

**CITY OF RIFLE, COLORADO**

**FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**

**CITY OF RIFLE, COLORADO**

**ROSTER OF CITY OFFICIALS**  
**DECEMBER 31, 2013**

**CITY COUNCIL**

Randy Winkler – Mayor

Jay Miller – Mayor Pro Tem

Rich Carter – Councilor

Barb Clifton – Councilor

Dirk Myers – Councilor

Hans Parkinson – Councilor

Jonathon Rice – Councilor

**ADMINISTRATION**

Matt Sturgeon – City Manager

Charles Kelty – Finance Director

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City of Rifle, Colorado

Management's Discussion and Analysis  
December 31, 2013

City of Rifle Management offers readers of the City of Rifle's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the notes to the financial statements, as well as the financial statements to broaden their understanding of the City's position.

### **Financial Highlights**

All dollar amounts, unless otherwise indicated, are expressed in thousands of dollars.

- City of Rifle's assets exceeded its liabilities at the close of 2013 by \$110,009 (net position). Of this amount, \$20,758 may be used to meet the government's ongoing obligations.
- Total net position, city-wide, increased \$515 or 0.47%.
- The General Fund received an energy impact severance tax payment of \$498 in 2013, a decrease from the \$594 received in 2012. These funds are intended to help the City deal with energy industry impacts.
- As of December 31, 2013, combined governmental fund balances totaled \$13,227 a decrease of \$464 from the prior year.
- General fund unassigned fund balance at December 31, 2013, was \$3,007 or 38% of total general fund expenditures.
- The business-type activities net position increased \$685 to \$46,368 during the year.
- Restricted and Unrestricted net position for the business-type activities increased \$617; Water Fund increased \$1,057; Sewer Fund decreased \$438; and Sanitation Fund decreased \$3.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Rifle's basic financial statements. The City's basic financial statements comprise 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 private-sector business.

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

improving or deteriorating. Other factors such as the condition of the City's roads, water and sewer infrastructure and changes in the City's property and sales tax base will also need to be considered to assess the overall health of the City.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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, for example, uncollected taxes and earned, but unpaid wages.

The *Statement of Net Position* and the *Statement of Activities* report City activities in two categories - *governmental activities* and *business-type activities*.

Governmental activities are most of the City's basic services including general administration, police, property inspection, animal shelter, public works, cemetery, parks maintenance and recreation, senior services, information center, downtown development, visitor improvement, and urban renewal. Taxes and intergovernmental revenues principally support these services.

Business-type activities include the City's water, wastewater (sewer) and sanitation (trash) services. Customer service fees are expected to cover all or most of the cost of services provided to support these activities.

The government-wide financial statements can be found on pages 3-4 of this report.

**Fund financial statements** – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rifle, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds 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 available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for 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 City's near-term financing decisions. The *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds* present the City's major governmental funds separately and combine the non-major funds into a single, aggregated presentation with the column heading Other Governmental Funds. The City's major governmental funds are the General, Street Improvement, and Parks and Recreation. The non-major funds are Conservation

Trust, Economic Development, Visitor Improvement, Downtown Development Authority, Rifle Information Center, Energy Efficiency Fund, Urban Renewal Authority, and Capital Fund.

The City of Rifle adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the state budget statutes.

The basic governmental financial statements for the major funds are found on pages 5-10 of this report. The basic governmental financial statements for the non-major funds are found on pages 40-49.

**Proprietary funds** – The City of Rifle maintains three proprietary funds. Proprietary (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, sewer, and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Rifle uses two internal service funds to account for its fleet maintenance and information technology operations. The fleet maintenance and information technology services predominantly benefit the governmental rather than the business-type functions, and are included with the governmental activities in the government-wide financial statements.

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 proprietary funds. However, only the water and sewer funds are considered major funds.

The City uses two internal service funds: Fleet Maintenance and Information Technology to report activities for services provided to the following funds: General, Parks and Recreation, Water, Sewer, and Sanitation. Because the majority of the services are provided to the General Fund, the net position of these activities is blended into governmental activities in the government-wide reports.

The basic proprietary fund financial statements can be found on pages 11-13 of this report. The schedule of revenues, expenditures, and changes in net position – budget and actual reports are shown on pages 50-57.

**Fiduciary Funds** – The City has one fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of outside parties. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to finance City operations. The City's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position* reported on page 14.

**Notes to the Financial Statements** – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-39 of this report.

**Other Financial Statements** - The combined basic financial statements referred to earlier in connection with non-major governmental funds and the individual fund statements can be found on pages 40-49 of this report.



**Other information** – In addition to the basic financial statements and accompanying notes, this report also includes the Local Highway Finance Report. This information is presented in the State Compliance section on pages 60-61.

## Government-wide Financial Analysis

As noted earlier, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the City's financial position in a manner similar to a private-sector business.

## Net Position

The following table shows the City's net position for 2013 as compared to 2012.

**STATEMENT OF NET POSITION**  
December 31, 2013 and 2012  
In Thousands of Dollars

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 15,659	\$ 16,244	\$ 33,239	\$ 32,778	\$ 48,897	\$ 49,022
Capital assets (net)	52,732	53,375	55,218	56,313	107,950	109,689
<b>Total assets</b>	<b>68,391</b>	<b>69,619</b>	<b>88,457</b>	<b>89,092</b>	<b>156,848</b>	<b>158,711</b>
Deferred Outflows:						
Deferred Charge on Refunding	24	-	-	-	24	-
Other liabilities	1,821	1,857	2,754	2,011	4,575	3,868
Long-term liabilities	2,346	3,154	39,265	41,327	41,611	44,481
<b>Total liabilities</b>	<b>4,167</b>	<b>5,010</b>	<b>42,019</b>	<b>43,339</b>	<b>46,186</b>	<b>48,349</b>
Deferred Inflows:						
Unavailable Revenue - Property Taxes	606	798	70	70	676	868
Net position:						
Net Investment in Capital Assets	46,534	46,219	38,932	38,864	85,466	85,082
Restricted:						
for Debt Service and O&M Reserves	-	412	1,766	819	1,766	1,232
for Emergencies	377	391	135	-	512	391
for Senior Center Meals and Capital	132	133	-	-	132	133
for Street and Drainage Improvements	564	563	-	-	564	563
for Water Capital Acquisitions	-	-	-	328	-	328
for Parks and Recreation	813	754	-	-	813	754
Unrestricted	15,223	15,340	5,535	5,672	20,758	21,012
<b>Total Net Position</b>	<b>\$ 63,642</b>	<b>\$ 63,811</b>	<b>\$ 46,368</b>	<b>\$ 45,683</b>	<b>\$ 110,009</b>	<b>\$ 109,494</b>

Net position may serve over time as a useful indicator of the City's financial position. The City of Rifle's assets exceeded its liabilities (net position) at the close of 2013 by \$110.

At the end of 2013, the City of Rifle had positive balances in all three categories of net position, both for the City as a whole and also for its governmental activities.

Total net position for the City as a whole increased by \$515 or 0.47%.

The largest portion of the City's net position (78%) is its investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens, and consequently are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the related resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities investment in capital assets net of related debt remained relatively stable with a slight increase of \$315 or 0.6%. This increase was primarily due to costs for land development, street overlays, drainage improvements, and equipment purchased during 2013.

Business-type activities investment in capital assets net of related debt increased \$68 or 0.2%. This increase was a result of water and sewer infrastructure improvements. The City of Rifle also continued designing a Water Treatment Plant facility with bids expected to be awarded in July 2014.

Restricted net position is the portion of net position legally restricted less any non-capital-related liabilities payable from those resources. As of December 31, 2013, restricted net position in the governmental activities included the following: TABOR Emergencies (\$377), Senior Center Meals and Capital (\$132), Street and Drainage Improvements (\$564), and Parks and Recreation (\$813). The Business-Type Activities includes restricted net position of the following: Debt Service and O&M reserves (\$1,766), and TABOR Emergencies (\$135). The remaining balance of net position (unrestricted net position) totals \$20,758. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

### **Changes in Net Position**

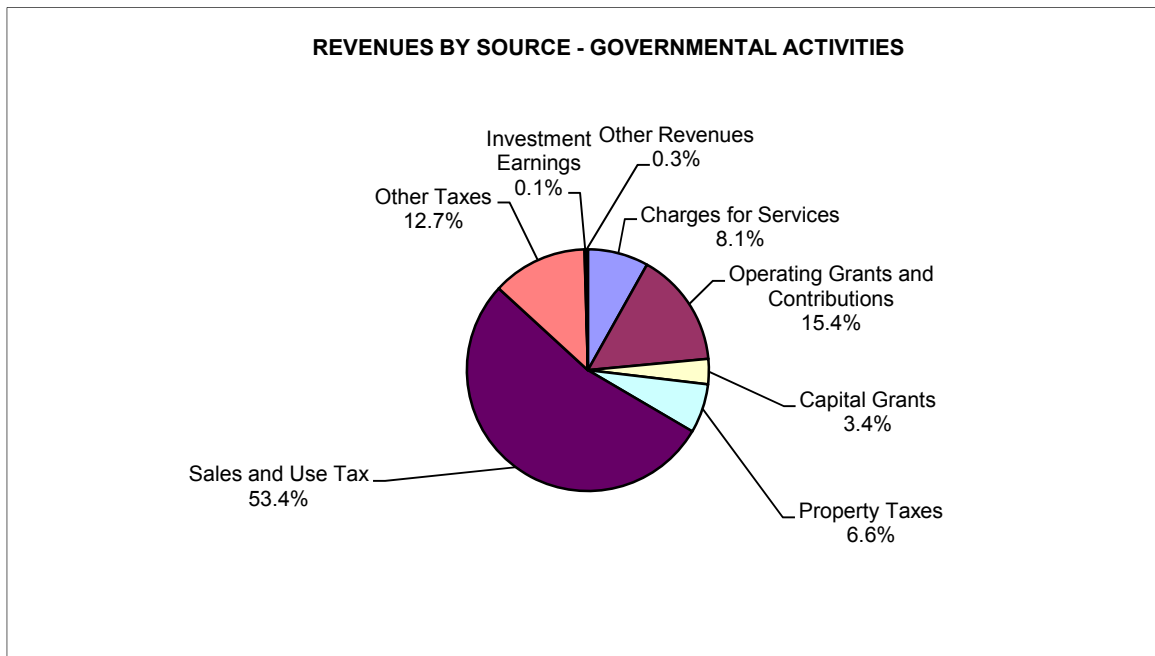
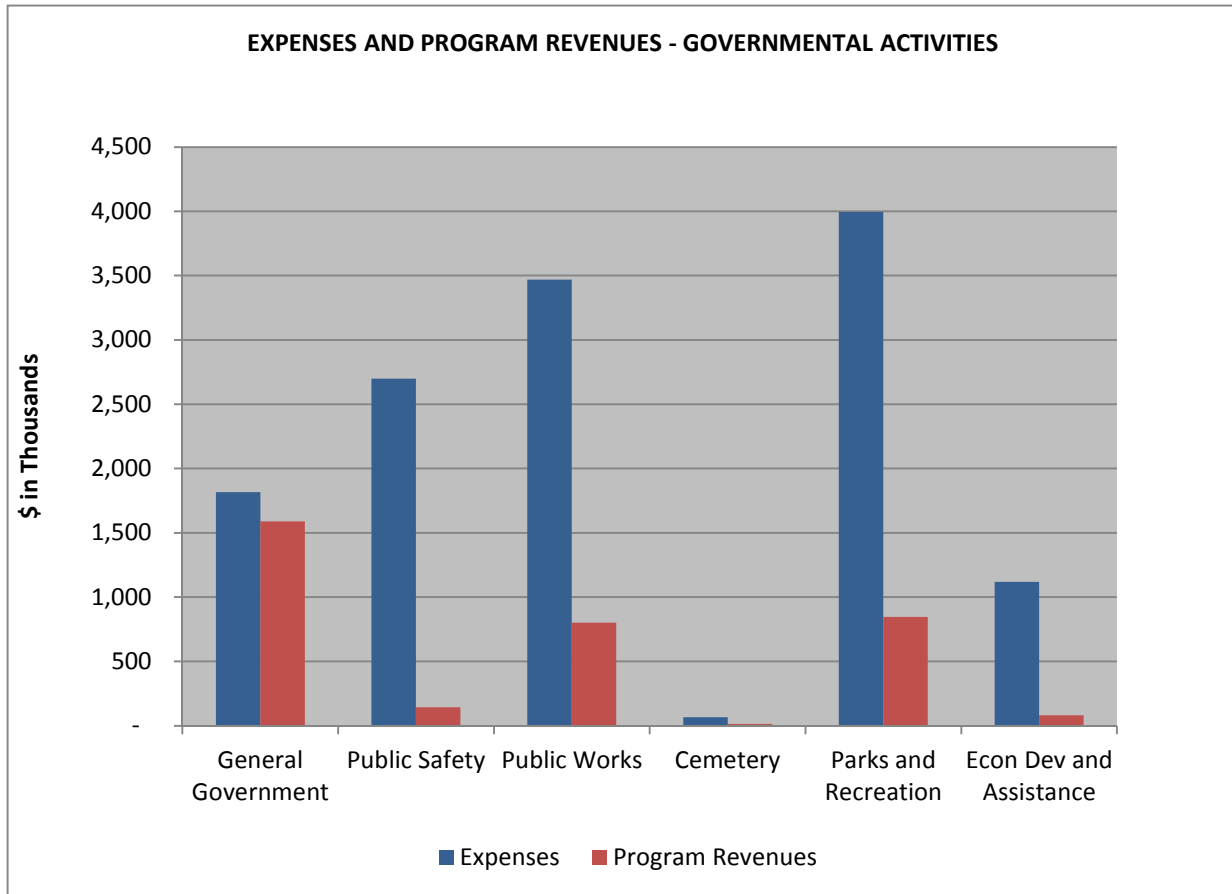
The following shows the detail of the City's changes in net position for the year ended December 31, 2013.

**SUMMARY OF CHANGES IN NET POSITION  
For Years Ended December 31, 2013 and 2012**

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 1,048,052	\$ 1,130,212	\$ 5,789,484	\$ 5,829,736	\$ 6,837,536	\$ 6,959,948
Operating grants and contributions	1,989,785	1,446,222	-	-	1,989,785	1,446,222
Capital grants and contributions	435,674	383,570	234,811	129,245	670,485	512,815
General Revenues:						
Property taxes	849,981	731,743	-	-	849,981	731,743
Sales and use taxes	6,900,209	7,320,105	1,452,774	-	8,352,983	7,320,105
Other taxes	1,645,587	2,139,996	-	-	1,645,587	2,139,996
Investment earnings	17,077	113,058	4,307	43,354	21,384	156,412
Other revenues	40,759	71,133	113,744	79,355	154,503	150,488
Total revenues	<u>12,927,124</u>	<u>13,336,039</u>	<u>7,595,120</u>	<u>6,081,690</u>	<u>20,522,244</u>	<u>19,417,729</u>
<b>EXPENSES</b>						
General government	1,817,189	2,892,843	-	-	1,817,189	2,892,843
Public Safety	2,698,206	2,717,099	-	-	2,698,206	2,717,099
Public Works	3,467,171	3,509,886	-	-	3,467,171	3,509,886
Cemetery	65,882	67,776	-	-	65,882	67,776
Parks and recreation	3,994,147	2,978,184	-	-	3,994,147	2,978,184
Economic development and assistance	1,119,542	1,274,263	-	-	1,119,542	1,274,263
Water operations	-	-	3,302,362	3,396,280	3,302,362	3,396,280
Sewer operations	-	-	3,064,997	2,895,733	3,064,997	2,895,733
Sanitation operations	-	-	477,440	489,727	477,440	489,727
Total expenses	<u>13,162,137</u>	<u>13,440,051</u>	<u>6,844,799</u>	<u>6,781,740</u>	<u>20,006,936</u>	<u>20,221,791</u>
Increase in net position before transfers	(235,013)	(104,012)	750,321	(700,050)	515,308	(804,062)
Transfers	65,580	(220,490)	(65,580)	220,490	-	-
Increase in net position	(169,433)	(324,502)	684,741	(479,560)	515,308	(804,062)
Net Position, Beginning of year	63,811,236	64,210,617	45,682,936	46,181,231	109,494,172	110,391,848
Prior Period Restatement	-	(74,879)	-	(18,735)	-	(93,614)
Net Position, end of year	<u>\$ 63,641,803</u>	<u>\$ 63,811,236</u>	<u>\$ 46,367,677</u>	<u>\$ 45,682,936</u>	<u>\$ 110,009,480</u>	<u>\$ 109,494,172</u>

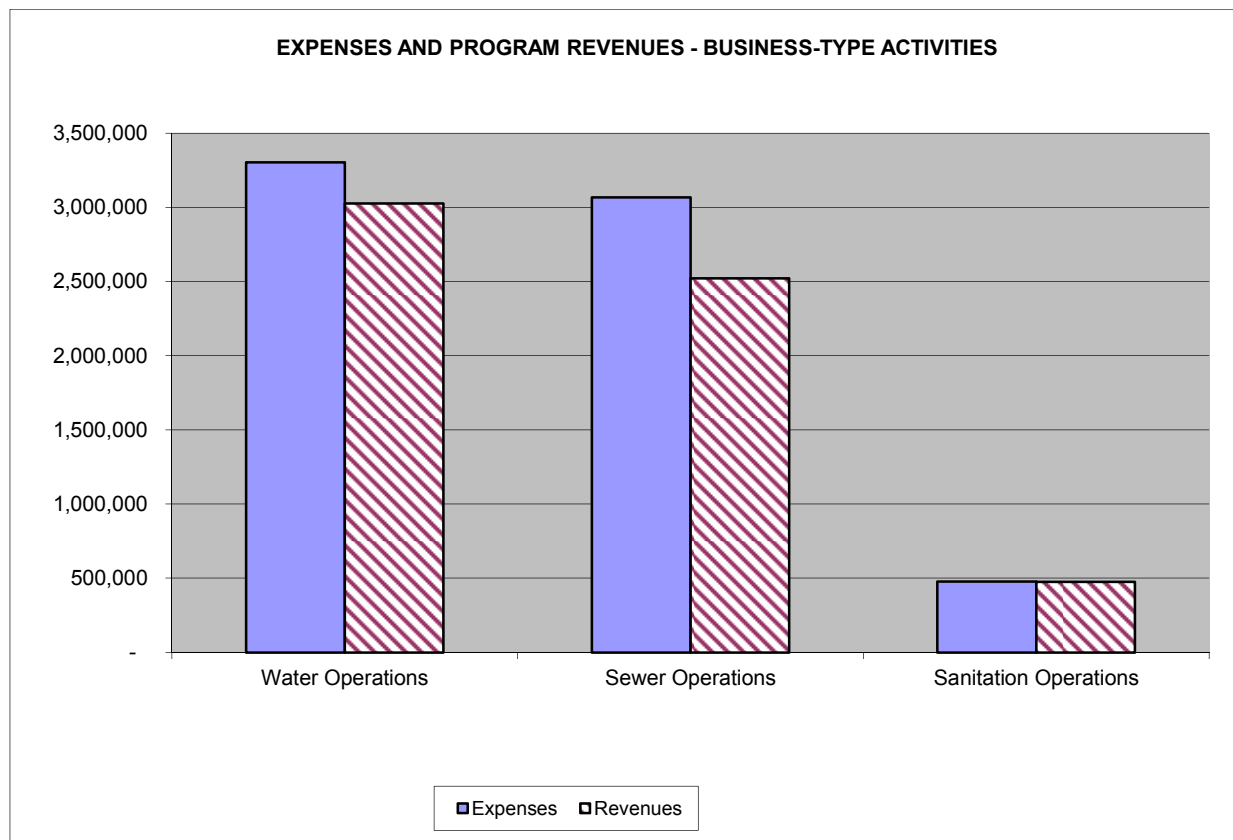
Following are a column graph and a pie chart: Expenses and Program Revenues and Revenues by Source. The column graph indicates program expenses exceed program revenues. The pie chart shows the break-down of revenue sources. The primary revenue sources are Sales and Use Tax at 53%; property taxes at 7%; operating grants and contributions of 15%; capital grants 3%; charges for services 8%; other taxes 13%, and other revenues was 0.3%. Since program expenses exceed revenues, it takes a strong tax base to fund governmental services.

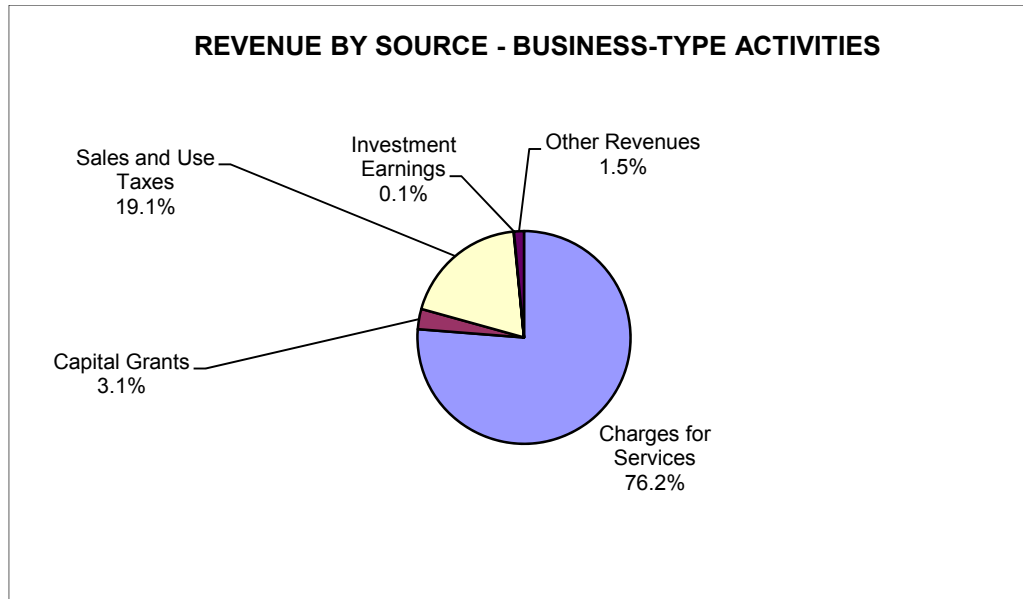
## Governmental Activities



## Business-Type Activities

Below are column graphs of the business-type activities expenses and related program revenues and a pie chart of revenues by source for the business-type activities. As illustrated below and in the Statement of Activities, charges for services, operating grants and contributions, and capital grants received for the services provided did not cover program expenses in the Water and Sewer funds. However, the Sanitation fund broke even. The Water Fund is in need of a new treatment plant and design continues. It is anticipated construction will start fall 2014. The pie chart shows 76 percent (76%) of collected revenues are from charges for services. Additionally, in September 2012, taxpayers approved a .75% sales and use taxes to assist with funding the Water Treatment Plant annual debt service. The tax became effective on January 1, 2013. This tax will sunset once the loan is paid off in approximately 20 years. During 2013, Sales and Use Taxes collected was approximately nineteen percent (19%) of the total water fund's revenues. Capital Grants were three percent (3%), other revenues were two percent (2%), and investment earnings were 0.1%.





## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Rifle 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. This information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

One of the differences between the governmental activities as reported in the government-wide *Statement of Activities* and the individual governmental fund financial statements is the reporting of capital asset acquisitions. For the government-wide financial statements, any new assets are capitalized and only depreciation expense for those assets is reported in the *Statement of Activities*. In the individual governmental fund financial statements, the expenditure for the capital asset acquisitions is reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*. Therefore, governmental fund capital outlay expenditures of \$2,374 acquired in 2013 (page 6) are not reflected in the *Statement of Activities*.

At year-end 2013, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 5) reported a combined fund balance of \$13,227, a decrease of \$465 or 3% from the prior year. The General Fund balance increased \$137 or 3%. The Street Improvement Fund balance decreased \$271 or 10%. The Parks and Recreation Fund balance increased \$515 or 77%.

The General Fund unassigned fund balance at December 31, 2013 was \$3,007 or 38% of annual expenditures. Unassigned fund balance decreased \$89. Overall, the General Fund revenues were higher than expenditures by \$136.

General Fund revenues decreased by \$758 or 9% primarily due to: general sales tax (5% decrease), building and motor vehicle use taxes (2% decrease), and severance and mineral lease (32% decrease). General Fund expenditures decreased \$1,593 or 17%.

The Street Improvement Fund revenues decreased \$290 or 21% in 2013 primarily due to grant revenues being less than 2012. The Street Improvement Fund's expenditures vary depending on planned public work projects. In 2013, the City performed major street overlays (\$423), storm water Improvements (\$17), traffic signals (\$18), sidewalk repairs (\$14), and the North I-70 roundabout design (\$56)

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 Proprietary Funds include the Water, Wastewater (Sewer), and Sanitation (Trash) Funds.

Overall, the Proprietary Fund Net Position increased \$684 to \$46,368. Investment in capital assets represents 84% of total net position.

	<u>Water</u>		<u>Sewer</u>		<u>Sanitation</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net Investment in Capital Assets	\$ 21,236	\$ 21,075	\$ 17,696	\$ 17,789	\$ -	\$ -	\$ 38,932	38,864
Restricted:								
For Capital Improvements	-	328	-	-	-	-	-	328
For Emergencies	135	-	-	-	-	-	135	-
For Debt Service from Sales Tax	885	-	-	-	-	-	885	-
For Operations and Maintenance Reserve	507	439	373	380	-	-	880	819
Unrestricted	4,526	4,229	236	667	773	776	5,535	5,672
<b>Total net position</b>	<u>\$ 27,289</u>	<u>\$ 26,071</u>	<u>\$ 18,305</u>	<u>\$ 18,836</u>	<u>\$ 773</u>	<u>\$ 776</u>	<u>\$ 46,367</u>	<u>\$ 45,683</u>

In the Wastewater Fund, a new treatment plant was completed in 2009. The plant was funded via Colorado Water Resources and Power Development Authority. Unfortunately, the debt covenant is not being met for 2013 (see Footnote Disclosure Number 12: Rate Maintenance, page 39). On January 1, 2014, wastewater user fees were increased 5% to assist with meeting the debt covenants.

A replacement Water Treatment plant is under design and is expected to start construction in the fall of 2014. In preparation for the construction project, water user fees were increased in September 2012. Additionally, voters approved a .75% sales and use tax increase which went into effect on January 1, 2013. The additional user fees and sales and use taxes will be used to pay back the \$23.8 million debt obtained from the Colorado Water Resources and Power Development Authority to construct the new plant. Fortunately, the bonds were sold at a premium so the amount available for the project is \$25 million. Sales and use taxes collected during the year are restricted for debt payments. However, since the Water Fund is now receiving sales and use taxes it has lost its enterprise status and is subject to the Taxpayer Bill of Rights (TABOR). As a result, the water fund has a TABOR emergency reserve established of \$135,000.

Unrestricted net position is reserves for the operation and maintenance component of all the proprietary funds. Both the Water Fund and Sewer Fund increase user fees annually to meet increasing costs of operation and to replace decaying infrastructure, which includes collection and distribution lines.

In 2013, the Water fund increased its Net Position \$1,218 while the Wastewater and Sanitation funds incurred net losses of \$530 and \$3 respectively.

Total unrestricted net position decreased \$137 during 2013. The Water Fund's unrestricted net position increased \$296; Sewer Fund decreased \$431; and the Sanitation Fund decreased \$3.

## General Fund Budgetary Highlights

Overall, the General Fund saw a decrease in revenues of \$758 or 9% from 2012. The national recession continues to impact Rifle. While revenues decreased from the prior year, due to the conservative practices of City Council, revenues exceeded budget. Additionally, the City built up its reserves for several years in preparation for an economic downturn. Overall, total revenues exceeded budget by \$593. Property Tax Revenues exceeded budget by 8%; Sales Tax revenues exceeded budget by 8%; Motor Vehicle Use Tax was lower than budget by 9%; and Severance/Mineral Lease dollars exceeded budget by \$714. Expenditures were under budget by 5%. Management and City Council continues to budget conservatively to weather the recession, as well as ensure the City is responsive to community needs.

The General Fund unassigned fund balance decreased to \$3,007 or approximately 38% of expenditures.

## Capital Asset and Debt Administration

Capital assets – At the end of 2013, the City had \$107,950 invested in capital assets. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, bridges, and trails. Total investment in capital assets for the current year decreased 2%.

<b>CAPITAL ASSETS AT YEAR-END</b> <b>(Net of Depreciation)</b> <b>As of December 31, 2013 and 2012</b> <b>In Thousands of Dollars</b>						
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Land & Rights	\$ 3,216	\$ 3,216	\$ 2,480	\$ 2,394	\$ 5,696	\$ 5,610
Construction in Process	400	496	218	-	618	496
Buildings	11,214	10,303	28,285	29,104	39,499	39,407
Improvements	36,316	37,610	23,401	23,847	59,717	61,457
Equipment	1,585	1,750	835	968	2,420	2,718
<b>Total</b>	<b>\$ 52,731</b>	<b>\$ 53,375</b>	<b>\$ 55,219</b>	<b>\$ 56,313</b>	<b>\$ 107,950</b>	<b>\$ 109,688</b>

Major changes in the capital assets activity include:

- Streets Major Overlay/Reconstruction \$423
- Street Storm water Improvements \$17
- Sidewalk/Concrete Repairs \$14
- I-70 North Roundabout design \$56
- Parks, trails, and equipment improvements \$67
- Water treatment plant design \$349
- Water Line Replacements \$166
- Capital purchases replacing and/or improving furniture and equipment.



**Debt administration** – At the end of 2013, the City of Rifle had a balance of \$44,177 outstanding in revenue bonds; revenue notes payable, notes payable and capital leases. During 2013, the City repaid \$3,695 of its outstanding obligations which included re-financing the 2003 Street Sales and Use Tax Revenue bonds. The amount refinanced was \$1,990 and was replaced by 2013 Refunding Revenue Bonds. Footnote disclosure number 5 on page 28 provides additional information regarding this advance refunding.

The City has no general obligation debt at this time.

<b>OUTSTANDING DEBT</b>						
<b>Years Ended December 31, 2013 and 2012</b>						
<b>In Thousands of Dollars</b>						
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenue bonds and notes payable	\$ 1,446	\$ 1,990	\$ 40,992	\$ 42,066	\$ 42,438	\$ 44,056
Capital leases	1,445	1,739	294	384	1,739	2,123
<b>Total</b>	<b>\$ 2,891</b>	<b>\$ 3,729</b>	<b>\$ 41,286</b>	<b>\$ 42,450</b>	<b>\$ 44,177</b>	<b>\$ 46,179</b>

**Economic Factors and Next Year’s Budget**

The economic downturn continues to impact the City of Rifle. Overall the General Fund saw a decrease in revenues of \$758 or 9% from 2012. The 2014 budget was prepared with an assumption of sales taxes remaining flat in the area. Voters approved an additional .75% sales and use tax that went into effect on January 1, 2013, to assist with paying the debt service for the \$23.8 million loan for the Water Treatment Plant construction project. These funds are restricted for debt settlement. The oil and gas industry continues to reduce staff on the Western Slope and the building industry’s reduced development over the past several years has contributed to this decline. The 2014 budget reflects these economic issues since these items have a significant impact on the City of Rifle finances.

Fortunately, the City of Rifle, as a result of prudent management in prior years, has built up the reserves in its general fund. As of December 31, 2013, the audited General Fund unassigned and designated for subsequent year’s expenditures fund balance is approximately \$4,359. There are adequate funds to continue weathering the economic downturn.

While the economy continues to struggle, the City of Rifle has positioned itself for just such a period. Management and City Council will make necessary changes as needed to the budget to make sure future services continue meeting public needs.

Overall, 2013 was a good year. The City retired approximately \$3.7 million of debt in the General, Street Improvement, Water, and Wastewater funds. Additionally, the Governmental funds invested \$2.4 million and the Business-Type funds invested \$803 thousand, totaling approximately \$3.1 million, of Capital and Infrastructure improvements. The Rifle Regional Economic Development Corporation also encouraged Kroger, Inc. to build a new City Market gas station. This gas station will offer discounted prices based on fuel point's customers acquire when purchasing items from City Market, which is expected to reduce the number of local trips made to Grand Junction and increase regional trips made to Rifle. The gas station officially opened in April, 2014.

2014 will continue to be a year of challenges for the City. The City has made significant budget adjustments, and continues to explore ways to provide services at reduced costs. Possibly, the biggest challenge during 2014 will be the construction of a new Water Treatment Plant to replace Graham Mesa and Beaver Creek plants. The primary reason for construction is health and safety issues. The Water Treatment Plant design process continued with an estimated construction start of fall 2014.

Furthermore, as a result of decreasing interest rates, the City of Rifle refinanced its 2003 Street Improvement Sales and Use Tax Revenue Bonds in 2013. The anticipated savings to the City is approximately \$489,000 through 2018. This equates to an average interest savings for the Street Improvement Fund of approximately \$80,000 annually.

In conclusion, City Council had the foresight to set aside significant reserves over the past years and those reserves have assisted the City during the recession and as the City moves towards an economic recovery.

### **Request for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Finance Director's office at the City of Rifle, 202 Railroad Ave, Rifle, CO 81650.

## FINANCIAL SECTION

# Holscher, Mayberry & Company, LLC

## Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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City Council  
City of Rifle  
Rifle, Colorado

### INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison statements for the General, Street Improvement, and Parks and Recreation Funds of the City of Rifle, Colorado, as of and for the year ended December 31, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof, and the respective budgetary comparison of the General, Street Improvement, and Parks and Recreation Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the City of Rifle's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

*Required Supplementary Information – Management Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages i-xiii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining and budgetary comparison statements and schedules listed as other supplementary information pages 40-57 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2014 on our consideration of the City of Rifle's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rifle's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules Required Pursuant to Bond Agreements and *Local Highway Finance Report* pages 60-61 are presented for purposes of legal and debt compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Holscher, Mayberry + Company, LLC*

Englewood, Colorado  
March 21, 2014

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## ***BASIC FINANCIAL STATEMENTS***

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2013.

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## CITY OF RIFLE, COLORADO

**STATEMENT OF NET POSITION**

December 31, 2013

	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 11,894,307	\$ 5,623,171	\$ 17,517,478
Property Taxes Receivable	551,322	-	551,322
Special Assessments Receivable	55,154	-	55,154
Other Receivable	903,712	634,521	1,538,233
Interest Receivable	26,470	-	26,470
Prepaid Expenses	24,151	2,723	26,874
Due from Other Governments	646,355	34,906	681,261
Inventory	38,713	147,125	185,838
<b>TOTAL CURRENT ASSETS</b>	<b>14,140,184</b>	<b>6,442,446</b>	<b>20,582,630</b>
<b>NONCURRENT ASSETS</b>			
Capital Assets Not Being Depreciated	3,616,044	2,698,181	6,314,225
Capital Assets Being Depreciated, net	49,116,355	52,519,881	101,636,236
Restricted Cash and Investments	1,518,668	26,796,192	28,314,860
<b>TOTAL NONCURRENT ASSETS</b>	<b>54,251,067</b>	<b>82,014,254</b>	<b>136,265,321</b>
<b>TOTAL ASSETS</b>	<b>68,391,251</b>	<b>88,456,700</b>	<b>156,847,951</b>
<b>DEFERRED OUTFLOWS</b>			
Deferred Charge on Refunding	23,536	-	23,536
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	734,241	203,274	937,515
Accrued Wages & Comp. Absences	399,565	75,066	474,631
Accrued Interest Payable	7,668	444,385	452,053
Deposits	134,137	10,000	144,137
Current Portion of Long Term Debt	545,219	2,021,407	2,566,626
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,820,830</b>	<b>2,754,132</b>	<b>4,574,962</b>
<b>NONCURRENT LIABILITIES</b>			
Bonds Payable	1,135,000	-	1,135,000
Bond Premiums	33,253	-	33,253
Notes Payable	-	39,064,787	39,064,787
Capital Leases Payable	1,177,426	200,207	1,377,633
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>2,345,679</b>	<b>39,264,994</b>	<b>41,610,673</b>
<b>TOTAL LIABILITIES</b>	<b>4,166,509</b>	<b>42,019,126</b>	<b>46,185,635</b>
<b>DEFERRED INFLOWS</b>			
Unavailable Revenue - Property Taxes	606,476	69,897	676,373
<b>NET POSITION</b>			
Net Investment in Capital Assets	46,533,929	38,931,661	85,465,590
Restricted:			
for Debt Service and O&M Reserves	-	1,765,692	1,765,692
for Emergencies	377,000	135,000	512,000
for Senior Center Meals and Capital	131,505	-	131,505
for Street and Drainage Improvements	563,775	-	563,775
for Parks and Recreation	812,874	-	812,874
Unrestricted	15,222,720	5,535,324	20,758,044
<b>TOTAL NET POSITION</b>	<b>\$ 63,641,803</b>	<b>\$ 46,367,677</b>	<b>\$ 110,009,480</b>

The accompanying notes are an integral part of the financial statements

CITY OF RIFLE, COLORADO

**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2013**

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
<b>FUNCTIONS/PROGRAMS</b>				
<b>Governmental Activities</b>				
Current:				
General Government	\$ 1,817,189	\$ 534,524	\$ 1,053,874	\$ -
Public Safety	2,698,206	25,043	23,776	94,490
Public Works	3,467,171	28,549	483,919	288,250
Cemetery	65,882	14,189	-	-
Parks and Recreation	3,994,147	377,232	416,816	52,934
Economic Development and Assistance	1,119,542	68,515	11,400	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>13,162,137</b>	<b>1,048,052</b>	<b>1,989,785</b>	<b>435,674</b>
<b>Business - Type Activities</b>				
Current:				
Water Operations	3,302,362	2,859,925	-	166,493
Sewer Operations	3,064,997	2,453,660	-	68,318
Sanitation Operations	477,440	475,899	-	-
<b>TOTAL BUSINESS - TYPE ACTIVITIES</b>	<b>6,844,799</b>	<b>5,789,484</b>	<b>-</b>	<b>234,811</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 20,006,936</b>	<b>\$ 6,837,536</b>	<b>\$ 1,989,785</b>	<b>\$ 670,485</b>
<b>GENERAL REVENUES</b>				
Property Taxes				
Sales and Use Taxes				
Other Taxes				
Investment Earnings				
Other Revenues				
<b>TRANSFERS</b>				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
<b>CHANGE IN NET POSITION</b>				
NET POSITION - Beginning of Year				
NET POSITION - End of Year				

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

**NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS -  
PRIMARY GOVERNMENT**

<b>GOVERNMENT ACTIVITIES</b>	<b>BUSINESS - TYPE ACTIVITES</b>	<b>TOTAL</b>
\$ (228,791)	\$ -	\$ (228,791)
(2,554,897)	-	(2,554,897)
(2,666,453)	-	(2,666,453)
(51,693)	-	(51,693)
(3,147,165)	-	(3,147,165)
<u>(1,039,627)</u>	<u>-</u>	<u>(1,039,627)</u>
<u>(9,688,626)</u>	<u>-</u>	<u>(9,688,626)</u>
-	(275,944)	(275,944)
-	(543,019)	(543,019)
-	<u>(1,541)</u>	<u>(1,541)</u>
-	<u>(820,504)</u>	<u>(820,504)</u>
<u>(9,688,626)</u>	<u>(820,504)</u>	<u>(10,509,130)</u>
849,981	-	849,981
6,900,209	1,452,774	8,352,983
1,645,587	-	1,645,587
17,077	4,307	21,384
40,759	113,744	154,503
65,580	<u>(65,580)</u>	-
<u>9,519,193</u>	<u>1,505,245</u>	<u>11,024,438</u>
(169,433)	684,741	515,308
<u>63,811,236</u>	<u>45,682,936</u>	<u>109,494,172</u>
<u>\$ 63,641,803</u>	<u>\$ 46,367,677</u>	<u>\$ 110,009,480</u>

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CITY OF RIFLE, COLORADO

**BALANCE SHEET - GOVERNMENTAL FUNDS**

December 31, 2013

With Comparative Totals for December 31, 2012

	SPECIAL REVENUE FUNDS				TOTALS	
	GENERAL	STREET IMPROVEMENT	PARKS & RECREATION	OTHER GOVERNMENTAL FUNDS	2013	2012
<b>ASSETS</b>						
Cash and Investments	\$ 4,275,949	\$ 2,296,154	\$ 500,417	\$ 4,230,112	\$ 11,302,632	\$ 11,394,240
Property Taxes Receivable	506,948	-	-	44,374	551,322	725,095
Special Assessments Receivable	-	55,154	-	-	55,154	84,761
Other Receivable	582,319	107,211	191,854	22,328	903,712	941,545
Interest Receivable	26,470	-	-	-	26,470	49,512
Prepaid Expenses	13,788	-	2,568	2,500	18,856	44,760
Advance to Other Funds	60,000	-	-	50,300	110,300	220,600
Due from Other Governments	519,838	39,087	-	87,430	646,355	558,161
Restricted Cash and Investments	552,541	277,966	606,767	81,394	1,518,668	1,889,889
<b>TOTAL ASSETS</b>	<b>\$ 6,537,853</b>	<b>\$ 2,775,572</b>	<b>\$ 1,301,606</b>	<b>\$ 4,518,438</b>	<b>\$ 15,133,469</b>	<b>\$ 15,908,563</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 199,166	\$ 175,492	\$ 57,522	\$ 235,614	\$ 667,794	\$ 516,585
Accrued Wages & Comp. Absences	328,906	1,290	57,872	-	388,068	401,940
Deposits	133,362	-	775	-	134,137	280,109
Advances from Other Funds	-	50,300	-	60,000	110,300	220,600
<b>TOTAL LIABILITIES</b>	<b>661,434</b>	<b>227,082</b>	<b>116,169</b>	<b>295,614</b>	<b>1,300,299</b>	<b>1,419,234</b>
<b>DEFERRED INFLOWS</b>						
Unavailable Revenue - Property Taxes	506,948	55,154	-	44,374	606,476	797,946
<b>FUND BALANCE</b>						
<b>Nonspendable:</b>						
Interfund Advances	60,000	-	-	50,300	110,300	220,600
Prepays	13,788	-	2,568	2,500	18,856	44,760
<b>Restricted for:</b>						
Street, Drainage & Parking Improvements	273,490	277,966	-	12,319	563,775	562,654
Senior Center Capital and Meals	131,505	-	-	-	131,505	132,718
Debt Service Reserves	-	-	-	-	-	412,385
Police Expenditures	3,940	-	-	-	3,940	21,405
Emergencies	377,000	-	-	-	377,000	391,000
Parks and Recreation	150,607	-	600,192	62,075	812,874	754,192
<b>Committed for:</b>						
Parks and Recreation	-	-	6,575	-	6,575	6,535
<b>Assigned for:</b>						
Subsequent Year's Expenditures	1,352,490	363,335	576,102	1,167,945	3,459,872	4,000,411
Economic Development	-	-	-	787,324	787,324	759,037
Street Improvements	-	1,852,035	-	-	1,852,035	968,199
Parks and Recreation	-	-	-	-	-	13,389
Capital Improvements	-	-	-	2,124,247	2,124,247	2,419,557
Unassigned	3,006,651	-	-	(28,260)	2,978,391	2,984,541
<b>TOTAL FUND BALANCE</b>	<b>5,369,471</b>	<b>2,493,336</b>	<b>1,185,437</b>	<b>4,178,450</b>	<b>13,226,694</b>	<b>13,691,383</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 6,537,853</b>	<b>\$ 2,775,572</b>	<b>\$ 1,301,606</b>	<b>\$ 4,518,438</b>	<b>\$ 15,133,469</b>	<b>\$ 15,908,563</b>

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION**

FUND BALANCE - GOVERNMENTAL FUNDS	\$ 13,226,694
Capital assets used in governmental activities are not resources and are not reported in the funds:	
Capital Assets	83,049,487
Accumulated Depreciation	(30,885,685)
The Difference between the carrying value of the refinanced long-term debt and the amount placed in escrow is an amortizable inflow or outflow:	
Deferred Charge (Gain) on Refunding	23,536
Long-term liabilities are not due and payable in the current period	
Revenue Bonds Payable	(1,405,000)
Capital Leases Payable	(1,444,735)
Bond Premiums	(41,163)
Accrued Interest Payable	(7,668)
Internal Service Funds are blended into Governmental Activities:	
Internal Service Net Position	1,126,337
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 63,641,803</b>

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

CITY OF RIFLE, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	<u>SPECIAL REVENUE FUNDS</u>			<u>OTHER GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>PARKS &amp; RECREATION</u>	
REVENUES				
Taxes	\$ 4,797,175	\$ 964,364	\$ 1,930,141	\$ 405,774
Special Assessments	-	35,301	-	-
Licenses and Permits	101,423	-	-	-
Intergovernmental	2,571,609	39,087	301,500	609,682
Charges for Services	275,359	36,158	371,764	-
Fines and Forfeitures	150,548	-	-	-
Miscellaneous	58,988	4,189	16,329	257,734
TOTAL REVENUES	<u>7,955,102</u>	<u>1,079,099</u>	<u>2,619,734</u>	<u>1,273,190</u>
EXPENDITURES				
General Government	3,210,270	-	3,518	38,000
Public Safety	2,618,095	-	-	-
Public Works	1,321,747	167,191	-	-
Cemetery	61,260	-	-	-
Parks and Recreation	-	-	1,979,721	-
Economic Development and Assistance	446,172	-	-	256,673
Capital Outlay	161,472	528,415	67,428	1,617,132
Debt Service	-	294,195	350,698	-
TOTAL EXPENDITURES	<u>7,819,016</u>	<u>989,801</u>	<u>2,401,365</u>	<u>1,911,805</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>136,086</u>	<u>89,298</u>	<u>218,369</u>	<u>(638,615)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	-	1,693,194	-	-
Payment to Escrow Agent	-	(2,028,601)	-	-
Transfer In	160,871	-	369,000	235,766
Transfer Out	(160,000)	(25,374)	(71,917)	(442,766)
TOTAL OTHER FINANCING SOURCES (USES)	<u>871</u>	<u>(360,781)</u>	<u>297,083</u>	<u>(207,000)</u>
CHANGE IN FUND BALANCES	136,957	(271,483)	515,452	(845,615)
FUND BALANCE, Beginning	<u>5,232,514</u>	<u>2,764,819</u>	<u>669,985</u>	<u>5,024,065</u>
FUND BALANCE, Ending	<u>\$ 5,369,471</u>	<u>\$ 2,493,336</u>	<u>\$ 1,185,437</u>	<u>\$ 4,178,450</u>

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

**TOTALS**

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<b>2013</b>	<b>2012</b>
\$ 8,097,454	\$ 8,288,529
35,301	41,155
101,423	85,078
3,521,878	3,767,554
683,281	716,142
150,548	164,916
337,240	272,729
<u>12,927,125</u>	<u>13,336,103</u>
3,251,788	3,248,143
2,618,095	2,577,635
1,488,938	1,454,497
61,260	61,657
1,979,721	2,116,097
702,845	704,307
2,374,447	2,369,165
644,893	2,169,881
<u>13,121,987</u>	<u>14,701,382</u>
<u>(194,862)</u>	<u>(1,365,279)</u>
1,693,194	-
(2,028,601)	-
765,637	281,089
<u>(700,057)</u>	<u>(501,579)</u>
<u>(269,827)</u>	<u>(220,490)</u>
(464,689)	(1,585,769)
<u>13,691,383</u>	<u>15,277,152</u>
<u>\$ 13,226,694</u>	<u>\$ 13,691,383</u>

CITY OF RIFLE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2013

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$ (464,689)
Principal payments on debt are reported as expenditures in the funds:	
Principal Payments on Outstanding Debt:	
Revenue Bonds Payable	2,230,000
Capital Leases Payable	283,260
Debt Proceeds	(1,645,000)
Interest, issuance costs, bond premiums and deferred charges are reported on the cash basis in the funds:	
Change in Accrued Interest Payable	5,248
Bond Premiums	(48,195)
Deferred Charge on Refunding	27,556
Amortization of Premiums and Charge on Refunding	14,057
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Purchased Capitalized Assets	2,408,769
Loss on Asset Disposals	(48,440)
Depreciation Expense	(2,991,285)
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance Fund Change in Net Position	59,286
Change in Net Position - Governmental Activities	<u>\$ (169,433)</u>

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



CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE  
GENERAL FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 4,975,064	\$ 4,797,175	\$ (177,889)	\$ 4,918,454
Licenses and Permits	117,843	101,423	(16,420)	85,078
Intergovernmental	1,671,246	2,571,609	900,363	3,130,888
Charges for Services	301,265	275,359	(25,906)	295,885
Fines and Forfeitures	158,953	150,548	(8,405)	164,916
Miscellaneous	137,586	58,988	(78,598)	118,348
TOTAL REVENUES	<u>7,361,957</u>	<u>7,955,102</u>	<u>593,145</u>	<u>8,713,569</u>
EXPENDITURES				
General Government	3,319,575	3,210,270	109,305	3,204,635
Public Safety	2,539,949	2,618,095	(78,146)	2,577,635
Public Works	1,392,935	1,321,747	71,188	1,355,465
Cemetery	68,167	61,260	6,907	61,657
Economic Development and Assistance	457,520	446,172	11,348	444,232
Capital Outlay	152,080	161,472	(9,392)	319,508
Debt Service	-	-	-	1,449,252
Contingency Reserve	300,000	-	300,000	-
TOTAL EXPENDITURES	<u>8,230,226</u>	<u>7,819,016</u>	<u>411,210</u>	<u>9,412,384</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(868,269)</u>	<u>136,086</u>	<u>1,004,355</u>	<u>(698,815)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	160,871	160,871	-	156,339
Transfers Out	(160,000)	(160,000)	-	(290,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>871</u>	<u>871</u>	<u>-</u>	<u>(133,661)</u>
CHANGE IN FUND BALANCE	(867,398)	136,957	1,004,355	(832,476)
FUND BALANCE, Beginning	<u>3,592,240</u>	<u>5,232,514</u>	<u>1,640,274</u>	<u>6,064,990</u>
FUND BALANCE, Ending	<u>\$ 2,724,842</u>	<u>\$ 5,369,471</u>	<u>\$ 2,644,629</u>	<u>\$ 5,232,514</u>

The accompanying notes are an integral part of the financial statements

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE  
STREET IMPROVEMENT FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 1,039,729	\$ 964,364	\$ (75,365)	\$ 1,012,829
Special Assessments	36,303	35,301	(1,002)	41,155
Intergovernmental	303,248	39,087	(264,161)	263,120
Charges for Services	4,000	36,158	32,158	18,029
Miscellaneous	26,000	4,189	(21,811)	34,318
TOTAL REVENUES	<u>1,409,280</u>	<u>1,079,099</u>	<u>(330,181)</u>	<u>1,369,451</u>
EXPENDITURES				
Public Works	1,357,674	167,191	1,190,483	99,032
Capital Outlay	705,000	528,415	176,585	1,123,779
Debt Service	377,201	294,195	83,006	378,226
TOTAL EXPENDITURES	<u>2,439,875</u>	<u>989,801</u>	<u>1,450,074</u>	<u>1,601,037</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,030,595)</u>	<u>89,298</u>	<u>1,119,893</u>	<u>(231,586)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	-	1,693,194	1,693,194	-
Payment to Escrow Agent	-	(2,028,601)	(2,028,601)	-
Transfers Out	(75,674)	(25,374)	50,300	(25,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(75,674)</u>	<u>(360,781)</u>	<u>(285,107)</u>	<u>(25,374)</u>
CHANGE IN FUND BALANCE	(1,106,269)	(271,483)	834,786	(256,960)
FUND BALANCE, Beginning	<u>3,027,613</u>	<u>2,764,819</u>	<u>(262,794)</u>	<u>3,021,779</u>
FUND BALANCE, Ending	<u>\$ 1,921,344</u>	<u>\$ 2,493,336</u>	<u>\$ 571,992</u>	<u>\$ 2,764,819</u>

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

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE  
PARKS & RECREATION FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 2,081,038	\$ 1,930,141	\$ (150,897)	\$ 2,027,305
Intergovernmental	650,000	301,500	(348,500)	11,250
Charges for Services	441,750	371,764	(69,986)	402,228
Miscellaneous	38,850	16,329	(22,521)	22,288
TOTAL REVENUES	<u>3,211,638</u>	<u>2,619,734</u>	<u>(591,904)</u>	<u>2,463,071</u>
EXPENDITURES				
General Government	5,000	3,518	1,482	1,748
Parks and Recreation	2,187,514	1,979,721	207,793	2,116,097
Capital Outlay	1,315,000	67,428	1,247,572	38,534
Debt Service	342,403	350,698	(8,295)	342,403
TOTAL EXPENDITURES	<u>3,849,917</u>	<u>2,401,365</u>	<u>1,448,552</u>	<u>2,498,782</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(638,279)</u>	<u>218,369</u>	<u>856,648</u>	<u>(35,711)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	369,000	369,000	-	25,750
Transfers Out	<u>(71,917)</u>	<u>(71,917)</u>	-	<u>(68,455)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>297,083</u>	<u>297,083</u>	-	<u>(42,705)</u>
CHANGE IN FUND BALANCE	(341,196)	515,452	856,648	(78,416)
FUND BALANCE, Beginning	<u>179,520</u>	<u>669,985</u>	<u>490,465</u>	<u>748,401</u>
FUND BALANCE, Ending	<u>\$ (161,676)</u>	<u>\$ 1,185,437</u>	<u>\$ 1,347,113</u>	<u>\$ 669,985</u>

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

CITY OF RIFLE, COLORADO

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

December 31, 2013

With Comparative Totals for December 31, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	WASTEWATER	NON-MAJOR SANITATION	TOTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 4,572,700	\$ 326,793	\$ 723,678	\$ 5,623,171
Other Receivable	336,652	249,147	48,722	634,521
Prepaid Expenses	589	1,189	945	2,723
Due from Other Governments	11,906	23,000	-	34,906
Inventory	143,416	3,709	-	147,125
<b>TOTAL CURRENT ASSETS</b>	<b>5,065,263</b>	<b>603,838</b>	<b>773,345</b>	<b>6,442,446</b>
<b>PROPERTY AND EQUIPMENT</b>	<b>34,731,704</b>	<b>42,768,326</b>	<b>-</b>	<b>77,500,030</b>
Less Accumulated Depreciation	(12,157,964)	(10,124,004)	-	(22,281,968)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>22,573,740</b>	<b>32,644,322</b>	<b>-</b>	<b>55,218,062</b>
<b>OTHER ASSETS</b>				
Restricted Cash and Investments	26,423,047	373,145	-	26,796,192
<b>TOTAL ASSETS</b>	<b>54,062,050</b>	<b>33,621,305</b>	<b>773,345</b>	<b>88,456,700</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	150,914	52,360	-	203,274
Accrued Wages & Comp. Absences	46,942	27,940	184	75,066
Accrued Interest Payable	204,967	239,418	-	444,385
Deposits	10,000	-	-	10,000
Unearned Revenue	21,969	47,928	-	69,897
Current Portion of Long Term Debt	1,165,244	856,163	-	2,021,407
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,600,036</b>	<b>1,223,809</b>	<b>184</b>	<b>2,824,029</b>
<b>NONCURRENT LIABILITIES</b>				
Notes Payable	24,972,694	14,092,093	-	39,064,787
Capital Leases Payable	200,207	-	-	200,207
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>25,172,901</b>	<b>14,092,093</b>	<b>-</b>	<b>39,264,994</b>
<b>TOTAL LIABILITIES</b>	<b>26,772,937</b>	<b>15,315,902</b>	<b>184</b>	<b>42,089,023</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	21,235,595	17,696,066	-	38,931,661
Restricted				
For Capital Improvements	-	-	-	-
For Emergencies	135,000	-	-	135,000
For Debt Service from Sales Tax	885,220	-	-	885,220
For Operations and Maintenance Reserve	507,327	373,145	-	880,472
Unrestricted	4,525,971	236,192	773,161	5,535,324
<b>TOTAL NET POSITION</b>	<b>\$ 27,289,113</b>	<b>\$ 18,305,403</b>	<b>\$ 773,161</b>	<b>\$ 46,367,677</b>

;

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

**GOVERNMENTAL  
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2013	2012
\$ 591,675	\$ 6,214,846	\$ 6,364,066
-	634,521	551,237
5,295	8,018	52,163
-	34,906	60,000
38,713	185,838	159,502
<u>635,683</u>	<u>7,078,129</u>	<u>7,186,968</u>
1,510,278	79,010,308	78,049,214
(941,681)	(23,223,649)	(21,155,164)
<u>568,597</u>	<u>55,786,659</u>	<u>56,894,050</u>
-	26,796,192	26,147,157
<u>1,204,280</u>	<u>89,660,980</u>	<u>90,228,175</u>
66,447	269,721	429,739
11,497	86,563	71,617
-	444,385	447,033
-	10,000	10,000
-	69,897	69,897
-	<u>2,021,407</u>	<u>1,122,684</u>
<u>77,944</u>	<u>2,901,973</u>	<u>2,150,970</u>
-	39,064,787	41,033,164
-	200,207	294,054
-	<u>39,264,994</u>	<u>41,327,218</u>
<u>77,944</u>	<u>42,166,967</u>	<u>43,478,188</u>
568,597	39,500,258	39,444,148
-	-	327,998
-	135,000	-
-	885,220	-
-	880,472	819,159
<u>557,740</u>	<u>6,093,064</u>	<u>6,158,682</u>
<u>\$ 1,126,337</u>	<u>\$ 47,494,014</u>	<u>\$ 46,749,987</u>

CITY OF RIFLE, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER</b>	<b>WASTEWATER</b>	<b>NON-MAJOR</b>	
			<b>SANITATION</b>	<b>TOTAL</b>
OPERATING REVENUES				
Charges for Services	\$ 2,715,098	\$ 2,446,503	\$ 474,461	\$ 5,636,062
Sale of Materials	9,285	-	-	9,285
Reimbursed Expenditures	9,010	-	-	9,010
Other Revenue	126,532	7,157	1,438	135,127
<b>TOTAL OPERATING REVENUES</b>	<b>2,859,925</b>	<b>2,453,660</b>	<b>475,899</b>	<b>5,789,484</b>
OPERATING EXPENSES				
Personal Services	838,002	491,200	14,548	1,343,750
Supplies	233,421	86,467	-	319,888
Purchased Services	662,580	651,615	452,839	1,767,034
Other Expenses	11,017	304	209	11,530
Management Fees	104,949	104,949	9,160	219,058
Fleet Maintenance	48,923	39,593	-	88,516
Info Tech Maintenance	18,741	28,112	684	47,537
Small Equipment Purchases	-	13,792	-	13,792
Depreciation	870,752	1,057,213	-	1,927,965
<b>TOTAL OPERATING EXPENSES</b>	<b>2,788,385</b>	<b>2,473,245</b>	<b>477,440</b>	<b>5,739,070</b>
NET INCOME (LOSS) FROM OPERATIONS	71,540	(19,585)	(1,541)	50,414
NONOPERATING INCOME (EXPENSE)				
System Improvement Fees	59,706	45,318	-	105,024
Dedicated Infrastructure	94,476	-	-	94,476
Investment Earnings	3,230	345	732	4,307
Gain (Loss) on Disposal of Capital Assets	-	4,824	-	4,824
Sales and Use Taxes	1,452,774	-	-	1,452,774
Cash in Lieu of Fees	405	-	-	405
State Grants	11,906	23,000	-	34,906
Other Revenues	292	3,756	-	4,048
Amortization of Bond Premiums	69,258	35,614	-	104,872
Debt Issuance Costs	-	-	-	-
Interest Expense	(513,977)	(591,752)	-	(1,105,729)
<b>NONOPERATING INCOME (EXPENSE)</b>	<b>1,178,070</b>	<b>(478,895)</b>	<b>732</b>	<b>699,907</b>
NET INCOME (LOSS) BEFORE TRANSFERS	1,249,610	(498,480)	(809)	750,321
TRANSFERS				
Transfers In	-	-	-	-
Transfers Out	(31,790)	(31,790)	(2,000)	(65,580)
<b>NET TRANSFERS</b>	<b>(31,790)</b>	<b>(31,790)</b>	<b>(2,000)</b>	<b>(65,580)</b>
NET INCOME (LOSS)	1,217,820	(530,270)	(2,809)	684,741
NET POSITION, Beginning	26,071,293	18,835,673	775,970	45,682,936
<b>NET POSITION, Ending</b>	<b>\$ 27,289,113</b>	<b>\$ 18,305,403</b>	<b>\$ 773,161</b>	<b>\$ 46,367,677</b>

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

**GOVERNMENTAL  
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2013	2012
\$ 891,170	\$ 6,527,232	\$ 6,312,398
-	9,285	2,500
-	9,010	24,145
-	135,127	196,608
<u>891,170</u>	<u>6,680,654</u>	<u>6,535,651</u>
220,033	1,563,783	1,461,916
256,473	576,361	567,457
86,103	1,853,137	1,605,652
144,343	155,873	24,201
-	219,058	219,058
-	88,516	95,808
4,685	52,222	37,089
-	13,792	-
<u>121,829</u>	<u>2,049,794</u>	<u>2,149,370</u>
<u>833,466</u>	<u>6,572,536</u>	<u>6,160,551</u>
<u>57,704</u>	<u>108,118</u>	<u>375,100</u>
-	105,024	52,000
-	94,476	-
534	4,841	45,805
1,048	5,872	10,390
-	1,452,774	-
-	405	1,527
-	34,906	75,718
-	4,048	4,504
-	104,872	64,471
-	-	(419,804)
-	(1,105,729)	(911,585)
<u>1,582</u>	<u>701,489</u>	<u>(1,076,974)</u>
<u>59,286</u>	<u>809,607</u>	<u>(701,874)</u>
-	-	285,000
-	(65,580)	(64,510)
-	(65,580)	220,490
59,286	744,027	(481,384)
<u>1,067,051</u>	<u>46,749,987</u>	<u>47,231,371</u>
<u>\$ 1,126,337</u>	<u>\$ 47,494,014</u>	<u>\$ 46,749,987</u>

CITY OF RIFLE, COLORADO

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

Increase (Decrease) in Cash and Cash Equivalents  
Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	NON-MAJOR SANITATION	TOTAL
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 2,914,303	\$ 2,456,930	\$ 478,865	\$ 5,850,098
Cash Payments to Suppliers	(1,258,569)	(897,046)	(465,054)	(2,620,669)
Cash Payments to Employees	(825,404)	(488,682)	(14,518)	(1,328,604)
Net Cash Provided by Operating Activities	<u>830,330</u>	<u>1,071,202</u>	<u>(707)</u>	<u>1,900,825</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(600,562)	(137,587)	-	(738,149)
Proceeds From Sale of Capital Assets	-	4,824	-	4,824
Proceeds From System Improvement Fees	59,706	45,318	-	105,024
Proceeds From Cash in Lieu of Fees	405	-	-	405
Proceeds From Sales & Use Taxes	1,308,875	-	-	1,308,875
Proceeds From Grants	60,000	-	-	60,000
Principal Payments on Debt	(336,499)	(827,003)	-	(1,163,502)
Interest Payments on Debt	(506,149)	(602,228)	-	(1,108,377)
Loan Fees and Unamortized Bond Issue Costs	69,258	35,614	-	104,872
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>55,034</u>	<u>(1,481,062)</u>	<u>-</u>	<u>(1,426,028)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	292	3,756	-	4,048
Transfers - Net	(31,790)	(31,790)	(2,000)	(65,580)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(31,498)</u>	<u>(28,034)</u>	<u>(2,000)</u>	<u>(61,532)</u>
Cash Flows From Investing Activities:				
Investment Income	<u>3,230</u>	<u>345</u>	<u>732</u>	<u>4,307</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	857,096	(437,549)	(1,975)	417,572
CASH AND EQUIVALENTS, Beginning	<u>30,138,651</u>	<u>1,137,487</u>	<u>725,653</u>	<u>32,001,791</u>
CASH AND EQUIVALENTS, Ending	<u>\$ 30,995,747</u>	<u>\$ 699,938</u>	<u>\$ 723,678</u>	<u>\$ 32,419,363</u>
Cash and Equivalents	\$ 4,572,700	\$ 326,793	\$ 723,678	\$ 5,623,171
Restricted Cash and Equivalents	26,423,047	373,145	-	26,796,192
TOTAL CASH AND EQUIVALENTS	<u>\$ 30,995,747</u>	<u>\$ 699,938</u>	<u>\$ 723,678</u>	<u>\$ 32,419,363</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 71,540	\$ (19,585)	\$ (1,541)	\$ 50,414
Adjustments to Reconcile Operating Income to Net Cash Provided				
by Operating Activities:				
Depreciation	870,752	1,057,213	-	1,927,965
(Increase) Decrease in:				
Other Receivable	54,378	3,270	2,966	60,614
Prepaid Expenses	50,577	(690)	-	49,887
Inventory	(34,318)	142	-	(34,176)
Increase (Decrease) in:				
Accounts Payable	(195,197)	28,334	(2,162)	(169,025)
Accrued Wages & Comp. Absences	12,598	2,518	30	15,146
Unearned Revenue	-	-	-	-
Total Adjustments	<u>758,790</u>	<u>1,090,787</u>	<u>834</u>	<u>1,850,411</u>
Net Cash Provided by Operating Activities	<u>\$ 830,330</u>	<u>\$ 1,071,202</u>	<u>\$ (707)</u>	<u>\$ 1,900,825</u>

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



**GOVERNMENTAL  
ACTIVITIES**

INTERNAL SERVICE	TOTAL	
	2013	2012
\$ 891,170	\$ 6,741,268	\$ 6,444,568
(480,495)	(3,101,164)	(2,612,304)
<u>(220,233)</u>	<u>(1,548,837)</u>	<u>(1,452,257)</u>
190,442	2,091,267	2,380,007
(109,779)	(847,928)	(2,087,987)
1,048	5,872	386,922
-	105,024	52,000
-	405	1,527
-	1,308,875	-
-	60,000	216,931
-	(1,163,502)	23,994,881
-	(1,108,377)	(728,772)
-	104,872	(355,333)
<u>(108,731)</u>	<u>(1,534,759)</u>	<u>21,480,169</u>
-	4,048	4,504
-	(65,580)	220,490
-	(61,532)	224,994
534	4,841	45,805
82,245	499,817	24,130,975
<u>509,431</u>	<u>32,511,222</u>	<u>8,380,248</u>
\$ 591,676	\$ 33,011,039	\$ 32,511,223
\$ 591,676	\$ 6,214,847	\$ 6,364,066
-	26,796,192	26,147,157
\$ 591,676	\$ 33,011,039	\$ 32,511,223
\$ 57,704	\$ 108,118	\$ 375,100
121,829	2,049,794	2,149,370
-	60,614	(66,831)
(5,295)	44,592	(49,887)
7,842	(26,334)	(20,619)
8,562	(160,463)	7,467
(200)	14,946	9,659
-	-	(24,252)
<u>132,738</u>	<u>1,983,149</u>	<u>2,004,907</u>
\$ 190,442	\$ 2,091,267	\$ 2,380,007

CITY OF RIFLE, COLORADO

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

December 31, 2013

With Comparative Totals for December 31, 2012

	<u>PERPETUAL CARE</u>	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and Investments	\$ 214,258	\$ 212,533
NET POSITION		
Held In Trust for Cemetery Maintenance	\$ 214,258	\$ 212,533

The accompanying notes are an integral part of the financial statements

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rifle was incorporated in 1905 and became a Home Rule City in 1963. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, water, sewer, sanitation, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services. The City's basic financial statements include the accounts of all City operations.

This summary of the City of Rifle's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the City of Rifle conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

In accordance with Governmental Accounting Standards, the City has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of these criteria, the following component unit is included in the City's reporting entity because of the significance of its operational or financial relationship to the City.

**Blended Component Units**

The Downtown Development Agency (DDA) and the Urban Renewal Authority (URA) were created as separate legal entities by an act of the state legislature and "activated" by action of the City Council to plan and develop the downtown and other blighted areas of the City and to attract new businesses and residents. The governing board of the DDA is appointed by the City Council for fixed terms. The DDA has the complete authority to hire management and all other employees. There is no significant continuing relationship between the City and the DDA for carrying out day-to-day functions. The governing board of the URA is the City Council.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Blended Component Units** (Continued)

The DDA is a separate taxing body and levies taxes against the property owners within the designated development district and may hold referendums of its constituents. The DDA's levy and the levy of the City are independent of each other and are related only by the fact that they are levied against a common tax base within the DDA's geographic boundaries. Property taxes from the DDA's levy are its primary revenue source.

The URA's primary source of revenue is increment tax receipts based on the increased assessed valuation of taxes in the Urban Renewal Authority boundaries.

Because the DDA's governing board is appointed by the City and the budget and any amendments thereto are approved by the City, the DDA is reported as if it were part of the primary government. Similarly, since URA's governing board is the City Council and the budget and any amendments thereto are approved by the City, the URA is reported as if it were part of the primary government.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non - fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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 the fund's principal ongoing operations. Operating expenses 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.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

In the fund financial statements, the City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Major Special Revenue Funds

Street Improvement Fund – This fund receives sales, use, and street impact revenues restricted for public works street improvements.

Parks and Recreation Fund – This fund accounts for the operations of the City’s parks and recreation programs. It is partially funded through a 1% sales and use tax assessment.

The City also reports the following major proprietary funds:

Water and Wastewater Funds – These funds account for the activities related to offering the respective services to the City’s residents.

Additionally, the City reports the following fiduciary (agency) fund:

Perpetual Care Fund – The Perpetual Care Fund is used to account for assets held by the City in a trustee capacity for the future maintenance of the City’s cemetery.

**Budgets**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) In accordance with the City Charter, on or before the second Council meeting in August, the Council adopts a resolution setting the schedule for the adoption of the following year’s budget.
- (2) Prior to or by the first Council meeting in December, the budget is legally enacted through passage of an ordinance, after receiving input through public hearings.
- (3) The City Manager reports monthly to the City Council explaining any variance from the approved budget.
- (4) The City Charter requires the adoption of a budget for proprietary funds. Depreciation expense is not a budgeted item.
- (5) The City does not utilize encumbrance accounting and all appropriations lapse at year end.
- (6) Budgets presented are as originally adopted or amended by City Council.

The City’s expenditures exceeded the budgeted appropriation in the Information Technology Fund in the amount of \$7,089 which may be a violation of state statute.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Equivalents**

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less.

**Property Taxes**

Property taxes for the City are levied by the City Council and certified for collection to Garfield County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the City until the subsequent year.

**Inventory**

Inventories are valued at cost, using the first-in, first-out (FIFO) method.

**Property, Plant and Equipment**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives.

Buildings	10 - 50 years
Land Improvements	7 - 75 years
Machinery and Equipment	5 - 10 years
Wastewater System	30 - 50 years
Water System	30 - 50 years

Infrastructure assets, which include streets, bridges, and drainage systems, are depreciated using the straight line method over estimated useful life of 25 years.

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

Employees earn one day of sick-leave per month. Upon accrual of 480 hours of sick-leave, employees begin accruing three hours of vacation per month in lieu of additional sick-leave.

Vacation is earned based upon the tenure with the City up to a maximum of twenty five days. Upon termination, the amount paid is the number of days accrued.

The City's policy is to record a liability and a related charge to expenditures for compensated absences for employees in the appropriate funds. The City has elected this conservative method to more closely monitor its financial position. Current accrued compensated absences including accrued payroll was \$474,631 at December 31, 2013, \$328,906 of which was recorded in the General Fund, \$59,162 in the Special Revenue Funds, \$75,066 in the Enterprise Funds, and \$11,497 in the Internal Service Funds.

**Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. The government has two types of items, which arise under the full accrual basis of accounting for both types and modified accrual basis of accounting, in the case of unearned property taxes, that qualify for reporting in these categories. The deferred charge on refunding is reported as a deferred outflow for the governmental activities presentation. The other item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In the case of the deferred outflow, the charge will be recognized proportionately as the outstanding principal is repaid.

**Net Position/Fund Balance**

The Urban Renewal Authority Fund has a deficit fund balance of \$28,260 which is expected to be recovered through future incremental property tax revenues.

In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.



CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position/Fund Balance (Continued)**

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the highest formal action, the adoption of an Ordinance, of the government's highest level of decision-making authority, the City Council, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

**Net Position/Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments follows:

Governmental - Unrestricted	\$ 11,894,307
Business-type - Unrestricted	5,623,171
Governmental - Restricted	1,518,668
Business-type - Restricted	26,796,192
Fiduciary	<u>214,258</u>
Total Cash and Investments	<u>\$ 46,046,596</u>

The City's cash and investment balances are comprised of the following:

Cash and Deposits	\$ 7,758,641
Investments	<u>38,287,955</u>
Total Cash and Investments	<u>\$ 46,046,596</u>

**Deposits**

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2013, all of the City's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Deposits** (Continued)

Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

1. Uncollateralized
2. Collateralized with securities held by the pledging financial institution
3. Collateralized with securities held by the pledging financial institution's trust department, or agent but not in the entity's name

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 2,295,040	\$ 2,295,040
PDPA (Category 3)	5,330,548	5,462,258
Petty Cash	-	1,343
Total Cash and Deposits	<u>\$ 7,625,588</u>	<u>\$ 7,758,641</u>

**Investments**

**Credit Risk**

The City invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) Safety, 2) Liquidity, and 3) Yield. The Director of Finance is responsible for all of the investments of the City.

Eligible investments shall conform to state law and may include any of the following:

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments** (Continued)

Credit Risk (Continued)

As of December 31, 2013, the City's investments consisted of the following:

	Fair Value	Weighted Avg. Maturity In Years	% of Portfolio	Rating
U.S. Instrumentalities:				
FNMA	\$ 3,579,171	2.12	9.35%	AAA
FHLB	634,079	3.44	1.66%	AAA
Local Investment Pools	8,732,803	0.00	22.81%	AAAm
Mutual Funds	341,902	0.00	0.89%	N/A
Debt Proceeds in Escrow	<u>25,000,000</u>	0.00	<u>65.29%</u>	N/A
Total Investments held by City	<u>\$ 38,287,955</u>	0.26	<u>100.00%</u>	

During the year ended December 31, 2013, the City invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colotrult. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation.

Interest Rate Risk

The City manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the City Council.

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Federal Home Loan Bank and Federal National Mortgage Association securities. These investments are 1.66%, and 9.35%, respectively, of the City's total investments.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2013, the City's U.S. Instrumentality securities were held by Wells Fargo Brokerage Services, LLC, or AXA Advisors, LLC in the name of the City.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 3: RESTRICTED CASH**

The City has recorded the following cash restrictions at December 31, 2013:

<u>General Fund</u>	
Restricted for Senior Center Improvements	\$ 34,674
Restricted for Senior Center Meals	96,830
Restricted for Road Improvements	252,484
Restricted for Parkland Dedication	143,607
Restricted for Police Expenditures	3,940
Restricted for Regional Drainage	21,006
Total General Fund	<u>552,541</u>
 <u>Street Improvement Fund</u>	
Restricted for Street Improvements from Bond Proceeds	<u>277,966</u>
 <u>Downtown Development Agency</u>	
Restricted for Parking Projects	<u>12,319</u>
 <u>Conservation Trust Fund</u>	
Restricted for Parks and Recreation	<u>62,075</u>
 <u>Visitor Improvement Fund</u>	
Restricted for Boat Ramp	<u>7,000</u>
 <u>Parks &amp; Recreation Fund</u>	
Restricted for Rifle Mountain Park	6,575
Restricted for Fireworks	192
Restricted from RE-2 School District	600,000
Total Parks & Recreation Fund	<u>606,767</u>
 <u>Water Fund</u>	
Restricted Debt Proceeds	25,000,000
Restricted for Operations and Maintenance Reserve	537,827
Restricted Sales and Uses Taxes for Debt Service	885,220
Total Water Fund	<u>26,423,047</u>
 <u>Sewer Fund</u>	
Restricted for Operations and Maintenance Reserve	<u>373,145</u>
<b>Total Restricted Cash</b>	<b><u><u>\$ 28,314,860</u></u></b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 4: CAPITAL ASSETS**

The following schedule presents changes in governmental activities capital assets during 2013:

	<u>Balance</u> <u>12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2013</u>
<b>Governmental Activities:</b>				
Non-depreciable Capital Assets:				
Land	\$ 3,216,211	\$ -	\$ -	\$ 3,216,211
Construction in Process	496,123	399,833	496,123	399,833
Depreciable Capital Assets:				
Buildings	14,543,258	1,275,461	-	15,818,719
Improvements	59,009,914	1,071,751	-	60,081,665
Equipment	3,530,137	157,847	154,925	3,533,059
Int Svc Equipment & Vehicles	<u>1,400,499</u>	<u>109,779</u>	<u>-</u>	<u>1,510,278</u>
Total Capital Assets	<u>82,196,142</u>	<u>3,014,671</u>	<u>651,048</u>	<u>84,559,765</u>
Less: Accumulated Depreciation				
Buildings	4,240,008	364,802	-	4,604,810
Improvements	21,400,118	2,364,527	-	23,764,645
Equipment	2,360,759	261,956	106,485	2,516,230
Int Svc Equipment & Vehicles	<u>819,852</u>	<u>121,829</u>	<u>-</u>	<u>941,681</u>
Total Accumulated Depreciation	<u>28,820,737</u>	<u>3,113,114</u>	<u>106,485</u>	<u>31,827,366</u>
<b>Net Capital Assets</b>	<b><u>\$ 53,375,405</u></b>	<b><u>\$ (98,443)</u></b>	<b><u>\$ 544,563</u></b>	<b><u>\$ 52,732,399</u></b>

Depreciation has been charged to the various functions and programs as follows:

	<u>Governmental</u> <u>Activities</u>
General Government	\$ 179,631
Public Safety	80,111
Public Works	1,976,578
Cemetery	4,622
Parks & Recreation	668,905
Economic Development	<u>81,438</u>
Depreciation Govt Funds	2,991,285
Fleet Maintenance	<u>121,829</u>
Total Depreciation	<u>\$ 3,113,114</u>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 4: CAPITAL ASSETS (Continued)**

The following schedule presents business-type activities capital assets at December 31, 2013:

	<u>Balance</u>				<u>Balance</u>
	<u>12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>		<u>12/31/2013</u>
<b>Business-Type Activities:</b>					
Non-depreciable Capital Assets:					
Land	\$ 1,899,092	\$ 86,452	\$ -		\$ 1,985,544
Water Rights	495,000	-	-		495,000
Construction in Process	-	217,637	-		217,637
Depreciable Capital Assets:					
Buildings	40,235,034	389,640	-		40,624,674
Improvements	31,687,198	126,138	-		31,813,336
Equipment	<u>2,332,390</u>	<u>61,239</u>	<u>29,789</u>		<u>2,363,840</u>
Total Capital Assets	<u>76,648,714</u>	<u>881,106</u>	<u>29,789</u>		<u>77,500,031</u>
Less: Accumulated Depreciation					
Buildings	11,130,465	1,209,629	-		12,340,094
Improvements	7,840,998	571,483	-		8,412,481
Equipment	<u>1,363,848</u>	<u>195,335</u>	<u>29,789</u>		<u>1,529,394</u>
Total Accumulated Depreciation	<u>20,335,311</u>	<u>1,976,447</u>	<u>29,789</u>		<u>22,281,969</u>
<b>Net Capital Assets</b>	<b><u>\$ 56,313,403</u></b>	<b><u>\$ (1,095,341)</u></b>	<b><u>\$ -</u></b>		<b><u>\$ 55,218,062</u></b>

Depreciation has been charged to the various functions and programs as follows:

	<u>Business-Type</u>
	<u>Activities</u>
Water Operations	\$ 870,752
Sewer Operations	<u>1,057,213</u>
Depreciation Expense	1,927,965
Accumulated Depreciation on	
Asset Transfers	<u>48,482</u>
Total Accum. Deprec. Additions	<u>\$ 1,976,447</u>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 5: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES**

**BONDS PAYABLE**

In November, 2003, the City issued \$4,155,000 of Sales and Use Tax Revenue Bonds for street improvements. These bonds were secured by a pledge of the City's sales and use tax revenue. The pledge was for one half of the revenues derived from the City's 2.5% sales and use tax in place at the time of issuance and did not represent an exclusive assignment or pledge. The bonds mature serially beginning in 2004 through 2018. Bond principal payments are due annually on December 1, and interest is due semi-annually on June 1 and December 1. These bonds were repaid through the Street Improvement Fund and were advance refunded during the 2013 fiscal year. As of December 31, 2013, the remaining balance of \$1,690,000 is considered defeased.

In June, 2013, the City issued \$1,645,000 of Sales and Use Tax Refunding Revenue Bonds to advance refund the outstanding 2003 bonds. These bonds are secured by a pledge of the City's sales and use tax revenue. The pledge is for one half of the revenues derived from the City's 2.5% sales and use tax in place at the time of issuance and does not represent an exclusive assignment or pledge. The net pledged amount was \$2,218,486 for the 2013 fiscal year. The bonds mature serially beginning in 2013 through 2018. Bond principal payments are due annually on December 1, and interest is due semi-annually on June 1 and December 1. The bonds bear interest at 2%. These bonds are repaid through the Street Improvement Fund.

**CAPITAL LEASE PAYABLE**

In August 2008, the City entered into a lease purchase agreement for the construction of a new parks facility. The lease requires semi-annual base rentals of \$161,164 consisting of both principal and interest at 4.28% on June 1 and December 1 of each year after an initial interest payment of \$28,747 in December 2008. Payments continue through December 2018. The initial lease proceeds were \$2,600,000. Payments are made through the Parks and Recreation Fund.

During 2011, the City entered into lease purchase agreements for the purchase of copier and fitness equipment. The copier lease requires 60 monthly payments of \$336 consisting of both principal and interest at the rate of 5.70%. The fitness equipment requires 36 monthly payment of \$1,673 consisting of both principal and interest at 5.70% through May 2014. Equipment with a value of \$72,796 was capitalized through these leases. Payments are made by the General Fund for the copiers and by the Parks and Recreation Fund for the fitness equipment. The fitness equipment lease was repaid during 2013.



**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 5: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES (Continued)**

Changes in governmental activity long-term debt are as follows:

	<b>Balance 12/31/12</b>	<b>Advances</b>	<b>Repayments</b>	<b>Balance 12/31/13</b>	<b>Current Portion</b>	<b>Interest Expense</b>
2003 Revenue Bonds	\$ 1,990,000	\$ -	\$ 1,990,000	\$ -	\$ -	\$ 38,601
2003 Revenue Bond Premiums	11,045	-	11,045	-	-	(11,045)
2013 Refunding Revenue Bonds	-	1,645,000	240,000	1,405,000	270,000	17,988
2013 Refunding Revenue Bond Premium	-	48,194	7,031	41,163	7,910	(7,031)
Capital Leases - Equipment	38,195	-	30,581	7,614	3,699	1,863
Parks Facility Capital Lease	1,689,800	-	252,679	1,437,121	263,610	74,886
<b>Total Obligations</b>	<b><u>\$ 3,729,040</u></b>	<b><u>\$ 1,693,194</u></b>	<b><u>\$ 2,531,336</u></b>	<b><u>\$ 2,890,898</u></b>	<b><u>\$ 545,219</u></b>	<b><u>\$ 115,262</u></b>
Deferred Charge on Refunding - 2013 Bonds	\$ -	\$ 27,556	\$ 4,020	\$ 23,536		

Scheduled payments on the bonds are due as follows:

<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2014	\$ 270,000	\$ 28,100	\$ 298,100
2015	275,000	22,700	297,700
2016	280,000	17,200	297,200
2017	285,000	11,600	296,600
2018	295,000	5,900	300,900
<b>Total</b>	<b><u>\$ 1,405,000</u></b>	<b><u>\$ 85,500</u></b>	<b><u>\$ 1,490,500</u></b>

Scheduled payments on the capital leases are as follows:

<b><u>Year</u></b>	<b><u>Parks Facility Payment</u></b>	<b><u>Copier Equipment Payment</u></b>	<b><u>Total Payment</u></b>
2014	\$ 322,328	\$ 4,037	\$ 326,365
2015	322,328	4,037	326,365
2016	322,328	-	322,328
2017	322,328	-	322,328
2018	322,328	-	322,328
Total Payments	1,611,640	8,074	1,619,714
Interest at 4.28%/5.7%/5.7%	(174,519)	(460)	(174,979)
<b>Present Value of Payments</b>	<b><u>\$ 1,437,121</u></b>	<b><u>\$ 7,614</u></b>	<b><u>\$ 1,444,735</u></b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 6: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES**

Changes in business-type activity long-term debt are as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/13</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
2003 CWRPDA Loan - Water	\$ 937,500	\$ -	\$ 71,250	\$ 866,250	\$ 75,000	\$ 38,055
2004 DOLA Note - Sewer	119,895	-	58,485	61,410	61,410	5,995
2006 Capital Lease - Water	383,963	-	89,909	294,054	93,847	15,109
2007 CWRPDA Loan - Sewer	15,100,384	-	732,904	14,367,480	759,140	596,233
2007 CWRPDA Premium - Sewer	554,980	-	35,614	519,366	35,614	(35,614)
2012 CWRPDA Loan - Water	21,858,367	-	6,082	21,852,285	827,139	423,597
2012 CWRPDA Loan - Water (Fed)	2,000,000	-	100,000	1,900,000	100,000	-
2012 CWRPDA Premium - Water	1,494,814	-	69,258	1,425,556	69,258	(69,258)
<b>Total Obligations</b>	<b>\$ 42,449,903</b>	<b>\$ -</b>	<b>\$ 1,163,502</b>	<b>\$ 41,286,401</b>	<b>\$ 2,021,408</b>	<b>\$ 974,117</b>

**NOTES PAYABLE**

In 2003, the City obtained permanent financing from the Colorado Water Resource and Power Development Authority (“CWRPDA”) of \$1,525,000 to fund system improvements. This permanent financing was used to repay the interim borrowing from CWRPDA that occurred in 2002. The loan bears interest at 3.98% and required monthly principal and interest payments through October 1, 2023. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$537,827, as noted above. The City has funded this reserve through the restriction of its cash balances in the Water Fund (Note 3). The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Payments are made through the Water Fund.

Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 75,000	\$ 35,755	\$ 110,755
2015	75,833	33,043	108,876
2016	80,833	30,223	111,056
2017	85,000	27,123	112,123
2018	85,833	23,723	109,556
2019-2023	463,751	531,667	995,418
<b>Total</b>	<b>\$ 866,250</b>	<b>\$ 681,534</b>	<b>\$ 1,547,784</b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 6: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES (Continued)**

**NOTES PAYABLE** (Continued)

In 2004, the City entered into a loan agreement with the Colorado Department of Local Affairs for sewer system improvements. The loan was for \$500,000 and bears interest at 5%. Loan payments are due annually in the amount of \$64,480 through September 1, 2014. Payments are made by the Wastewater Fund. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 61,410	\$ 3,070	\$ 64,480

In May 2007, the City entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$17,852,112. The proceeds were used to complete sewer improvements. The City has also recorded \$747,848 of premiums that are being amortized over the life of the note, with the remaining unamortized portion included in the note payable balance in the financial statements. The loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2028. The loan bears interest at 3.5% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$373,145. The City has funded this reserve through the restriction of its cash balances in the Wastewater Fund (Note 3). Except as noted in Note 12, the City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 759,140	\$ 573,387	\$ 1,332,527
2015	780,376	549,720	1,330,096
2016	806,612	525,394	1,332,006
2017	832,848	500,248	1,333,096
2018	859,084	474,280	1,333,364
2019-2023	4,691,020	1,954,122	6,645,142
2024-2028	5,638,400	1,020,762	6,659,162
<b>Total</b>	<b>\$ 14,367,480</b>	<b>\$ 5,597,913</b>	<b>\$ 19,965,393</b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 6: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES (Continued)**

**NOTES PAYABLE** (Continued)

In August 2012, the City entered into two loan agreements with the Colorado Water Resource and Power Development Authority in the amount of \$23,858,367. The loans are comprised of \$21,858,367 of regular CWRPDA financing and an additional \$2,000,000 of federally subsidized no-interest financing. The proceeds are to be used to complete water system improvements.

The City has also received the benefit of \$1,523,671 of premiums related to the \$21,858,367 CWRPDA debt issuance that are being amortized over the life of the note. The unamortized portion of the premiums is included in the note payable balance in the financial statements. Issuance costs of \$382,038 were expensed during 2012. Net proceeds from the loan in the amount of \$23,000,000 are being held in escrow by CWRPDA pending the commencement of construction (Note 3). The \$21,858,367 loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2034 commencing in August 2012. The loan bears interest at 1.6% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$537,827. The City has funded this reserve through the restriction of its cash balances in the Water Fund (Note 3). The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. All debt payments related to this loan are made by the Water Fund.

The \$2,000,000 federally subsidized non-interest bearing loan requires semi-annual principal payments of \$50,000 on February 1 and August 1 of each year through 2032 commencing in February 2013. Net proceeds from the loan of \$2,000,000 are being held in escrow by CWRPDA pending commencement of construction (Note 3). All debt payments related to this loan are made by the Water Fund.

Debt service requirements to maturity on the two loans are as follows:

<u>Year</u>	<u>CWRPDA Principal</u>	<u>No Interest Principal</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 827,139	\$ 100,000	\$ 927,139	\$ 489,912	\$ 1,417,051
2015	845,385	100,000	945,385	476,173	1,421,558
2016	869,712	100,000	969,712	455,604	1,425,316
2017	894,040	100,000	994,040	429,973	1,424,013
2018	912,286	500,000	1,412,286	408,724	1,821,010
2019-2023	4,944,589	500,000	5,444,589	1,679,728	7,124,317
2024-2028	5,382,486	500,000	5,882,486	1,231,815	7,114,301
2029-2033	5,881,202	-	5,881,202	743,166	6,624,368
2034	1,295,446	-	1,295,446	31,639	1,327,085
<b>Total</b>	<b>\$ 21,852,285</b>	<b>\$ 1,900,000</b>	<b>\$ 23,752,285</b>	<b>\$ 5,946,734</b>	<b>\$ 29,699,019</b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 6: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES (Continued)**

**CAPITAL LEASES PAYABLE**

During 2006, the City entered into a capital lease for the retrofitting of the City’s water meters. Assets worth \$836,241 were acquired and capitalized. The lease requires forty quarterly payments of \$26,254 beginning February 2007. The lease bears interest at 4.3% per annum. The lease is being repaid by the Water Fund.

Scheduled lease payments to maturity are as follows:

<u>Year</u>	<u>Payment</u>
2014	\$ 105,018
2015	105,018
2016	<u>105,018</u>
Total Payments	315,054
4.3% Interest	<u>(21,000)</u>
<b>Present Value of Payments</b>	<b><u>\$ 294,054</u></b>

**NOTE 7: INTERFUND TRANSACTIONS**

Following is a summary of advances to and from other funds at December 31, 2013:

	<u>Advance To Other Fund</u>	<u>Advance From Other Funds</u>
General Fund	\$ 60,000	\$ -
Street Improvement Fund	-	50,300
Nonmajor Governmental Funds	<u>50,300</u>	<u>60,000</u>
<b>Totals</b>	<b><u>\$ 110,300</u></b>	<b><u>\$ 110,300</u></b>

These represent funds that were advanced internally from one fund to another to provide long-term operating and capital resources and are being repaid over time. The advances receivable represent nonspendable fund balance at year end.

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 7: INTERFUND TRANSACTIONS (Continued)**

The City has recorded the following routine transfers:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 160,871	\$ 160,000
Street Improvement Fund	-	25,374
Capital Fund	23,766	-
Parks Fund	369,000	71,917
Water Fund	-	31,790
Sewer Fund	-	31,790
Nonmajor Governmental Funds	12,000	242,766
Nonmajor Enterprise Funds	-	2,000
<b>Totals</b>	<b>\$ 565,637</b>	<b>\$ 565,637</b>

The following funds have made payments to the internal service funds representing maintenance and capital recovery costs:

	<b>Internal Charges Received</b>	<b>Internal Charges Paid</b>
General Fund	\$ -	\$ 627,442
Parks Fund	-	122,991
Water Fund	-	67,664
Wastewater Fund	-	67,705
Sanitation Fund	-	684
Fleet Maintenance Fund	464,593	-
Information Technology Fund	426,577	4,684
<b>Total</b>	<b>\$ 891,170</b>	<b>\$ 891,170</b>

In 2005, the General Fund made a \$400,000 transfer to the Fleet Maintenance Fund to provide resources for fleet acquisitions. The Fleet Maintenance Fund acquires assets on behalf of other operating departments. These assets are capitalized in the fund and then allocated to the activities and functions as required for the government-wide presentation. The Fleet Maintenance Fund will recover the original acquisition costs over a period of three years in the form of increased user charges to the benefiting department. These recoveries will assist in maintaining cash resources for future fleet purchases.

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 7: INTERFUND TRANSACTIONS (Continued)**

The utility funds have paid the General Fund the following management fees:

	<b>Mgmt Fees Received</b>	<b>Mgmt Fees Paid</b>
General Fund	\$ 219,058	\$ -
Water Fund	-	104,949
Wastewater Fund	-	104,949
Sanitation Fund	-	9,160
<b>Total</b>	<b>\$ 219,058</b>	<b>\$ 219,058</b>

**NOTE 8: EMPLOYEE BENEFIT PLANS**

The City provides pension benefits for all of its full-time police officers through a defined contribution plan. The police officers contribute 8% of their compensation to the plan, which the City matches with a 12.51% contribution. The City's contributions for each employee (and interest allocated thereon) vest at the rate of 20% per year. The City's contributions were calculated using the base salary amount of \$1,391,817. During the year ended December 31, 2013, the City contributed \$174,116, and the employees contributed \$116,181.

All other full-time employees of the City are eligible to participate in a defined contribution pension plan established under the provisions of Section 401(k) of the Internal Revenue Code. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers all full-time employees upon initial employment and who have attained the age of twenty-one. The City contributes 5% of compensation to the plan on behalf of each qualified employee. Employees may not make contributions to this plan. Employees vest at the rate of 20% per year in contributions made by the City so that, by the fifth year of participation, they are 100% vested in all contributions made to the plan. The City's total payroll was \$5,005,551 and covered payroll was \$3,539,107 for this plan. For the year ended December 31, 2013, the City contributed \$176,955 to the plan.

The City offers a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code. The plan permits employees to defer a portion of their salary to future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. However, employees are allowed to borrow against these funds and re-pay via payroll deduction. All amounts held by the Section 457 plan are held in trust for the benefit of the employees and accordingly are not included in the City's financial statements.

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 9: RECONCILIATION OF BUDGETED REVENUE AND EXPENDITURES TO ACTUALS**

The financial statements present the activities of the proprietary fund types in conformity with GAAP, as applicable to these funds. Budgets are prepared using a non-GAAP basis. A reconciliation of the two methods is provided below:

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Fleet Maintenance Fund</b>	<b>Information Systems Fund</b>
Total Revenues -					
GAAP Basis	\$ 4,482,714	\$ 2,530,903	\$ 476,631	\$ 464,991	\$ 427,761
Gain (Loss) on Asset Sales	-	(4,824)	-	-	-
Dedicated Infrastructure	(94,476)	-	-	-	-
<b>Total Revenues -</b>					
<b>Budget Basis</b>	<b><u>\$ 4,388,238</u></b>	<b><u>\$ 2,526,079</u></b>	<b><u>\$ 476,631</u></b>	<b><u>\$ 464,991</u></b>	<b><u>\$ 427,761</u></b>

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Fleet Maintenance Fund</b>	<b>Information Systems Fund</b>
Total Expenditures -					
GAAP Basis	\$ 3,334,152	\$ 3,061,173	\$ 479,440	\$ 425,743	\$ 407,723
Depreciation	(870,752)	(1,057,213)	-	(78,360)	(43,469)
Debt Service Principal	336,499	827,003	-	-	-
Amortization	-	35,614	-	-	-
Capital Asset Acquisition	600,562	137,587	-	67,607	42,172
<b>Total Expenditures -</b>					
<b>Budget Basis</b>	<b><u>\$ 3,400,461</u></b>	<b><u>\$ 3,004,164</u></b>	<b><u>\$ 479,440</u></b>	<b><u>\$ 414,990</u></b>	<b><u>\$ 406,426</u></b>

**NOTE 10: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

For risks related to property and liability, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2). The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.



CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 10: RISK MANAGEMENT (Continued)**

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have ability to significantly affect the operations of the unit. The City has not significantly changed its insurance coverage over the past three years, nor have settlements exceeded coverage during the same period.

The City carries commercial insurance for workers compensation claims.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**TABOR Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In November 1995, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2013, the emergency reserve of \$377,000 was recorded in the General Fund and an additional \$135,000 in the Water Fund.

**2014 Budget Designations**

Through the adoption of the 2014 budget, the City has assigned the following resources:

General Fund	\$ 1,352,490
Street Improvement Fund	363,335
Conservation Trust Fund	54,383
Economic Development Fund	130,300
Downtown Development Authority Fund	87,675
Capital Fund	920,500
Urban Renewal Authority	19,694
Energy Efficiency Fund	30,100
Parks and Recreation Fund	886,992
Water Fund	15,637,317
Wastewater Fund	385,887
Information Technology Fund	3,327

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 11: COMMITMENTS AND CONTINGENCIES (continued)**

The City has entered into a construction contract with Johnson Construction for the Energy Innovation Center. This project was started but not completed in 2012. There remains \$341,439 on the contract outstanding which will be completed in 2013.

**NOTE 12: RATE MAINTENANCE**

Both the 2003 and the 2012 Colorado Water Resources and Power Development Authority water loan agreements require that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

The 2007 Colorado Water Resources and Power Development Authority sewer loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and parity debt coming due. The computation of said rate maintenance is as follows:

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 12: RATE MAINTENANCE (Continued)**

	Water Fund	Wastewater Fund
<u>Revenues</u>		
Operating Revenues	\$ 2,859,925	\$ 2,453,660
System Improvement Fees (Water Improvement not to exceed 15% of total revenues)	59,706	45,318
Investment Earnings	3,230	345
Cash in Lieu of Fees	405	-
State Grants	11,906	23,000
Other Revenues	292	3,756
Total Revenues	2,935,464	2,526,079
<u>Expenses</u>		
Operating Expenses	(2,788,385)	(2,473,245)
Less: Discretionary Internal Charges (Management Fees, Fleet Maintenance, Information Systems)	172,613	172,654
Less: Depreciation	870,752	1,057,213
Net Expenses	(1,745,020)	(1,243,378)
Net Revenues	1,190,444	1,282,701
<u>Debt Service Requirements (Parity and Subordinate)</u>		
2004 DOLA Note Payable	-	64,480
2007 CWRPDA Note Payable	-	1,329,137
2003 CWRPDA Note Payable	109,497	-
2012 CWRPDA Note Payable - Interest Bearing	459,083	-
2012 CWRPDA Note Payable - Noninterest Bearing	100,000	-
Meter Retrofit Lease Payable	105,018	-
Total Debt Service	773,598	1,393,617
Required Coverage	110%	110%
(Water 100% without System Improvement Fees)		
Debt Service Coverage Amount	850,958	1,532,979
Net Revenue Excess (Shortfall)	\$ 339,486	\$ (250,278)

To partially offset the shortfall for the Sewer Fund for 2013, the City has adopted a 5% sewer rate increase that was effective January 1, 2014.

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**OTHER SUPPLEMENTARY INFORMATION**

CITY OF RIFLE, COLORADO

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

With Comparative Totals for December 31, 2012

	SPECIAL REVENUE FUNDS				
	CONSERVATION	ECONOMIC	VISITOR	DOWNTOWN	RIFLE
	TRUST	DEVELOPMENT	IMPROVEMENT	DEVELOPMENT	INFORMATION CENTER
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 500,939	\$ 158,645	\$ 87,002	\$ 244,795
Property Taxes Receivable	-	-	-	44,374	-
Other Receivable	-	-	6,480	-	15,848
Prepaid Expenses	-	-	-	2,500	-
Advance to Other Funds	-	27,800	-	-	-
Due from Other Governments	-	-	-	499	-
Restricted Cash and Investments	62,075	-	7,000	12,319	-
<b>TOTAL ASSETS</b>	<u>\$ 62,075</u>	<u>\$ 528,739</u>	<u>\$ 172,125</u>	<u>\$ 146,694</u>	<u>\$ 260,643</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ 16,083	\$ 436	\$ -
Advances from Other Funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>16,083</u>	<u>436</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>					
Unavailable Revenue - Property Taxes	-	-	-	44,374	-
<b>FUND BALANCE</b>					
<b>Nonspendable:</b>					
Interfund Advances	-	27,800	-	-	-
Prepays	-	-	-	2,500	-
<b>Restricted for:</b>					
Parking Improvements	-	-	-	12,319	-
Parks and Recreation	62,075	-	-	-	-
<b>Assigned for:</b>					
Subsequent Year's Expenditures	-	130,300	-	87,065	-
Economic Development	-	370,639	156,042	-	260,643
Capital Improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<u>62,075</u>	<u>528,739</u>	<u>156,042</u>	<u>101,884</u>	<u>260,643</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 62,075</u>	<u>\$ 528,739</u>	<u>\$ 172,125</u>	<u>\$ 146,694</u>	<u>\$ 260,643</u>

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS		CAP. PROJECT	TOTALS	
URBAN				
ENERGY	RENEWAL			
EFFICIENCY	AUTHORITY	CAPITAL	2013	2012
\$ 30,080	\$ 31,065	\$ 3,177,586	\$ 4,230,112	\$ 4,665,794
-	-	-	44,374	52,744
-	-	-	22,328	23,536
-	-	-	2,500	-
-	-	22,500	50,300	100,600
-	675	86,256	87,430	256,603
-	-	-	81,394	170,326
<u>\$ 30,080</u>	<u>\$ 31,740</u>	<u>\$ 3,286,342</u>	<u>\$ 4,518,438</u>	<u>\$ 5,269,603</u>
\$ -	\$ -	\$ 219,095	\$ 235,614	\$ 72,794
-	60,000	-	60,000	120,000
-	60,000	219,095	295,614	192,794
-	-	-	44,374	52,744
-	-	22,500	50,300	100,600
-	-	-	2,500	-
-	-	-	12,319	12,319
-	-	-	62,075	158,007
30,080	-	920,500	1,167,945	1,685,548
-	-	-	787,324	759,037
-	-	2,124,247	2,124,247	2,419,557
-	(28,260)	-	(28,260)	(111,003)
<u>30,080</u>	<u>(28,260)</u>	<u>3,067,247</u>	<u>4,178,450</u>	<u>5,024,065</u>
<u>\$ 30,080</u>	<u>\$ 31,740</u>	<u>\$ 3,286,342</u>	<u>\$ 4,518,438</u>	<u>\$ 5,269,603</u>

CITY OF RIFLE, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST	ECONOMIC DEVELOPMENT	VISITOR IMPROVEMENT	DOWNTOWN DEVELOPMENT
REVENUES				
Taxes	\$ -	\$ -	\$ 114,283	\$ 48,317
Intergovernmental	98,900	-	7,000	4,400
Miscellaneous	168	38,180	145	131
TOTAL REVENUES	99,068	38,180	121,428	52,848
EXPENDITURES				
General Government	-	-	-	-
Economic Development and Assistance	-	15,000	72,524	67,066
Capital Outlay	-	-	-	6,412
Debt Service	-	-	-	-
TOTAL EXPENDITURES	-	15,000	72,524	73,478
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	99,068	23,180	48,904	(20,630)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	12,000
Transfers Out	(195,000)	-	(37,766)	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	(195,000)	-	(37,766)	2,000
CHANGE IN FUND BALANCES	(95,932)	23,180	11,138	(18,630)
FUND BALANCE (DEFICIT), Beginning	158,007	505,559	144,904	120,514
FUND BALANCE (DEFICIT), Ending	\$ 62,075	\$ 528,739	\$ 156,042	\$ 101,884

See the accompanying Independent Auditors' Report.



SPECIAL REVENUE FUNDS			CAPITAL PROJECT	TOTALS	
RIFLE INFORMATION CENTER	ENERGY EFFICIENCY	URBAN RENEWAL AUTHORITY	CAPITAL	2013	2012
\$ 159,430	\$ -	\$ 83,744	\$ -	\$ 405,774	\$ 329,941
-	-	-	499,382	609,682	362,296
445	30	44	218,591	257,734	97,775
<u>159,875</u>	<u>30</u>	<u>83,788</u>	<u>717,973</u>	<u>1,273,190</u>	<u>790,012</u>
-	38,000	-	-	38,000	41,760
101,038	-	1,045	-	256,673	260,075
-	-	-	1,610,720	1,617,132	887,344
-	-	-	-	-	-
<u>101,038</u>	<u>38,000</u>	<u>1,045</u>	<u>1,610,720</u>	<u>1,911,805</u>	<u>1,189,179</u>
<u>58,837</u>	<u>(37,970)</u>	<u>82,743</u>	<u>(892,747)</u>	<u>(638,615)</u>	<u>(399,167)</u>
-	-	-	223,766	235,766	99,000
(200,000)	-	-	-	(442,766)	(117,750)
(200,000)	-	-	223,766	(207,000)	(18,750)
(141,163)	(37,970)	82,743	(668,981)	(845,615)	(417,917)
401,806	68,050	(111,003)	3,736,228	5,024,065	5,441,982
<u>\$ 260,643</u>	<u>\$ 30,080</u>	<u>\$ (28,260)</u>	<u>\$ 3,067,247</u>	<u>\$ 4,178,450</u>	<u>\$ 5,024,065</u>

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## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects, that are legally restricted to expenditures for specified purposes.

Conservation Trust Fund -- This fund accounts for lottery proceeds received from the State government. Expenditures are restricted to the development or improvement of City parks.

Economic Development Fund - This fund accounts for revenues and expenditures related to economic development projects.

Visitor Improvement Fund -- This fund accounts for expenditures related to visitor improvements and attractions, historic preservation, special events, city beautification projects, and city promotion expenditures funded through a 2.5% lodging tax implemented in 2008.

Downtown Development Agency Fund -- This fund receives an allocation of property taxes to be used for downtown development.

Rifle Information Center Fund -- This fund accounts for the operations of the City information center.

Energy Efficiency Fund -- This fund accounts for the activity of any Energy Efficiency Grants awarded the City.

Urban Renewal Authority Fund -- This fund accounts for the activity of the Urban Renewal Authority with operations beginning in 2008.

Capital Fund – Revenues of this fund consist primarily of transfers from the General Fund to provide for long-term capital asset acquisition.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE  
CONSERVATION TRUST FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ 90,000	\$ 98,900	\$ 8,900	\$ 91,397
Miscellaneous	584	168	(416)	530
TOTAL REVENUES	90,584	99,068	8,484	91,927
EXPENDITURES				
Capital Outlay	51,414	-	51,414	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	39,170	99,068	59,898	91,927
OTHER FINANCING SOURCES (USES)				
Transfers Out	(195,000)	(195,000)	-	-
CHANGE IN FUND BALANCE	(155,830)	(95,932)	59,898	91,927
FUND BALANCE, Beginning	155,830	158,007	2,177	66,080
FUND BALANCE, Ending	\$ -	\$ 62,075	\$ 62,075	\$ 158,007

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE  
ECONOMIC DEVELOPMENT FUND**

Year Ended December 31, 2013  
With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 6,973
Miscellaneous	69,800	38,180	(31,620)	67,809
TOTAL REVENUES	<u>69,800</u>	<u>38,180</u>	<u>(31,620)</u>	<u>74,782</u>
EXPENDITURES				
Economic Development and Assistance	15,000	15,000	-	22,065
Capital Outlay	-	-	-	284,101
Contingency Reserve	100,000	-	100,000	-
TOTAL EXPENDITURES	<u>115,000</u>	<u>15,000</u>	<u>100,000</u>	<u>306,166</u>
CHANGE IN FUND BALANCE	(45,200)	23,180	68,380	(231,384)
FUND BALANCE, Beginning	<u>535,615</u>	<u>505,559</u>	<u>(30,056)</u>	<u>736,943</u>
FUND BALANCE, Ending	<u>\$ 490,415</u>	<u>\$ 528,739</u>	<u>\$ 38,324</u>	<u>\$ 505,559</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE  
VISITOR IMPROVEMENT FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 112,781	\$ 114,283	\$ 1,502	\$ 109,892
Intergovernmental	-	7,000	7,000	-
Miscellaneous	1,934	145	(1,789)	1,344
TOTAL REVENUES	<u>114,715</u>	<u>121,428</u>	<u>6,713</u>	<u>111,236</u>
EXPENDITURES				
Economic Development and Assistance	122,502	72,524	49,978	80,557
Contingency Reserve	3,863	-	3,863	-
TOTAL EXPENDITURES	<u>126,365</u>	<u>72,524</u>	<u>53,841</u>	<u>80,557</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(11,650)	48,904	60,554	30,679
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(5,000)</u>	<u>(37,766)</u>	<u>(32,766)</u>	<u>(107,750)</u>
CHANGE IN FUND BALANCE	(16,650)	11,138	27,788	(77,071)
FUND BALANCE, Beginning	<u>141,358</u>	<u>144,904</u>	<u>3,546</u>	<u>221,975</u>
FUND BALANCE, Ending	<u>\$ 124,708</u>	<u>\$ 156,042</u>	<u>\$ 31,334</u>	<u>\$ 144,904</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE  
DOWNTOWN DEVELOPMENT AUTHORITY FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2012 ACTUAL
	REVENUES			
Taxes	\$ 55,444	\$ 48,317	\$ (7,127)	\$ 52,594
Intergovernmental	-	4,400	4,400	1,500
Miscellaneous	521	131	(390)	765
TOTAL REVENUES	<u>55,965</u>	<u>52,848</u>	<u>(3,117)</u>	<u>54,859</u>
EXPENDITURES				
Economic Development and Assistance	56,700	67,066	(10,366)	51,482
Capital Outlay	70,000	6,412	63,588	-
Contingency Reserve	56,060	-	56,060	-
TOTAL EXPENDITURES	<u>182,760</u>	<u>73,478</u>	<u>109,282</u>	<u>51,482</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(126,795)</u>	<u>(20,630)</u>	<u>106,165</u>	<u>3,377</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	12,000	12,000	-	12,000
Transfers Out	-	(10,000)	(10,000)	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>2,000</u>	<u>(10,000)</u>	<u>2,000</u>
CHANGE IN FUND BALANCE	(114,795)	(18,630)	96,165	5,377
FUND BALANCE, Beginning	<u>114,795</u>	<u>120,514</u>	<u>5,719</u>	<u>115,137</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 101,884</u>	<u>\$ 101,884</u>	<u>\$ 120,514</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE  
RIFLE INFORMATION CENTER FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 172,445	\$ 159,430	\$ (13,015)	\$ 167,455
Miscellaneous	2,755	445	(2,310)	2,135
TOTAL REVENUES	175,200	159,875	(15,325)	169,590
EXPENDITURES				
Economic Development and Assistance	151,072	101,038	50,034	105,379
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	24,128	58,837	34,709	64,211
OTHER FINANCING SOURCES (USES)				
Transfers Out	(200,000)	(200,000)	-	-
CHANGE IN FUND BALANCE	(175,872)	(141,163)	34,709	64,211
FUND BALANCE, Beginning	399,014	401,806	2,792	337,595
FUND BALANCE, Ending	\$ 223,142	\$ 260,643	\$ 37,501	\$ 401,806

See the accompanying Independent Auditors' Report.



CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE  
ENERGY EFFICIENCY FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	ORIGINAL/ FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 6,000
Miscellaneous	916	30	(886)	616
TOTAL REVENUES	<u>916</u>	<u>30</u>	<u>(886)</u>	<u>6,616</u>
EXPENDITURES				
General Government	38,000	38,000	-	41,760
Capital Outlay	10,000	-	10,000	27,500
Contingency Reserve	25,000	-	25,000	-
TOTAL EXPENDITURES	<u>73,000</u>	<u>38,000</u>	<u>35,000</u>	<u>69,260</u>
CHANGE IN FUND BALANCE	(72,084)	(37,970)	34,114	(62,644)
FUND BALANCE, Beginning	<u>119,694</u>	<u>68,050</u>	<u>(51,644)</u>	<u>130,694</u>
FUND BALANCE, Ending	<u>\$ 47,610</u>	<u>\$ 30,080</u>	<u>\$ (17,530)</u>	<u>\$ 68,050</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE**

**URBAN RENEWAL AUTHORITY FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013				2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES					
Taxes	\$ 61,409	\$ 61,409	\$ 83,744	\$ 22,335	\$ -
Miscellaneous	644	644	44	(600)	60
TOTAL REVENUES	62,053	62,053	83,788	21,735	60
EXPENDITURES					
Economic Development and Assistance	5,000	5,000	1,045	3,955	592
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	57,053	57,053	82,743	25,690	(532)
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	(60,000)	-	60,000	-
CHANGE IN FUND BALANCE	57,053	(2,947)	82,743	85,690	(532)
FUND BALANCE, Beginning	9,628	9,628	(111,003)	(120,631)	(110,471)
FUND BALANCE, Ending	\$ 66,681	\$ 6,681	\$ (28,260)	\$ (34,941)	\$ (111,003)

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE  
CAPITAL FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013				2012 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES					
Intergovernmental	\$ 200,000	\$ 200,000	\$ 499,382	\$ 299,382	\$ 256,426
Miscellaneous	290,500	290,500	218,591	(71,909)	24,516
TOTAL REVENUES	<u>490,500</u>	<u>490,500</u>	<u>717,973</u>	<u>227,473</u>	<u>280,942</u>
EXPENDITURES					
Capital Outlay	1,985,947	2,485,947	1,610,720	875,227	575,743
Contingency Reserve	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,985,947</u>	<u>2,485,947</u>	<u>1,610,720</u>	<u>875,227</u>	<u>575,743</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,495,447)</u>	<u>(1,995,447)</u>	<u>(892,747)</u>	<u>1,102,700</u>	<u>(294,801)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	223,766	223,766	223,766	-	87,000
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>223,766</u>	<u>223,766</u>	<u>223,766</u>	<u>-</u>	<u>87,000</u>
CHANGE IN FUND BALANCE	(1,271,681)	(1,771,681)	(668,981)	1,102,700	(207,801)
FUND BALANCE, Beginning	<u>4,014,618</u>	<u>4,014,618</u>	<u>3,736,228</u>	<u>(278,390)</u>	<u>3,944,029</u>
FUND BALANCE, Ending	<u>\$ 2,742,937</u>	<u>\$ 2,242,937</u>	<u>\$ 3,067,247</u>	<u>\$ 824,310</u>	<u>\$ 3,736,228</u>

See the accompanying Independent Auditors' Report.

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## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises. The costs of providing goods or services to the general public on a continuing basis are recovered primarily from user charges.

The following are the Enterprise Funds of the City:

Water Fund -- This fund accounts for the provision of water services to City residents.

Wastewater Fund -- This fund accounts for the provision of sewer services to City residents.

Sanitation Fund -- This fund accounts for the provision of waste management services to City residents.

CITY OF RIFLE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

WATER FUND

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2012 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>REVENUES</b>				
Charges for Services	\$ 2,696,151	\$ 2,715,098	\$ 18,947	\$ 2,682,698
Sale of Materials	2,500	9,285	6,785	2,225
Reimbursed Expenditures	40,000	9,010	(30,990)	24,145
Other Revenue	123,500	126,532	3,032	138,389
Sales and Use Taxes	1,553,849	1,452,774	(101,075)	-
System Improvement Fees	24,000	59,706	35,706	27,524
Investment Earnings	36,449	3,230	(33,219)	32,557
Cash in Lieu of Fees	100	405	305	1,527
Federal Grants	600,000	-	(600,000)	-
State Grants	5,000	11,906	6,906	75,718
Other Revenues	12,000	292	(11,708)	3,494
Transfers In	887,500	-	(887,500)	50,000
<b>TOTAL REVENUES</b>	<u>5,981,049</u>	<u>4,388,238</u>	<u>(1,592,811)</u>	<u>3,038,277</u>
<b>EXPENDITURES</b>				
Personal Services	734,596	838,002	(103,406)	743,570
Supplies	230,500	233,421	(2,921)	219,354
Purchased Services	887,457	662,580	224,877	596,627
Other Operating Expenses	5,000	11,017	(6,017)	8,663
Management Fees	104,949	104,949	-	104,949
Fleet Maintenance	49,435	48,923	512	60,199
Info Tech Maintenance	20,422	18,741	1,681	13,230
Acquisition of Capital Assets	12,422,000	600,562	11,821,438	1,144,739
Debt Principal	1,413,527	336,499	1,077,028	584,175
Bond Issuance Costs	21,864	-	21,864	419,804
Interest Expense	506,905	513,977	(7,072)	294,532
Transfers Out	919,316	31,790	887,526	31,255
<b>TOTAL EXPENDITURES</b>	<u>17,315,971</u>	<u>3,400,461</u>	<u>13,915,510</u>	<u>4,221,097</u>
<b>NET INCOME (LOSS) - Budgetary Basis</b>	<u>\$ (11,334,922)</u>	<u>987,777</u>	<u>\$ 12,322,699</u>	<u>(1,182,820)</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital Outlay		600,562		1,144,739
Dedicated Infrastructure		94,476		-
Amortization of Debt Premiums		69,258		28,857
Debt Principal		336,499		584,175
Depreciation Expense		(870,752)		(935,352)
<b>NET INCOME - GAAP Basis</b>		<u>1,217,820</u>		<u>(360,401)</u>
<b>NET POSITION, Beginning</b>		<u>26,071,293</u>		<u>26,431,694</u>
<b>NET POSITION, Ending</b>		<u>\$ 27,289,113</u>		<u>\$ 26,071,293</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

WASTEWATER FUND

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2012 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>REVENUES</b>				
Charges for Services	\$ 2,571,317	\$ 2,446,503	\$ (124,814)	\$ 2,447,587
Other Operating Revenues	56,920	7,157	(49,763)	56,341
System Improvement Fees	20,000	45,318	25,318	24,476
Investment Earnings	12,600	345	(12,255)	6,251
State Grants	25,000	23,000	(2,000)	-
Transfers In	-	-	-	235,000
Other Revenues	-	3,756	3,756	1,000
<b>TOTAL REVENUES</b>	<u>2,685,837</u>	<u>2,526,079</u>	<u>(159,758)</u>	<u>2,770,655</u>
<b>EXPENDITURES</b>				
Personal Services	486,185	491,200	(5,015)	455,490
Supplies	69,100	86,467	(17,367)	71,479
Purchased Services	660,314	651,615	8,699	512,883
Other Operating Expenses	50,000	304	49,696	-
Management Fees	104,949	104,949	-	104,949
Fleet Maintenance	44,320	39,593	4,727	35,539
Info Tech Maintenance	29,985	28,112	1,873	19,845
Acquisition of Capital Assets	258,000	151,379	106,621	100,022
Debt Principal	791,389	827,003	(35,614)	802,982
Bond Issuance Costs	952	-	952	-
Interest Expense	602,228	591,752	10,476	617,053
Transfers Out	<u>31,790</u>	<u>31,790</u>	-	<u>31,255</u>
<b>TOTAL EXPENDITURES</b>	<u>3,129,212</u>	<u>3,004,164</u>	<u>125,048</u>	<u>2,751,497</u>
<b>NET INCOME (LOSS) - Budgetary Basis</b>	<u>\$ (443,375)</u>	<u>(478,085)</u>	<u>\$ (34,710)</u>	<u>19,158</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital Outlay		137,587		100,022
Debt Principal		827,003		802,982
Gain (Loss) on Disposal of Capital Assets		4,824		10,390
Amortization of Bond Premium		35,614		35,614
Depreciation Expense		(1,057,213)		(1,078,495)
<b>NET INCOME (LOSS) - GAAP Basis</b>		<u>(530,270)</u>		<u>(110,329)</u>
<b>NET POSITION, Beginning</b>		18,835,673		18,946,002
<b>NET POSITION, Ending</b>		<u>\$ 18,305,403</u>		<u>\$ 18,835,673</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

SANITATION FUND

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
<b>REVENUES</b>				
Charges for Services	\$ 480,268	\$ 474,461	\$ (5,807)	\$ 476,198
Sale of Materials	-	-	-	275
Other Revenue	1,600	1,438	(162)	1,878
Investment Earnings	5,835	732	(5,103)	4,546
<b>TOTAL REVENUES</b>	<u>487,703</u>	<u>476,631</u>	<u>(11,072)</u>	<u>482,897</u>
<b>EXPENDITURES</b>				
Personal Services	14,369	14,548	(179)	25,161
Supplies	-	-	-	(164)
Purchased Services	457,969	452,839	5,130	454,864
Other Operating Expenses	-	209	(209)	-
Management Fees	9,160	9,160	-	9,160
Info Tech Maintenance	-	684	(684)	706
Transfers Out	2,000	2,000	-	2,000
<b>TOTAL EXPENDITURES</b>	<u>483,498</u>	<u>479,440</u>	<u>4,058</u>	<u>491,727</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ 4,205</u>	<u>(2,809)</u>	<u>\$ (7,014)</u>	<u>(8,830)</u>
NET POSITION, Beginning		<u>775,970</u>		<u>784,800</u>
NET POSITION, Ending		<u>\$ 773,161</u>		<u>\$ 775,970</u>

See the accompanying Independent Auditors' Report.



### **INTERNAL SERVICE FUNDS**

Internal Service funds are established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Fleet Maintenance Fund -- This fund accounts for fleet equipment charges paid by City departments to offset maintenance and depreciation expenses.

Information Technology Fund -- This fund will account for information technology equipment charges paid by City departments to offset maintenance and depreciation expenses.

CITY OF RIFLE, COLORADO

**COMBINING STATEMENT OF NET POSITION**

**INTERNAL SERVICE FUNDS**

December 31, 2013

With Comparative Totals for December 31, 2012

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2013	2012
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 457,792	\$ 133,883	\$ 591,675	\$ 509,431
Prepaid Expenses	-	5,295	5,295	-
Inventory	38,713	-	38,713	46,555
<b>TOTAL CURRENT ASSETS</b>	<b>496,505</b>	<b>139,178</b>	<b>635,683</b>	<b>555,986</b>
<b>PROPERTY AND EQUIPMENT</b>	<b>1,093,396</b>	<b>416,882</b>	<b>1,510,278</b>	<b>1,400,499</b>
Less Accumulated Depreciation	(874,080)	(67,601)	(941,681)	(819,852)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>219,316</b>	<b>349,281</b>	<b>568,597</b>	<b>580,647</b>
<b>TOTAL ASSETS</b>	<b>715,821</b>	<b>488,459</b>	<b>1,204,280</b>	<b>1,136,633</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	24,934	41,513	66,447	57,885
Accrued Wages & Comp. Absences	1,643	9,854	11,497	11,697
<b>TOTAL LIABILITIES</b>	<b>26,577</b>	<b>51,367</b>	<b>77,944</b>	<b>69,582</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	219,316	349,281	568,597	580,647
Unrestricted	469,929	87,811	557,740	486,404
<b>TOTAL NET POSITION</b>	<b>\$ 689,245</b>	<b>\$ 437,092</b>	<b>\$ 1,126,337</b>	<b>\$ 1,067,051</b>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**INTERNAL SERVICE FUNDS**

**Year Ended December 31, 2013**

**With Comparative Totals for the Year Ended December 31, 2012**

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2013	2012
OPERATING REVENUES				
Charges for Services	\$ 464,593	\$ 426,577	\$ 891,170	\$ 705,915
OPERATING EXPENSES				
Personal Services	60,617	159,416	220,033	237,695
Supplies	239,308	17,165	256,473	276,788
Purchased Services	42,773	43,330	86,103	41,278
Other Expenses	-	144,343	144,343	15,538
Fleet Maintenance	-	-	-	70
Info Tech Maintenance	4,685	-	4,685	3,308
Depreciation	78,360	43,469	121,829	135,523
TOTAL OPERATING EXPENSES	425,743	407,723	833,466	710,200
NET INCOME (LOSS) FROM OPERATIONS	38,850	18,854	57,704	(4,285)
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	398	136	534	2,451
Gain (Loss) on Disposal of Capital Assets	-	1,048	1,048	-
Other Revenues	-	-	-	10
NONOPERATING INCOME (EXPENSE)	398	1,184	1,582	2,461
NET INCOME (LOSS)	39,248	20,038	59,286	(1,824)
NET POSITION, Beginning	649,997	417,054	1,067,051	1,068,875
NET POSITION, Ending	\$ 689,245	\$ 437,092	\$ 1,126,337	\$ 1,067,051

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**COMBINING STATEMENT OF CASH FLOWS**

**INTERNAL SERVICE FUNDS**

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTAL	
			2013	2012
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 464,593	\$ 426,577	\$ 891,170	\$ 705,915
Cash Payments to Suppliers and Employees	(267,967)	(212,528)	(480,495)	(325,788)
Cash Payments to Employees	(58,974)	(161,259)	(220,233)	(237,627)
Net Cash Provided by Operating Activities	<u>137,652</u>	<u>52,790</u>	<u>190,442</u>	<u>142,500</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(67,607)	(42,172)	(109,779)	(466,694)
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	-	-	-	10
Gain (Loss) on Disposal of Capital Assets	-	1,048	1,048	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>1,048</u>	<u>1,048</u>	<u>10</u>
Cash Flows From Investing Activities:				
Investment Income	398	136	534	2,451
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	70,443	11,802	82,245	(321,733)
CASH AND EQUIVALENTS, Beginning	387,350	122,081	509,431	831,164
CASH AND EQUIVALENTS, Ending	<u>\$ 457,793</u>	<u>\$ 133,883</u>	<u>\$ 591,676</u>	<u>\$ 509,431</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 38,850	\$ 18,854	\$ 57,704	\$ (4,285)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	78,360	43,469	121,829	135,523
(Increase) Decrease in:				
Prepaid Expenses	-	(5,295)	(5,295)	-
Inventory	7,842	-	7,842	(16,839)
Increase (Decrease) in:				
Accounts Payable	10,957	(2,395)	8,562	28,033
Accrued Wages & Comp. Absences	1,643	(1,843)	(200)	68
Total Adjustments	<u>98,802</u>	<u>33,936</u>	<u>132,738</u>	<u>146,785</u>
Net Cash Provided by Operating Activities	<u>\$ 137,652</u>	<u>\$ 52,790</u>	<u>\$ 190,442</u>	<u>\$ 142,500</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FLEET MAINTENANCE FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 527,520	\$ 464,593	\$ (62,927)	\$ 428,888
Investment Earnings	1,274	398	(876)	1,260
TOTAL REVENUES	<u>528,794</u>	<u>464,991</u>	<u>(63,803)</u>	<u>430,148</u>
EXPENDITURES				
Personal Services	78,272	60,617	17,655	80,743
Supplies	267,600	239,308	28,292	235,131
Purchased Services	53,000	42,773	10,227	14,150
Fleet Maintenance	50	-	50	70
Info Tech Maintenance	4,827	4,685	142	3,308
Acquisition of Capital Assets	73,000	67,607	5,393	151,852
TOTAL EXPENDITURES	<u>476,749</u>	<u>414,990</u>	<u>61,759</u>	<u>485,254</u>
NET INCOME - Budgetary Basis	<u>\$ 52,045</u>	50,001	<u>\$ (2,044)</u>	(55,106)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		67,607		151,852
Depreciation Expense		<u>(78,360)</u>		<u>(123,463)</u>
NET INCOME (LOSS) - GAAP Basis		39,248		(26,717)
NET POSITION, Beginning		<u>649,997</u>		<u>676,714</u>
NET POSITION, Ending		<u>\$ 689,245</u>		<u>\$ 649,997</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**INFORMATION TECHNOLOGY FUND**

Year Ended December 31, 2013

With Comparative Totals for the Year Ended December 31, 2012

	2013			2012 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
<b>REVENUES</b>				
Charges for Services	\$ 396,057	\$ 426,577	\$ 30,520	\$ 277,027
Investment Earnings	3,070	136	(2,934)	1,191
Gain (Loss) on Disposal of Capital Assets	-	1,048	1,048	-
Other Revenues	-	-	-	10
<b>TOTAL REVENUES</b>	<u>399,127</u>	<u>427,761</u>	<u>28,634</u>	<u>278,228</u>
<b>EXPENDITURES</b>				
Personal Services	150,104	159,416	(9,312)	156,952
Supplies	10,000	17,165	(7,165)	41,657
Purchased Services	37,100	43,330	(6,230)	27,128
Other Expenses	138,800	144,343	(5,543)	15,538
Acquisition of Capital Assets	63,333	42,172	21,161	314,842
<b>TOTAL EXPENDITURES</b>	<u>399,337</u>	<u>406,426</u>	<u>(7,089)</u>	<u>556,117</u>
<b>NET INCOME (LOSS) - Budgetary Basis</b>	<u>\$ (210)</u>	21,335	<u>\$ 21,545</u>	(277,889)
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital Outlay		42,172		314,842
Depreciation Expense		(43,469)		(12,060)
<b>NET INCOME - GAAP Basis</b>		20,038		24,893
<b>NET POSITION, Beginning</b>		<u>417,054</u>		<u>392,161</u>
<b>NET POSITION, Ending</b>		<u>\$ 437,092</u>		<u>\$ 417,054</u>

See the accompanying Independent Auditors' Report.

**COMPLIANCE SECTION**

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**Supplemental Schedules Required  
Pursuant to Bond Agreements**

CITY OF RIFLE, COLORADO

SUPPLEMENTAL SCHEDULES REQUIRED  
PURSUANT TO BOND AGREEMENTS  
(Continuing Disclosure Undertaking)  
December 31, 2013

Historical Sales and Use Tax Revenues

Year	Total Sales and Use Tax Revenues	Percent Change	Original Sales (2.5%) and Use Tax Revenues (1)	One Half of Original Sales and Use Tax Revenues (2)
2008	\$ 9,911,427		\$ 7,078,526	\$ 3,539,263
2009 (3)	6,991,427	-29.5%	4,995,437	\$ 2,497,719
2010	7,047,547	0.8%	5,014,127	\$ 2,507,064
2011	7,119,842	1.0%	5,124,155	\$ 2,562,078
2012	7,095,665	-0.3%	5,068,360	\$ 2,534,180
2013	7,548,030	6.4%	4,436,972	\$ 2,218,486

Source: City Finance Department

- (1) The Original Sales and Use Tax Revenue consists of revenue generated from the 2.5% sales and use tax rate in effect at the time of issuance of the Series 2003 Sales Tax Revenue Bonds.  
(2) The City has pledged one-half of the revenue generated from its Original Sales Tax revenues to the Series 2013 Sales Tax Refunding Bonds.  
(3) The decrease was primarily due to the economic downturn or recession the City experienced during 2009 resulting in a decrease in Sales Tax revenues and building related revenues.

History of Street Improvement Fund Revenues, Expenditures and Changes in Fund Balances

	2008	2009	2010	2011 (1)	2012	2013
<b>Revenues</b>						
Taxes	\$ 1,419,187	\$ 996,681	\$ 1,015,723	\$ 996,736	\$ 1,012,829	\$ 964,364
Special Assessments	68,672	70,515	56,122	55,403	41,155	35,301
Intergovernmental	1,175,506	617,038	-	245,829	263,120	39,087
Charges for Services	251,144	27,614	25,056	89,654	18,029	36,158
Miscellaneous	201,632	84,212	38,437	34,278	34,318	4,189
Total	<u>3,116,141</u>	<u>1,796,060</u>	<u>1,135,338</u>	<u>1,421,900</u>	<u>1,369,451</u>	<u>1,079,099</u>
<b>Expenditures</b>						
Public Works	72,946	478,224	101,411	130,097	99,032	167,191
Capital Outlay	5,994,738	534,698	1,065,156	1,174,265	1,123,779	528,415
Debt Service	378,676	379,751	376,801	378,026	378,226	294,195
Total	<u>6,446,360</u>	<u>1,392,673</u>	<u>1,543,368</u>	<u>1,682,388</u>	<u>1,601,037</u>	<u>989,801</u>
<b>Change in Fund Balance Before Other Financing Sources (Uses)</b>	(3,330,219)	403,387	(408,030)	(260,488)	(231,586)	89,298
<b>Other Financing Sources (Uses)</b>						
Bond Proceeds						1,693,194
Payment to Escrow Agent						(2,028,601)
Transfers In	1,314,000	23,762	-	-	-	-
Transfers Out	(625,000)	(25,374)	(25,374)	(25,374)	(25,374)	(25,374)
Change in Fund Balance	<u>(2,641,219)</u>	<u>401,775</u>	<u>(433,404)</u>	<u>(285,862)</u>	<u>(256,960)</u>	<u>(271,483)</u>
Beginning Fund Balance	6,090,098	3,448,879	3,850,654	3,417,250	3,021,779	2,764,819
Prior Period Restatement (2)	-	-	-	(109,609)	-	-
Restated Beginning Balance	<u>6,090,098</u>	<u>3,448,879</u>	<u>3,850,654</u>	<u>3,307,641</u>	<u>3,021,779</u>	<u>2,764,819</u>
Ending Fund Balance	<u>\$ 3,448,879</u>	<u>\$ 3,850,654</u>	<u>\$ 3,417,250</u>	<u>\$ 3,021,779</u>	<u>\$ 2,764,819</u>	<u>\$ 2,493,336</u>

Source: City's Basic Financial Statements, 2008-2013

- (1) The decrease was primarily due to the economic downturn or recession the City experienced during 2009 resulting in a decrease in Sales Tax revenues and building related revenues.  
(2) A prior period adjustment was made as the result of a sales tax refund of \$767,263 due to a vendor and two affiliates who had been paying sales tax under the assumption they were in the City limits which was found to be incorrect. The amount of the refund attributable to the Street Improvement Fund was \$109,609.  
(3) These amounts represent the refunding of the 2003 Sales Tax Revenue Bonds with the 2013 Sales Tax Refunding Bonds.

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

SUPPLEMENTAL SCHEDULES REQUIRED  
PURSUANT TO BOND AGREEMENTS  
(Continuing Disclosure Undertaking)  
December 31, 2013

Combined Statement of Debt

	Amount Outstanding (1) (2)
<u>Debt Supported by the City's Water Fund</u>	
2002 Interim Financing by Colorado Water Resources and Power Development Authority	\$ 866,250
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12A104)	21,852,285
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12F104)	1,900,000
<u>Debt Supported by the City's Sewer Fund</u>	
1997 Colorado Water Resource and Power Development Loan	14,367,480
2004 Colorado Department of Local Affairs Loan	61,410
<u>Debt Supported by the City's Street Improvement Fund</u>	
2013 Sales Tax Refunding Bonds	1,405,000
Total	<u>\$ 40,452,425</u>

Source: City Finance Department

(1) The City has defeased certain bonds by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. The trust accounts' assets and the liability for the defeased bonds are not included in the City's financial statements.

(2) The City also has authority to enter into installment or lease purchase contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval. The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment. As of December 31, 2013, the City has three capital leases outstanding for water meters, equipment, and a parks facility with a combined balance of \$1,738,739.

See the accompanying Independent Auditors' Report.

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## **State Compliance**

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 OF RIFLE
		YEAR ENDING : December 2013
This Information From The Records Of:	City of Rifle	Prepared By: Charles Kelty, Finance Director Phone: 970.665.6449

**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)	620,090
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	648,485
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,244
2. General fund appropriations	615,418	b. Snow and ice removal	64,560
3. Other local imposts (from page 2)	1,375,411	c. Other	179,031
4. Miscellaneous local receipts (from page 2)	140,245	d. Total (a. through c.)	260,835
5. Transfers from toll facilities	0	4. General administration & miscellaneous	241,867
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	907,205
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,678,482
b. Bonds - Refunding Issues	1,693,194	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	1,693,194	a. Interest	54,195
7. Total (1 through 6)	3,824,268	b. Redemption	2,305,515
<b>B. Private Contributions</b>	334,612	c. Total (a. + b.)	2,359,710
<b>C. Receipts from State government (from page 2)</b>	607,830	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	4,766,710	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	2,359,710
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	5,038,192

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	1,990,000	1,645,000	2,230,000	1,405,000
1. Bonds (Refunding Portion)		1,645,000	240,000	
<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
	2,764,819	4,766,710	5,038,192	2,493,337	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2013

**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	34,595	a. Interest on investments	3,688
b. Other local imposts:		b. Traffic Fines & Penalties	136,557
1. Sales Taxes	965,071	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	36,658	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	339,087	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,340,816	h. Other	0
c. Total (a. + b.)	1,375,411	i. Total (a. through h.)	140,245
	(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	288,702	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	32,944	d. Federal Transit Admin	0
d. DOLA Grants	0	e. U.S. Corps of Engineers	0
e. Garfield FMLD Grants	39,087	f. Other Federal	0
f. Total (a. through e.)	72,031	g. Total (a. through g.)	0
4. Total (1. + 2. + 3.f)	360,733	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		0	0
b. Engineering Costs		91,675	91,675
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		510,578	510,578
(4). System Enhancement & Operation		17,837	17,837
(5). Total Construction (1) + (2) + (3) + (4)	0	528,415	528,415
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	620,090	620,090
			(Carry forward to page 1)

Notes and Comments: