	-	364,752	364,752
Unreserved, reported in:					
General	4,567,051	-	-	-	4,567,051
Special revenue	-	-	-	2,646,560	2,646,560
Capital projects	-	1,773,322	2,838,400	-	4,611,722
Other government	-	-	-	692,923	692,923
<b>Total Fund Balance</b>	<u>5,204,700</u>	<u>2,128,273</u>	<u>5,259,106</u>	<u>3,983,954</u>	<u>16,576,033</u>
<b>Total Liabilities and Fund Balance</b>	<u>7,023,680</u>	<u>2,190,890</u>	<u>5,430,566</u>	<u>4,528,994</u>	<u>19,174,130</u>

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

**City of Glenwood Springs, Colorado**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets**  
**December 31, 2007**

Governmental Funds Total Fund Balance	16,576,033
Add:	
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	62,323,237
Internal Service Funds are used by the City to account for the repair and replacement costs of the City's heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Activities.	3,228,741
Less:	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of City long-term liabilities.	(22,366,595)
Governmental Activities Net Assets	<u><u>59,761,416</u></u>

The notes to the financial statements are an integral part of this statement.

**City of Glenwood Springs, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2007**

	<u>General</u>	<u>Capital Projects</u>	<u>Acquisition and Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	8,128,867	2,297,735	4,595,471	4,553,974	19,576,047
Permits and licenses	172,174	-	-	-	172,174
Intergovernmental revenue	1,703,721	-	24,000	370,596	2,098,317
Charges for services	1,954,638	154,058	-	55,055	2,163,751
Investment income	199,280	84,208	210,629	187,547	681,664
Miscellaneous	1,845,682	260	14,173	175,724	2,035,839
<b>Total Revenues</b>	<u>14,004,362</u>	<u>2,536,261</u>	<u>4,844,273</u>	<u>5,342,896</u>	<u>26,727,792</u>
<b>Expenditures:</b>					
General government	2,942,479	-	554,575	642,663	4,139,717
Transportation	-	-	-	2,892,465	2,892,465
Public safety	5,649,199	-	-	280,357	5,929,556
Community and economic development	647,453	-	-	730,296	1,377,749
Public works	1,340,765	1,233,145	500,577	-	3,074,487
Culture and recreation	2,774,595	-	762,210	114,128	3,650,933
Debt service:					
Principal	155,000	175,857	1,528,617	209,929	2,069,403
Interest	137,093	52,284	743,840	56,692	989,909
<b>Total Expenditures</b>	<u>13,646,584</u>	<u>1,461,286</u>	<u>4,089,819</u>	<u>4,926,530</u>	<u>24,124,219</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>357,778</u>	<u>1,074,975</u>	<u>754,454</u>	<u>416,366</u>	<u>2,603,573</u>
<b>Other Financing Sources (Uses):</b>					
Sale of assets	-	-	167,818	1,250	169,068
Transfers in	1,096,532	(6,757)	489,121	259,605	1,838,501
Transfers (out)	(433,557)	(1,273,246)	(13,514)	(44,082)	(1,764,399)
<b>Total Other Financing Sources (Uses)</b>	<u>662,975</u>	<u>(1,280,003)</u>	<u>643,425</u>	<u>216,773</u>	<u>243,170</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	1,020,753	(205,028)	1,397,879	633,139	2,846,743
<b>Fund Balance - Beginning of Year</b>	<u>4,183,947</u>	<u>2,333,301</u>	<u>3,861,227</u>	<u>3,350,815</u>	<u>13,729,290</u>
<b>Fund Balance - End of Year</b>	<u>5,204,700</u>	<u>2,128,273</u>	<u>5,259,106</u>	<u>3,983,954</u>	<u>16,576,033</u>

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

**City of Glenwood Springs, Colorado**  
**Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit)**  
**of Governmental Funds to the Statement of Activities**  
**December 31, 2007**

<b>Net Change in Fund Balances of Governmental Funds</b>	2,846,743
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay for the year.	(530,523)
Repayment of bond principal and leases are expenditures in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets. This represents the total principal repayments and the change in accrued interest at year end.	2,143,236
Changes in the City employees' accrued compensated absences are considered changes in long-term liabilities. This is the amount that accrued compensated absences increased.	(137,229)
Internal service funds are used by management to charge costs of various activities to the general and other funds. The net income or loss of the internal service funds are included in the governmental activities statement of activities.	2,906,101
In the Statement of Activities only the gain or loss on the sale and disposal of assets is reported, whereas in governmental funds, only the proceeds which increase current available resources is reported.	(469,635)
<b>Governmental Activities Change in Net Assets</b>	6,758,693

The notes to the financial statements are an integral part of this statement.

**City of Glenwood Springs, Colorado**  
**Statement of Net Assets**  
**Enterprise Funds**  
**December 31, 2007**

	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Operations</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds Totals</u>
<b>Assets:</b>						
<b>Current:</b>						
Cash in bank - Unrestricted	4,271,037	4,858,905	36,106	6,589,063	15,755,111	2,258,062
Cash in bank - Restricted	2,349,883	284,500	-	-	2,634,383	-
Accounts receivable - Trade (net of allowance for doubtful accounts)	401,820	1,376,661	653	627,323	2,406,457	7,367
Interest receivable	44,588	44,139	-	78,817	167,544	-
Other receivables	31,357	-	-	-	31,357	-
Inventory	183,257	297,718	9,899	-	490,874	6,788
Due (to) other funds	-	-	-	435,767	435,767	-
Other current assets	-	-	-	-	-	-
<b>Total Current Assets</b>	<u>7,281,942</u>	<u>6,861,923</u>	<u>46,658</u>	<u>7,730,970</u>	<u>21,921,493</u>	<u>2,272,217</u>
<b>Other Assets:</b>						
Deferred charge - Bond issuance cost, net of amortization	50,663	10,017	-	-	60,680	-
<b>Property and Equipment:</b>						
Land	-	104,641	-	-	104,641	-
Construction in progress	232,790	2,232,430	-	27,600	2,492,820	-
Building, plant and system	34,564,762	28,190,695	53,205	100,228	62,908,890	-
Water rights	29,800	-	-	-	29,800	-
Equipment	706,464	243,293	84,293	1,856,700	2,890,750	473,588
Vehicles	5,000	31,867	4,005	77,503	118,375	720,650
<b>Total</b>	<u>35,538,816</u>	<u>30,802,926</u>	<u>141,503</u>	<u>2,062,031</u>	<u>68,545,276</u>	<u>1,194,238</u>
Less accumulated depreciation	<u>(12,341,807)</u>	<u>(9,594,503)</u>	<u>(58,404)</u>	<u>(851,767)</u>	<u>(22,846,481)</u>	<u>(208,249)</u>
<b>Net Property and Equipment</b>	<u>23,197,009</u>	<u>21,208,423</u>	<u>83,099</u>	<u>1,210,264</u>	<u>45,698,795</u>	<u>985,989</u>
 <b>Total Assets</b>	 <u>30,529,614</u>	 <u>28,080,363</u>	 <u>129,757</u>	 <u>8,941,234</u>	 <u>67,680,968</u>	 <u>3,258,206</u>
<b>Liabilities and Fund Equity:</b>						
<b>Current Liabilities:</b>						
Accounts payable	282,498	588,977	1,219	127,914	1,000,608	9,267
Deposits	-	143,012	-	-	143,012	-
Accrued interest	2,519	8,019	-	-	10,538	-
Accrued payroll and taxes	29,556	30,635	1,510	10,023	71,724	20,198
Accrued vacation and sick pay	261,060	90,021	-	25,098	376,179	-
Other liabilities	-	-	-	687,209	687,209	-
Current portion of long-term debt	180,000	275,000	-	-	455,000	-
<b>Total Current Liabilities</b>	<u>755,633</u>	<u>1,135,664</u>	<u>2,729</u>	<u>850,244</u>	<u>2,744,270</u>	<u>29,465</u>
<b>Long-term Liabilities:</b>						
Long-term debt - Bonds payable, net of current portion	880,000	890,000	-	-	1,770,000	-
<b>Total Liabilities</b>	<u>1,635,633</u>	<u>2,025,664</u>	<u>2,729</u>	<u>850,244</u>	<u>4,514,270</u>	<u>29,465</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	22,137,009	20,043,423	83,099	1,210,264	43,473,795	985,989
Restricted	2,530,894	284,500	-	-	2,815,394	-
Unrestricted	4,226,078	5,726,776	43,929	6,880,726	16,877,509	2,242,752
<b>Total Net Assets</b>	<u>28,893,981</u>	<u>26,054,699</u>	<u>127,028</u>	<u>8,090,990</u>	<u>63,166,698</u>	<u>3,228,741</u>
 <b>Total Liabilities and Fund Equity</b>	 <u>30,529,614</u>	 <u>28,080,363</u>	 <u>129,757</u>	 <u>8,941,234</u>	 <u>67,680,968</u>	 <u>3,258,206</u>

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

**City of Glenwood Springs, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Net Assets**  
**Enterprise Funds**  
**For the Year Ended December 31, 2007**

	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Airport Operations</u>	<u>Landfill Operations</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds Totals</u>
<b>Operating Revenues:</b>						
Rentals	-	-	22,543	-	22,543	-
Charges and fees	3,637,316	9,713,380	136,729	4,814,366	18,301,791	537,232
Other	14,490	439,919	4,880	42,569	501,858	467
<b>Total Operating Revenues</b>	<u>3,651,806</u>	<u>10,153,299</u>	<u>164,152</u>	<u>4,856,935</u>	<u>18,826,192</u>	<u>537,699</u>
<b>Operating Expenses:</b>						
Purchased power	-	5,498,282	-	-	5,498,282	-
Operations and maintenance	1,688,831	1,641,854	122,695	1,248,240	4,701,620	388,658
General and administrative	610,774	677,623	31,914	437,002	1,757,313	-
Improvements	-	-	6,952	-	6,952	-
Depreciation	875,465	837,129	9,465	147,915	1,869,974	212,528
<b>Total Operating Expenses</b>	<u>3,175,070</u>	<u>8,654,888</u>	<u>171,026</u>	<u>1,833,157</u>	<u>13,834,141</u>	<u>601,186</u>
<b>Operating Income (Loss)</b>	<u>476,736</u>	<u>1,498,411</u>	<u>(6,874)</u>	<u>3,023,778</u>	<u>4,992,051</u>	<u>(63,487)</u>
<b>Non-Operating Revenues (Expenses):</b>						
Sale of assets	4,656	1,245	-	13,000	18,901	-
Investment income	359,561	262,858	1,801	320,512	944,732	37,044
Intergovernmental awards	182,810	-	21,444	-	204,254	-
Interest expense	(33,433)	(62,792)	-	-	(96,225)	-
Amortization - bond issuance cost	(15,225)	(4,698)	-	-	(19,923)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>498,369</u>	<u>196,613</u>	<u>23,245</u>	<u>333,512</u>	<u>1,051,739</u>	<u>37,044</u>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	975,105	1,695,024	16,371	3,357,290	6,043,790	(26,443)
Transfer (out)	(961,671)	(951,665)	(2,700)	(1,078,249)	(2,994,285)	-
Transfer in	461,560	-	-	-	461,560	2,781,263
Capital contributions	1,345,695	189,057	-	-	1,534,752	473,921
<b>Change in Net Assets</b>	1,820,689	932,416	13,671	2,279,041	5,045,817	3,228,741
<b>Net Assets - Beginning of Year</b>	<u>27,073,292</u>	<u>25,122,283</u>	<u>113,357</u>	<u>5,811,949</u>	<u>58,120,881</u>	<u>322,640</u>
Residual equity transfer out	-	-	-	-	-	(322,640)
<b>Net Assets - End of Year</b>	<u>28,893,981</u>	<u>26,054,699</u>	<u>127,028</u>	<u>8,090,990</u>	<u>63,166,698</u>	<u>3,228,741</u>

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

**City of Glenwood Springs, Colorado**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended December 31, 2007**

	<b>Water and Sewer</b>	<b>Electric System</b>	<b>Airport Operations</b>	<b>Landfill Operations</b>	<b>Totals</b>	<b>Governmental Activities Internal Service Funds Totals</b>
<b>Cash Flows From Operating Activities:</b>						
Cash received from customers	3,541,489	9,741,614	177,745	4,759,433	18,220,281	529,865
Cash paid to suppliers and employees	(2,056,947)	(7,895,572)	(169,935)	(1,500,704)	(11,623,158)	(328,867)
Other operating revenues	14,490	439,919	4,880	42,569	501,858	467
Interfund transfers	(266,821)	(821,580)	(2,700)	(1,078,249)	(2,169,350)	2,393,229
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,232,211</b>	<b>1,464,381</b>	<b>9,990</b>	<b>2,223,049</b>	<b>4,929,631</b>	<b>2,594,694</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>						
Net refunds of customer deposits	(1,173)	(120,232)	-	-	(121,405)	-
<b>Net Cash (Used) by Non-Capital Financing Activities</b>	<b>(1,173)</b>	<b>(120,232)</b>	<b>-</b>	<b>-</b>	<b>(121,405)</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Sale of assets	8,255	17,050	-	13,000	38,305	-
Grant received	182,810	-	21,444	-	204,254	-
Advance to other funds	-	-	-	(435,767)	(435,767)	-
Interest paid on bonds and equipment contracts	(33,724)	(63,148)	-	-	(96,872)	-
Principal paid on bonds and equipment contracts	(175,000)	(260,000)	-	-	(435,000)	-
Acquisition and construction of capital assets	(1,431,439)	(1,229,203)	(23,000)	(424,193)	(3,107,835)	(373,676)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,449,098)</b>	<b>(1,535,301)</b>	<b>(1,556)</b>	<b>(846,960)</b>	<b>(3,832,915)</b>	<b>(373,676)</b>
<b>Cash Flows From Investing Activities:</b>						
Interest on investments	335,199	267,675	1,801	292,395	897,070	37,044
<b>Net Cash Provided by Investing Activities</b>	<b>335,199</b>	<b>267,675</b>	<b>1,801</b>	<b>292,395</b>	<b>897,070</b>	<b>37,044</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>117,139</b>	<b>76,523</b>	<b>10,235</b>	<b>1,668,484</b>	<b>1,872,381</b>	<b>2,258,062</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>6,503,781</b>	<b>5,066,882</b>	<b>25,871</b>	<b>4,920,579</b>	<b>16,517,113</b>	<b>-</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>6,620,920</b>	<b>5,143,405</b>	<b>36,106</b>	<b>6,589,063</b>	<b>18,389,494</b>	<b>2,258,062</b>
<b>Cash and Cash Equivalents Consists of the Following:</b>						
Cash in bank - Unrestricted	4,271,037	4,858,905	36,106	6,589,063	15,755,111	2,258,062
Cash in bank - Restricted	2,349,883	284,500	-	-	2,634,383	-
<b>Total</b>	<b>6,620,920</b>	<b>5,143,405</b>	<b>36,106</b>	<b>6,589,063</b>	<b>18,389,494</b>	<b>2,258,062</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>						
<b>Operating income (loss)</b>	<b>476,736</b>	<b>1,498,411</b>	<b>(6,874)</b>	<b>3,023,778</b>	<b>4,992,051</b>	<b>(63,487)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>						
Depreciation	875,465	837,129	9,465	147,915	1,869,974	212,528
Loss on disposal of assets	-	-	-	38,660	38,660	37,114
(Increase) decrease in accounts receivable	(95,827)	28,231	18,472	(54,933)	(104,057)	(7,367)
(Increase) decrease in inventories	(8,572)	(18,320)	91	-	(26,801)	-
(Increase) decrease in prepaid items/other assets	-	-	-	-	-	(6,787)
Increase (decrease) in accounts payable	255,804	(70,124)	(9,374)	139,044	315,350	9,266
Increase (decrease) in other liabilities	-	-	-	-	-	-
Increase (decrease) in payroll liabilities	(4,574)	10,634	910	6,834	13,804	20,198
Net change in interfund transfers	(266,821)	(821,580)	(2,700)	(1,078,249)	(2,169,350)	2,393,229
<b>Total Adjustments</b>	<b>755,475</b>	<b>(34,030)</b>	<b>16,864</b>	<b>(800,729)</b>	<b>(62,420)</b>	<b>2,658,181</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,232,211</b>	<b>1,464,381</b>	<b>9,990</b>	<b>2,223,049</b>	<b>4,929,631</b>	<b>2,594,694</b>
<b>Schedule of Non-Cash Investing, Capital and Financing Activities:</b>						
Assets donated	1,345,695	189,057	-	-	1,534,752	473,921

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

**City of Glenwood Springs, Colorado**  
**Statement of Fiduciary Net Assets**  
**December 31, 2007**

	<u>Cathy Carney Scholarship Fund</u>	<u>Cemetery Reserve Fund</u>	<u>Firemen's Pension Fund</u>	<u>Totals</u>
<b>Assets:</b>				
Cash and investments	<u>249</u>	<u>18,607</u>	<u>1,020,803</u>	<u>1,039,659</u>
<b>Total Assets</b>	<u>249</u>	<u>18,607</u>	<u>1,020,803</u>	<u>1,039,659</u>
<b>Net Assets:</b>				
Held in Trust	<u><u>249</u></u>	<u><u>18,607</u></u>	<u><u>1,020,803</u></u>	<u><u>1,039,659</u></u>

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

**City of Glenwood Springs, Colorado**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended December 31, 2007**

	<b>Cathy Carney Scholarship Fund</b>	<b>Cemetery Reserve Fund</b>	<b>Fireman's Pension Fund</b>	<b>Totals</b>
<b>Additions:</b>				
Charges and fees	-	10,000	-	10,000
Pension contributions	-	-	39,900	39,900
Investment income, net	27	385	86,438	86,850
<b>Total Additions</b>	<u>27</u>	<u>10,385</u>	<u>126,338</u>	<u>136,750</u>
<b>Deductions:</b>				
Scholarships	1,000	-	-	1,000
Pension payments	-	-	93,000	93,000
<b>Total Reductions</b>	<u>1,000</u>	<u>-</u>	<u>93,000</u>	<u>94,000</u>
<b>Change in Net Assets</b>	(973)	10,385	33,338	42,750
<b>Net Assets - Beginning of Year</b>	<u>1,222</u>	<u>8,222</u>	<u>987,465</u>	<u>996,909</u>
<b>Net Assets - End of Year</b>	<u><u>249</u></u>	<u><u>18,607</u></u>	<u><u>1,020,803</u></u>	<u><u>1,039,659</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**

**I. Summary of Significant Accounting Policies**

The City of Glenwood Springs, Colorado, ("City"), is located in Garfield County, Colorado and its major operations include police and fire protection, road maintenance, ambulance, airport, 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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements after that date to its business-type activities and enterprise funds, it has not chosen to do so. The more significant accounting policies established by GAAP used by the City are discussed below.

**A. Reporting Entity**

In 1966, the City became a "Home Rule City" (a municipal corporation, as defined by Colorado Revised Statutes). The City is governed by an appointed Mayor and an elected City Council which is responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. Additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the City since they were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

**B. Blended Component Units**

In conformity with generally accepted accounting principles, the financial statements of the following component units have been included in the financial reporting entity as blended component units.

- General Improvement District Number 1980 (the "District"); the District's primary purpose is to provide infrastructure improvements to specific areas within the City's downtown area. The District's primary funding source is an ad valorem tax. The District's boundaries are entirely within the City's boundaries. Although the District is legally separate from the City, the District and the City are related through a common governing board. For financial reporting purposes, the District is reported as if it were part of the City's operations because the City is able to impose its will on the District and City Council acts as the District's *de facto* governing board.
- Downtown Development Authority (the "Authority"); the Authority's primary purpose is to develop and implement a downtown development and redevelopment plan for the central business area. The Authority's boundaries are entirely within the City's boundaries. The Authority exists only with the City's express consent. Although the Authority is legally separate from the City, the Authority and the City are related through a common governing board. For financial reporting purposes, the Authority is reported as if it were part of the City's operations because the City is able to impose its will on the Authority and City Council acts as the Authority's *de facto* governing board.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**C. 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, community development, transportation systems, and administration are classified as governmental activities. The City's utilities, airport and landfill are classified as business-type activities.

**1. Government-wide Financial Statements**

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

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

The government-wide focus is on the sustainability of the City as an entity and the change in the City's net assets 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 City reports the following major governmental funds:

- (a) *General Fund* - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all cost of operating the government for which a separate fund has not been established.
- (b) *Capital Projects Fund* - accounts for major City projects which are financed by a one-half (1/2) cent sales tax.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**C. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

- (c) *Acquisitions and Improvements Fund* - accounts for revenues and expenditures received from a 1.00% sales tax and special assessments levied for capital improvements purposes.

The City reports the following major propriety funds:

- (a) *Water and Sewer Fund* - accounts for activities of the fund that supplies water and sewer services to the citizens of the City. City water is provided on a metered basis.
- (b) *Electric System Fund* - accounts for activities related to the purchase and delivery of power within the City limits.
- (c) *Airport Operations Fund* - accounts for activities related to user charges and maintenance expenses for the airport.
- (d) *Landfill Operations Fund* - accounts for the activities related to the operations of the City landfill and recycling program.

The City reports the following non-major governmental funds:

- (a) *Tourism Fund* - accounts for funds received from a two and one-half percent rent tax on accommodations. Expenditures are restricted for tourism promotion purposes.
- (b) *Street Tax Fund* - accounts for one-half cent (1/2) sales tax designated towards traffic management and transportation related projects.
- (c) *Victims Assistance and Law Enforcement Fund (V.A.L.E.)* - accounts for funds received from a surcharge for violation of all municipal ordinances and violations of the Model Traffic Code. Expenditures are restricted to victims' and witnesses' services and reimbursements and to Police Department equipment purchases, training, and additional personnel costs.
- (d) *Conservation Trust Fund* - accounts for funds received and restricted as to use in the acquisition, development and maintenance of new conservation sites pursuant to Colorado Revised Statutes.
- (e) *Bus Tax Fund* - accounts for the .2% sales tax designated towards "Ride Glenwood Springs" bus service.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**C. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

- (f) *Downtown Development Authority (the "Authority")* - the Authority's primary purpose is to develop and implement a downtown development and redevelopment plan for the central business area. The Authority's primary funding is intended to be tax incremental financing whereby, the Authority receives a portion of any increased tax revenues occurring within the Authority's boundaries.
- (g) *General Improvement District Number 1980 Fund* - the District's primary purpose is to provide infrastructure improvements to specific areas within the downtown area. The District's primary funding source is an ad valorem tax.
- (h) *Emergency Services Equipment Replacement Fund* - accounts for revenues received on a pro-rated basis from the Glenwood Springs Rural Fire Protection District and transfers from the General Fund for the purchase of emergency services, facilities and equipment.

The City also reports the following fiduciary funds which are not included in the government-wide statements since the resources of the fund are not available to the City:

- (a) The *Cemetery Reserve Fund* accounts for funds received and restricted for the maintenance and care of the Rosebud Cemetery.
- (b) The *Cathy Carney Trust Fund* accounts for funds received and restricted for use in the award of scholarships as memorials to a former city employee.
- (c) The *Firemen's Pension Fund* accounts for the retirement plan established for the City's volunteer firemen through the Fire and Police Pension Association.

Additionally, the City reports the following Internal Service Funds:

*Self Insurance Fund* - accounts for employee health care costs which are charged to other city departments on a cost reimbursement basis. This fund was closed in 2007.

*Fleet Service Fund* - accounts for the repair and maintenance costs and the capital replacement plan of the City's vehicles and heavy equipment, excluding fire trucks.

**D. 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.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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

Both governmental and business-type activities in the government-wide financial statements, proprietary fund financial statements, 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. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**3. Financial Statement Presentation**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges 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 non-operating 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 non-operating revenues and expenses.

**E. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

**2. Investments**

Investments are stated at fair value.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

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

**3. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Electric System Fund and the Water and Sewer Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month prior to the close of the fiscal year.

**4. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

**5. Use of Estimates**

The preparation of financial statements in conformity with 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.

**6. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased on the fund financial statements.

**7. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are shown as long-term debt on the Government-wide Statement of Net Assets. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated to be taken as "terminal leave" at retirement.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

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

**8. 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. The City defines capital assets 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.

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

	<b>Years</b>
Infrastructure	25-40
Buildings	30
Electric plant	40
Electric system and equipment	25
Water and sewer, plant and distribution system	40
Office furniture and equipment	10
Vehicles and tools	5

**9. Comparative Data**

Comparative data for the prior year have been presented only on the individual fund financial statements in order to provide an understanding of the changes in the financial position and operations of the funds.

**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 Assets**

The governmental fund Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide Statement of Net Assets. 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 \$62,323,237 reconciling item represents the book value of capital assets at December 31, 2007.

Another element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$22,366,595 difference represent long-term bonds and loans of \$20,095,482, property and capital leases of \$1,076,497, accrued interest of \$264,359 and \$930,257 of compensated absences.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets (continued)**

Another element of that reconciliation states that "Internal Service Funds are used by the City to account for the repair and replacement costs of the City's heavy equipment and vehicles. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets". The result is an increase in net assets of \$3,228,741 within governmental activities.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes a reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense". The details of the net difference of (\$530,523) are net capital outlay of \$2,274,494 less depreciation expense of \$2,805,017.

**III. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

As required by Colorado statutes and the Home Rule Charter, the City followed required timetables in preparing, approving, and enacting its budget for the ensuing year. The following is a summary of the budget calendar for the 2007 budget year:

- (1) For the 2007 budget year, prior to December 10, 2006, the County Assessor sent to the City the final recertified assessed valuation of all taxable property within the City's boundaries.
- (2) The City Manager, or other qualified persons appointed by the Council, submitted to the Council, on or before October 15, 2006, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.
- (3) A public hearing on the proposed budget and capital program was held by the Council prior to October 15, 2006.
- (4) For the 2007 budget, prior to December 15, 2006, the City Council computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.
- (5) After the required public hearing, the City Council adopted the proposed budget by resolution prior to October 15, 2006. The ordinance which legally appropriates expenditures for the upcoming year was passed on or before the first Council meeting in November.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**A. Budgetary Information (continued)**

- (6) After adoption of the budget ordinance, the City may make by ordinance the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) a reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the City Council may, by affirmative vote of five or more members, transfer part or all of any unexpended funds from one department, fund, or office to another.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2006 were collected in 2007 and taxes certified in 2007 will be collected in 2008. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the Water and Sewer Fund, Electric System Fund, Airport Operations Fund and Landfill Operations Fund. Annual appropriated budgets are adopted for all funds. The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at fiscal year end except for the Capital Projects Fund and the Acquisition and Improvement fund, which lapse upon project completion.

During the year, \$18,568,666 of supplemental appropriation ordinances were approved. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made.

The following funds had supplementary budget appropriations:

<u>Fund</u>	<u>Original Appropriation</u>	<u>Supplemental Appropriation</u>
General	14,675,568	14,889,922
Fleet Service Fund	830,241	1,333,129
Capital Projects	2,423,927	4,612,261
Bus Tax	1,080,222	1,290,222
Acquisition and Improvements	4,532,739	9,481,478
Tourism	713,577	730,329
Conservation Trust	100,940	124,040
GID Improvement District No.1980	43,832	53,832
Downtown Development Authority	1,103,771	1,107,438
Water and Sewer	8,140,852	8,666,896
Electric System	11,572,724	20,856,077
Airport Operations	181,829	219,701
Landfill Operations	4,012,489	4,616,052

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly know 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 \$707,743 which is the approximate required reserve at December 31, 2007.

The City's voters approved a ballot question which will allow the City to collect, retain, and expend the full proceeds of the City's sales and use tax, non-federal grants, fees and other revenues from the date of January 1, 1993 and thereafter. The City may not increase tax rates or add new debt without voter approval.

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.

**C. Possible Violation of State Statutes**

The following fund had expenditures in excess of appropriations:

The Bus Tax Fund expenditures exceeded appropriations by \$15,675. This may be a violation of state statutes.

**D. Budgetary Information**

	<u>Water and Sewer Fund</u>	<u>Electric System Fund</u>	<u>Airport Operations Fund</u>	<u>Landfill Operations Fund</u>
Excess (deficiency) of revenues over expenditures - budget basis	\$ (2,477,140)	(745,844)	\$ (9,329)	1,854,848
Gain on disposal of assets	-	-	-	-
Capital contributions	1,345,695	-	-	-
Debt service - Principal	175,000	260,000	-	-
Capital outlay	2,777,134	1,418,260	23,000	424,193
<b>Total Adjustments</b>	<u>4,297,829</u>	<u>1,678,260</u>	<u>23,000</u>	<u>424,193</u>
<b>Net Income - GAAP Basis</b>	<u>\$ 1,820,689</u>	<u>932,416</u>	<u>\$ 13,671</u>	<u>2,279,041</u>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts in deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of collateral must be at least equal to the aggregate uninsured deposits.

At year end, the City had the following investments and maturities:

	<u>Standard &amp; Poors Rating</u>	<u>Carrying amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>Less than five years</u>
<b>Deposits:</b>				
Petty cash	Not Rated	\$ 3,010	3,010	
Checking	Not Rated	549,813	549,813	
Savings and money market	Not Rated	5,170,003	5,170,003	
<b>Investments:</b>				
Certificates of Deposit	Not Rated	11,401,937	11,401,937	
United States Treasuries	Not Rated	3,423,215	21,465	3,401,750
Investment pools	AAA	15,967,770	15,967,770	
Cash held by Trustee	Not Rated	1,020,803	1,020,803	
		<u>\$ 37,536,551</u>		

The City also has \$1,020,803 invested with its pension fund trustee – FPPA. The City’s holdings in investment pools are comprised of balances with COLOTRUST and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The City has no regulatory oversight for the pools.

**Interest Rate Risk:** As a means of limiting its exposure to interest rate risk, the City coordinates its investments maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the City has limited its interest rate risk.

**Credit Risk:** State law and City policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The City’s general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**A. Deposits and Investments (continued)**

Concentration of Credit Risk: The City diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding City funds must provide the City with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

**B. Receivables**

Receivables as of year-end for the City's funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Acquisition and Improvement</u>	<u>Water and Sewer</u>	<u>Electric System</u>	<u>Non-major and Other Funds</u>	<u>Total</u>
Receivables:							
Taxes	\$ 1,956,172	261,296	522,591	-	-	657,040	3,397,099
Accounts	238,307	404	13	403,320	1,401,661	614,572	2,658,277
Interest	28,255	11,741	7,448	44,588	44,139	99,214	235,385
Other	-	-	-	31,357	-	-	31,357
Intergovernmental	-	-	24,000	-	-	-	24,000
Gross receivables	<u>2,222,734</u>	<u>273,441</u>	<u>554,052</u>	<u>479,265</u>	<u>1,445,800</u>	<u>1,370,826</u>	<u>6,346,118</u>
Less: allowance for uncollectible	<u>(52,000)</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>(25,000)</u>	<u>(32,500)</u>	<u>(111,000)</u>
Net receivables	<u>\$ 2,170,734</u>	<u>273,441</u>	<u>554,052</u>	<u>477,765</u>	<u>1,420,800</u>	<u>1,338,326</u>	<u>6,235,118</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$1,031,886 of deferred revenue for property taxes levied in 2007 but not available until 2008.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**C. Capital Assets**

The City had the following capital asset activity for the year:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 9,731,732	435,767	(469,635)	9,697,864
Construction in progress	2,504,211	727,910	(1,983,956)	1,248,165
Total capital assets, not being depreciated	<u>12,235,943</u>	<u>1,163,677</u>	<u>(2,453,591)</u>	<u>10,946,029</u>
Capital assets, being depreciated:				
Buildings	27,864,269	-	-	27,864,269
Other improvements	1,417,851	389,410	-	1,807,261
Machinery and equipment	2,047,051	506,300	(951,126)	1,602,225
Streets and trails	40,792,640	2,687,499	-	43,480,139
Vehicles	5,141,828	1,130,173	(1,893,328)	4,378,673
Total capital assets, being depreciated	<u>77,263,639</u>	<u>4,713,382</u>	<u>(2,844,454)</u>	<u>79,132,567</u>
Less accumulated depreciation for:				
Buildings	(4,666,098)	(928,586)	-	(5,594,684)
Other improvements	(274,752)	(60,886)	-	(335,638)
Machinery and equipment	(1,381,075)	(158,231)	720,383	(818,923)
Streets and trails	(16,195,060)	(1,383,981)	-	(17,579,041)
Vehicles	(3,659,205)	(481,582)	1,699,700	(2,441,087)
Total accumulated depreciation	<u>(26,176,190)</u>	<u>(3,013,266)</u>	<u>2,420,083</u>	<u>(26,769,373)</u>
Total capital assets, being depreciated, net	<u>51,087,449</u>	<u>1,700,116</u>	<u>(424,371)</u>	<u>52,363,194</u>
<b>Governmental Activities - Capital Assets, Net</b>	<u>\$ 63,323,392</u>	<u>2,863,793</u>	<u>(2,877,962)</u>	<u>63,309,223</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 104,641	-	-	104,641
Water rights	29,800	-	-	29,800
Construction in progress	1,255,582	1,237,238	-	2,492,820
Total capital assets, not being depreciated	<u>1,390,023</u>	<u>1,237,238</u>	<u>-</u>	<u>2,627,261</u>
Capital assets, being depreciated:				
Buildings and plant	38,234,446	875,604	(34,570)	39,075,480
Distribution and collection system	21,782,993	2,079,418	(30,000)	23,832,411
Machinery and equipment	2,699,746	450,328	(258,324)	2,891,750
Vehicles	1,560,218	-	(1,441,843)	118,375
Total capital assets, being depreciated	<u>64,277,403</u>	<u>3,405,350</u>	<u>(1,764,737)</u>	<u>65,918,016</u>
Less accumulated depreciation for:				
Buildings and plant	(5,603,402)	(255,578)	-	(5,858,980)
Distribution and collection system	(14,016,768)	(1,243,708)	29,810	(15,230,666)
Machinery and equipment	(1,419,013)	(357,088)	137,640	(1,638,461)
Vehicles	(1,280,622)	(13,601)	1,175,849	(118,374)
Total accumulated depreciation	<u>(22,319,805)</u>	<u>(1,869,975)</u>	<u>1,343,299</u>	<u>(22,846,481)</u>
Total capital assets, being depreciated, net	<u>41,957,598</u>	<u>1,535,375</u>	<u>(421,438)</u>	<u>43,071,535</u>
<b>Business-type Activities - Capital Assets, Net</b>	<u>\$ 43,347,621</u>	<u>2,772,613</u>	<u>(421,438)</u>	<u>45,698,796</u>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**C. Capital Assets (continued)**

The City had capital outlay and depreciation expense for the following functions:

	<u>Capital Outlay</u>	<u>Depreciation Expense</u>
<b>Governmental Activities:</b>		
General government	\$ -	257,824
Transportation	291,763	129,516
Public safety	134,350	333,042
Public works	3,004,457	1,486,171
Culture and recreation	435,319	598,464
<b>Total Governmental Activities</b>	<u>\$ 3,865,889</u>	<u>2,805,017</u>
<b>Business-type Activities:</b>		
Water and sewer	\$ 2,777,134	875,465
Electric	1,418,260	837,129
Airport	23,000	9,465
Landfill	424,193	147,915
<b>Total Business-type Activities</b>	<u>\$ 4,642,587</u>	<u>1,869,974</u>

The difference between fixed asset additions and capital outlay include contributed assets and projects initially capitalized and subsequently expensed.

**D. Interfund Receivables, Payables, and Transfers**

Balances at year-end between funds are reported as "advances from other funds/advances to 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.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The City had the following interfund receivables or payables as of December 31, 2007:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 271,270	-
Landfill Operations	435,767	-
General Improvement District No. 198	28,366	
Downtown Development	-	735,403
	<u>\$ 735,403</u>	<u>735,403</u>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**D. Interfund Receivables, Payables, and Transfers (continued)**

Transfers were as follows:

<u>Fund</u>	<u>Funds Transferred In</u>	<u>Funds Transferred (Out)</u>	<u>Reason</u>
General Fund	\$ 199,338		Allocated organizational costs and franchise fees.
Water and Sewer		199,338	
General Fund	322,640		Residual equity transfer; fund closed in 2007.
Self Insurance Fund		322,640	
General Fund	20,270		Transfer of sales tax per Glenwood Meadows development agreement.
Street Tax Fund	6,757		
Bus Tax Fund	2,702		
Capital Projects Fund	6,757		
Acquisition and Improvement Fund	13,514		
Downtown Development Authority		50,000	
General Fund	574,408		Allocated organizational costs and franchise fees.
Electric Fund		574,408	
Fleet Service Fund	2,781,263		Funding required in Fleet Service Fund from other funds in accordance with the City's capital replacement plan.
General Fund		220,058	
Water and Sewer		762,333	
Electric Fund		377,256	
Airport		2,700	
Landfill Fund		603,563	
Capital Projects Fund		811,686	
Downtown Development Authority		3,667	
General Fund	146		Boat ramp fees
Conservation Trust Fund		146	
Emergency Services Equipment and Replacement Fund	193,230		City share of capital improvement mill levy.
General Fund		193,230	
Acquisition and Improvement Fund	14,435		Reimbursement for offices at station 2.
Emergency Services Equipment and Replacement Fund		14,435	
General Improvement District No. 1980	13,675		Allocation of overhead costs
Downtown Development Authority		13,675	
Acquisition and Improvement Fund	474,686		Community pool debt payment
Landfill Fund		474,686	
Water Sewer and Sanitation Fund	461,560		Water and sewer infrastructure needs
Capital Projects Fund		461,560	
	<u>\$ 5,085,381</u>	<u>5,085,381</u>	

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

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

**E. Governmental Funds Long-term Debt**

**1. Revenue and General Obligation Bonds**

- (a) \$19,040,000 Sales and Use Tax Revenue Bonds dated February 15, 1999, bearing an effective interest rate of 4.5633%, payable April 1 and October 1 each year thereafter until maturity. Principal on this issue matures October 1 of each year through 2018.

Bonds of this issue maturing before October 1, 2009, are not redeemable prior to their respective maturity dates. Bonds of this issue maturing on or after October 1, 2009, are redeemable in whole or in part. The redemption price is equal to the principal amount thereof and accrued interest to the date of redemption, plus a premium ranging from 0% to 1% of the principal amount of the bonds.

Bonds of this issue maturing on October 1, 2018, are subject to mandatory sinking fund requirements. The revenues derived from the 1.0% portion of the City's effective 3.7% sales and use tax are pledged for payment of bonds of this issue. This bond issue is MBIA insured.

- (b) \$4,999,017 Government Agency Bond dated May 1, 1999, issued to evidence the loan agreement of the same date with the Colorado Water Resources and Power Development Authority. The bond bears an effective interest yield of 3.77%, payable April 1 and October 1 from 1999 through 2018. Principal on this issue matures April 1 and October 1 of each year from 1999 through 2018.
- (c) \$2,298,217 Government Agency Bond dated September 15, 1998, issued to evidence the loan agreement of the same date with the Colorado Water Resources and Power Development Authority. The bond bears an effective interest yield of 4.454%, payable April 1 and October 1 from 1999 through 2012. Principal on this issue matures October 1 of each year from 1999 through 2012.
- (d) \$3,695,000 Limited Tax General Obligation Bonds dated March 15, 2001, bearing interest rates ranging from 4.0% to 5.05%. The revenues derived from an ad valorem mill levy imposed annually through December 31, 2020, upon all taxable property within the City are pledged for this bond issue. The issue is subject to mandatory sinking fund requirements. This bond issue is insured by Financial Security Assurance, Inc. The proceeds are to be used for the acquisition and construction of fire department buildings and equipment.

**2. Land Lease Payable**

On December 29, 2000, the City entered into an installment purchase agreement (\$1,000,000) for the purchase of land located within the City limits. Repayment terms include equal annual installments of \$99,631 over a period of eleven years. The annual interest rate in relation to this note is 8.33%.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**E. Governmental Funds Long-term Debt**

**3. Capital Leases**

The City has various capital leases relating to vehicles and office equipment. The leases are annually appropriable and the terms vary. The following lease payments are required:

Year	2006 Ford Expedition	(2) 2006 Ford Expeditions	2005 Ford Expedition	2004 Dodge Dakota	Total
2008	\$ 4,210	11,005	4,817	5,044	25,076
2009	4,210	-	4,817	-	9,027
2010	4,210	-	-	-	4,210
Sub total	12,630	11,005	9,634	5,044	38,313
Less: interest	(1,058)	(475)	(539)	(189)	(2,261)
<b>Total</b>	<b>\$ 11,572</b>	<b>10,530</b>	<b>9,095</b>	<b>4,855</b>	<b>36,052</b>

**4. 2002 SIB Loan**

In 2002, the City entered into a loan agreement with the State Infrastructure Bank via the Colorado Department of Transportation to purchase property for possible Highway 82 relocation. The original principal balance was \$1,500,000 with annual payments of \$166,990. The loan has a stated interest rate of 2% and matures in 2012.

**5. Pool Lease**

In 2004, the City signed a lease agreement with Municipal Capital Markets Group, subsequently assigned to Alpine Bank, for funds to complete the municipal pool. The lease requires semi-annual payments of \$224,843 through 2009. The lease carries an interest rate of 4.375% and can be terminated through payment of the outstanding balance at a 103% premium.

**6. Compensated Absences**

The City has a policy for the accumulation of sick pay, vacation pay and compensatory time up to certain limits. Earned vacation pay accrues on a graduated scale from the date of employment but may not exceed 52 days. Sick pay may be accumulated to a maximum of 120 days; upon retirement, an employee's accrued sick leave may be converted to monetary payment at their current rate of pay for 100% of the amount accrued. In lieu of accruing and receiving additional sick leave, an employee who has accrued 120 days will be compensated as follows; in money at current salary or hourly rate for half of the accrued days in excess of the 120 days or in vacation leave at a ratio of 1 day for every 2 days sick leave. In lieu of overtime compensation, an employee may bank compensatory time at the rate of 1½ hours for every hour worked up to a maximum of 40 hours.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**E. Governmental Fund Long-term Debt (continued)**

**5. Summary of Debt Service Requirements**

The following is a summary of debt service requirements for governmental activities:

Year Ended December 31,	Sales and Use Tax Revenue Bonds	1998 Government Agency Bonds	1999 Government Agency Bonds	2001 Limited Tax General Obligation	Land Installment Agreement
2008	\$ 1,477,665	222,745	384,834	290,893	99,631
2009	1,475,810	225,215	384,301	294,332	99,631
2010	1,476,593	223,601	385,081	292,193	99,631
2011	1,474,730	221,692	384,416	289,667	99,631
2012	1,475,655	224,213	383,484	291,748	99,631
2013-2017	7,375,375	-	1,927,336	1,467,777	-
2018-2021	1,477,680	-	193,932	876,810	-
<b>Total</b>	<b>16,233,508</b>	<b>1,117,466</b>	<b>4,043,384</b>	<b>3,803,420</b>	<b>498,155</b>
Less: Interest	<u>(3,758,508)</u>	<u>(136,630)</u>	<u>(960,839)</u>	<u>(1,033,420)</u>	<u>(103,816)</u>
<b>Total</b>	<b>\$ 12,475,000</b>	<b>980,836</b>	<b>3,082,545</b>	<b>2,770,000</b>	<b>394,339</b>

Year Ended December 31,	SIB Loan	Capital Leases	Pool Lease	Grand Total
2008	\$ 166,990	25,076	449,686	3,117,520
2009	166,990	9,027	224,843	2,880,149
2010	166,990	4,210	-	2,648,299
2011	166,990	-	-	2,637,126
2012	166,990	-	-	2,641,721
2013-2017	-	-	-	10,770,488
2018-2021	-	-	-	2,548,422
<b>Total</b>	<b>834,950</b>	<b>38,313</b>	<b>674,529</b>	<b>27,243,725</b>
Less: Interest	<u>(47,850)</u>	<u>(2,261)</u>	<u>(28,469)</u>	<u>(6,071,793)</u>
<b>Total</b>	<b>\$ 787,100</b>	<b>36,052</b>	<b>646,060</b>	<b>\$ 21,171,932</b>

**F. Enterprise Fund Long-term Debt**

**1. Revenue and General Obligation Refunding Bonds**

- (a) \$1,770,000 Water and Sewer Revenue Refunding Bonds - 2003 issue, bearing interest rates ranging from 2.00% to 3.25%, payable on June 1 and December 1 of each year through 2013. Principal matures year to year from 2003 to 2013. The bonds are revenue obligations of the City and are not general obligation bonds of the City. The bonds were issued to refinance the outstanding water and sewer bonds of the City. The bonds are not subject to prior redemption.
- (b) \$2,845,000 of Electric System Revenue Bonds bearing interest between 4.0% and 4.5% depending on maturity. The bonds mature in 2011 and require annual payments of approximately \$330,000. The proceeds are to be used for construction of a maintenance facility and municipal operation center.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**F. Enterprise Fund Long-term Debt (continued)**

**1. Revenue and General Obligation Refunding Bonds (continued)**

Year Ended December 31,	Water and Sewer Revenue Refunding Bonds Series 2003	Electric System Revenue Bonds	Total
2008	210,225	325,381	535,606
2009	206,175	323,969	530,144
2010	186,675	321,856	508,531
2011	186,725	323,950	510,675
2012	191,412		191,412
2013	191,012	-	191,012
<b>Total</b>	1,172,224	1,295,156	2,467,380
Less: Interest	(112,224)	(130,156)	(242,380)
<b>Total</b>	<b>\$ 1,060,000</b>	<b>1,165,000</b>	<b>2,225,000</b>

The following is a summary of changes in long-term debt for the year ended December 31, 2007:

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<b>Governmental Activities:</b>					
2001 Limited Tax General Obligation	2,925,000	-	(155,000)	2,770,000	160,000
1999 Sales and Use Tax Revenue Bonds	13,350,000	-	(875,000)	12,475,000	910,000
1999 Governmental Agency Bonds	3,328,177	-	(245,632)	3,082,545	251,030
1998 Governmental Agency Bonds	1,156,694	-	(175,857)	980,837	178,375
Colorado SIB Loan	935,382	-	(148,282)	787,100	151,248
Land Lease Payable	455,986	-	(61,647)	394,339	66,783
Pool Lease	1,054,045	-	(407,985)	646,060	-
Capital Leases	74,343	-	(38,280)	36,063	23,536
Compensated Absences	793,027	137,229	-	930,256	372,102
<b>Business-type Activities:</b>					
Water and Sewer Revenue Refunding Bonds, Series 2003	1,235,000	-	(175,000)	1,060,000	180,000
Electric Revenue Bonds	1,425,000	-	(260,000)	1,165,000	275,000
Landfill closure and post closure	530,504	156,705	-	687,209	-
Compensated Absences	372,041	4,138	-	376,179	261,060
<b>Total</b>	<b>\$ 27,635,199</b>	<b>298,072</b>	<b>(2,542,683)</b>	<b>25,390,588</b>	<b>2,829,134</b>

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**G. Landfill Closure and Post-Closure Costs**

State and federal laws and regulations require the City to perform certain closure and post-closure maintenance of the landfill site for thirty years after closure. In addition to operating expenses relating to current activities of the landfill, an expense provision and related liability are being recognized based on the amount of landfill used during the year. The estimated liability for landfill closure and postclosure care are based upon an estimate of the landfill used during the year. The estimated liability for landfill closure and postclosure costs is \$1,259,143 and \$615,065, respectively. As of December 31, 2007, the liability for closure and postclosure is \$461,685 and \$225,524. The December 31, 2007 liability is based upon the usage (filled) of the landfill and is shown in these financial statements as an accrued liability in the Landfill Fund. It is estimated that an additional \$1,186,999 will be recognized as closure and postclosure care expenses between the date of the balance sheet and 2027, the date the landfill is expected to be filled to capacity.

The estimated total current cost of the landfill closure and postclosure cost, \$687,209 is based upon the estimated amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2007.

The actual costs of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City is required by state and federal laws and regulations to provide adequate financial resources to pay for all closure and postclosure care. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**H. Advance Refunding**

The City has advance refunded several general obligation and revenue bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has not been recorded on the financial statements. The amount of defeased bonds outstanding at December 31, 2007 cannot be readily determined.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

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

**I. Reserved Fund Balance**

The City had the following reserves on the fund balance at December 31, 2007:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Due from Downtown Development Authority	\$ 364,752	-
Emergency Reserve	707,743	-
Prepaid expenses and inventory	27,165	-
Other projects	2,958,117	2,353,894
Debt service	-	461,500
	<b>\$ 4,057,777</b>	<b>2,815,394</b>

When expenditures/expenses meet the requirements to be used for restricted purposes, they are initially applied against restricted resources and subsequently applied against unrestricted resources.

**J. Bond Issuance Costs**

Bond issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Unamortized bond issuance costs at December 31, 2007, were \$60,680.

**V. Other Information**

**A. Pension Plans**

All City employees, except police and fire, participate in the Federal Social Security system for which the City has no liability except for amounts withheld and related statutory matching amounts. In addition, the City has established two contributory pension plans.

**1. Contributory Pension Plan (IRS Section 401(k))**

All full-time employees of the City are eligible to participate in the plan. Eligibility is after six months of employment with enrollment dates of the first day of each month. An employee must have six months of employment at the enrollment date. The City contributes 4% of the base pay of all eligible City employees. In addition, all eligible employees may contribute. Employee contributions are fully vested and City contributions become fully vested after five years. The non-vested contributions that are forfeited are allocated to the remaining plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Daily Access Concepts. Total payroll for the year was \$9,382,749 and current year payroll for employees covered under the plan was \$7,650,468. The City's contributions were \$514,364.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

**V. Other Information (continued)**

**A. Pension Plans (continued)**

**2. Contributory Pension Plan (IRS Section 401(a))**

All City police and fire employees are eligible to participate in this plan, in lieu of Social Security benefits. Eligibility is at the date of employment. The employee and the City contribute 7 1/2% of compensation to this plan. Employee contributions are fully vested, and the City's contributions become fully vested after five years. If the employee does not become eligible for the benefits, the forfeitures are divided among the plan participants. The City has no liability under the plan beyond the requirement to make the aforementioned contributions. The plan is administered by Daily Access Concepts. Total payroll for the year was \$9,382,749 and current year payroll for employees covered under the plan was \$3,125,867. The City's contributions were \$234,440.

**3. Volunteer Firemen's Pension Fund**

**Plan Description:** The City, on behalf of its volunteer firemen, provides a defined benefit pension plan which is affiliated with the Colorado Fire and Police Pension Association ("FPPA"). Assets of the plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the plan. Title 31, Article 30 of the Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the plan. The activity for the Firemen's Pension Trust Fund has been reported in these financial statements.

**Funding Policy:** The City contributed to the plan in 2007. There were no contributions from participants.

**Annual Pension Costs:** For the fiscal year ended December 31, 2007, the annual pension costs were \$93,000. Eligible firemen presently receive \$500 per month in pension benefits.

**Actuarial Information:** The Annual Required Contribution ("ARC") for the January 1, 2007, (the last available year) was determined by the FPPA actuary, or an actuarial firm designated by FPPA using the "entry age normal" cost method and is as of January 1, 2007. The significant actuarial assumptions used in the valuation as of January 1, 2007, were: (a) life expectancy of participants obtained from the 1983 Group Annuity Mortality Table loaded for fire and police experience; (b) retirement age assumption of age 50 with 20 years of service; (c) pension benefits at \$500 per month with 20 years, or \$25 per year of service between 10 and 20 years; and (d) investment return of 8% per annum net of operating expenses.

For the purpose of this actuarial study, plan assets were valued at fair value using quoted market prices. The study uses a level amortization period over a period of 20 years, up to a maximum of 40 years.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

**V. Other Information (continued)**

**A. Pension Plans (continued)**

**3. Volunteer Firemen's Pension Fund (continued)**

Listed below is the required disclosure for the most recent actuarial valuation, prior evaluations are not available as the City joined the plan in 1997.

Actuarial valuation date	Net assets available for benefits (a)	Actuarial accrued liability (b)	Unfunded actuarial liability (funding excess) (c)	Funded ratio (a)/(b)
1/1/1997	\$ 545,609	274,607	-271,002	199%
1/1/1999	687,733	393,630	-294,103	175%
1/1/2001	818,845	590,928	-227,917	139%
1/1/2003	772,828	636,148	-136,680	121%
1/1/2005	806,515	831,758	25,243	97%
1/1/2007	946,200	1,020,629	74,429	93%

**B. Post-Employment Health Care Benefits**

All City employees covered by COBRA insurance may continue their health insurance due to a reduction in work hours or termination of employment (for reasons other than "gross misconduct") for up to 18 months after the occurrence of one of these events. Eligible dependents may continue coverage for up to 36 months. Employees who elect continued coverage must pay the City for premiums from the termination date of coverage and monthly thereafter. Retirees and their dependents can stay on the medical, dental and vision insurance until they are eligible for Medicare. The employee pays the total premiums for any elections. No cost to the City is recognized as employees reimburse 100% of their premium cost.

**C. Cafeteria Plan**

The City offers a cafeteria plan organized under IRS Sections 125 and 129. It allows employees to pay premiums for some insurances tax free, contribute to medical spending accounts and contribute to dependent care spending accounts. No cost to the City is recognized as the plan is a salary reduction plan.

**D. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**E. Claims**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**City of Glenwood Springs, Colorado**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Continued)**

**V. Other Information (continued)**

**F. Risk Management**

**1. Colorado Intergovernmental Risk Sharing Agency**

The City is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate such losses at December 31, 2007.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

**G. Comparative Information**

Certain balances in the comparative information for the fiscal year ended December 31, 2006 have been reclassified to conform to the presentation used for the year ended December 31, 2007.

REQUIRED SUPPLEMENTARY INFORMATION



**City of Glenwood Springs, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<u>Final Budget</u>	<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>					
<b>Taxes:</b>					
Property taxes	956,541	956,541	958,261	1,720	867,711
Specific ownership	81,000	81,000	84,342	3,342	88,003
Special assessment	35,000	35,000	35,514	514	34,856
General sales tax	6,302,092	6,302,092	6,698,493	396,401	6,041,329
Use tax	217,705	217,705	194,799	(22,906)	246,255
Franchise tax	170,000	170,000	157,458	(12,542)	201,147
<b>Total Taxes</b>	<u>7,762,338</u>	<u>7,762,338</u>	<u>8,128,867</u>	<u>366,529</u>	<u>7,479,301</u>
<b>Permits and Licenses:</b>					
Contractors licenses	33,000	33,000	26,620	(6,380)	25,218
Liquor licenses	13,000	13,000	20,222	7,222	15,208
Dog licenses	700	700	480	(220)	675
Building permits	146,562	146,562	96,939	(49,623)	199,229
Sales tax license	27,000	27,000	27,913	913	22,075
<b>Total Permits and Licenses</b>	<u>220,262</u>	<u>220,262</u>	<u>172,174</u>	<u>(48,088)</u>	<u>262,405</u>
<b>Intergovernmental:</b>					
Cigarette tax	95,000	95,000	112,004	17,004	103,599
County road and bridge	70,000	70,000	354,444	284,444	148,146
County sales tax	255,397	255,397	251,315	(4,082)	259,545
Highway use tax	237,462	237,462	259,383	21,921	264,746
Severance tax	40,000	40,000	25,356	(14,644)	41,806
Grants	356,552	356,552	261,723	(94,829)	291,563
Glenwood Springs Rural Fire District	439,496	439,496	439,496	-	341,544
<b>Total Intergovernmental</b>	<u>1,493,907</u>	<u>1,493,907</u>	<u>1,703,721</u>	<u>209,814</u>	<u>1,450,949</u>
<b>Charges and Fees:</b>					
Plan check and record fee	126,908	126,908	102,772	(24,136)	146,988
Ambulance	380,000	380,000	428,362	48,362	435,842
Cemetery fees	15,000	15,000	19,625	4,625	15,313
Police fines and court fees	160,000	160,000	199,395	39,395	176,279
Parking fees and fines	46,000	46,000	42,260	(3,740)	47,099
Fire impact fee	11,000	11,000	18,632	7,632	17,800
Impoundment fees	9,000	9,000	6,589	(2,411)	5,955
Recreation fees	1,240,000	1,240,000	1,078,148	(161,852)	1,101,356
Park and rafting fees	29,600	29,600	39,161	9,561	34,867
Airport road fees	-	-	-	-	2,000
Affordable housing fees	10,000	10,000	19,694	9,694	7,859
<b>Total Charges and Fees</b>	<u>2,027,508</u>	<u>2,027,508</u>	<u>1,954,638</u>	<u>(72,870)</u>	<u>1,991,358</u>
<b>Other Revenues:</b>					
Contributions	200	200	-	(200)	225
Interest	30,000	30,000	199,280	169,280	125,224
Police confiscated assets	11,000	11,000	7,624	(3,376)	13,176
Miscellaneous	30,000	30,000	31,495	1,495	30,439
Other lease revenue	123,600	123,600	133,454	9,854	140,242
Overhead reimbursement	1,420,914	1,431,082	1,454,812	23,730	1,390,573
Other reimbursements	221,890	221,890	218,297	(3,593)	463,354
<b>Total Other Revenues</b>	<u>1,837,604</u>	<u>1,847,772</u>	<u>2,044,962</u>	<u>197,190</u>	<u>2,163,233</u>
<b>Total Revenues</b>	<u>13,341,619</u>	<u>13,351,787</u>	<u>14,004,362</u>	<u>652,575</u>	<u>13,347,246</u>

(continued)

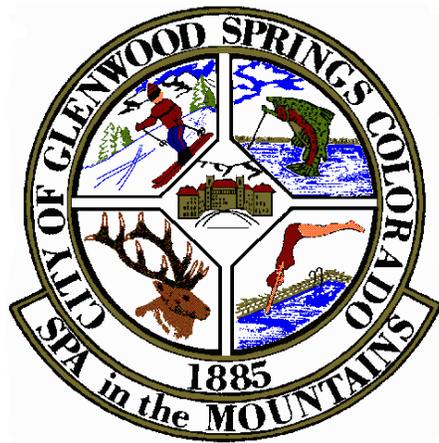
The accompanying notes are an integral part of these financial statements.

**City of Glenwood Springs, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**  
**(Continued)**

	2007			Final Budget	2006
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Expenditures:</b>					
<b>General Government:</b>					
Administration	755,372	796,568	779,656	16,912	547,080
Personnel/purchasing	217,850	217,850	191,457	26,393	178,233
City Clerk and elections	443,738	443,738	390,135	53,603	503,179
Finance	740,648	740,648	718,421	22,227	649,250
Data processing	322,958	322,958	293,841	29,117	271,371
Judicial	196,568	196,568	168,114	28,454	152,788
Legal	297,927	297,927	283,558	14,369	258,747
Annexation costs and rebates	369,692	328,496	117,297	211,199	47,399
<b>Total General Government</b>	<u>3,344,753</u>	<u>3,344,753</u>	<u>2,942,479</u>	<u>402,274</u>	<u>2,608,047</u>
<b>Public Safety:</b>					
Police Department	3,177,167	3,177,167	3,002,514	174,653	2,850,486
Emergency services	2,625,381	2,625,381	2,646,685	(21,304)	2,189,111
<b>Total Public Safety</b>	<u>5,802,548</u>	<u>5,802,548</u>	<u>5,649,199</u>	<u>153,349</u>	<u>5,039,597</u>
<b>Community Development:</b>					
Administration/planning	421,819	421,819	383,349	38,470	333,165
Building inspector	298,385	298,385	264,104	34,281	210,412
<b>Total Community Development</b>	<u>720,204</u>	<u>720,204</u>	<u>647,453</u>	<u>72,751</u>	<u>543,577</u>
<b>Public Works:</b>					
Administration/engineering	426,414	426,414	406,432	19,982	422,579
Fleet maintenance	-	-	-	-	257,317
Streets, alleys, snow removal	907,984	907,984	934,333	(26,349)	844,074
<b>Total Public Works</b>	<u>1,334,398</u>	<u>1,334,398</u>	<u>1,340,765</u>	<u>(6,367)</u>	<u>1,523,970</u>
<b>Culture and Recreation:</b>					
Recreation	621,708	621,708	507,482	114,226	504,587
Community Center	1,578,234	1,578,234	1,454,257	123,977	1,326,062
Parks and cemetery	788,225	788,225	812,856	(24,631)	668,351
<b>Total Culture and Recreation</b>	<u>2,988,167</u>	<u>2,988,167</u>	<u>2,774,595</u>	<u>213,572</u>	<u>2,499,000</u>
<b>Debt Service:</b>					
Principal on bonded debt	155,000	155,000	155,000	-	150,000
Interest on bonded debt	137,093	137,093	137,093	-	143,093
<b>Total Debt Service</b>	<u>292,093</u>	<u>292,093</u>	<u>292,093</u>	<u>-</u>	<u>293,093</u>
<b>Total Expenditures</b>	<u>14,482,163</u>	<u>14,482,163</u>	<u>13,646,584</u>	<u>835,579</u>	<u>12,507,284</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,140,544)	(1,130,376)	357,778	(183,004)	839,962
<b>Other Financing Sources (Uses):</b>					
Bond and lease financing proceeds	60,000	60,000	-	(60,000)	35,711
Transfers in	773,746	773,746	1,096,532	322,786	655,834
Transfers (out)	(193,405)	(407,759)	(433,557)	(25,798)	(189,206)
<b>Total Other Financing Sources (Uses)</b>	<u>640,341</u>	<u>425,987</u>	<u>662,975</u>	<u>236,988</u>	<u>502,339</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	(500,203)	(704,389)	1,020,753	53,984	1,342,301
<b>Fund Balance - Beginning of Year</b>	<u>3,796,133</u>	<u>4,183,947</u>	<u>4,183,947</u>	<u>-</u>	<u>2,841,646</u>
<b>Fund Balance - End of Year</b>	<u>3,295,930</u>	<u>3,479,558</u>	<u>5,204,700</u>	<u>1,725,142</u>	<u>4,183,947</u>

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

SUPPLEMENTARY INFORMATION



**City of Glenwood Springs, Colorado**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<u>Final Budget</u>	<u>2006</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>	
				<u>(Negative)</u>	
<b>Revenues:</b>					
<b>Taxes:</b>					
Sales tax	2,100,672	2,100,672	2,232,803	132,131	2,013,752
Use tax	72,567	72,567	64,932	(7,635)	82,084
<b>Total Taxes</b>	<u>2,173,239</u>	<u>2,173,239</u>	<u>2,297,735</u>	<u>124,496</u>	<u>2,095,836</u>
<b>Fees and Charges:</b>					
Park land fees	-	-	154,058	154,058	15,655
<b>Total Fees and Charges</b>	<u>-</u>	<u>-</u>	<u>154,058</u>	<u>154,058</u>	<u>15,655</u>
<b>Other:</b>					
Interest	30,000	30,000	84,208	54,208	140,151
Other income	-	-	260	260	27,901
<b>Total Other</b>	<u>30,000</u>	<u>30,000</u>	<u>84,468</u>	<u>54,468</u>	<u>168,052</u>
<b>Total Revenues</b>	<u>2,203,239</u>	<u>2,203,239</u>	<u>2,536,261</u>	<u>333,022</u>	<u>2,279,543</u>
<b>Expenditures:</b>					
<b>Public Works:</b>					
Water projects	-	845,347	509,306	336,041	558,455
Work activities team	271,109	294,709	250,962	43,747	256,542
Sewer improvements	-	914,989	314,441	600,548	315,828
Other expenditures	142,502	222,189	158,436	63,753	134,780
<b>Total Public Works</b>	<u>413,611</u>	<u>2,277,234</u>	<u>1,233,145</u>	<u>1,044,089</u>	<u>1,265,605</u>
<b>Debt Service:</b>					
Principal on 1998 Government Agency Bond	175,857	175,857	175,857	-	172,657
Interest on 1998 Government Agency Bond	52,284	52,284	52,284	-	59,363
<b>Total Debt Service</b>	<u>228,141</u>	<u>228,141</u>	<u>228,141</u>	<u>-</u>	<u>232,020</u>
<b>Total Expenditures</b>	<u>641,752</u>	<u>2,505,375</u>	<u>1,461,286</u>	<u>1,044,089</u>	<u>1,497,625</u>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<u>1,561,487</u>	<u>(302,136)</u>	<u>1,074,975</u>	<u>1,377,111</u>	<u>781,918</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	(6,757)	(6,757)	20,000
Transfers (out)	(1,782,175)	(2,106,886)	(1,273,246)	833,640	(1,790,400)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,782,175)</u>	<u>(2,106,886)</u>	<u>(1,280,003)</u>	<u>826,883</u>	<u>(1,770,400)</u>
<b>Excess (Deficiency) of Revenues and Other</b>					
<b>Financing Sources Over Expenditures</b>					
<b>and Other Financing (Uses)</b>	(220,688)	(2,409,022)	(205,028)	2,203,994	(988,482)
<b>Fund Balance - Beginning of Year</b>	<u>1,191,819</u>	<u>2,333,301</u>	<u>2,333,301</u>	<u>-</u>	<u>3,321,783</u>
<b>Fund Balance - End of Year</b>	<u>971,131</u>	<u>(75,721)</u>	<u>2,128,273</u>	<u>2,203,994</u>	<u>2,333,301</u>

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

**City of Glenwood Springs, Colorado**  
**Acquisition and Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	2007			2006	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Taxes:</b>					
General sales tax	4,201,343	4,201,343	4,465,607	264,264	4,027,503
Use tax	145,135	145,135	129,864	(15,271)	164,168
<b>Total Taxes</b>	<u>4,346,478</u>	<u>4,346,478</u>	<u>4,595,471</u>	<u>248,993</u>	<u>4,191,671</u>
<b>Intergovernmental:</b>					
Grants	-	-	24,000	24,000	7,200
<b>Other:</b>					
Interest income	104,000	104,000	210,629	106,629	145,669
Donations	-	-	351	351	125,000
Cost reimbursement	300,000	300,000	8,125	(291,875)	-
Other	-	-	5,697	5,697	15,300
<b>Total Other</b>	<u>404,000</u>	<u>404,000</u>	<u>224,802</u>	<u>(179,198)</u>	<u>285,969</u>
<b>Total Revenues</b>	<u>4,750,478</u>	<u>4,750,478</u>	<u>4,844,273</u>	<u>93,795</u>	<u>4,484,840</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
General and administrative	505,501	525,509	514,433	11,076	335,325
Bond fees	40,142	40,142	40,142	-	40,142
<b>Total General Government</b>	<u>545,643</u>	<u>565,651</u>	<u>554,575</u>	<u>11,076</u>	<u>375,467</u>
<b>Culture and Recreation:</b>					
Frontier Historical Museum	10,582	10,582	9,587	995	10,888
River trail system	457,389	1,876,629	178,866	1,697,763	209,538
Arts Center	144,000	144,000	63,850	80,150	1,192
Other projects	933,000	1,160,885	509,907	650,978	-
<b>Total Culture and Recreation</b>	<u>1,544,971</u>	<u>3,192,096</u>	<u>762,210</u>	<u>2,429,886</u>	<u>221,618</u>
<b>Public Works:</b>					
Streets and sidewalks	-	401,149	46	401,103	39,699
Glenwood Meadows project	-	2,535,895	35,658	2,500,237	230,302
Other projects	169,667	504,061	464,873	39,188	206,047
<b>Total Public Works</b>	<u>169,667</u>	<u>3,441,105</u>	<u>500,577</u>	<u>2,940,528</u>	<u>476,048</u>
<b>Debt Service:</b>					
Principal - 1999 Sales and use tax bonds	875,000	875,000	875,000	-	840,000
Interest - 1999 Sales and use tax bonds	602,665	602,665	602,665	-	635,425
Principal - 1999 Government agency bonds	245,632	245,632	245,632	-	240,234
Interest - 1999 Government agency bonds	99,475	99,475	99,475	-	104,791
Principal - Pool lease	407,985	407,985	407,985	-	390,705
Interest - Pool lease	41,701	41,701	41,700	1	58,981
<b>Total Debt Service</b>	<u>2,272,458</u>	<u>2,272,458</u>	<u>2,272,457</u>	<u>1</u>	<u>2,270,136</u>
<b>Total Expenditures</b>	<u>4,532,739</u>	<u>9,471,310</u>	<u>4,089,819</u>	<u>5,381,490</u>	<u>3,343,269</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	217,739	(4,720,832)	754,454	5,475,285	1,141,571
<b>Other Financing Sources (Uses):</b>					
Sale of assets	-	-	167,818	167,818	-
Transfers in	489,121	489,121	489,121	-	489,686
Transfers (out)	-	(10,168)	(13,514)	(3,346)	(20,000)
<b>Total Other Financing Sources (Uses)</b>	<u>489,121</u>	<u>478,953</u>	<u>643,425</u>	<u>164,472</u>	<u>469,686</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	706,860	(4,241,879)	1,397,879	5,639,757	1,611,257
<b>Fund Balance - Beginning of Year</b>	<u>2,449,577</u>	<u>3,861,227</u>	<u>3,861,227</u>	<u>-</u>	<u>2,249,970</u>
<b>Fund Balance - End of Year</b>	<u>3,156,437</u>	<u>(380,652)</u>	<u>5,259,106</u>	<u>5,639,757</u>	<u>3,861,227</u>

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

**City of Glenwood Springs, Colorado**  
**Combining Balance Sheets**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2007**

	<u>Special Revenue Funds</u>						<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Tourism Fund</u>	<u>Street Tax Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>Downtown Development Authority</u>	<u>General Improvement District No. 1980</u>	<u>Emergency Services Equipment Replacement</u>	
<b>Assets:</b>									
Cash and investments - Unrestricted	506,748	1,886,561	76,929	74,559	203,814	1,136,262	3,477	611,319	4,499,669
Taxes receivable	53,796	261,296	-	-	104,510	194,945	42,493	-	657,040
Accounts receivable	69	37,490	-	-	4,933	-	28,366	7,268	78,126
Prepaid expenses	-	-	-	-	1,196	-	-	-	1,196
<b>Total Assets</b>	<b><u>560,613</u></b>	<b><u>2,185,347</u></b>	<b><u>76,929</u></b>	<b><u>74,559</u></b>	<b><u>314,453</u></b>	<b><u>1,331,207</u></b>	<b><u>74,336</u></b>	<b><u>618,587</u></b>	<b><u>5,236,031</u></b>
<b>Liabilities and Fund Balance:</b>									
<b>Liabilities:</b>									
Vouchers payable	15,928	158,868	-	-	85,074	47,645	357	-	307,872
Due to other funds	-	-	-	-	-	707,037	-	-	707,037
Deferred property taxes	-	-	-	-	-	194,945	42,223	-	237,168
<b>Total Liabilities</b>	<b><u>15,928</u></b>	<b><u>158,868</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>85,074</u></b>	<b><u>949,627</u></b>	<b><u>42,580</u></b>	<b><u>-</u></b>	<b><u>1,252,077</u></b>
<b>Fund Balance:</b>									
Reserved:									
Emergency	26,214	66,040	1,410	2,794	29,926	16,828	1,293	4,057	148,562
Other	-	129,961	-	-	-	364,752	-	-	494,713
Unreserved	518,471	1,830,478	75,519	71,765	199,453	-	30,463	614,530	3,340,679
<b>Total Fund Balance</b>	<b><u>544,685</u></b>	<b><u>2,026,479</u></b>	<b><u>76,929</u></b>	<b><u>74,559</u></b>	<b><u>229,379</u></b>	<b><u>381,580</u></b>	<b><u>31,756</u></b>	<b><u>618,587</u></b>	<b><u>3,983,954</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>560,613</u></b>	<b><u>2,185,347</u></b>	<b><u>76,929</u></b>	<b><u>74,559</u></b>	<b><u>314,453</u></b>	<b><u>1,331,207</u></b>	<b><u>74,336</u></b>	<b><u>618,587</u></b>	<b><u>5,236,031</u></b>

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

**City of Glenwood Springs, Colorado**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2007**

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		<u>Totals</u>	
	<u>Tourism Fund</u>	<u>Street Tax Fund</u>	<u>V.A.L.E. Fund</u>	<u>Conservation Trust Fund</u>	<u>Bus Tax Fund</u>	<u>Downtown Development Authority</u>	<u>General Improvement District No. 1980</u>		<u>Emergency Services Equipment Replacement</u>
<b>Revenues:</b>									
Taxes	831,994	2,297,735	-	-	919,026	462,465	42,754	-	4,553,974
Intergovernmental	-	28,601	-	87,727	198,864	-	-	55,404	370,596
Charges for services	-	-	44,244	-	10,811	-	-	-	55,055
Interest income	9,982	64,545	2,738	5,418	24,322	48,472	329	31,741	187,547
Other	31,821	95,693	20	-	117	-	-	48,073	175,724
<b>Total Revenues</b>	<u>873,797</u>	<u>2,486,574</u>	<u>47,002</u>	<u>93,145</u>	<u>1,153,140</u>	<u>510,937</u>	<u>43,083</u>	<u>135,218</u>	<u>5,342,896</u>
<b>Expenditures:</b>									
General governmental	-	-	20,467	-	-	583,601	38,595	-	642,663
Transportation	-	1,589,270	-	-	1,303,195	-	-	-	2,892,465
Public Safety	-	-	-	-	-	-	-	280,357	280,357
Community and economic development	730,296	-	-	-	-	-	-	-	730,296
Culture and recreation	-	-	-	114,128	-	-	-	-	114,128
<b>Debt Service:</b>									
Principal	-	209,929	-	-	-	-	-	-	209,929
Interest	-	56,692	-	-	-	-	-	-	56,692
<b>Total Expenditures</b>	<u>730,296</u>	<u>1,855,891</u>	<u>20,467</u>	<u>114,128</u>	<u>1,303,195</u>	<u>583,601</u>	<u>38,595</u>	<u>280,357</u>	<u>4,926,530</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	143,501	630,683	26,535	(20,983)	(150,055)	(72,664)	4,488	(145,139)	416,366
<b>Other Financing Sources (Uses):</b>									
Transfers in	-	-	-	-	-	50,000	16,375	193,230	259,605
Sale of assets	-	-	-	-	1,250	-	-	-	1,250
Transfers (out)	-	(6,757)	-	(146)	(2,702)	(20,042)	-	(14,435)	(44,082)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(6,757)</u>	<u>-</u>	<u>(146)</u>	<u>(1,452)</u>	<u>29,958</u>	<u>16,375</u>	<u>178,795</u>	<u>216,773</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	143,501	623,926	26,535	(21,129)	(151,507)	(42,706)	20,863	33,656	633,139
<b>Fund Balance - Beginning of Year</b>	<u>401,184</u>	<u>1,402,553</u>	<u>50,394</u>	<u>95,688</u>	<u>380,886</u>	<u>424,286</u>	<u>10,893</u>	<u>584,931</u>	<u>3,350,815</u>
<b>Fund Balance - End of Year</b>	<u>544,685</u>	<u>2,026,479</u>	<u>76,929</u>	<u>74,559</u>	<u>229,379</u>	<u>381,580</u>	<u>31,756</u>	<u>618,587</u>	<u>3,983,954</u>

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

**City of Glenwood Springs, Colorado**  
**Tourism Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<u>2006</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>					
<b>Taxes:</b>					
Accommodations tax	600,000	600,000	831,994	231,994	677,362
<b>Other:</b>					
Interest income	2,100	2,100	9,982	7,882	6,753
Other income	15,000	15,000	31,821	16,821	36,639
<b>Total Revenues</b>	<u>617,100</u>	<u>617,100</u>	<u>873,797</u>	<u>256,697</u>	<u>720,754</u>
<b>Expenditures:</b>					
Economic development:					
Salary and benefits	113,849	113,849	113,849	-	95,829
Administrative	24,492	24,492	24,492	-	19,200
Consulting services	-	-	-	-	13,764
Visitor services	47,400	47,400	47,400	-	47,000
Central reservations/watts line	20,000	20,000	3,955	16,045	2,217
Public relations	25,000	25,000	26,546	(1,546)	24,489
Printing and distribution (brochures, postcards, etc.)	145,000	161,752	181,668	(19,916)	159,310
Database and internet marketing	90,000	90,000	97,001	(7,001)	32,337
Advertising and promotion	177,336	177,336	194,286	(16,950)	48,557
Travel and booth expenses	36,000	36,000	16,676	19,324	29,269
Research and tracking	5,000	5,000	100	4,900	77,022
Special event	29,500	29,500	24,323	5,177	38,000
<b>Total Expenditures</b>	<u>713,577</u>	<u>730,329</u>	<u>730,296</u>	<u>33</u>	<u>586,994</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(96,477)	(113,229)	143,501	256,730	133,760
<b>Fund Balance - Beginning of Year</b>	<u>268,124</u>	<u>401,184</u>	<u>401,184</u>	<u>-</u>	<u>267,424</u>
<b>Fund Balance - End of Year</b>	<u>171,647</u>	<u>287,955</u>	<u>544,685</u>	<u>256,730</u>	<u>401,184</u>

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

**City of Glenwood Springs, Colorado**  
**Street Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>		<u>Variance Positive (Negative)</u>	<u>2006</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
<b>Taxes:</b>				
General sales tax	2,100,672	2,232,803	132,131	2,013,752
Use tax	72,567	64,932	(7,635)	82,084
<b>Other:</b>				
Miscellaneous income	472,500	95,693	(376,807)	9,740
Interest income	12,500	64,545	52,045	36,947
<b>Total Revenues</b>	<u>2,658,239</u>	<u>2,457,973</u>	<u>(200,266)</u>	<u>2,142,523</u>
<b>Expenditures:</b>				
<b>Transportation:</b>				
TDM contract	61,000	57,231	3,769	25,543
Reconstruction	-	-	-	-
Transit program	5,605,239	1,290,180	4,315,059	968,875
Other expenses	372,055	241,859	130,196	158,247
<b>Total Transportation</b>	<u>6,038,294</u>	<u>1,589,270</u>	<u>4,449,024</u>	<u>1,152,665</u>
<b>Debt Service:</b>				
Principal payment	61,647	61,647	-	56,907
Interest payment	37,984	37,984	-	42,724
Principal payment - SIB loan	148,282	148,282	-	145,375
Interest payment - SIB loan	18,708	18,708	-	21,615
<b>Total Expenditures</b>	<u>6,304,915</u>	<u>1,855,891</u>	<u>4,449,024</u>	<u>1,419,286</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(3,646,676)	602,082	4,248,758	723,237
<b>Other Financing Sources (Uses):</b>				
Bond Proceeds	2,000,000	-	(2,000,000)	-
Intergovernmental awards	1,200,000	28,601	(1,171,399)	-
Transfers (out)	-	(6,757)	(6,757)	-
<b>Total Other Financing Sources (Uses)</b>	<u>3,200,000</u>	<u>21,844</u>	<u>(3,178,156)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	(446,676)	623,926	1,070,602	723,237
<b>Fund Balance - Beginning of Year</b>	<u>483,145</u>	<u>1,402,553</u>	<u>919,408</u>	<u>679,316</u>
<b>Fund Balance - End of Year</b>	<u>36,469</u>	<u>2,026,479</u>	<u>1,990,010</u>	<u>1,402,553</u>

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

**City of Glenwood Springs, Colorado**  
**V.A.L.E. Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>		<u>Variance Positive (Negative)</u>	<u>2006</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Charges for services:				
Assessments	44,000	44,244	244	41,696
Other:				
Other income	-	20	20	501
Interest income	100	2,738	2,638	2,940
<b>Total Revenues</b>	<u>44,100</u>	<u>47,002</u>	<u>2,902</u>	<u>45,137</u>
<b>Expenditures:</b>				
General government:				
Victim/witness assistance	54,000	19,425	34,575	40,255
Professional fees	-	962	(962)	1,118
Office supplies	1,000	80	920	89
Capital outlay:				
Police equipment	25,000	-	25,000	17,050
<b>Total Expenditures</b>	<u>80,000</u>	<u>20,467</u>	<u>59,533</u>	<u>58,512</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(35,900)	26,535	62,435	(13,375)
<b>Fund Balance - Beginning of Year</b>	<u>36,639</u>	<u>50,394</u>	<u>13,755</u>	<u>63,769</u>
<b>Fund Balance - End of Year</b>	<u><u>739</u></u>	<u><u>76,929</u></u>	<u><u>76,190</u></u>	<u><u>50,394</u></u>

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

**City of Glenwood Springs, Colorado**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2006</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Revenues:</b>					
<b>Intergovernmental:</b>					
Colorado Lottery	100,000	100,000	87,727	(12,273)	94,040
<b>Other:</b>					
Other income	-	-	-	-	(1)
Interest income	3,900	3,900	5,418	1,518	5,553
Grants	-	24,000	-	(24,000)	-
<b>Total Other</b>	<u>3,900</u>	<u>27,900</u>	<u>5,418</u>	<u>(22,482)</u>	<u>5,552</u>
<b>Total Revenues</b>	<u>103,900</u>	<u>127,900</u>	<u>93,145</u>	<u>(34,755)</u>	<u>99,592</u>
<b>Expenditures:</b>					
Culture and recreation:					
Park improvement and equipment	3,500	3,500	3,333	167	-
Skateboard ramp replacement	48,000	60,100	60,010	90	14,109
Park mowers	10,000	-	-	-	16,569
Open space master plan	-	-	-	-	55,560
Bear proof trash cans	13,440	13,440	13,040	400	13,680
Brush Creek Lane playground equipment	26,000	47,000	37,745	9,255	4,638
Whitewater park	-	-	-	-	29,021
<b>Total Expenditures</b>	<u>100,940</u>	<u>124,040</u>	<u>114,128</u>	<u>9,912</u>	<u>133,577</u>
<b>Other Financing (Uses):</b>					
Transfer (out)	-	-	(146)	(146)	(7,746)
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>-</u>	<u>(146)</u>	<u>(146)</u>	<u>(7,746)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,960	3,860	(21,129)	(24,989)	(41,731)
<b>Fund Balance - Beginning of Year</b>	<u>134,479</u>	<u>92,688</u>	<u>95,688</u>	<u>3,000</u>	<u>137,419</u>
<b>Fund Balance - End of Year</b>	<u><u>137,439</u></u>	<u><u>96,548</u></u>	<u><u>74,559</u></u>	<u><u>(21,989)</u></u>	<u><u>95,688</u></u>

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

**City of Glenwood Springs, Colorado**  
**Bus Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2006</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
General sales tax	840,207	840,207	893,055	52,848	805,441
Use tax	29,025	29,025	25,971	(3,054)	32,831
Grants and awards	250,000	250,000	198,864	(51,136)	250,343
Interest income	9,000	9,000	24,322	15,322	12,586
Advertising fees	15,000	15,000	10,001	(4,999)	7,830
Bus fares	-	-	810	810	1,059
Miscellaneous	-	-	117	117	6,026
<b>Total Revenues</b>	<u>1,143,232</u>	<u>1,143,232</u>	<u>1,153,140</u>	<u>9,908</u>	<u>1,116,116</u>
<b>Expenditures:</b>					
Transportation:					
Fixed labor	175,500	213,500	233,649	(20,149)	186,090
Direct labor	292,700	342,700	345,193	(2,493)	310,270
Employee bus pass	-	1,572	1,872	(300)	2,284
Direct mileage cost	217,000	197,000	190,904	6,096	163,887
Training	25,400	28,300	28,898	(598)	26,886
Capital costs	283,000	314,763	310,034	4,729	272,911
Other	83,920	189,685	192,645	(2,960)	67,002
<b>Total Expenditures</b>	<u>1,077,520</u>	<u>1,287,520</u>	<u>1,303,195</u>	<u>(15,675)</u>	<u>1,029,330</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	65,712	(144,288)	(150,055)	(5,767)	86,786
<b>Other Financing Sources (Uses):</b>					
Sale of assets	-	-	1,250	1,250	-
Transfer (out)	(2,702)	(2,702)	(2,702)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(2,702)</u>	<u>(2,702)</u>	<u>(1,452)</u>	<u>1,250</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	63,010	(146,990)	(151,507)	(4,517)	86,786
<b>Fund Balance - Beginning of Year</b>	<u>610,802</u>	<u>380,886</u>	<u>380,886</u>	<u>-</u>	<u>294,100</u>
<b>Fund Balance - End of Year</b>	<u>673,812</u>	<u>233,896</u>	<u>229,379</u>	<u>(4,517)</u>	<u>380,886</u>

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

**City of Glenwood Springs, Colorado**  
**Governmental Fund**  
**Downtown Development Authority**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Property taxes	188,564	188,564	188,121	(443)	227,382
Sales taxes	93,840	93,840	274,344	180,504	92,949
Interest income	16,000	16,000	48,472	32,472	25,940
Other	50,000	50,000	-	(50,000)	2
<b>Total Revenues</b>	<u>348,404</u>	<u>348,404</u>	<u>510,937</u>	<u>162,533</u>	<u>346,273</u>
<b>Expenditures:</b>					
General Government:					
Capital outlay	1,000,000	945,485	435,767	509,718	-
Other	103,771	141,911	147,834	(5,923)	20,269
<b>Total Expenditures</b>	<u>1,103,771</u>	<u>1,087,396</u>	<u>583,601</u>	<u>503,795</u>	<u>20,269</u>
<b>Excess of Revenues Over Expenditures</b>	(755,367)	(738,992)	(72,664)	666,328	326,004
<b>Other Financing Sources (Uses):</b>					
Financing proceeds	767,560	767,560	-	(767,560)	-
Transfer in	-	-	50,000	50,000	-
Transfer (out)	-	(20,042)	(20,042)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>767,560</u>	<u>747,518</u>	<u>29,958</u>	<u>(717,560)</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures and Other Financing (Uses)</b>	12,193	8,526	(42,706)	(51,232)	326,004
<b>Fund Balance - Beginning of Year</b>	<u>37,807</u>	<u>424,286</u>	<u>424,286</u>	<u>-</u>	<u>98,282</u>
<b>Fund Balance - End of Year</b>	<u>50,000</u>	<u>432,812</u>	<u>381,580</u>	<u>(51,232)</u>	<u>424,286</u>

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

**City of Glenwood Springs, Colorado**  
**General Improvement District No. 1980**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>				<u>2006</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>					
Taxes:					
Property taxes	39,532	39,532	39,099	(433)	35,636
Specific ownership taxes	3,800	3,800	3,655	(145)	3,762
<b>Total Taxes</b>	<u>43,332</u>	<u>43,332</u>	<u>42,754</u>	<u>(578)</u>	<u>39,398</u>
Other:					
Interest income	500	500	329	(171)	3,036
<b>Total Revenues</b>	<u>43,832</u>	<u>43,832</u>	<u>43,083</u>	<u>(749)</u>	<u>42,434</u>
<b>Expenditures:</b>					
<b>General Government:</b>					
Miscellaneous and Treasurer's fees	791	791	787	4	716
Other	43,041	53,041	37,808	15,233	140,504
<b>Total Expenditures</b>	<u>43,832</u>	<u>53,832</u>	<u>38,595</u>	<u>15,237</u>	<u>141,220</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	(10,000)	4,488	14,488	(98,786)
<b>Other Financing Sources:</b>					
Transfer in	-	16,375	16,375	-	-
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>16,375</u>	<u>16,375</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources</b>	-	6,375	20,863	14,488	(98,786)
<b>Fund Balance - Beginning of Year</b>	<u>40,166</u>	<u>10,893</u>	<u>10,893</u>	<u>-</u>	<u>109,679</u>
<b>Fund Balance - End of Year</b>	<u>40,166</u>	<u>17,268</u>	<u>31,756</u>	<u>14,488</u>	<u>10,893</u>

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

**City of Glenwood Springs, Colorado**  
**Emergency Services Equipment Replacement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<u>2006</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Revenues:</b>				
Rural Fire District contribution	56,515	55,404	(1,111)	55,493
Interest income	16,000	31,741	15,741	25,634
Impact fees	30,000	48,041	18,041	29,534
Other	-	32	32	-
<b>Total Revenues</b>	<u>102,515</u>	<u>135,218</u>	<u>32,703</u>	<u>110,661</u>
<b>Expenditures:</b>				
<b>Public Safety:</b>				
Equipment purchases	369,000	280,357	88,643	63,518
<b>Total Expenditures</b>	<u>369,000</u>	<u>280,357</u>	<u>88,643</u>	<u>63,518</u>
<b>Excess of Revenues Over Expenditures</b>	(266,485)	(145,139)	121,346	47,143
<b>Other Financing Sources (Uses):</b>				
Transfer in	193,405	193,230	(175)	189,206
Transfer (out)	(14,435)	(14,435)	-	(40,000)
<b>Total Other Financing Sources</b>	<u>178,970</u>	<u>178,795</u>	<u>(175)</u>	<u>149,206</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures</b>	(87,515)	33,656	121,171	196,349
<b>Fund Balance - Beginning of Year</b>	<u>595,926</u>	<u>584,931</u>	<u>(10,995)</u>	<u>388,582</u>
<b>Fund Balance - End of Year</b>	<u><u>508,411</u></u>	<u><u>618,587</u></u>	<u><u>110,176</u></u>	<u><u>584,931</u></u>

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

**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2006</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenues:</b>					
<b>Charges and Fees:</b>					
Water user fees	2,043,100	2,043,100	1,961,687	(81,413)	1,668,763
Sewer user fees	1,279,200	1,279,200	1,239,786	(39,414)	980,035
Water connection fees	1,000	1,000	2,844	1,844	1,320
Sewer connection fees	300	300	232	(68)	388
Meter sales	7,000	7,000	8,442	1,442	10,035
Other	11,500	11,500	14,490	2,990	86,515
Water improvement fees	162,900	162,900	268,833	105,933	332,680
Sewer improvement fees	97,100	97,100	155,492	58,392	178,694
<b>Total Operating Revenues</b>	<u>3,602,100</u>	<u>3,602,100</u>	<u>3,651,806</u>	<u>49,706</u>	<u>3,258,430</u>
<b>Operating Expenses:</b>					
Administration	483,434	483,434	457,563	25,871	448,840
Water plant operation	573,604	621,604	637,959	(16,355)	561,439
Water transmission and distribution	345,986	345,986	307,316	38,670	323,346
Wastewater plant operation	506,289	506,289	506,469	(180)	428,118
Wastewater collection and transmission	217,780	217,780	229,633	(11,853)	222,769
Customer service	156,703	153,704	153,210	494	154,529
Depreciation	957,768	957,768	875,465	82,303	932,628
Capital outlay	4,476,000	4,194,710	2,784,589	1,410,121	54,247
Debt service - Principal	175,000	175,000	175,000	-	175,000
<b>Total Operating Expenses</b>	<u>7,892,564</u>	<u>7,656,275</u>	<u>6,127,204</u>	<u>1,529,071</u>	<u>3,300,916</u>
<b>Operating Income (Loss) - Budget Basis</b>	<u>(4,290,464)</u>	<u>(4,054,175)</u>	<u>(2,475,398)</u>	<u>1,578,777</u>	<u>(42,486)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Gain (loss) on disposition of assets	(3,000)	(3,000)	4,656	7,656	22,543
Investment income	55,000	55,000	359,561	304,561	204,050
Intergovernmental awards	-	220,000	182,810	(37,190)	-
Amortization of bond costs	(15,225)	(15,225)	(15,225)	-	(16,805)
Interest expense	(33,725)	(33,725)	(33,433)	292	(36,933)
<b>Total Non-Operating Revenues (Expenses):</b>	<u>3,050</u>	<u>223,050</u>	<u>498,369</u>	<u>275,319</u>	<u>172,855</u>
Transfers in	1,295,200	1,295,200	461,560	(833,640)	1,790,400
Transfers (out)	(199,338)	(961,671)	(961,671)	-	(141,900)
<b>Change in Net Assets - Budget Basis</b>	<u>(3,191,552)</u>	<u>(3,497,596)</u>	<u>(2,477,140)</u>	<u>1,020,456</u>	<u>1,778,869</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Gain on disposition of assets			-		(22,543)
Capital contributions			1,345,695		403,442
Debt service - Principal			175,000		175,000
Capital outlay			2,777,134		54,247
<b>Total Adjustments</b>			<u>4,297,829</u>		<u>610,146</u>
<b>Net Income - GAAP Basis</b>			<u>1,820,689</u>		<u>2,389,015</u>

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

**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Electric System Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<u>Final Budget</u>	<u>2006</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	
				<u>(Negative)</u>	
<b>Operating Revenues:</b>					
<b>Charges and fees:</b>					
Commercial	6,496,659	6,496,659	6,796,400	299,741	6,533,717
Residential	2,637,232	2,637,232	2,800,640	163,408	2,655,050
Municipal	82,765	82,765	83,602	837	82,584
Security lights	16,296	16,296	15,084	(1,212)	15,975
Service connect fees	14,000	14,000	17,654	3,654	20,635
Other	361,475	361,475	439,919	78,444	257,045
<b>Total Operating Revenues</b>	<u>9,608,427</u>	<u>9,608,427</u>	<u>10,153,299</u>	<u>544,872</u>	<u>9,565,006</u>
<b>Expenses:</b>					
Purchased power	5,917,420	5,705,043	5,498,282	206,761	5,193,335
Maintenance - Distribution	1,690,824	1,767,824	1,641,854	125,970	1,352,689
Customer accounts	101,789	101,789	90,430	11,359	91,277
General and administrative	624,196	628,558	587,193	41,365	566,689
Capital improvements	1,462,500	10,535,610	1,418,260	9,117,350	286,416
Depreciation	873,847	837,847	837,129	718	868,001
Debt service - Principal	260,000	260,000	260,000	-	250,000
<b>Total Operating Expenses</b>	<u>10,930,576</u>	<u>19,836,671</u>	<u>10,333,148</u>	<u>9,503,523</u>	<u>8,608,407</u>
<b>Operating Income (Loss) Budget Basis</b>	(1,322,149)	(10,228,244)	(179,849)	10,048,395	956,599
<b>Non-Operating Revenues (Expenses):</b>					
Gain on disposition of assets	-	-	1,245	1,245	6,484
Investment income	91,000	91,000	262,858	171,858	213,518
Amortization of bond costs	(4,698)	(4,698)	(4,698)	-	(5,469)
Interest expense	(63,042)	(63,042)	(62,792)	250	(71,856)
<b>Total Non-Operating Revenues (Expenses):</b>	<u>23,260</u>	<u>23,260</u>	<u>196,613</u>	<u>173,353</u>	<u>142,677</u>
Capital contributions	400,000	400,000	189,057	(210,943)	125,230
Transfers (out)	(574,408)	(951,666)	(951,665)	1	(506,188)
<b>Change in Net Assets - Budget Basis</b>	<u>(1,473,297)</u>	<u>(10,756,650)</u>	<u>(745,844)</u>	<u>10,010,806</u>	<u>718,318</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Debt service - Principal			260,000		250,000
Capital outlay			1,418,260		286,416
<b>Total Adjustments</b>			<u>1,678,260</u>		<u>536,416</u>
<b>Net Income - GAAP Basis</b>			<u>932,416</u>		<u>1,254,734</u>

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

**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Airport Operations Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2006</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenues:</b>					
<b>Rentals:</b>					
Airport/land lease	21,140	21,140	21,743	603	20,143
Hanger lease	-	-	800	800	800
<b>Charges and fees:</b>					
Annual user fees	2,100	2,100	4,525	2,425	4,550
Long-term tie downs	8,610	8,610	6,585	(2,025)	8,641
Transient tie downs	1,000	1,000	2,290	1,290	834
Fuel sales	110,000	110,000	122,425	12,425	117,449
State fuel tax refund	1,000	1,000	904	(96)	1,604
Other income	-	-	4,880	4,880	5,086
<b>Total Operating Revenues</b>	<u>143,850</u>	<u>143,850</u>	<u>164,152</u>	<u>20,302</u>	<u>159,107</u>
<b>Operating Expenses:</b>					
Administration	30,309	30,754	31,914	(1,160)	28,947
Operations	122,976	146,826	122,695	24,131	119,663
Improvements	-	4,077	4,077	-	8,997
Capital Outlay	20,000	25,875	25,875	-	19,175
Depreciation	8,544	9,469	9,465	4	7,548
<b>Total Expenses</b>	<u>181,829</u>	<u>217,001</u>	<u>194,026</u>	<u>22,975</u>	<u>184,330</u>
<b>Operating Income (Loss) - Budget Basis</b>	(37,979)	(73,151)	(29,874)	43,277	(25,223)
<b>Non-Operating Revenues (Expenses):</b>					
Investment income	900	900	1,801	901	1,733
Intergovernmental awards	20,000	20,000	21,444	1,444	22,465
<b>Total Non-Operating Revenues</b>	<u>20,900</u>	<u>20,900</u>	<u>23,245</u>	<u>2,345</u>	<u>24,198</u>
Transfer (out)	-	(2,700)	(2,700)	-	-
<b>Change in Net Assets - Budget Basis</b>	<u>(17,079)</u>	<u>(54,951)</u>	<u>(9,329)</u>	<u>45,622</u>	<u>(1,025)</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Capital outlay			23,000		19,175
<b>Total Adjustments</b>			<u>23,000</u>		<u>19,175</u>
<b>Net Income - GAAP Basis</b>			<u>13,671</u>		<u>18,150</u>

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

**City of Glenwood Springs, Colorado**  
**Enterprise Funds**  
**Landfill Operations Fund**  
**Schedule of Revenues and Expenses**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2006</u>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenues:</b>					
Disposal fees	2,532,000	2,532,000	4,238,487	1,706,487	3,478,730
Composting fees	360,000	360,000	575,879	215,879	492,874
Other Income	13,000	13,000	42,569	29,569	37,788
<b>Total Operating Revenues</b>	<u>2,905,000</u>	<u>2,905,000</u>	<u>4,856,935</u>	<u>1,951,935</u>	<u>4,009,392</u>
<b>Operating Expenses:</b>					
Personnel costs	388,781	388,781	349,876	38,905	290,859
Operating costs	440,135	440,135	420,178	19,957	692,241
Composting fees	700,000	700,000	648,015	51,985	568,587
Utilities	5,300	5,300	4,633	667	4,203
Insurance	91,813	91,813	82,493	9,320	83,306
Allocated costs	99,970	99,970	99,970	-	82,437
Landfill compliance costs	129,982	129,982	80,077	49,905	76,628
Depreciation	136,822	136,822	147,915	(11,093)	131,266
Capital outlay	1,545,000	1,545,000	424,193	1,120,807	211,767
<b>Total Operating Expenses</b>	<u>3,537,803</u>	<u>3,537,803</u>	<u>2,257,350</u>	<u>1,280,453</u>	<u>2,141,294</u>
<b>Operating Income (Loss) Budget Basis</b>	(632,803)	(632,803)	2,599,585	3,232,388	1,868,098
<b>Non-Operating Revenues (Expenses):</b>					
Interest income	135,000	135,000	320,512	185,512	193,226
Gain on disposition of asset	-	-	13,000	13,000	800
<b>Total Non-Operating Revenues</b>	<u>135,000</u>	<u>135,000</u>	<u>333,512</u>	<u>198,512</u>	<u>194,026</u>
Transfer (out)	(474,686)	(1,078,249)	(1,078,249)	-	(449,686)
<b>Change in Net Assets - Budget Basis</b>	<u>(972,489)</u>	<u>(1,576,052)</u>	<u>1,854,848</u>	<u>3,430,900</u>	<u>1,612,438</u>
<b>Reconciliation to GAAP Basis:</b>					
<b>Adjustments:</b>					
Capital outlay			424,193		211,767
<b>Total Adjustments</b>			<u>424,193</u>		<u>211,767</u>
<b>Net Income - GAAP Basis</b>			<u>2,279,041</u>		<u>1,824,205</u>

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

**City of Glenwood Springs, Colorado**  
**Internal Service Funds**  
**Self Insurance Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Net Assets**  
**Budget (GAAP) Basis and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	Original and Final Budget	Actual	Variance Positive (Negative)	2006  Actual
<b>Revenues:</b>				
Premiums	-	-	-	1,352,413
Interest income	-	-	-	8,076
Insurance reimbursement	-	-	-	990
<b>Total Revenues</b>	-	-	-	1,361,479
<b>Expenses:</b>				
General government:				
Claims administration	-	-	-	1,236,756
Claims	-	-	-	(3,013)
Insurance premiums	-	-	-	138,822
<b>Total Expenses</b>	-	-	-	1,372,565
<b>Operating Income (Loss)</b>	-	-	-	(11,086)
<b>Net Assets - Beginning of Year</b>		322,640		333,726
Residual equity transfer out		(322,640)		-
<b>Net Assets - End of Year</b>		-		322,640

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

**City of Glenwood Springs, Colorado**  
**Internal Service Funds**  
**Fleet Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Net Assets**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2007**

	2007			Final Budget Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges and fees	343,205	343,205	537,232	194,027
Other operating revenue	-	-	467	467
Investment income	500	500	37,044	36,544
Transfers in	486,975	2,775,560	2,781,263	5,703
<b>Total Revenues</b>	<u>830,680</u>	<u>3,119,265</u>	<u>3,356,006</u>	<u>236,741</u>
<b>Expenses:</b>				
General government:				
Operations	320,266	608,154	388,658	219,496
Capital outlay	509,975	509,975	455,322	54,653
<b>Total Expenses</b>	<u>830,241</u>	<u>1,118,129</u>	<u>843,980</u>	<u>274,149</u>
<b>Operating Income (Loss) - Budget Basis</b>	<u>439</u>	<u>2,001,136</u>	2,512,026	<u>510,890</u>
<b>Reconciliation to GAAP Basis:</b>				
Capital Contributions			473,921	
Capital outlay			455,322	
Depreciation and amortization			(212,528)	
<b>Operating Income (Loss) - GAAP Basis</b>			<u>3,228,741</u>	
<b>Net Assets - Beginning of Year</b>			<u>-</u>	
<b>Net Assets - End of Year</b>			<u>3,228,741</u>	

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

**City of Glenwood Springs, Colorado**  
**Fiduciary Funds**  
**Cathy Carney Scholarship Fund**  
**Schedule of Changes in Fiduciary Net Assets**  
**Budget (GAAP) Basis and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	<u>2007</u>			<u>2006</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<b>Additions:</b>				
Interest income	10	27	17	32
<b>Total Additions</b>	<u>10</u>	<u>27</u>	<u>17</u>	<u>32</u>
<b>Deductions</b>				
Scholarships	1,000	1,000	-	-
<b>Change in Net Assets</b>	(990)	(973)	17	32
<b>Net Assets - Beginning of Year</b>	<u>710</u>	<u>1,222</u>	<u>512</u>	<u>1,190</u>
<b>Net Asset - End of Year</b>	<u><u>(280)</u></u>	<u><u>249</u></u>	<u><u>529</u></u>	<u><u>1,222</u></u>

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

**City of Glenwood Springs, Colorado**  
**Fiduciary Funds**  
**Cemetery Reserve Fund**  
**Schedule of Changes in Fiduciary Net Assets**  
**Budget (GAAP) Basis and Actual**  
**For the Year Ended December 31, 2007**  
**(With Comparative Actual Amounts for December 31, 2006)**

	2007			2006
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Additions:</b>				
Perpetual care fees	2,500	10,000	7,500	5,250
Interest income	480	385	(95)	373
<b>Total Additions</b>	2,980	10,385	7,405	5,623
<b>Deductions:</b>				
Capital Outlay	-	-	-	10,029
<b>Total Deductions</b>	-	-	-	10,029
<b>Change in Net Assets</b>	2,980	10,385	7,405	(4,406)
<b>Net Assets - Beginning of Year</b>	978	8,222	7,244	12,628
<b>Net Assets - End of Year</b>	3,958	18,607	14,649	8,222

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

**City of Glenwood Springs, Colorado**  
**Fiduciary Funds**  
**Firemen's Pension Fund**  
**Schedule of Changes in Fiduciary Net Assets**  
**For the Year Ended December 31, 2007**  
**(With Comparative Totals For the Year Ended December 31, 2006)**

	<u>2007</u>	<u>2006</u>
<b>Additions:</b>		
Pension contributions:		
State of Colorado	18,900	18,900
City of Glenwood Springs	21,000	21,000
Investment gain	<u>86,438</u>	<u>127,104</u>
<b>Total Additions</b>	<u>126,338</u>	<u>167,004</u>
<b>Deductions:</b>		
Pension payments	<u>93,000</u>	<u>85,235</u>
<b>Total Deductions</b>	<u>93,000</u>	<u>85,235</u>
<b>Change in Net Assets</b>	33,338	81,769
<b>Net Assets - Beginning of Year</b>	<u>987,465</u>	<u>905,696</u>
<b>Net Assets - End of Year</b>	<u><u>1,020,803</u></u>	<u><u>987,465</u></u>

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

**ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES  
FOR ROADS, BRIDGES AND STREETS**



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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: City
	YEAR ENDING : December 2007

This Information From The Records Of (example - City of _ or County of _) City of Glenwood Springs	Prepared By: Phone:	Michael J. Harman *(970)*384-6422
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**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	916,109
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,109,601
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	103,639
2. General fund appropriations	1,597,576	b. Snow and ice removal	99,413
3. Other local imposts (from page 2)	1,300,043	c. Other	
4. Miscellaneous local receipts (from page 2)	151,391	d. Total (a. through c.)	203,052
5. Transfers from toll facilities		4. General administration & miscellaneous	101,608
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	921,728
a. Bonds - Original Issues		6. Total (1 through 5)	3,252,098
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	83,343
7. Total (1 through 6)	3,049,010	b. Redemption	121,005
<b>B. Private Contributions</b>		c. Total (a. + b.)	204,348
<b>C. Receipts from State government</b> (from page 2)	294,897	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	112,539	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	3,456,446	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	204,348
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	
			3,456,446

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	1,872,768		122,648	1,750,120
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		3,456,446	3,456,446		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2007

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	151,391
1. Sales Taxes	1,120,458	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	95,243	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	84,342	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,300,043	h. Other	
c. Total (a. + b.)	1,300,043	i. Total (a. through h.)	151,391
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	259,383	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	35,514	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Feder Mineral Leasing	112,539
f. Total (a. through e.)	35,514	g. Total (a. through f.)	112,539
4. Total (1. + 2. + 3.f)	294,897	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		200	200
b. Engineering Costs	92,228	202,410	294,638
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		621,271	621,271
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	621,271	621,271
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	92,228	823,881	916,109
			(Carry forward to page 1)

**Notes and Comments:**