

**CITY OF RIFLE
RIFLE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

CITY OF RIFLE, COLORADO

ROSTER OF CITY OFFICIALS
DECEMBER 31, 2014

CITY COUNCIL

Randy Winkler – Mayor

Jay Miller – Mayor Pro Tem

Rich Carter – Councilor

Barb Clifton – Councilor

Dirk Myers – Councilor

Joe Elliott – 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, 2014

As management of the City of Rifle, Colorado, we offer readers of the City of Rifle financial statements, this narrative overview, and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

Financial Highlights

- The assets of the City of Rifle exceeded its liabilities at the close of 2014 by \$118,242,114 (net position). Of this amount; \$91,011,627 is the net investment in capital assets, \$3,274,222 is restricted, and \$23,956,265 is unrestricted and may be used to meet the government's ongoing obligations.
- Total net position, city-wide, increased by \$8,232,634 or 7.5%
- As of December 31, 2014, combined governmental fund balances totaled \$14,121,184 an increase of \$894,490 or 6.7% from the prior year.
- General fund unassigned fund balance at December 31, 2014 is \$5,391,523, 68% of 2014 total general fund expenditures.
- The business-type activities net position increased \$116,568 to \$46,484,245 during the year. The Water Fund increased \$259,312; Sewer Fund decreased \$168,901; and the Sanitation Fund increased \$26,157.

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

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of 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, (e.g., uncollected taxes and earned but unused vacation leave).

The *Statement of Positions* 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 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*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for *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. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rifle maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds which include the General Fund, Street Improvement Fund, and the Parks and Recreation Fund. Data from the other (non-major) funds are combined into a single, aggregated presentation with the column heading Other Governmental Funds. The non-major funds are Conservation Trust, Economic Development, Visitor Improvement, Downtown Development Authority, Rifle Information Center, Energy Efficiency Fund, Urban Renewal Authority, Perpetual Care, 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 5-11 of this report. The basic governmental financial statements for the non-major funds are found on pages 38-47.

Proprietary funds – The City of Rifle maintains two different types of proprietary funds; Enterprise and Internal Service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, 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. Because most of these 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 basic proprietary fund financial statements can be found on pages 12-14 of this report. The schedule of revenues, expenditures, and changes in net position – budget and actual reports are shown on pages 48-55.

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 15-37 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Rifle. This information is presented in the State Compliance section on pages 56-59.

Government-wide Financial Analysis

As noted earlier, the City of Rifle's 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 2014 by \$118,242,114.

The largest portion of the City's net position (77%) is the 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.

Net Position

The following table shows the City's net position for 2014 as compared to 2013.

STATEMENT OF NET POSITION December 31, 2014 and 2013

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 16,171,382	\$ 15,658,852	\$ 32,284,856	\$ 33,238,638	\$ 48,456,238	\$ 48,897,490
Capital assets (net)	59,664,910	52,732,399	54,556,772	55,218,062	114,221,682	107,950,461
Total assets	<u>75,836,292</u>	<u>68,391,251</u>	<u>86,841,628</u>	<u>88,456,700</u>	<u>162,677,920</u>	<u>156,847,951</u>
Deferred Outflows:						
Deferred Charge on Refunding	19,013	23,536	-	-	19,013	23,536
Other liabilities	1,730,820	1,820,830	3,026,916	2,754,132	4,757,736	4,574,962
Long-term liabilities	1,783,694	2,345,679	37,260,570	39,264,994	39,044,264	41,610,673
Total liabilities	<u>3,514,514</u>	<u>4,166,509</u>	<u>40,287,486</u>	<u>42,019,126</u>	<u>43,802,000</u>	<u>46,185,635</u>
Deferred Inflows:						
Unavailable Revenue - Property Taxes	582,922	606,476	69,897	69,897	652,819	676,373
Net position:						
Invested in capital assets net of related debt	54,089,221	46,533,929	36,922,406	38,931,661	91,011,627	85,465,590
Restricted:						
for Cemetery Perpetual Care	219,381	-	-	-	219,381	-
for Debt Service and O&M Reserves	-	-	1,651,378	1,765,692	1,651,378	1,765,692
for Emergencies	399,000	377,000	137,000	135,000	536,000	512,000
for Senior Center Meals and Capital	132,853	131,505	-	-	132,853	131,505
for Street and Drainage Improvements	566,353	563,775	-	-	566,353	563,775
for Police Expenitures	8,355	-	-	-	8,355	-
for Water Capital Acquisitions	-	-	-	-	-	-
for Parks and Recreation	159,902	812,874	-	-	159,902	812,874
Unrestricted	16,182,804	15,222,720	7,773,461	5,535,324	23,956,265	20,758,044
Total Net Position	<u>\$ 71,757,869</u>	<u>\$ 63,641,803</u>	<u>\$ 46,484,245</u>	<u>\$ 46,367,677</u>	<u>\$ 118,242,114</u>	<u>\$ 110,009,480</u>

An additional portion of the City's net position balance (2.8%) represents resources that are subject to external restrictions on how they may be used. The remaining *unrestricted* balance of (20.2%) may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental activities investment in capital assets net of related debt, increased by \$7,555,292 or 16%. This increase was primarily due to costs for land development, street overlays, drainage improvements, and equipment purchased during 2014.

Business-type activities investment in capital assets net of related debt, decreased by \$2,009,255 or 5.2%. The City of Rifle began construction of a Water Treatment Plant facility late in 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, 2014, restricted net position in the governmental activities included the following: Cemetery Perpetual Care (\$219,381), TABOR Emergencies (\$399,000), Senior Center Meals and Capital (\$132,853), Street and Drainage Improvements (\$566,353), Police (\$8,355), and Parks and Recreation (\$159,902). The Business-Type Activities includes restricted net position of the following: Debt Service and O&M reserves (\$1,651,378), and TABOR Emergencies (\$137,000). The remaining balance of net position

(unrestricted net position) totals \$23,956,265. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

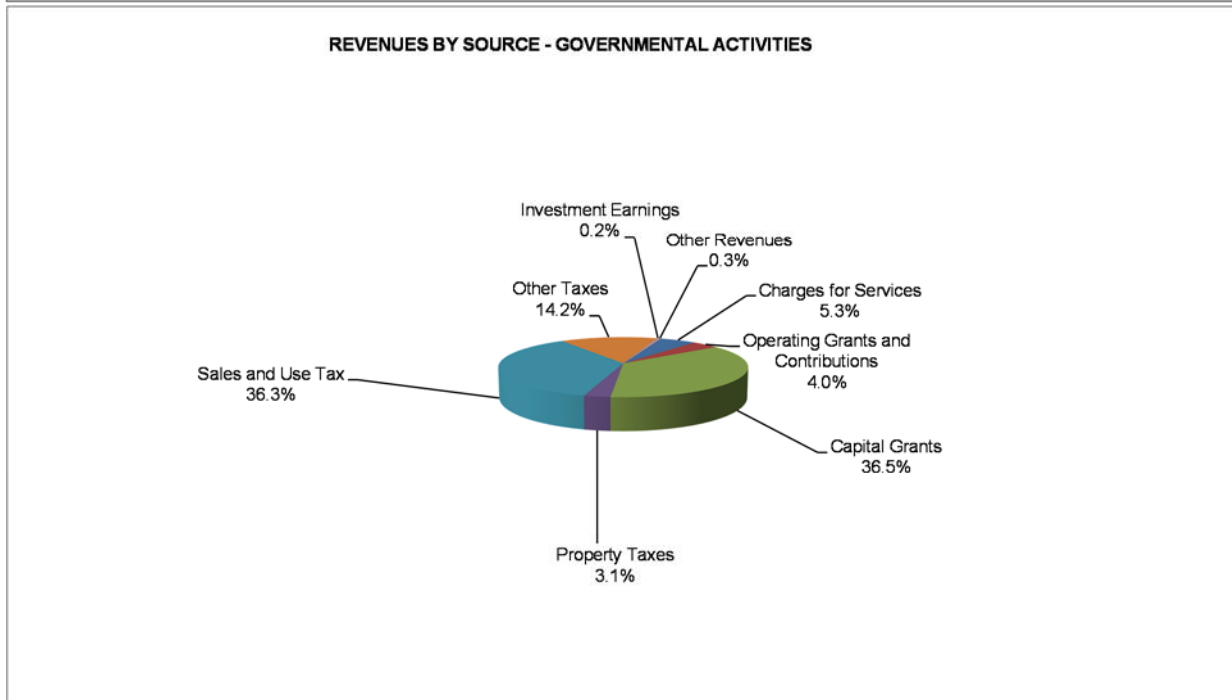
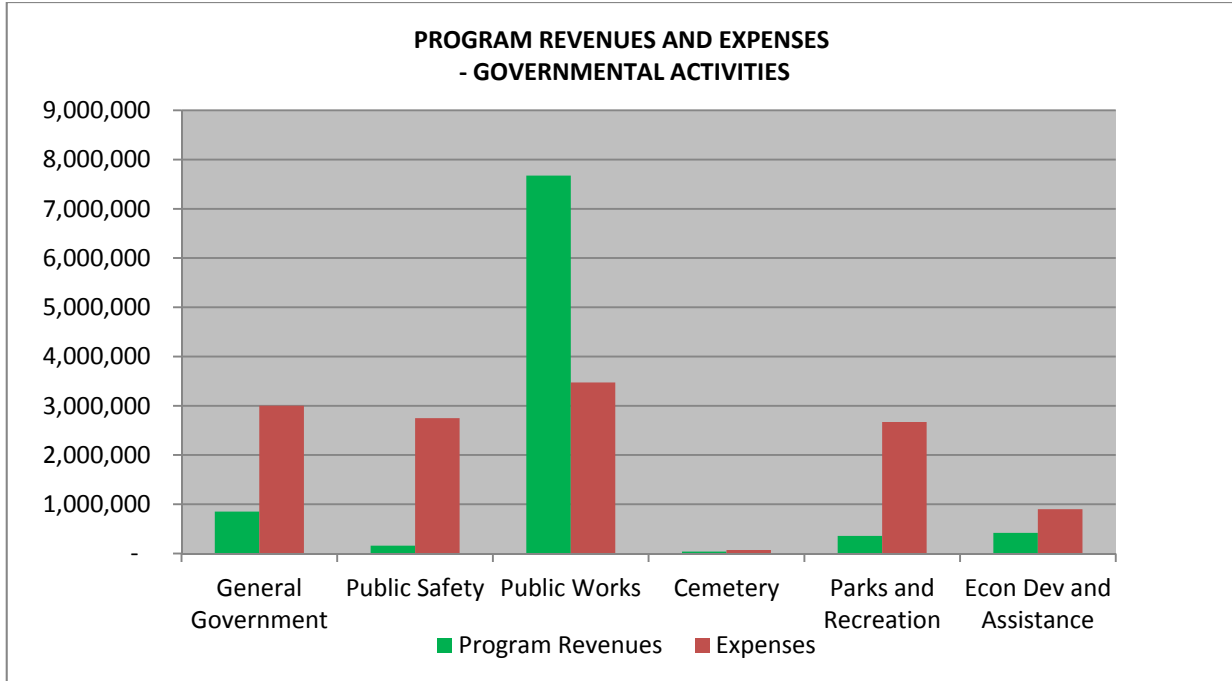
Changes in Net Position

The following shows the detail of the City's changes in net position for the year ended December 31, 2014.

	SUMMARY OF CHANGES IN NET POSITION					
	For Years Ended December 31, 2014 and 2013					
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for services	\$ 1,100,809	\$ 1,048,052	\$ 5,971,512	\$ 5,789,484	\$ 7,072,321	\$ 6,837,536
Operating grants and contributions	831,319	1,989,785	-	-	831,319	1,989,785
Capital grants and contributions	7,564,132	435,674	153,395	234,811	7,717,527	670,485
General Revenues:						
Property taxes	631,864	849,981	-	-	631,864	849,981
Sales and use taxes	7,517,851	6,900,209	1,570,864	1,452,774	9,088,715	8,352,983
Other taxes	2,934,708	1,645,587	-	-	2,934,708	1,645,587
Investment earnings	46,540	17,077	12,843	4,307	59,383	21,384
Other revenues	70,958	40,759	143,234	113,744	214,192	154,503
Total revenues	<u>20,698,181</u>	<u>12,927,124</u>	<u>7,851,848</u>	<u>7,595,120</u>	<u>28,550,029</u>	<u>20,522,244</u>
EXPENSES						
General government	3,002,022	1,817,189	-	-	3,002,022	1,817,189
Public Safety	2,746,815	2,698,206	-	-	2,746,815	2,698,206
Public Works	3,472,133	3,467,171	-	-	3,472,133	3,467,171
Cemetery	70,828	65,882	-	-	70,828	65,882
Parks and recreation	2,671,884	3,994,147	-	-	2,671,884	3,994,147
Economic development and assistance	898,270	1,119,542	-	-	898,270	1,119,542
Interest Expense	-	-	-	-	-	-
Water operations	-	-	4,334,245	3,302,362	4,334,245	3,302,362
Sewer operations	-	-	2,857,383	3,064,997	2,857,383	3,064,997
Sanitation operations	-	-	478,072	477,440	478,072	477,440
Total expenses	<u>12,861,952</u>	<u>13,162,137</u>	<u>7,669,700</u>	<u>6,844,799</u>	<u>20,531,652</u>	<u>20,006,936</u>
Increase in net assets before transfers	7,836,229	(235,013)	182,148	750,321	8,018,377	515,308
Transfers	<u>65,580</u>	<u>65,580</u>	<u>(65,580)</u>	<u>(65,580)</u>	-	-
Increase in net assets	7,901,809	(169,433)	116,568	684,741	8,018,377	515,308
Net Position, Beginning of year	63,641,803	63,811,236	46,367,677	45,682,936	110,009,480	109,494,172
Prior Period Restatement	214,258	-	-	-	214,258	-
Net Position, end of year	<u>\$71,757,870</u>	<u>\$63,641,803</u>	<u>\$46,484,245</u>	<u>\$46,367,677</u>	<u>\$118,242,115</u>	<u>\$110,009,480</u>

The following charts reflect 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 for 2014 are Sales and Use Tax at 36.3% and Capital grants at 36.5%, These, along with the other revenue sources listed, support governmental services.

Governmental Activities

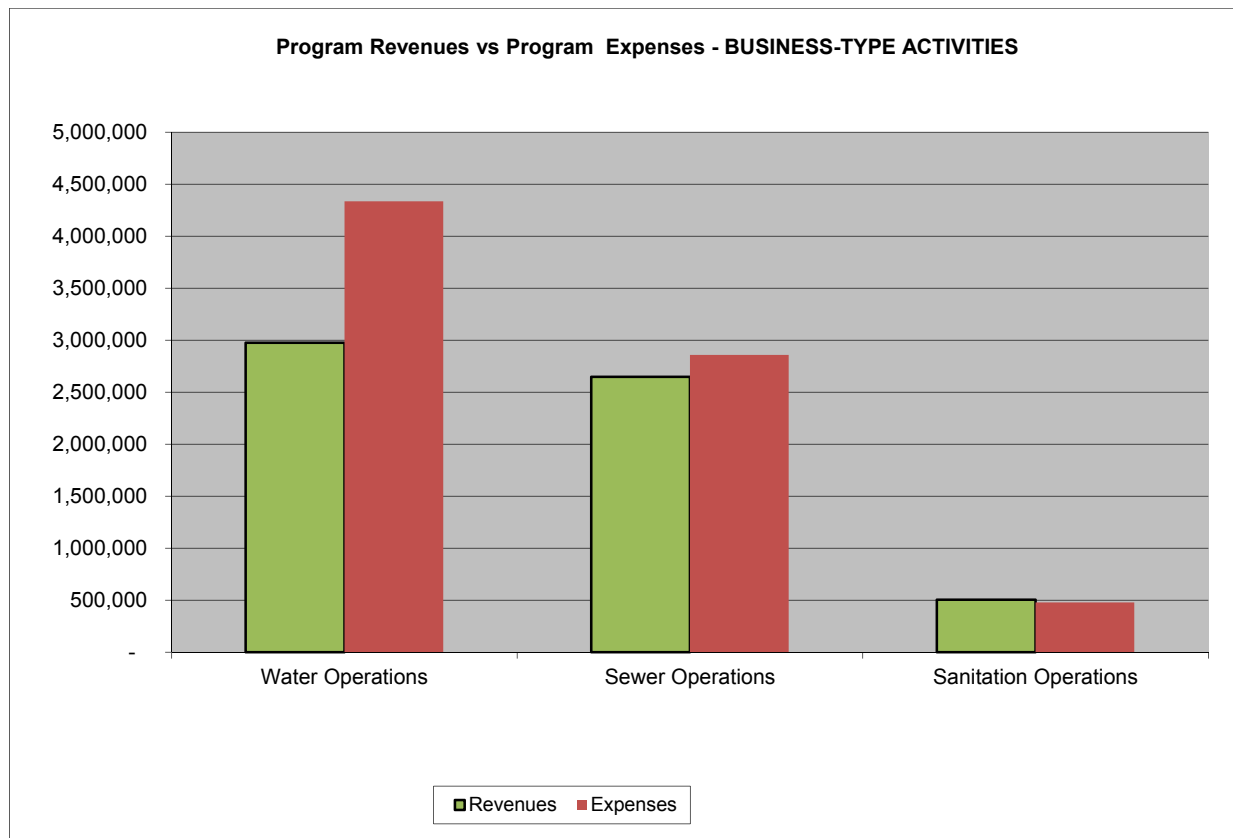


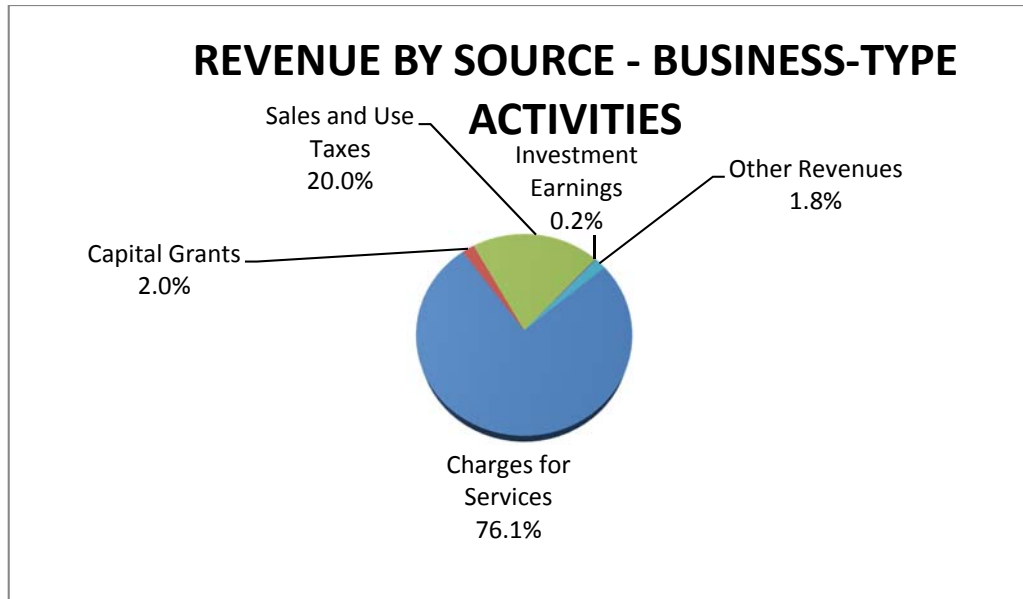
Business-Type Activities

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 collected slightly more revenue needed to cover expenses.

The Water Fund is supporting a new treatment plant for the City and construction continues. 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.

As reflected in the pie chart, 76% of collected revenues are from charges for services. During 2014, Sales and Use Taxes collected was approximately 20% of the total water fund's revenues. Capital Grants were 2%, other revenues were 2%.





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 \$2,819,166 acquired in 2014 (page 7) are not reflected in the *Statement of Activities*.

At year-end 2014, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 5) reported a combined fund balance of \$14,121,184, an increase of \$894,490 or 6.7% from the prior year. The General Fund balance increased \$1,653,628 or 31%. The Street Improvement Fund balance increased \$354,194 or 14%. The Parks and Recreation Fund balance decreased \$709,237 or 60%.

The General Fund unassigned fund balance at December 31, 2014 was \$5,391,523 or 68% of annual expenditures. Unassigned fund balance increased \$2,384,872 with revenues exceeding expenditures by \$1,610,991.

The Street Improvement Fund revenues increased by \$267,765 or 24% in 2014 primarily due to intergovernmental revenues. The Street Improvement Fund's expenditures vary depending on

planned public work projects. Parks and Recreation began major improvements at Deerfield Park in 2014.

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.

The Proprietary Fund Net Position increased \$116,568 to \$46,484,245. Investment in capital assets, net of related debt represents 79% of total net position.

ENTERPRISE FUND NET POSITION
December 31, 2014 and 2013

	Water		Sewer		Sanitation		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Investment in capital assets net of related debt	\$ 19,374,332	\$ 21,235,595	\$ 17,548,074	\$ 17,696,066	\$ -	\$ -	\$ 36,922,406	\$ 38,931,661
Restricted:								
For Capital Improvements	-	-	-	-	-	-	-	-
For Emergencies	137,000	135,000	-	-	-	-	137,000	135,000
For Debt Service from Sales Tax	771,568	885,220	-	-	-	-	771,568	885,220
For Operations and Maintenance Reserve	484,490	507,327	395,320	373,145	-	-	879,810	880,472
For Water Rights Acquisition	-	-	-	-	-	-	-	-
Unrestricted	6,781,035	4,525,971	193,108	236,192	799,318	773,161	7,773,461	5,535,324
Total net position	\$ 27,548,425	\$ 27,289,113	\$ 18,136,502	\$ 18,305,403	\$ 799,318	\$ 773,161	\$ 46,484,245	\$ 46,367,677

In the Wastewater Fund, a new treatment plant was completed in 2009. The plant was funded via Colorado Water Resources and Power Development Authority. On January 1, 2014, wastewater user fees were increased 5% to assist with meeting the debt covenants.

A replacement Water Treatment plant is under construction with \$23.8 million obtained from the Colorado Water Resources and Power Development Authority. Water user fees and voter-approved .75% sales and use tax are used to pay-back the loan.

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 2014, the Water and Sanitation funds increased Net Position by \$259,312 and \$26,157 respectively, while the Wastewater funds incurred a net loss of \$168,901.

Total unrestricted net position increased \$2,238,137 during 2014. The Water Fund’s unrestricted net position increased by \$2,255,064; Wastewater Fund decreased \$43,084; and the Sanitation Fund increased \$26,157.

General Fund Budgetary Highlights

The General Fund reflects an increase in revenues of \$1,152,113 or 14% from 2013 with actual revenues exceeding budget by \$2,673,896. Most of the positive variance is due to intergovernmental revenue. Expenditures were under budget by 5%. Management and City

Council continue to budget conservatively to ensure the City has the flexibility to address community needs.

The General Fund unassigned fund balance increased to \$5,391,523 or approximately 68% of expenditures.

Capital Asset and Debt Administration

Capital assets – At the end of 2014, the City had \$114,221,662 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 increased 36% primarily due to the construction of a new water treatment plant.

CAPITAL ASSETS AT YEAR-END (Net of Depreciation) As of December 31, 2014 and 2013						
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land & Rights	\$ 3,542,191	\$ 3,216,211	\$ 2,532,544	\$ 2,480,544	\$ 6,074,735	\$ 5,696,755
Construction in Process	0	399,833	1,189,478	217,637	1,189,478	617,470
Buildings	11,348,420	11,213,909	27,006,930	28,284,580	38,355,350	39,498,489
Improvements	43,152,871	36,317,020	23,178,953	23,400,855	66,331,824	59,717,875
Equipment	960,410	1,016,829	648,847	834,446	1,609,257	1,851,275
Int Svc Equipment & Vehicles	661,018	568,597	-	-	661,018	568,597
Total	\$ 59,664,910	\$ 52,732,399	\$ 54,556,752	\$ 55,218,062	\$ 114,221,662	\$ 107,950,461

Debt administration – At the end of 2014, the City of Rifle had a balance of \$41,616,922 outstanding in revenue bonds; revenue notes payable, notes payable and capital leases. Footnote disclosure number 5 on page 28 provides additional information regarding this advance refunding.

The City has no general obligation debt.

OUTSTANDING DEBT Years Ended December 31, 2014 and 2013						
	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue bonds and notes payable	\$ 1,168,253	\$ 1,446,163	\$ 39,071,036	\$ 40,992,347	\$ 40,239,289	\$ 42,438,510
Capital leases	1,177,426	1,444,735	200,207	294,401	1,377,633	1,739,136
Total	\$ 2,345,679	\$ 2,890,898	\$ 39,271,243	\$ 41,286,748	\$ 41,616,922	\$ 44,177,646

Economic Factors and Next Year's Budget

There is reason to be optimistic. The general fund saw an increase in 2014 sales and use tax revenues of 4% from 2013, and this trend has continued through the first half of 2015. However, the 2015 budget was prepared with an assumption of sales and use taxes remaining flat. It was believed that the oil and gas industry would continue to reduce staff on the Western Slope and the building industry would only start to recover with housing surplus declining. It was believed the building trades would struggle to ramp up because of workforce availability and continued conservative lending practices.

Fortunately, the City of Rifle, as a result of thoughtful leadership and prudent management, has built up the reserves in its general fund. While the economy continues to find some legs, the City of Rifle is positioned to continue to absorb sluggish economic growth. Management and City Council have become accustomed to being nimble and will make necessary changes as needed to the budget to make sure future services continue meeting public needs.

Overall, 2014 was a good year. The City successfully secured grants to assist with the Rifle Regional Water Plant. In April 2014, Rifle saw a new City Market gas station open that offers 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. We also saw strong performance by restaurants.

The City made significant budget adjustments again in 2015, and continues to explore ways to provide services at reduced costs. Possibly, the biggest challenge during 2015 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 began in December 2014.

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. The City hopes some of these reserves can be transitioned into a capital maintenance fund to provide on-going revenue for building and grounds maintenance. This will allow the City to stabilize expenditures on maintenance over time and discontinue the practice of deferred maintenance that has become customary since the oil shale bust in the early 1980s.

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 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

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, and the aggregate remaining fund information of the City of Rifle, Colorado, as of and for the year ended December 31, 2014, 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

As discussed in Note 13 to the financial statements, the 2014 financial statements have been restated to reflect a change in presentation of accrued compensated absences and the City's Perpetual Care Fund. Our opinion is not modified with respect to this matter.

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-xi 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 38-55 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 June 30, 2015 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 56-59 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.



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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, 2014.

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CITY OF RIFLE, COLORADO

STATEMENT OF NET POSITION

December 31, 2014

	Governmental Activities	Business - Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 13,455,214	\$ 7,349,845	\$ 20,805,059
Property Taxes Receivable	556,099	-	556,099
Special Assessments Receivable	26,823	-	26,823
Other Receivable	950,579	683,706	1,634,285
Interest Receivable	31,470	-	31,470
Prepaid Expenses	141,559	56,839	198,398
Due from Other Governments	97,051	-	97,051
Inventory	38,485	140,237	178,722
TOTAL CURRENT ASSETS	15,297,280	8,230,627	23,527,907
NONCURRENT ASSETS			
Capital Assets Not Being Depreciated	3,542,191	3,722,042	7,264,233
Capital Assets Being Depreciated, net	56,122,719	50,834,730	106,957,449
Restricted Cash and Investments	874,102	24,054,229	24,928,331
TOTAL NONCURRENT ASSETS	60,539,012	78,611,001	139,150,013
TOTAL ASSETS	75,836,292	86,841,628	162,677,920
DEFERRED OUTFLOWS			
Deferred Charge on Refunding	19,013	-	19,013
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	650,017	487,493	1,137,510
Accrued Wages & Comp. Absences	391,923	76,109	468,032
Accrued Interest Payable	6,247	442,640	448,887
Deposits	120,648	10,000	130,648
Current Portion of Long Term Debt	561,985	2,010,674	2,572,659
TOTAL CURRENT LIABILITIES	1,730,820	3,026,916	4,757,736
NONCURRENT LIABILITIES			
Bonds Payable	860,000	-	860,000
Bond Premiums	25,196	-	25,196
Notes Payable	-	37,158,321	37,158,321
Capital Leases Payable	898,498	102,249	1,000,747
TOTAL NONCURRENT LIABILITIES	1,783,694	37,260,570	39,044,264
TOTAL LIABILITIES	3,514,514	40,287,486	43,802,000
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	582,922	69,897	652,819
NET POSITION			
Net Investment in Capital Assets	54,089,221	36,922,406	91,011,627
Restricted:			
for Cemetery Perpetual Care - Nonspendable	219,381	-	219,381
for Debt Service and O&M Reserves	-	1,651,378	1,651,378
for Emergencies	399,000	137,000	536,000
for Senior Center Meals and Capital	132,853	-	132,853
for Street and Drainage Improvements	566,353	-	566,353
for Police Expenditures	8,355	-	8,355
for Parks and Recreation	159,902	-	159,902
Unrestricted	16,182,804	7,773,461	23,956,265
TOTAL NET POSITION	\$ 71,757,869	\$ 46,484,245	\$ 118,242,114

The accompanying notes are an integral part of the financial statements

CITY OF RIFLE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
Governmental Activities				
Current:				
General Government	\$ 3,002,022	\$ 693,689	\$ 148,221	\$ 8,409
Public Safety	2,746,815	30,417	72,554	55,510
Public Works	3,472,133	43,793	472,755	7,159,103
Cemetery	70,828	38,196	-	-
Parks and Recreation	2,671,884	225,138	116,289	15,019
Economic Development and Assistance	898,270	69,576	21,500	326,091
TOTAL GOVERNMENTAL ACTIVITIES	<u>12,861,952</u>	<u>1,100,809</u>	<u>831,319</u>	<u>7,564,132</u>
Business - Type Activities				
Current:				
Water Operations	4,334,245	2,894,394	-	80,080
Sewer Operations	2,857,383	2,573,423	-	73,315
Sanitation Operations	478,072	503,695	-	-
TOTAL BUSINESS - TYPE ACTIVITIES	<u>7,669,700</u>	<u>5,971,512</u>	<u>-</u>	<u>153,395</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 20,531,652</u>	<u>\$ 7,072,321</u>	<u>\$ 831,319</u>	<u>\$ 7,717,527</u>
GENERAL REVENUES				
Property Taxes				
Sales and Use Taxes				
Other Taxes				
Investment Earnings				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning of Year				
PRIOR PERIOD RESTATEMENT				
NET POSITION - Beginning of Year (As Restated)				
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**

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (2,151,703)	\$ -	\$ (2,151,703)
(2,588,334)	-	(2,588,334)
4,203,518	-	4,203,518
(32,632)	-	(32,632)
(2,315,438)	-	(2,315,438)
<u>(481,103)</u>	<u>-</u>	<u>(481,103)</u>
<u>(3,365,692)</u>	<u>-</u>	<u>(3,365,692)</u>
-	(1,359,771)	(1,359,771)
-	(210,645)	(210,645)
-	<u>25,623</u>	<u>25,623</u>
-	<u>(1,544,793)</u>	<u>(1,544,793)</u>
<u>(3,365,692)</u>	<u>(1,544,793)</u>	<u>(4,910,485)</u>
631,864	-	631,864
7,517,851	1,570,864	9,088,715
2,934,708	-	2,934,708
46,540	12,843	59,383
70,957	143,234	214,191
<u>65,580</u>	<u>(65,580)</u>	<u>-</u>
<u>11,267,500</u>	<u>1,661,361</u>	<u>12,928,861</u>
7,901,808	116,568	8,018,376
<u>63,641,803</u>	<u>46,367,677</u>	<u>110,009,480</u>
<u>214,258</u>	<u>-</u>	<u>214,258</u>
<u>63,856,061</u>	<u>46,367,677</u>	<u>110,223,738</u>
<u>\$ 71,757,869</u>	<u>\$ 46,484,245</u>	<u>\$ 118,242,114</u>

CITY OF RIFLE, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2014

With Comparative Totals for December 31, 2013

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>PARKS & RECREATION</u>
ASSETS			
Cash and Investments	\$ 6,031,918	\$ 2,593,032	\$ 458,434
Property Taxes Receivable	511,083	-	-
Special Assessments Receivable	-	26,823	-
Other Receivable	624,557	100,493	201,577
Interest Receivable	31,470	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	141,559	-	-
Advance to Other Funds	-	-	-
Due from Other Governments	49,598	32,203	-
Restricted Cash and Investments	562,232	277,966	6,640
TOTAL ASSETS	<u>\$ 7,952,417</u>	<u>\$ 3,030,517</u>	<u>\$ 666,651</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 226,542	\$ 154,743	\$ 178,177
Accrued Wages & Comp. Absence:	71,395	1,421	11,924
Due to Other Funds	-	-	-
Deposits	120,298	-	350
Advances from Other Funds	-	-	-
TOTAL LIABILITIES	<u>418,235</u>	<u>156,164</u>	<u>190,451</u>
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	<u>511,083</u>	<u>26,823</u>	<u>-</u>
FUND BALANCE			
Nonspendable:			
Interfund Advances	-	-	-
Prepays	141,559	-	-
Cemetery Perpetual Care	-	-	-
Restricted for:			
Street, Drainage & Parking Improvements	276,068	277,966	-
Senior Center Capital and Meals	132,853	-	-
Police Expenditures	8,355	-	-
Emergencies	399,000	-	-
Parks and Recreation	151,901	-	-
Committed for:			
Parks and Recreation	-	-	6,640
Assigned for:			
Subsequent Year's Expenditures	521,840	-	-
Economic Development	-	-	-
Street Improvements	-	2,569,564	-
Parks and Recreation	-	-	469,560
Capital Improvements	-	-	-
Unassigned	<u>5,391,523</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>7,023,099</u>	<u>2,847,530</u>	<u>476,200</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 7,952,417</u>	<u>\$ 3,030,517</u>	<u>\$ 666,651</u>

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

OTHER GOVERNMENTAL		TOTALS	
		2014	2013
FUNDS			
\$ 3,752,659	\$ 12,836,043	\$ 11,302,632	
45,016	556,099	551,322	
-	26,823	55,154	
23,952	950,579	903,712	
-	31,470	26,470	
5,898	5,898	-	
-	141,559	18,856	
-	-	110,300	
15,250	97,051	646,355	
27,264	874,102	1,518,668	
<u>\$ 3,870,039</u>	<u>\$ 15,519,624</u>	<u>\$ 15,133,469</u>	
\$ 44,770	\$ 604,232	\$ 667,794	
-	84,740	388,068	
5,898	5,898	-	
-	120,648	134,137	
-	-	110,300	
<u>50,668</u>	<u>815,518</u>	<u>1,300,299</u>	
<u>45,016</u>	<u>582,922</u>	<u>606,476</u>	
-	-	110,300	
-	141,559	18,856	
219,381	219,381	-	
12,319	566,353	563,775	
-	132,853	131,505	
-	8,355	3,940	
-	399,000	377,000	
8,001	159,902	812,874	
-	6,640	6,575	
347,220	869,060	3,459,872	
813,912	813,912	787,324	
-	2,569,564	1,852,035	
-	469,560	-	
2,373,524	2,373,524	2,124,247	
(2)	5,391,521	2,978,391	
<u>3,774,355</u>	<u>14,121,184</u>	<u>13,226,694</u>	
<u>\$ 3,870,039</u>	<u>\$ 15,519,624</u>	<u>\$ 15,133,469</u>	

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CITY OF RIFLE, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

December 31, 2014

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

FUND BALANCE - GOVERNMENTAL FUNDS	\$ 14,121,184
Capital assets used in governmental activities are not resources and are not reported in the funds:	
Capital Assets	92,777,516
Accumulated Depreciation	(33,773,624)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Accrued Compensated Absences	(295,078)
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	19,013
Long-term liabilities are not due and payable in the current period	
Revenue Bonds Payable	(1,135,000)
Capital Leases Payable	(1,177,426)
Bond Premiums	(33,253)
Accrued Interest Payable	(6,247)
Internal Service Funds are blended into Governmental Activities:	
Internal Service Net Position	<u>1,260,784</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 71,757,869</u>

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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>PARKS & RECREATION</u>
REVENUES			
Taxes	\$ 4,896,769	\$ 1,046,199	\$ 2,093,628
Special Assessments	-	30,747	-
Licenses and Permits	284,753	-	-
Intergovernmental	3,394,996	231,616	1,523
Charges for Services	310,906	27,487	202,780
Fines and Forfeitures	137,223	-	-
Miscellaneous	82,568	10,815	62,709
TOTAL REVENUES	<u>9,107,215</u>	<u>1,346,864</u>	<u>2,360,640</u>
EXPENDITURES			
General Government	2,711,693	-	6,839
Public Safety	2,665,489	-	-
Public Works	1,352,751	133,977	-
Cemetery	66,206	-	-
Parks and Recreation	118,693	-	1,681,875
Economic Development and Assistance	510,180	-	-
Capital Outlay	71,212	785,219	1,174,613
Debt Service	-	298,100	322,328
TOTAL EXPENDITURES	<u>7,496,224</u>	<u>1,217,296</u>	<u>3,185,655</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>1,610,991</u>	<u>129,568</u>	<u>(825,015)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	206,971	250,000	163,590
Transfer Out	(434,107)	(25,374)	(94,417)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(227,136)</u>	<u>224,626</u>	<u>69,173</u>
CHANGE IN FUND BALANCES	<u>1,383,855</u>	<u>354,194</u>	<u>(755,842)</u>
FUND BALANCE, Beginning	5,369,471	2,493,336	1,185,437
PRIOR PERIOD ADJUSTMENT	269,773	-	46,605
FUND BALANCE, Beginning (As Restated)	<u>5,639,244</u>	<u>2,493,336</u>	<u>1,232,042</u>
FUND BALANCE, Ending	<u>\$ 7,023,099</u>	<u>\$ 2,847,530</u>	<u>\$ 476,200</u>

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

TOTALS

OTHER GOVERNMENTAL FUNDS	2014	2013
\$ 437,715	\$ 8,474,311	\$ 8,097,454
-	30,747	35,301
-	284,753	101,423
161,919	3,790,054	3,521,878
5,123	546,296	683,281
-	137,223	150,548
52,722	208,814	337,240
<u>657,479</u>	<u>13,472,198</u>	<u>12,927,125</u>
30,150	2,748,682	3,251,788
-	2,665,489	2,618,095
-	1,486,728	1,488,938
-	66,206	61,260
-	1,800,568	1,979,721
277,370	787,550	702,845
788,122	2,819,166	2,374,447
-	620,428	644,893
<u>1,095,642</u>	<u>12,994,817</u>	<u>13,121,987</u>
<u>(438,163)</u>	<u>477,381</u>	<u>(194,862)</u>
12,000	632,561	765,637
<u>(192,190)</u>	<u>(746,088)</u>	<u>(700,057)</u>
<u>(180,190)</u>	<u>(113,527)</u>	<u>(269,827)</u>
<u>(618,353)</u>	<u>363,854</u>	<u>(464,689)</u>
4,178,450	13,226,694	13,691,383
214,258	530,636	-
4,392,708	13,757,330	13,691,383
<u>\$ 3,774,355</u>	<u>\$ 14,121,184</u>	<u>\$ 13,226,694</u>

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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, 2014

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

Net Change in Fund Balances - Total Governmental Funds	\$ 363,854
Principal payments on debt are reported as expenditures in the funds:	
Principal Payments on Outstanding Debt:	
Revenue Bonds Payable	270,000
Capital Leases Payable	267,309
Interest, issuance costs, bond premiums and deferred charges are reported on the cash basis in the funds:	
Change in Accrued Interest Payable	1,421
Amortization of Premiums and Charge on Refunding	3,387
Earned but unpaid accumulated leave balances are not reported in the funds:	
Change in Accrued Compensated Absences	21,300
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Purchased Capitalized Assets	2,517,478
Depreciation Expense	(2,903,368)
Donated capital assets are directly capitalized for the governmental activities presentation and are not reported in the funds:	
Donated Capital Assets	7,225,980
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance and Information Technology Funds Change in Net Position	134,447
Change in Net Position - Governmental Activities	<u>\$ 7,901,808</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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014				2013 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES					
Taxes	\$ 4,522,065	\$ 4,522,065	\$ 4,896,769	\$ 374,704	\$ 4,797,175
Licenses and Permits	90,200	90,200	284,753	194,553	101,423
Intergovernmental	1,263,887	1,263,887	3,394,996	2,131,109	2,571,609
Charges for Services	311,000	311,000	310,906	(94)	275,359
Fines and Forfeitures	151,500	151,500	137,223	(14,277)	150,548
Miscellaneous	94,667	94,667	82,568	(12,099)	58,988
TOTAL REVENUES	<u>6,433,319</u>	<u>6,433,319</u>	<u>9,107,215</u>	<u>2,673,896</u>	<u>7,955,102</u>
EXPENDITURES					
General Government	2,766,218	2,766,218	2,711,693	54,525	3,210,270
Public Safety	2,675,963	2,675,963	2,665,489	10,474	2,618,095
Public Works	1,446,663	1,446,663	1,352,751	93,912	1,321,747
Cemetery	67,005	67,005	66,206	799	61,260
Parks and Recreation	124,766	124,766	118,693	6,073	-
Economic Development and Assistance	470,695	470,695	510,180	(39,485)	446,172
Capital Outlay	249,000	309,186	71,212	237,974	161,472
TOTAL EXPENDITURES	<u>7,800,310</u>	<u>7,860,496</u>	<u>7,496,224</u>	<u>364,272</u>	<u>7,819,016</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,366,991)</u>	<u>(1,427,177)</u>	<u>1,610,991</u>	<u>3,038,168</u>	<u>136,086</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	269,500	269,500	206,971	(62,529)	160,871
Transfers Out	(255,000)	(255,000)	(434,107)	(179,107)	(160,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,500</u>	<u>14,500</u>	<u>(227,136)</u>	<u>(241,636)</u>	<u>871</u>
CHANGE IN FUND BALANCE	<u>(1,352,491)</u>	<u>(1,412,677)</u>	<u>1,383,855</u>	<u>2,796,532</u>	<u>136,957</u>
FUND BALANCE, Beginning	4,514,837	4,514,837	5,369,471	854,634	5,232,514
Prior Period Adjustment	-	-	269,773	269,773	-
FUND BALANCE, Beginning (As Restated)	<u>4,514,837</u>	<u>4,514,837</u>	<u>5,639,244</u>	<u>1,124,407</u>	<u>5,232,514</u>
FUND BALANCE, Ending	<u>\$ 3,162,346</u>	<u>\$ 3,102,160</u>	<u>\$ 7,023,099</u>	<u>\$ 3,920,939</u>	<u>\$ 5,369,471</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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 950,972	\$ 1,046,199	\$ 95,227	\$ 964,364
Special Assessments	41,000	30,747	(10,253)	35,301
Intergovernmental	107,600	231,616	124,016	39,087
Charges for Services	4,000	27,487	23,487	36,158
Miscellaneous	10,000	10,815	815	4,189
TOTAL REVENUES	<u>1,113,572</u>	<u>1,346,864</u>	<u>233,292</u>	<u>1,079,099</u>
EXPENDITURES				
Public Works	385,133	133,977	251,156	167,191
Capital Outlay	968,000	785,219	182,781	528,415
Debt Service	298,100	298,100	-	294,195
TOTAL EXPENDITURES	<u>1,651,233</u>	<u>1,217,296</u>	<u>433,937</u>	<u>989,801</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(537,661)</u>	<u>129,568</u>	<u>667,229</u>	<u>89,298</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	-	-	-	1,693,194
Payment to Escrow Agent	-	-	-	(2,028,601)
Transfers In	250,000	250,000	-	-
Transfers Out	(75,674)	(25,374)	50,300	(25,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>174,326</u>	<u>224,626</u>	<u>50,300</u>	<u>(360,781)</u>
CHANGE IN FUND BALANCE	(363,335)	354,194	717,529	(271,483)
FUND BALANCE, Beginning	<u>2,522,219</u>	<u>2,493,336</u>	<u>(28,883)</u>	<u>2,764,819</u>
FUND BALANCE, Ending	<u>\$ 2,158,884</u>	<u>\$ 2,847,530</u>	<u>\$ 688,646</u>	<u>\$ 2,493,336</u>

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

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CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 1,906,000	\$ 2,093,628	\$ 187,628	\$ 1,930,141
Intergovernmental	351,500	1,523	(349,977)	301,500
Charges for Services	186,600	202,780	16,180	371,764
Miscellaneous	19,629	62,709	43,080	16,329
TOTAL REVENUES	<u>2,463,729</u>	<u>2,360,640</u>	<u>(103,089)</u>	<u>2,619,734</u>
EXPENDITURES				
General Government	5,000	6,839	(1,839)	3,518
Parks and Recreation	1,829,144	1,681,875	147,269	1,979,721
Capital Outlay	1,258,422	1,174,613	83,809	67,428
Debt Service	322,328	322,328	-	350,698
TOTAL EXPENDITURES	<u>3,414,894</u>	<u>3,185,655</u>	<u>229,239</u>	<u>2,401,365</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(951,165)</u>	<u>(825,015)</u>	<u>126,150</u>	<u>218,369</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	163,590	163,590	-	369,000
Transfers Out	(99,417)	(94,417)	5,000	(71,917)
TOTAL OTHER FINANCING SOURCES (USES)	<u>64,173</u>	<u>69,173</u>	<u>5,000</u>	<u>297,083</u>
CHANGE IN FUND BALANCE	<u>(886,992)</u>	<u>(755,842)</u>	<u>131,150</u>	<u>515,452</u>
FUND BALANCE, Beginning	986,026	1,185,437	199,411	669,985
Prior Period Adjustment	-	46,605	46,605	-
FUND BALANCE, Beginning (As Restated)	<u>986,026</u>	<u>1,232,042</u>	<u>246,016</u>	<u>669,985</u>
FUND BALANCE, Ending	<u>\$ 99,034</u>	<u>\$ 476,200</u>	<u>\$ 377,166</u>	<u>\$ 1,185,437</u>

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

CITY OF RIFLE, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2014

With Comparative Totals for December 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	WASTEWATER	NON-MAJOR SANITATION	TOTAL
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 6,334,568	\$ 266,297	\$ 748,980	\$ 7,349,845
Other Receivable	367,156	265,715	50,835	683,706
Prepaid Expenses	55,242	1,099	498	56,839
Due from Other Governments	-	-	-	-
Inventory	134,446	5,791	-	140,237
TOTAL CURRENT ASSETS	6,891,412	538,902	800,313	8,230,627
PROPERTY AND EQUIPMENT				
Less Accumulated Depreciation	35,965,739	42,797,637	-	78,763,376
	(13,049,134)	(11,157,470)	-	(24,206,604)
NET PROPERTY AND EQUIPMENT	22,916,605	31,640,167	-	54,556,772
OTHER ASSETS				
Restricted Cash and Investments	23,658,909	395,320	-	24,054,229
TOTAL ASSETS	53,466,926	32,574,389	800,313	86,841,628
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	443,261	43,461	771	487,493
Accrued Wages & Comp. Absences	50,032	25,853	224	76,109
Accrued Interest Payable	214,088	228,552	-	442,640
Deposits	10,000	-	-	10,000
Unearned Revenue	21,969	47,928	-	69,897
Current Portion of Long Term Debt	1,194,684	815,990	-	2,010,674
TOTAL CURRENT LIABILITIES	1,934,034	1,161,784	995	3,096,813
NONCURRENT LIABILITIES				
Notes Payable	23,882,218	13,276,103	-	37,158,321
Capital Leases Payable	102,249	-	-	102,249
TOTAL NONCURRENT LIABILITIES	23,984,467	13,276,103	-	37,260,570
TOTAL LIABILITIES	25,918,501	14,437,887	995	40,357,383
NET POSITION				
Net Investment in Capital Assets	19,374,332	17,548,074	-	36,922,406
Restricted				
For Emergencies	137,000	-	-	137,000
For Capital from Sales Tax	771,568	-	-	771,568
For Operations and Maintenance Reserve	484,490	395,320	-	879,810
Unrestricted	6,781,035	193,108	799,318	7,773,461
TOTAL NET POSITION	\$ 27,548,425	\$ 18,136,502	\$ 799,318	\$ 46,484,245

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

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2014	2013
\$ 619,171	\$ 7,969,016	\$ 6,214,847
-	683,706	634,521
-	56,839	8,018
-	-	34,906
38,485	178,722	185,838
<u>657,656</u>	<u>8,888,283</u>	<u>7,078,130</u>
1,708,929	80,472,305	79,010,308
(1,047,911)	(25,254,515)	(23,223,649)
<u>661,018</u>	<u>55,217,790</u>	<u>55,786,659</u>
-	24,054,229	26,796,192
<u>1,318,674</u>	<u>88,160,302</u>	<u>89,660,981</u>
45,785	533,278	269,721
12,105	88,214	86,563
-	442,640	444,385
-	10,000	10,000
-	69,897	69,897
-	2,010,674	2,021,407
<u>57,890</u>	<u>3,154,703</u>	<u>2,901,973</u>
-	37,158,321	39,064,787
-	102,249	200,207
-	37,260,570	39,264,994
<u>57,890</u>	<u>40,415,273</u>	<u>42,166,967</u>
661,018	37,583,424	39,500,258
-	137,000	135,000
-	771,568	885,220
-	879,810	880,472
599,766	8,373,227	6,093,064
<u>\$ 1,260,784</u>	<u>\$ 47,745,029</u>	<u>\$ 47,494,014</u>

CITY OF RIFLE, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	WASTEWATER	NON-MAJOR SANITATION	TOTAL
OPERATING REVENUES				
Charges for Services	\$ 2,761,471	\$ 2,564,065	\$ 502,139	\$ 5,827,675
Sale of Materials	4,569	-	234	4,803
Reimbursed Expenditures	11,822	-	-	11,822
Other Revenue	116,532	9,358	1,322	127,212
TOTAL OPERATING REVENUES	2,894,394	2,573,423	503,695	5,971,512
OPERATING EXPENSES				
Personal Services	881,343	427,181	14,843	1,323,367
Supplies	268,764	58,253	37	327,054
Purchased Services	776,735	503,280	454,032	1,734,047
Other Expenses	11,925	48,729	-	60,654
Management Fees	104,949	104,949	9,160	219,058
Fleet Maintenance	46,423	28,158	-	74,581
Info Tech Maintenance	27,101	36,814	-	63,915
Small Equipment Purchases	771,489	25,097	-	796,586
Depreciation	902,575	1,059,331	-	1,961,906
TOTAL OPERATING EXPENSES	3,791,304	2,291,792	478,072	6,561,168
NET INCOME (LOSS) FROM OPERATIONS	(896,910)	281,631	25,623	(589,656)
NONOPERATING INCOME (EXPENSE)				
System Improvement Fees	69,043	73,315	-	142,358
Dedicated Infrastructure	-	-	-	-
Investment Earnings	10,201	108	2,534	12,843
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Sales and Use Taxes	1,570,864	-	-	1,570,864
Cash in Lieu of Fees	2,606	-	-	2,606
State Grants	8,431	-	-	8,431
Other Revenues	550	37,812	-	38,362
Amortization of Bond Premiums	69,258	35,614	-	104,872
Interest Expense	(542,941)	(565,591)	-	(1,108,532)
NONOPERATING INCOME (EXPENSE)	1,188,012	(418,742)	2,534	771,804
NET INCOME (LOSS) BEFORE TRANSFERS	291,102	(137,111)	28,157	182,148
TRANSFERS				
Transfers In	-	-	-	-
Transfers Out	(31,790)	(31,790)	(2,000)	(65,580)
NET TRANSFERS	(31,790)	(31,790)	(2,000)	(65,580)
NET INCOME (LOSS)	259,312	(168,901)	26,157	116,568
NET POSITION, Beginning	27,289,113	18,305,403	773,161	46,367,677
NET POSITION, Ending	\$ 27,548,425	\$ 18,136,502	\$ 799,318	\$ 46,484,245

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

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2014	2013
\$ 942,386	\$ 6,770,061	\$ 6,527,232
-	4,803	9,285
-	11,822	9,010
-	127,212	135,127
<u>942,386</u>	<u>6,913,898</u>	<u>6,680,654</u>
252,512	1,575,879	1,563,783
248,718	575,772	576,361
98,314	1,832,361	1,853,137
149,230	209,884	155,873
-	219,058	219,058
-	74,581	88,516
4,857	68,772	52,222
104,662	901,248	13,792
<u>130,410</u>	<u>2,092,316</u>	<u>2,049,794</u>
<u>988,703</u>	<u>7,549,871</u>	<u>6,572,536</u>
<u>(46,317)</u>	<u>(635,973)</u>	<u>108,118</u>
-	142,358	105,024
-	-	94,476
1,407	14,250	4,841
-	-	5,872
-	1,570,864	1,452,774
-	2,606	405
-	8,431	34,906
250	38,612	4,048
-	104,872	104,872
-	(1,108,532)	(1,105,729)
<u>1,657</u>	<u>773,461</u>	<u>701,489</u>
<u>(44,660)</u>	<u>137,488</u>	<u>809,607</u>
179,107	179,107	-
-	(65,580)	(65,580)
<u>179,107</u>	<u>113,527</u>	<u>(65,580)</u>
134,447	251,015	744,027
<u>1,126,337</u>	<u>47,494,014</u>	<u>46,749,987</u>
<u>\$ 1,260,784</u>	<u>\$ 47,745,029</u>	<u>\$ 47,494,014</u>

CITY OF RIFLE, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	NON-MAJOR SANITATION	TOTAL
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 2,870,732	\$ 2,556,855	\$ 501,581	\$ 5,929,168
Cash Payments to Suppliers	(1,760,722)	(816,170)	(462,010)	(3,038,902)
Cash Payments to Employees	(878,254)	(429,268)	(14,803)	(1,322,325)
Net Cash Provided by Operating Activities	<u>231,756</u>	<u>1,311,417</u>	<u>24,768</u>	<u>1,567,941</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(1,245,440)	(55,176)	-	(1,300,616)
Proceeds From Sale of Capital Assets	-	-	-	-
Proceeds From System Improvement Fees	69,043	73,315	-	142,358
Proceeds From Cash in Lieu of Fees	2,606	-	-	2,606
Proceeds From Sales & Use Taxes	1,564,023	-	-	1,564,023
Proceeds From Grants	20,337	23,000	-	43,337
Principal Payments on Debt	(1,089,736)	(820,550)	-	(1,910,286)
Interest Payments on Debt	(533,820)	(576,457)	-	(1,110,277)
Transfers - Net	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,212,987)</u>	<u>(1,355,868)</u>	<u>-</u>	<u>(2,568,855)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	550	37,812	-	38,362
Transfers - Net	(31,790)	(31,790)	(2,000)	(65,580)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(31,240)</u>	<u>6,022</u>	<u>(2,000)</u>	<u>(27,218)</u>
Cash Flows From Investing Activities:				
Investment Income	10,201	108	2,534	12,843
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,002,270)</u>	<u>(38,321)</u>	<u>25,302</u>	<u>(1,015,289)</u>
CASH AND EQUIVALENTS, Beginning	<u>30,995,747</u>	<u>699,938</u>	<u>723,678</u>	<u>32,419,363</u>
CASH AND EQUIVALENTS, Ending	<u>\$ 29,993,477</u>	<u>\$ 661,617</u>	<u>\$ 748,980</u>	<u>\$ 31,404,074</u>
Cash and Equivalents	<u>\$ 6,334,568</u>	<u>\$ 266,297</u>	<u>\$ 748,980</u>	<u>\$ 7,349,845</u>
Restricted Cash and Equivalents	<u>23,658,909</u>	<u>395,320</u>	<u>-</u>	<u>24,054,229</u>
TOTAL CASH AND EQUIVALENTS	<u>\$ 29,993,477</u>	<u>\$ 661,617</u>	<u>\$ 748,980</u>	<u>\$ 31,404,074</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (896,910)	\$ 281,631	\$ 25,623	\$ (589,656)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	902,575	1,059,331	-	1,961,906
(Increase) Decrease in:				
Other Receivable	(23,662)	(16,568)	(2,114)	(42,344)
Prepaid Expenses	(54,653)	90	-	(54,563)
Inventory	8,970	(2,083)	-	6,887
Increase (Decrease) in:				
Accounts Payable	292,347	(8,897)	1,219	284,669
Accrued Wages & Comp. Absences	3,089	(2,087)	40	1,042
Unearned Revenue	-	-	-	-
Total Adjustments	<u>1,128,666</u>	<u>1,029,786</u>	<u>(855)</u>	<u>2,157,597</u>
Net Cash Provided by Operating Activities	<u>\$ 231,756</u>	<u>\$ 1,311,417</u>	<u>\$ 24,768</u>	<u>\$ 1,567,941</u>

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

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTAL	
	2014	2013
\$ 942,386	\$ 6,871,554	\$ 6,741,268
(620,920)	(3,659,822)	(3,101,164)
(251,904)	(1,574,229)	(1,548,837)
<u>69,562</u>	<u>1,637,503</u>	<u>2,091,267</u>
(222,831)	(1,523,447)	(847,928)
-	-	5,872
-	142,358	105,024
-	2,606	405
-	1,564,023	1,308,875
-	43,337	60,000
-	(1,910,286)	(1,163,502)
-	(1,110,277)	(1,108,377)
179,107	179,107	-
<u>(43,724)</u>	<u>(2,612,579)</u>	<u>(1,534,759)</u>
250	38,612	4,048
-	(65,580)	(65,580)
<u>250</u>	<u>(26,968)</u>	<u>(61,532)</u>
1,407	14,250	4,841
27,495	(987,794)	499,817
<u>591,676</u>	<u>33,011,039</u>	<u>32,511,222</u>
<u>\$ 619,171</u>	<u>\$ 32,023,245</u>	<u>\$ 33,011,039</u>
\$ 619,171	\$ 7,969,016	\$ 6,214,847
-	24,054,229	26,796,192
<u>\$ 619,171</u>	<u>\$ 32,023,245</u>	<u>\$ 33,011,039</u>
\$ (46,317)	\$ (635,973)	\$ 108,118
130,410	2,092,316	2,049,794
-	(42,344)	60,614
5,295	(49,268)	44,592
228	7,115	(26,334)
(20,662)	264,007	(160,463)
608	1,650	14,946
-	-	-
<u>115,879</u>	<u>2,273,476</u>	<u>1,983,149</u>
<u>\$ 69,562</u>	<u>\$ 1,637,503</u>	<u>\$ 2,091,267</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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, 2014

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, 2014

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, 2014

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.

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 does not budget for Perpetual Care.

The City’s expenditures exceeded the budgeted appropriation in the Urban Renewal, Information Technology, and Fleet Funds in the amounts of \$11,726, \$7,089, and \$151,010, respectively, which may be a violation of state statute.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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, 2014

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 records this liability in the proprietary funds and in the governmental activities presentation. In the proprietary funds, the leave balance is included with the year-end accrued payroll balance. Current accrued compensated absences including accrued regular payroll was \$468,031 at December 31, 2014. Accrued payroll of \$71,395 was recorded in the General Fund, and \$13,345 in the Special Revenue Funds. Accrued payroll and compensated absences of \$76,108 was recorded in the Enterprise Funds and \$12,105 in the Internal Service Funds. Governmental accrued compensated absences of \$295,078 were reported in the Governmental Activities presentation.

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

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, 2014

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, 2014

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	\$ 13,455,214
Business-type - Unrestricted	7,349,845
Governmental - Restricted	874,102
Business-type - Restricted	<u>24,054,229</u>
Total Cash and Investments	<u>\$ 45,733,390</u>

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

Cash and Deposits	\$ 10,274,928
Investments	<u>35,458,462</u>
Total Cash and Investments	<u>\$ 45,733,390</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, 2014, 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, 2014

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	\$ 2,296,198	\$ 2,296,198
PDPA (Category 3)	8,164,141	7,977,201
Petty Cash	-	1,531
Total Cash and Deposits	<u>\$ 10,460,339</u>	<u>\$ 10,274,930</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, 2014

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

As of December 31, 2014, the City's investments consisted of the following:

	Fair Value	Weighted Avg. Maturity In Years	% of Portfolio	Rating
U.S. Instrumentalities:				
FNMA	\$ 3,537,829	1.12	9.98%	AAA
FHLB	1,611,366	0.93	4.54%	AAA
Local Investment Pools	8,334,194	0.00	23.50%	AAAm
Mutual Funds	338,195	0.00	0.95%	N/A
Debt Proceeds in Escrow	<u>21,636,878</u>	0.00	<u>61.02%</u>	N/A
Total Investments held by City	<u>\$ 35,458,462</u>	2.05	<u>100.00%</u>	

During the year ended December 31, 2014, the City invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colotrust. 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 4.54%, and 9.98%, 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, 2014, 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, 2014

NOTE 3: RESTRICTED CASH

The City has recorded the following cash restrictions at December 31, 2014:

<u>General Fund</u>	
Restricted for Senior Center Improvements	\$ 35,029
Restricted for Senior Center Meals	97,822
Restricted for Road Improvements	255,072
Restricted for Parkland Dedication	144,957
Restricted for Police Expenditures	8,355
Restricted for Regional Drainage	<u>20,997</u>
Total General Fund	<u>562,232</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>8,001</u>
 <u>Visitor Improvement Fund</u>	
Restricted for Boat Ramp	<u>6,944</u>
 <u>Parks & Recreation Fund</u>	
Restricted for Rifle Mountain Park	<u>6,640</u>
 <u>Water Fund</u>	
Restricted for Infrastructure Improvements	765,973
Restricted Debt Proceeds	21,636,878
Restricted for Operations and Maintenance Reserve	484,490
Restricted Sales and Uses Taxes for Capital Improvements	<u>771,568</u>
Total Water Fund	<u>23,658,909</u>
 <u>Sewer Fund</u>	
Restricted for Operations and Maintenance Reserve	<u>395,320</u>
Total Restricted Cash	<u>\$ 24,928,331</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: CAPITAL ASSETS

The following schedule presents changes in governmental activities capital assets during 2014:

	Balance				Balance
	<u>12/31/2013</u>	Additions	Deletions		<u>12/31/2014</u>
Governmental Activities:					
Non-depreciable Capital Assets:					
Land	\$ 3,216,211	\$ 325,980	\$ -		\$ 3,542,191
Construction in Process	399,833	-	399,833		-
Depreciable Capital Assets:					
Buildings	15,818,719	209,842	-		16,028,561
Improvements	60,081,665	9,403,174	-		69,484,839
Equipment	3,533,059	204,295	15,429		3,721,925
Int Svc Equipment & Vehicles	<u>1,510,278</u>	<u>222,831</u>	<u>24,180</u>		<u>1,708,929</u>
Total Capital Assets	<u>84,559,765</u>	<u>10,366,122</u>	<u>439,442</u>		<u>94,486,445</u>
Less: Accumulated Depreciation					
Buildings	4,604,810	75,331	-		4,680,141
Improvements	23,764,645	2,567,323	-		26,331,968
Equipment	2,516,230	260,714	15,429		2,761,515
Int Svc Equipment & Vehicles	<u>941,681</u>	<u>130,410</u>	<u>24,180</u>		<u>1,047,911</u>
Total Accumulated Depreciation	<u>31,827,366</u>	<u>3,033,778</u>	<u>39,609</u>		<u>34,821,535</u>
Net Capital Assets	<u>\$ 52,732,399</u>	<u>\$ 7,332,344</u>	<u>\$ 399,833</u>		<u>\$ 59,664,910</u>

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

	Governmental
	<u>Activities</u>
General Government	\$ 215,719
Public Safety	80,111
Public Works	1,863,497
Cemetery	4,622
Parks & Recreation	657,294
Economic Development	<u>82,125</u>
Depreciation Govt Funds	2,903,368
Fleet Maintenance	<u>130,410</u>
Total Depreciation	<u>\$ 3,033,778</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: CAPITAL ASSETS (Continued)

The following schedule presents business-type activities capital assets at December 31, 2014:

	Balance				Balance
	<u>12/31/2013</u>	Additions	Deletions		<u>12/31/2014</u>
Business-Type Activities:					
Non-depreciable Capital Assets:					
Land	\$ 1,985,544	\$ -	\$ -		\$ 1,985,544
Water Rights	495,000	52,020	-		547,020
Construction in Process	217,637	1,189,478	217,637		1,189,478
Depreciable Capital Assets:					
Buildings	40,624,674	-	-		40,624,674
Improvements	31,813,336	266,335	-		32,079,671
Equipment	<u>2,363,840</u>	<u>10,420</u>	<u>37,271</u>		<u>2,336,989</u>
Total Capital Assets	<u>77,500,031</u>	<u>1,518,253</u>	<u>254,908</u>		<u>78,763,376</u>
Less: Accumulated Depreciation					
Buildings	12,340,094	1,277,650	-		13,617,744
Improvements	8,412,481	488,237	-		8,900,718
Equipment	<u>1,529,394</u>	<u>196,019</u>	<u>37,271</u>		<u>1,688,142</u>
Total Accumulated Depreciation	<u>22,281,969</u>	<u>1,961,906</u>	<u>37,271</u>		<u>24,206,604</u>
Net Capital Assets	<u>\$ 55,218,062</u>	<u>\$ (443,653)</u>	<u>\$ 217,637</u>		<u>\$ 54,556,772</u>

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

	Business-Type
	<u>Activities</u>
Water Operations	\$ 902,575
Sewer Operations	<u>1,059,331</u>
Depreciation Expense	<u>\$ 1,961,906</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE 5: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

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

	Balance 12/31/13	Advances	Repayments	Balance 12/31/14	Current Portion	Interest Expense
2013 Refunding Revenue Bonds	\$ 1,405,000	\$ -	\$ 270,000	\$ 1,135,000	\$ 275,000	\$ 30,033
2013 Refunding Revenue Bond Premium	41,163	-	7,910	33,253	8,057	(7,910)
Capital Leases - Equipment	7,614	-	3,699	3,915	3,915	374
Parks Facility Capital Lease	1,437,121	-	263,610	1,173,511	275,013	62,996
Accrued Compensated Absences	324,873	-	21,006	303,867	-	-
Total Obligations	\$ 3,215,771	\$ -	\$ 566,225	\$ 2,649,546	\$ 561,985	\$ 85,493
Deferred Charge on Refunding - 2013 Bonds	\$ 23,536	\$ -	\$ 4,523	\$ 19,013		

BONDS PAYABLE

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.

Scheduled payments on the bonds are due as follows:

Year	Principal	Interest	Total
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
Total	\$ 1,135,000	\$ 57,400	\$ 1,192,400

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 agreement for the purchase of copier equipment. The copier lease requires 60 monthly payments of \$336 consisting of both principal and interest at the rate of 5.70%. Payments are made by the General Fund for the copiers.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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

Scheduled payments on the capital leases are as follows:

<u>Year</u>	<u>Parks Facility Payment</u>	<u>Copier Equipment Payment</u>	<u>Total Payment</u>
2015	\$ 322,328	\$ 4,037	\$ 326,365
2016	322,328	-	322,328
2017	322,328	-	322,328
2018	322,328	-	322,328
Total Payments	1,289,312	4,037	1,293,349
Interest at 4.28%/5.7%/5.7%	(115,801)	(122)	(115,923)
Present Value of Payments	\$ 1,173,511	\$ 3,915	\$ 1,177,426

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

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

	<u>Balance 12/31/13</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance 12/31/14</u>	<u>Current Portion</u>	<u>Interest Expense</u>
2003 CWRPDA Loan - Water	\$ 866,250	\$ -	\$ 68,750	\$ 797,500	\$ 82,083	\$ 32,738
2004 DOLA Note - Sewer	61,410	-	61,410	-	-	2,044
2006 Capital Lease - Water	294,054	-	93,847	200,207	97,958	10,500
2007 CWRPDA Loan - Sewer	14,367,480	-	759,140	13,608,340	780,376	563,547
2007 CWRPDA Premium - Sewer	519,366	-	35,614	483,752	35,614	(35,614)
2012 CWRPDA Loan - Water	21,852,285	-	827,139	21,025,146	845,385	484,704
2012 CWRPDA Loan - Water (Fed)	1,900,000	-	100,000	1,800,000	100,000	15,000
2012 CWRPDA Premium - Water	1,425,556	-	69,258	1,356,298	69,258	(69,258)
Total Obligations	\$ 41,286,401	\$ -	\$ 2,015,158	\$ 39,271,243	\$ 2,010,674	\$ 1,003,661

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 \$484,490, 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.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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

NOTES PAYABLE (Continued)

Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 82,083	\$ 33,043	\$ 115,126
2016	80,833	30,223	111,056
2017	85,000	27,123	112,123
2018	85,833	23,723	109,556
2019	90,833	20,275	111,108
2020-2023	372,918	420,142	793,060
Total	<u>\$ 797,500</u>	<u>\$ 554,529</u>	<u>\$ 1,352,029</u>

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. The loan was paid in full by the City in 2014.

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 \$395,320. 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>
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	880,320	447,492	1,327,812
2020-2024	4,838,436	1,807,852	6,646,288
2025-2028	4,610,664	719,539	5,330,203
Total	<u>\$ 13,608,340</u>	<u>\$ 5,024,525</u>	<u>\$ 18,632,865</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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 direct loan. 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 \$484,490. 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 direct loan was previously a federally subsidized non-interest bearing loan. However in 2014, the project no longer qualifies as green, and therefore, the loan does not qualify for a 0% interest rate. The new rate of 2% interest began accruing on August 1, 2014 with the first payment, at the new interest rate, due on February 1, 2015. The 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>Regular CWRPDA</u>			<u>Federal CWRPDA</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 845,385	\$ 476,173	\$ 1,321,558	\$ 100,000	\$ 35,582	\$ 135,582
2016	869,712	455,604	1,325,316	100,000	33,894	133,894
2017	894,040	429,973	1,324,013	100,000	32,172	132,172
2018	912,286	408,724	1,321,010	100,000	30,415	130,415
2019	948,777	376,497	1,325,274	100,000	28,623	128,623
2020-2024	5,047,981	1,573,942	6,621,923	500,000	114,948	614,948
2025-2029	5,443,305	1,173,473	6,616,778	500,000	64,425	564,425
2030-2034	6,063,660	562,435	6,626,095	300,000	12,228	312,228
Total	\$ 21,025,146	\$ 5,456,821	\$ 26,481,967	\$ 1,800,000	\$ 352,287	\$ 2,152,287

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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>
2015	\$ 105,018
2016	<u>105,018</u>
Total Payments	210,036
4.3% Interest	<u>(9,829)</u>
Present Value of Payments	<u>\$ 200,207</u>

NOTE 7: INTERFUND TRANSACTIONS

The City has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 206,971	\$ 434,107
Street Improvement Fund	250,000	25,374
Parks Fund	163,590	94,417
Water Fund	-	31,790
Sewer Fund	-	31,790
Nonmajor Governmental Funds	12,000	192,190
Nonmajor Enterprise Funds	-	2,000
Internal Service Funds	<u>179,107</u>	<u>-</u>
Totals	<u>\$ 811,668</u>	<u>\$ 811,668</u>

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

	<u>Internal Charges Received</u>	<u>Internal Charges Paid</u>
General Fund	\$ -	\$ 638,944
Parks Fund	-	160,090
Water Fund	-	73,524
Wastewater Fund	-	64,972
Fleet Maintenance Fund	456,734	4,856
Information Technology Fund	<u>485,652</u>	<u>-</u>
Total	<u>\$ 942,386</u>	<u>\$ 942,386</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE 7: INTERFUND TRANSACTIONS (Continued)

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.

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

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

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 \$1,399,408. During the years ended December 31, 2014 and 2013, the City contributed \$175,066 and \$174,116, respectively, and the employees contributed \$113,440 and \$116,181, respectively.

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 \$5,448,561 and covered payroll was \$3,590,520 for this plan. For the years ended December 31, 2014 and 2013, the City contributed \$179,526 and \$176,955, respectively, 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, 2014

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:

	Water	Sewer	Sanitation	Fleet	Information
	Fund	Fund	Fund	Maintenance	Systems
	Fund	Fund	Fund	Fund	Fund
Total Expenditures -					
GAAP Basis	\$ 4,296,777	\$ 2,853,559	\$ 480,072	\$ 444,512	\$ 544,191
Depreciation	(902,575)	(1,059,331)	-	(82,735)	(47,675)
Debt Service Principal	1,158,994	820,550	-	-	-
Amortization	69,258	-	-	-	-
Capital Asset Acquisition	<u>1,245,440</u>	<u>55,176</u>	<u>-</u>	<u>222,831</u>	<u>-</u>
Total Expenditures -					
Budget Basis	<u>\$ 5,867,894</u>	<u>\$ 2,669,954</u>	<u>\$ 480,072</u>	<u>\$ 584,608</u>	<u>\$ 496,516</u>

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, 2014

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, 2014, the emergency reserve of \$399,000 was recorded in the General Fund and an additional \$137,000 in the Water Fund.

2015 Budget Designations

Through the adoption of the 2015 budget, the City has assigned the following resources:

General Fund	\$	521,840
Economic Development		252,850
Downtown Development		44,370
Visitor Improvement		50,000
Water		20,119,289
Sewer		293,042
Fleet		103,463

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE 11: COMMITMENTS AND CONTINGENCIES (continued)

The City has entered into a construction contracts with PNCI Construction for work on Deerfield Park and Moltz Construction for work on the Water Purification Facility. These projects were started but not completed in 2014. There remains \$109,739 and \$99,127, respectively, on these contracts outstanding which will be completed in 2015.

NOTE 12: SUBSEQUENT EVENTS

In January 2015 the City accepted an Energy and Mineral Impact grant from DOLA for \$2,000,000 to procure equipment and materials for the new water treatment facility.

The City entered into various construction contracts in January 2015 including work on the reservoir rehabilitation project with SGM Incorporated for an amount not to exceed \$70,000, work on the water treatment facility with CTL Thompson not to exceed \$93,105 and Arcadis, Inc. not to exceed \$1,610,500, and a siting and cost study with Black and Veatch Corporation not to exceed \$200,500.

In April 2015, the City issued Certificates of Participation for work on the water storage project in the amount of \$5,085,000 at an interest rate of 3.130%. Payments are due semi-annually, with the first payment due December 2015.

NOTE 13: PRIOR PERIOD RESTATEMENT

The City has revised its presentation of accrued compensated absences for the year ended December 31, 2014. Previously, due to interpretations of the City’s leave policy that potentially allowed all the leave balance to be utilized in a given year, the outstanding leave balance was reported in the City’s fund level statements. The City has determined that this presentation is better reflected as a long-term obligation at the activity level. The City is reducing outstanding liabilities, thereby increasing fund balance in the General Fund and Parks and Recreation Fund in the amount of \$269,773 and \$46,605, respectively for amounts owed as of December 31, 2013. As these amounts flowed from the fund level financial statements to the governmental activities, no restatement of governmental activities is required for this change in presentation.

In addition, the City has modified its presentation of its Cemetery Perpetual Care Fund from a fiduciary fund to a Permanent governmental fund. This is reflected as a restatement of the beginning governmental activity net position increasing the carryover by \$214,258. The following is a summary of the above restatements:

	<u>Govt. Act.</u>	<u>General Fund</u>	<u>Parks & Recreation Fund</u>
Net Position - Beginning	\$ 63,641,803	\$ 5,369,471	\$ 1,185,437
Cemetery Perpetual Care	214,258	-	-
Compensated Absences	-	269,773	46,605
Restated Beginning Balance	<u>\$ 63,856,061</u>	<u>\$ 5,639,244</u>	<u>\$ 1,232,042</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE 14: 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 both the Water and Wastewater rate maintenance is as follows:

	<u>Water</u>	<u>Wastewater</u>
	Fund	Fund
<u>Revenues</u>		
Operating Revenues	\$ 2,894,394	\$ 2,573,423
Sales and Use Taxes	1,570,864	-
System Improvement Fees	69,043	73,315
(Water Improvement not to exceed 15% of total revenues)		
Investment Earnings	10,201	108
Cash in Lieu of Fees	2,606	-
State Grants	8,431	-
Other Revenues	<u>550</u>	<u>37,812</u>
Total Revenues	<u>4,556,089</u>	<u>2,684,658</u>
<u>Expenses</u>		
Operating Expenses	(3,791,304)	(2,291,792)
Less: Discretionary Internal Charges (Management Fees, Fleet Maintenance, Information Systems)	178,473	169,921
Less: Depreciation	<u>902,575</u>	<u>1,059,331</u>
Net Expenses	<u>(2,710,256)</u>	<u>(1,062,540)</u>
 Net Revenues	 <u>1,845,833</u>	 <u>1,622,118</u>
<u>Debt Service Requirements (Parity and Subordinate)</u>		
2004 DOLA Note Payable	-	64,480
2007 CWRPDA Note Payable	-	1,332,527
2003 CWRPDA Note Payable	101,488	-
2012 CWRPDA Note Payable - Interest Bearing	1,317,051	-
2012 CWRPDA Note Payable - Noninterest Bearing	100,000	-
Meter Retrofit Lease Payable	<u>105,018</u>	<u>-</u>
Total Debt Service	1,623,557	1,397,007
 Required Coverage	 <u>110%</u>	 <u>110%</u>
(Water 100% without System Improvement Fees)		
 Debt Service Coverage Amount	 <u>1,785,913</u>	 <u>1,536,708</u>
 Net Revenue Excess (Shortfall)	 <u>\$ 59,920</u>	 <u>\$ 85,410</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF RIFLE, COLORADO

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

With Comparative Totals for December 31, 2013

	SPECIAL REVENUE FUNDS		
	CONSERVATION	ECONOMIC	VISITOR
	TRUST	DEVELOPMENT	IMPROVEMENT
ASSETS			
Cash and Investments	\$ -	\$ 548,529	\$ 182,242
Property Taxes Receivable	-	-	-
Other Receivable	-	-	7,350
Due from Other Funds	-	5,898	-
Prepaid Expenses	-	-	-
Advance to Other Funds	-	-	-
Due from Other Governments	-	-	-
Restricted Cash and Investments	8,001	-	6,944
TOTAL ASSETS	\$ 8,001	\$ 554,427	\$ 196,536
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ 36,833	\$ 6,738
Due to Other Funds	-	-	-
Advances from Other Funds	-	-	-
TOTAL LIABILITIES	-	36,833	6,738
DEFERRED INFLOWS			
Deferred Revenue - Property Tax	-	-	-
FUND BALANCE			
Nonspendable:			
Interfund Advances	-	-	-
Prepays	-	-	-
Cemetery Perpetual Care	-	-	-
Restricted for:			
Parking Improvements	-	-	-
Parks and Recreation	8,001	-	-
Assigned for:			
Subsequent Year's Expenditures	-	252,850	50,000
Economic Development	-	264,744	139,798
Capital Improvements	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCE	8,001	517,594	189,798
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 8,001	\$ 554,427	\$ 196,536

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS				CAP. PROJECT	PERMANENT	TOTALS	
DOWNTOWN DEVELOPMENT	RIFLE INFORMATION CENTER	ENERGY EFFICIENCY	URBAN RENEWAL AUTHORITY	CAPITAL	PERPETUAL CARE FUND	2014	2013
\$ 91,380	\$ 292,603	\$ -	\$ 60,000	\$ 2,358,524	\$ 219,381	\$ 3,752,659	\$ 4,230,112
45,016	-	-	-	-	-	45,016	44,374
-	16,602	-	-	-	-	23,952	22,328
-	-	-	-	-	-	5,898	-
-	-	-	-	-	-	-	2,500
-	-	-	-	-	-	-	50,300
250	-	-	-	15,000	-	15,250	87,430
12,319	-	-	-	-	-	27,264	81,394
<u>\$ 148,965</u>	<u>\$ 309,205</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 2,373,524</u>	<u>\$ 219,381</u>	<u>\$ 3,870,039</u>	<u>\$ 4,518,438</u>
\$ 1,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,770	\$ 235,614
-	-	2	5,896	-	-	5,898	-
-	-	-	-	-	-	-	60,000
<u>1,199</u>	<u>-</u>	<u>2</u>	<u>5,896</u>	<u>-</u>	<u>-</u>	<u>50,668</u>	<u>295,614</u>
<u>45,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,016</u>	<u>44,374</u>
-	-	-	-	-	-	-	50,300
-	-	-	-	-	-	-	2,500
-	-	-	-	-	219,381	219,381	-
12,319	-	-	-	-	-	12,319	12,319
-	-	-	-	-	-	8,001	62,075
44,370	-	-	-	-	-	347,220	1,167,945
46,061	309,205	-	54,104	-	-	813,912	787,324
-	-	-	-	2,373,524	-	2,373,524	2,124,247
-	-	(2)	-	-	-	(2)	(28,260)
<u>102,750</u>	<u>309,205</u>	<u>(2)</u>	<u>54,104</u>	<u>2,373,524</u>	<u>219,381</u>	<u>3,774,355</u>	<u>4,178,450</u>
<u>\$ 148,965</u>	<u>\$ 309,205</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 2,373,524</u>	<u>\$ 219,381</u>	<u>\$ 3,870,039</u>	<u>\$ 4,518,438</u>

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	SPECIAL REVENUE FUNDS			
	CONSERVATION	ECONOMIC	VISITOR	DOWNTOWN
	TRUST	DEVELOPMENT	IMPROVEMENT	DEVELOPMENT
REVENUES				
Taxes	\$ -	\$ -	\$ 127,543	\$ 41,312
Intergovernmental	89,909	10,000	5,000	1,500
Charges for Services	-	-	-	-
Miscellaneous	607	39,553	382	348
TOTAL REVENUES	90,516	49,553	132,925	43,160
EXPENDITURES				
General Government	-	-	-	-
Economic Development and Assistance	-	34,028	75,169	50,769
Capital Outlay	-	26,670	-	1,925
TOTAL EXPENDITURES	-	60,698	75,169	52,694
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	90,516	(11,145)	57,756	(9,534)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	12,000
Transfers Out	(144,590)	-	(24,000)	(1,600)
TOTAL OTHER FINANCING SOURCES (USES)	(144,590)	-	(24,000)	10,400
CHANGE IN FUND BALANCES	(54,074)	(11,145)	33,756	866
FUND BALANCE (DEFICIT), Beginning	62,075	528,739	156,042	101,884
PRIOR PERIOD ADJUSTMENT	-	-	-	-
FUND BALANCE, Beginning (As Restated)	62,075	528,739	156,042	101,884
FUND BALANCE (DEFICIT), Ending	\$ 8,001	\$ 517,594	\$ 189,798	\$ 102,750

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS			CAPITAL PROJECT	PERMANENT	TOTALS	
RIFLE INFORMATION	ENERGY	URBAN RENEWAL		PERPETUAL		
CENTER	EFFICIENCY	AUTHORITY	CAPITAL	CARE FUND	2014	2013
\$ 172,820	\$ -	\$ 96,040	\$ -	\$ -	\$ 437,715	\$ 405,774
-	-	-	55,510	-	161,919	609,682
-	-	-	-	5,123	5,123	-
920	68	550	10,294	-	52,722	257,734
173,740	68	96,590	65,804	5,123	657,479	1,273,190
-	30,150	-	-	-	30,150	38,000
103,178	-	14,226	-	-	277,370	256,673
-	-	-	759,527	-	788,122	1,617,132
103,178	30,150	14,226	759,527	-	1,095,642	1,911,805
70,562	(30,082)	82,364	(693,723)	5,123	(438,163)	(638,615)
-	-	-	-	-	12,000	235,766
(22,000)	-	-	-	-	(192,190)	(442,766)
(22,000)	-	-	-	-	(180,190)	(207,000)
48,562	(30,082)	82,364	(693,723)	5,123	(618,353)	(845,615)
260,643	30,080	(28,260)	3,067,247	-	4,178,450	5,024,065
-	-	-	-	214,258	214,258	-
260,643	30,080	(28,260)	3,067,247	214,258	4,392,708	5,024,065
\$ 309,205	\$ (2)	\$ 54,104	\$ 2,373,524	\$ 219,381	\$ 3,774,355	\$ 4,178,450

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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.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ 90,000	\$ 89,909	\$ (91)	\$ 98,900
Miscellaneous	207	607	400	168
TOTAL REVENUES	<u>90,207</u>	<u>90,516</u>	<u>309</u>	<u>99,068</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(144,590)</u>	<u>(144,590)</u>	<u>-</u>	<u>(195,000)</u>
CHANGE IN FUND BALANCE	(54,383)	(54,074)	309	(95,932)
FUND BALANCE, Beginning	<u>54,383</u>	<u>62,075</u>	<u>7,692</u>	<u>158,007</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 8,001</u>	<u>\$ 8,001</u>	<u>\$ 62,075</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ -	\$ 10,000	\$ 10,000	\$ -
Miscellaneous	30,900	39,553	8,653	38,180
TOTAL REVENUES	<u>30,900</u>	<u>49,553</u>	<u>18,653</u>	<u>38,180</u>
EXPENDITURES				
Economic Development and Assistance	39,000	34,028	4,972	15,000
Capital Outlay	50,000	26,670	23,330	-
Contingency Reserve	100,000	-	100,000	-
TOTAL EXPENDITURES	<u>189,000</u>	<u>60,698</u>	<u>128,302</u>	<u>15,000</u>
CHANGE IN FUND BALANCE	(130,300)	(11,145)	119,155	23,180
FUND BALANCE, Beginning	<u>558,228</u>	<u>528,739</u>	<u>(29,489)</u>	<u>505,559</u>
FUND BALANCE, Ending	<u>\$ 427,928</u>	<u>\$ 517,594</u>	<u>\$ 89,666</u>	<u>\$ 528,739</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 118,000	\$ 127,543	\$ 9,543	\$ 114,283
Intergovernmental	-	5,000	5,000	7,000
Miscellaneous	300	382	82	145
TOTAL REVENUES	118,300	132,925	14,625	121,428
EXPENDITURES				
Economic Development and Assistance	113,300	75,169	38,131	72,524
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	5,000	57,756	52,756	48,904
OTHER FINANCING SOURCES (USES)				
Transfers Out	(30,000)	(24,000)	6,000	(37,766)
CHANGE IN FUND BALANCE	(25,000)	33,756	58,756	11,138
FUND BALANCE, Beginning	147,047	156,042	8,995	144,904
FUND BALANCE, Ending	\$ 122,047	\$ 189,798	\$ 67,751	\$ 156,042

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 47,485	\$ 41,312	\$ (6,173)	\$ 48,317
Intergovernmental	1,500	1,500	-	4,400
Miscellaneous	200	348	148	131
TOTAL REVENUES	<u>49,185</u>	<u>43,160</u>	<u>(6,025)</u>	<u>52,848</u>
EXPENDITURES				
Economic Development and Assistance	51,300	50,769	531	67,066
Capital Outlay	41,500	1,925	39,575	6,412
Contingency Reserve	56,060	-	56,060	-
TOTAL EXPENDITURES	<u>148,860</u>	<u>52,694</u>	<u>96,166</u>	<u>73,478</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(99,675)</u>	<u>(9,534)</u>	<u>90,141</u>	<u>(20,630)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	12,000	12,000	-	12,000
Transfers Out	-	(1,600)	(1,600)	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>10,400</u>	<u>(1,600)</u>	<u>2,000</u>
CHANGE IN FUND BALANCE	(87,675)	866	88,541	(18,630)
FUND BALANCE, Beginning	<u>100,031</u>	<u>101,884</u>	<u>1,853</u>	<u>120,514</u>
FUND BALANCE, Ending	<u>\$ 12,356</u>	<u>\$ 102,750</u>	<u>\$ 90,394</u>	<u>\$ 101,884</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 157,000	\$ 172,820	\$ 15,820	\$ 159,430
Miscellaneous	1,000	920	(80)	445
TOTAL REVENUES	158,000	173,740	15,740	159,875
EXPENDITURES				
Economic Development and Assistance	136,000	103,178	32,822	101,038
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	22,000	70,562	48,562	58,837
OTHER FINANCING SOURCES (USES)				
Transfers Out	(22,000)	(22,000)	-	(200,000)
CHANGE IN FUND BALANCE	-	48,562	48,562	(141,163)
FUND BALANCE, Beginning	258,755	260,643	1,888	401,806
FUND BALANCE, Ending	<u>\$ 258,755</u>	<u>\$ 309,205</u>	<u>\$ 50,450</u>	<u>\$ 260,643</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

BUDGETARY COMPARISON SCHEDULE FOR THE
ENERGY EFFICIENCY FUND

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Miscellaneous	\$ 50	\$ 68	\$ 18	\$ 30
EXPENDITURES				
General Government	30,150	30,150	-	38,000
CHANGE IN FUND BALANCE	(30,100)	(30,082)	18	(37,970)
FUND BALANCE (DEFICIT), Beginning	30,100	30,080	(20)	68,050
FUND BALANCE (DEFICIT), Ending	\$ -	\$ (2)	\$ (2)	\$ 30,080

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
URBAN RENEWAL AUTHORITY FUND**

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 67,536	\$ 96,040	\$ 28,504	\$ 83,744
Miscellaneous	270	550	280	44
TOTAL REVENUES	<u>67,806</u>	<u>96,590</u>	<u>28,784</u>	<u>83,788</u>
EXPENDITURES				
Economic Development and Assistance	2,500	14,226	(11,726)	1,045
Capital Outlay	<u>25,000</u>	-	<u>25,000</u>	-
TOTAL EXPENDITURES	<u>27,500</u>	<u>14,226</u>	<u>13,274</u>	<u>1,045</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	40,306	82,364	42,058	82,743
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(60,000)</u>	-	<u>60,000</u>	-
CHANGE IN FUND BALANCE	(19,694)	82,364	102,058	82,743
FUND BALANCE (DEFICIT), Beginning	<u>25,218</u>	<u>(28,260)</u>	<u>(53,478)</u>	<u>(111,003)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 5,524</u>	<u>\$ 54,104</u>	<u>\$ 48,580</u>	<u>\$ (28,260)</u>

See the accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

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 STATEMENT FOR THE
CAPITAL FUND**

Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ -	\$ 55,510	\$ 55,510	\$ 499,382
Miscellaneous	8,000	10,294	2,294	218,591
TOTAL REVENUES	<u>8,000</u>	<u>65,804</u>	<u>57,804</u>	<u>717,973</u>
EXPENDITURES				
Capital Outlay	<u>951,000</u>	<u>759,527</u>	<u>191,473</u>	<u>1,610,720</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(943,000)	(693,723)	249,277	(892,747)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>22,500</u>	<u>-</u>	<u>(22,500)</u>	<u>223,766</u>
CHANGE IN FUND BALANCE	(920,500)	(693,723)	226,777	(668,981)
FUND BALANCE, Beginning	<u>3,800,346</u>	<u>3,067,247</u>	<u>(733,099)</u>	<u>3,736,228</u>
FUND BALANCE, Ending	<u>\$ 2,879,846</u>	<u>\$ 2,373,524</u>	<u>\$ (506,322)</u>	<u>\$ 3,067,247</u>

See the accompanying Independent Auditors' Report.

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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2013 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 2,899,483	\$ 2,761,471	\$ (138,012)	\$ 2,715,098
Sale of Materials	9,330	4,569	(4,761)	9,285
Reimbursed Expenditures	15,000	11,822	(3,178)	9,010
Other Revenue	124,696	116,532	(8,164)	126,532
Sales and Use Taxes	1,399,000	1,570,864	171,864	1,452,774
System Improvement Fees	24,500	69,043	44,543	59,706
Investment Earnings	21,596	10,201	(11,395)	3,230
Cash in Lieu of Fees	-	2,606	2,606	405
Federal Grants	600,000	-	(600,000)	-
State Grants	750,000	8,431	(741,569)	11,906
Other Revenues	-	550	550	292
TOTAL REVENUES	5,843,605	4,556,089	(1,287,516)	4,388,238
EXPENDITURES				
Personal Services	893,440	881,343	12,097	838,002
Supplies	252,476	268,764	(16,288)	233,421
Purchased Services	715,700	776,735	(61,035)	662,580
Other Operating Expenses	-	11,925	(11,925)	11,017
Management Fees	105,000	104,949	51	104,949
Fleet Maintenance	50,402	46,423	3,979	48,923
Info Tech Maintenance	22,988	27,101	(4,113)	18,741
Acquisition of Capital Assets	17,781,500	2,016,929	15,764,571	600,562
Debt Principal	164,909	1,158,994	(994,085)	336,499
Interest Expense	50,864	542,941	(492,077)	513,977
Transfers Out	31,800	31,790	10	31,790
TOTAL EXPENDITURES	20,069,079	5,867,894	14,201,185	3,400,461
NET INCOME (LOSS) - Budgetary Basis	\$ (14,225,474)	(1,311,805)	\$ 12,913,669	987,777
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		1,245,440		600,562
Dedicated Infrastructure		-		94,476
Amortization of Debt Premiums		69,258		69,258
Debt Principal		1,158,994		336,499
Depreciation Expense		(902,575)		(870,752)
NET INCOME - GAAP Basis		259,312		1,217,820
NET POSITION, Beginning		27,289,113		26,071,293
NET POSITION, Ending		\$ 27,548,425		\$ 27,289,113

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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2013 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 2,566,085	\$ 2,564,065	\$ (2,020)	\$ 2,446,503
Other Operating Revenues	8,000	9,358	1,358	7,157
System Improvement Fees	20,000	73,315	53,315	45,318
Investment Earnings	4,000	108	(3,892)	345
State Grants	-	-	-	23,000
Other Revenues	-	37,812	37,812	3,756
TOTAL REVENUES	<u>2,598,085</u>	<u>2,684,658</u>	<u>86,573</u>	<u>2,526,079</u>
EXPENDITURES				
Personal Services	518,625	427,181	91,444	491,200
Supplies	88,800	58,253	30,547	86,467
Purchased Services	624,000	503,280	120,720	651,615
Other Operating Expenses	50,000	48,729	1,271	304
Management Fees	105,000	104,949	51	104,949
Fleet Maintenance	30,571	28,158	2,413	39,593
Info Tech Maintenance	33,793	36,814	(3,021)	28,112
Acquisition of Capital Assets	140,000	80,273	59,727	151,379
Amortization of Debt Premiums	(35,614)	(35,614)	-	(35,614)
Debt Principal	820,550	820,550	-	827,003
Interest Expense	576,457	565,591	10,866	591,752
Transfers Out	<u>31,790</u>	<u>31,790</u>	-	<u>31,790</u>
TOTAL EXPENDITURES	<u>2,983,972</u>	<u>2,669,954</u>	<u>314,018</u>	<u>2,968,550</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ (385,887)</u>	14,704	<u>\$ 400,591</u>	(442,471)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		55,176		137,587
Debt Principal		820,550		827,003
Gain (Loss) on Disposal of Capital Assets		-		4,824
Depreciation Expense		<u>(1,059,331)</u>		<u>(1,057,213)</u>
NET INCOME (LOSS) - GAAP Basis		(168,901)		(530,270)
NET POSITION, Beginning		<u>18,305,403</u>		<u>18,835,673</u>
NET POSITION, Ending		<u>\$ 18,136,502</u>		<u>\$ 18,305,403</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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2013 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 500,850	\$ 502,139	\$ 1,289	\$ 474,461
Sale of Materials	-	234	234	-
Other Revenue	2,000	1,322	(678)	1,438
Investment Earnings	1,000	2,534	1,534	732
TOTAL REVENUES	<u>503,850</u>	<u>506,229</u>	<u>2,379</u>	<u>476,631</u>
EXPENDITURES				
Personal Services	15,127	14,843	284	14,548
Supplies	-	37	(37)	-
Purchased Services	464,000	454,032	9,968	452,839
Other Operating Expenses	-	-	-	209
Management Fees	9,000	9,160	(160)	9,160
Info Tech Maintenance	-	-	-	684
Transfers Out	2,000	2,000	-	2,000
TOTAL EXPENDITURES	<u>490,127</u>	<u>480,072</u>	<u>10,055</u>	<u>479,440</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ 13,723</u>	<u>26,157</u>	<u>\$ 12,434</u>	<u>(2,809)</u>
NET POSITION, Beginning		<u>773,161</u>		<u>775,970</u>
NET POSITION, Ending		<u>\$ 799,318</u>		<u>\$ 773,161</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, 2014

With Comparative Totals for December 31, 2013

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2014	2013
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 503,614	\$ 115,557	\$ 619,171	\$ 591,676
Prepaid Expenses	-	-	-	5,295
Inventory	38,485	-	38,485	38,713
TOTAL CURRENT ASSETS	542,099	115,557	657,656	635,684
PROPERTY AND EQUIPMENT	1,292,047	416,882	1,708,929	1,510,278
Less Accumulated Depreciation	(932,635)	(115,276)	(1,047,911)	(941,681)
NET PROPERTY AND EQUIPMENT	359,412	301,606	661,018	568,597
TOTAL ASSETS	901,511	417,163	1,318,674	1,204,281
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	17,825	27,960	45,785	66,447
Accrued Wages & Comp. Absences	1,853	10,252	12,105	11,497
TOTAL LIABILITIES	19,678	38,212	57,890	77,944
NET POSITION				
Net Investment in Capital Assets	359,412	301,606	661,018	568,597
Unrestricted	522,421	77,345	599,766	557,740
TOTAL NET POSITION	\$ 881,833	\$ 378,951	\$ 1,260,784	\$ 1,126,337

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

			TOTALS	
	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	2014	2013
OPERATING REVENUES				
Charges for Services	\$ 456,734	\$ 485,652	\$ 942,386	\$ 891,170
OPERATING EXPENSES				
Personal Services	81,686	170,826	252,512	220,033
Supplies	235,026	13,692	248,718	256,473
Purchased Services	36,657	61,657	98,314	86,103
Other Expenses	-	149,230	149,230	144,343
Info Tech Maintenance	4,857	-	4,857	4,685
Acquisition of Capital Assets	3,551	101,111	104,662	-
Depreciation	82,735	47,675	130,410	121,829
TOTAL OPERATING EXPENSES	444,512	544,191	988,703	833,466
NET INCOME (LOSS) FROM OPERATIONS	12,222	(58,539)	(46,317)	57,704
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	1,259	148	1,407	534
Gain (Loss) on Disposal of Capital Assets	-	-	-	1,048
Other Revenues	-	250	250	-
NONOPERATING INCOME (EXPENSE)	1,259	398	1,657	1,582
NET INCOME (LOSS) BEFORE TRANSFERS	13,481	(58,141)	(44,660)	59,286
TRANSFERS				
Transfers In	179,107	-	179,107	-
NET INCOME (LOSS)	192,588	(58,141)	134,447	59,286
NET POSITION, Beginning	689,245	437,092	1,126,337	1,067,051
NET POSITION, Ending	\$ 881,833	\$ 378,951	\$ 1,260,784	\$ 1,126,337

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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTAL	
			2014	2013
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 456,734	\$ 485,652	\$ 942,386	\$ 891,170
Cash Payments to Suppliers and Employees	(286,972)	(333,948)	(620,920)	(480,495)
Cash Payments to Employees	(81,476)	(170,428)	(251,904)	(220,233)
Net Cash Provided by Operating Activities	<u>88,286</u>	<u>(18,724)</u>	<u>69,562</u>	<u>190,442</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(222,831)	-	(222,831)	(109,779)
Transfers - Net	179,107	-	179,107	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(43,724)</u>	<u>-</u>	<u>(43,724)</u>	<u>(109,779)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	-	250	250	-
Gain (Loss) on Disposal of Capital Assets	-	-	-	1,048
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>250</u>	<u>250</u>	<u>1,048</u>
Cash Flows From Investing Activities:				
Investment Income	1,259	148	1,407	534
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,821	(18,326)	27,495	82,245
CASH AND EQUIVALENTS, Beginning	457,793	133,883	591,676	509,431
CASH AND EQUIVALENTS, Ending	<u>\$ 503,614</u>	<u>\$ 115,557</u>	<u>\$ 619,171</u>	<u>\$ 591,676</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 12,222	\$ (58,539)	\$ (46,317)	\$ 57,704
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	82,735	47,675	130,410	121,829
(Increase) Decrease in:				
Prepaid Expenses	-	5,295	5,295	(5,295)
Inventory	228	-	228	7,842
Increase (Decrease) in:				
Accounts Payable	(7,109)	(13,553)	(20,662)	8,562
Accrued Wages & Comp. Absences	210	398	608	(200)
Total Adjustments	<u>76,064</u>	<u>39,815</u>	<u>115,879</u>	<u>132,738</u>
Net Cash Provided by Operating Activities	<u>\$ 88,286</u>	<u>\$ (18,724)</u>	<u>\$ 69,562</u>	<u>\$ 190,442</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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 484,261	\$ 456,734	\$ (27,527)	\$ 464,593
Investment Earnings	934	1,259	325	398
Transfers In	-	179,107	179,107	-
TOTAL REVENUES	<u>485,195</u>	<u>637,100</u>	<u>151,905</u>	<u>464,991</u>
EXPENDITURES				
Personal Services	92,341	81,686	10,655	60,617
Supplies	253,150	235,026	18,124	239,308
Purchased Services	30,450	36,657	(6,207)	42,773
Info Tech Maintenance	5,451	4,857	594	4,685
Acquisition of Capital Assets	52,206	226,382	(174,176)	67,607
TOTAL EXPENDITURES	<u>433,598</u>	<u>584,608</u>	<u>(151,010)</u>	<u>414,990</u>
NET INCOME - Budgetary Basis	<u>\$ 51,597</u>	52,492	<u>\$ 895</u>	50,001
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		222,831		67,607
Depreciation Expense		(82,735)		(78,360)
NET INCOME (LOSS) - GAAP Basis		192,588		39,248
NET POSITION, Beginning		<u>689,245</u>		<u>649,997</u>
NET POSITION, Ending		<u>\$ 881,833</u>		<u>\$ 689,245</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, 2014

With Comparative Totals for the Year Ended December 31, 2013

	2014			2013 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 453,066	\$ 485,652	\$ 32,586	\$ 426,577
Investment Earnings	272	148	(124)	136
Gain (Loss) on Disposal of Capital Assets	16,500	-	(16,500)	1,048
Other Revenues	-	250	250	-
TOTAL REVENUES	469,838	486,050	16,212	427,761
EXPENDITURES				
Personal Services	164,915	170,826	(5,911)	159,416
Supplies	10,000	13,692	(3,692)	17,165
Purchased Services	57,000	61,657	(4,657)	43,330
Other Expenses	125,000	149,230	(24,230)	144,343
Acquisition of Capital Assets	116,250	101,111	15,139	42,172
TOTAL EXPENDITURES	473,165	496,516	(23,351)	406,426
NET INCOME (LOSS) - Budgetary Basis	\$ (3,327)	(10,466)	\$ (7,139)	21,335
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		-		42,172
Depreciation Expense		(47,675)		(43,469)
NET INCOME - GAAP Basis		(58,141)		20,038
NET POSITION, Beginning		437,092		417,054
NET POSITION, Ending		\$ 378,951		\$ 437,092

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

CITY OF RIFLE, COLORADO

SUPPLEMENTAL SCHEDULES REQUIRED
PURSUANT TO BOND AGREEMENTS
(Continuing Disclosure Undertaking)
December 31, 2014

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
2014	8,895,720	17.9%	4,812,632	2,406,316

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	2014
Revenues							
Taxes	\$ 1,419,187	\$ 996,681	\$ 1,015,723	\$ 996,736	\$ 1,012,829	\$ 964,364	\$ 1,046,199
Special Assessments	68,672	70,515	56,122	55,403	41,155	35,301	30,747
Intergovernmental	1,175,506	617,038	-	245,829	263,120	39,087	231,616
Charges for Services	251,144	27,614	25,056	89,654	18,029	36,158	27,487
Miscellaneous	201,632	84,212	38,437	34,278	34,318	4,189	(273)
Total	3,116,141	1,796,060	1,135,338	1,421,900	1,369,451	1,079,099	1,335,776
Expenditures							
Public Works	72,946	478,224	101,411	130,097	99,032	167,191	122,890
Capital Outlay	5,994,738	534,698	1,065,156	1,174,265	1,123,779	528,415	785,219
Debt Service	378,676	379,751	376,801	378,026	378,226	294,195	298,100
Total	6,446,360	1,392,673	1,543,368	1,682,388	1,601,037	989,801	1,206,209
Change in Fund Balance							
Before Other Financing Sources (Uses)	(3,330,219)	403,387	(408,030)	(260,488)	(231,586)	89,298	129,567
Other Financing Sources (Uses)							
Bond Proceeds	-	-	-	-	-	1,693,194	-
Payment to Escrow Agent	-	-	-	-	-	(2,028,601)	-
Transfers In	1,314,000	23,762	-	-	-	-	250,000
Transfers Out	(625,000)	(25,374)	(25,374)	(25,374)	(25,374)	(25,374)	(75,674)
Change in Fund Balance	(2,641,219)	401,775	(433,404)	(285,862)	(256,960)	(271,483)	303,893
Beginning Fund Balance	6,090,098	3,448,879	3,850,654	3,417,250	3,021,779	2,764,819	2,493,336
Prior Period Restatement (2)	-	-	-	(109,609)	-	-	-
Restated Beginning Balance	6,090,098	3,448,879	3,850,654	3,307,641	3,021,779	2,764,819	2,493,336
Ending Fund Balance	\$ 3,448,879	\$ 3,850,654	\$ 3,417,250	\$ 3,021,779	\$ 2,764,819	\$ 2,493,336	\$ 2,797,229

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, 2014

Combined Statement of Debt

	Amount <u>Outstanding (1) (2)</u>
<u>Debt Supported by the City's Water Fund</u>	
2002 Interim Financing by Colorado Water Resources and Power Development Authority	\$ 797,500
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12A104)	21,025,146
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12F104)	1,800,000
<u>Debt Supported by the City's Sewer Fund</u>	
1997 Colorado Water Resource and Power Development Loan	13,608,340
<u>Debt Supported by the City's Street Improvement Fund</u>	
2013 Sales Tax Refunding Bonds	1,135,000
Total	<u>\$ 38,365,986</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, 2014, the City has three capital leases outstanding for water meters, equipment, and a parks facility with a combined balance of \$1,377,633.

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.

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF RIFLE			
		YEAR ENDING : December 2014			
This Information From The Records Of: City of Rifle		Prepared By: Teresa Beecraft, Accountant Phone: 970.665.6447			
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	418,809		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	982,705		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	3,513		
2. General fund appropriations	1,653,984	b. Snow and ice removal	46,616		
3. Other local imposts (from page 2)	1,472,603	c. Other	148,904		
4. Miscellaneous local receipts (from page 2)	134,794	d. Total (a. through c.)	199,033		
5. Transfers from toll facilities	0	4. General administration & miscellaneous	254,310		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	979,983		
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,834,840		
b. Bonds - Refunding Issues	1,693,194	B. Debt service on local obligations:			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	1693194.4	a. Interest	28,100		
7. Total (1 through 6)	4954575.58	b. Redemption	270,000		
B. Private Contributions	334,612	c. Total (a. + b.)	298100		
C. Receipts from State government (from page 2)	430,851	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest	0		
E. Total receipts (A.7 + B + C + D)	5,720,039	b. Redemption	0		
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	298100		
		C. Payments to State for highways	0		
		D. Payments to toll facilities	0		
		E. Total disbursements (A.6 + B.3 + C + D)	3,132,940		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)	1990000	1645000	2230000	1405000	
1. Bonds (Refunding Portion)		1645000	240000		
B. Notes (Total)				0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2764819	5720038.55	3132939.836	5351917.714	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	30,132	a. Interest on investments	10,469
b. Other local imposts:		b. Traffic Fines & Penalties	124,325
1. Sales Taxes	1,046,814	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	27,487	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	368,170	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,442,471	h. Other	0
c. Total (a. + b.)	1,472,603	i. Total (a. through h.)	134,794
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	289,831	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	39,403	d. Federal Transit Admin	0
d. DOLA Grants	0	e. U.S. Corps of Engineers	0
e. Garfield FMLD Grants	101,616	f. Other Federal	0
f. Total (a. through e.)	141,020	g. Total (a. through g.)	0
4. Total (1. + 2. + 3.f)	430,851	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		89,319	89,319
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		308,287	308,287
(4). System Enhancement & Operation		21,204	21,204
(5). Total Construction (1) + (2) + (3) + (4)	0	329,490	329,490
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	418,809	418,809
			(Carry forward to page 1)

Notes and Comments: