

CITY OF ROCKY FORD, COLORADO  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016



**RECEIVED**

*By the Office of the State Auditor at 3:32 pm, Aug 04, 2017*

CITY OF ROCKY FORD, COLORADO

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	1
STATEMENT OF ACTIVITIES	2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	6
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	8
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	9
NOTES TO FINANCIAL STATEMENTS	10 - 33
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – OLD HIRE POLICE PENSION FUND	34
SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – VOLUNTEER FIRE DEPARTMENT PENSION FUND	35
SCHEDULE OF PLAN CONTRIBUTIONS – OLD HIRE POLICE PENSION FUND	36
SCHEDULE OF PLAN CONTRIBUTIONS – VOLUNTEER FIRE DEPARTMENT PENSION FUND	37
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND	38
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – CAPITAL IMPROVEMENT FUND	39
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	40 - 41
OTHER INFORMATION	
INDIVIDUAL FINANCIAL STATEMENTS - MAJOR GOVERNMENTAL FUNDS	42 - 45
COMBINING FINANCIAL STATEMENTS - NONMAJOR FUNDS	46 - 57
INDIVIDUAL FINANCIAL STATEMENTS AND BUDGET SCHEDULES	58 - 69
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	70 - 71
LOCAL HIGHWAY FINANCE REPORT	

# HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS  
601 SOUTH EIGHTH STREET  
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812  
Andrew H. Froese CPA 719-980-1962

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Rocky Ford, Colorado

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Rocky Ford, Colorado as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Rocky Ford, Colorado'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.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 and each major fund of the City of Rocky Ford, Colorado, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and budgetary comparison information as listed in the table of contents 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 opinions on the financial statements that collectively comprise the City of Rocky Ford, Colorado's basic financial statements. The combining and individual fund financial statements and budget schedules, and the local highway finance report, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budget schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and budget schedules and the local highway finance report are fairly stated in all material respects in relation to the basic 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 July 24, 2017, on our consideration of the City of Rocky Ford, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that 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 Rocky Ford, Colorado's internal control over financial reporting and compliance.

*Hancock Froese & Company LLC*

HANCOCK FROESE & COMPANY LLC

Rocky Ford, Colorado  
July 24, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Rocky Ford's (the "City") Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2016. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City of Rocky Ford's basic financial statements and notes to the financial statements to enhance their understanding of the activities and financial health of the City of Rocky Ford.

### FINANCIAL HIGHLIGHTS

The City's total net position decreased from \$17,312,245 to \$17,156,234 over the course of the City's operations in 2016.

During the year, the City's governmental revenues generated in taxes and other revenues for governmental programs (after other financing sources) were \$195,379 more than the \$3,400,662 of expenditures for general government and governmental services.

The City's business-type funds, the water, sewer and solid waste disposal funds, had a decrease in total net position of \$351,390 over the year, down from \$9,858,436 in 2015 to \$9,507,046 in 2016.

### Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements contain three components: (1), government-wide financial statements; (2), fund financial statements (including component unit statements, if applicable); and (3), notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, and a *Supplemental Information* section that presents *combining statements* for non-major governmental funds and internal service funds (along with actual and budget comparison schedules).

The basic financial statements include two kinds of statements that present different views of the City: *government-wide financial statements* and *fund financial statements*.

The first two statements are government-wide financial statements that provide both *long-term* and *short-term* information about the City's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in more detail than the government-wide statements.

*Governmental Fund* statements tell how *general government* services like public safety, highways and streets, welfare, sanitation, cultural and recreation, and economic development were financed in the short-term as well as what remains for future spending.

*Proprietary Fund* statements offer *short-term* and *long-term* financial information about the activities the City government operates in, similar to a private business, such as the Rocky Ford Water Department, and the internal service funds which provide services to other departments or governmental units within the City on a cost-reimbursement basis.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explain and support the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about the City's non-major governmental funds and internal service funds, each of which are added together and presented in single columns in each of the basic financial statements.

### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position, the difference between the City's assets and liabilities, is one way to measure the City's financial health or current position.

Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the City, consideration should be given to additional non-financial factors such as changes in the City's property tax base and the condition of the City's streets, sewer mains, and water treatment and distribution systems.

The government-wide financial statements of the City are divided into three categories.

1. *Governmental Activities.* Most of the City's basic services are included in governmental activities such as public safety, streets, recreation and general administration. Property and sales taxes and state and federal grants finance most of these activities.
2. *Business-type Activities.* The City charges fees to customers to help cover the costs of certain services it provides. The City's water, sewer and solid waste enterprise funds are included here.
3. *Component Units.* Component units are legally separate organizations for which the Rocky Ford City Council is financially accountable. Currently, the City has no component units.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by state law and by bond covenants.

The City Council establishes other funds to control and manage resources for particular purposes (i.e. Debt Services and Capital Projects Funds) or show that certain taxes and grants are used appropriately (i.e. Special Revenue Funds).

The City has two kinds of funds:

1. *Governmental Funds.* Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide funds statement that explains the relationship (or differences) between the two types of statements.
2. *Proprietary Funds.* Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

The City's Enterprise Funds are classified as business-type activities on the government-wide statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.

### **Financial Analysis of the City as a Whole**

**Net Position:** As discussed earlier, net position may serve as a useful indicator of a government's financial position. As of December 31, 2016, total City's net position was \$17,156,234, governmental activity net position was \$7,649,188 and business-type activities net position was \$9,507,046. The table below provides a comparative summary of the City's Governmental and Business-type net position for 2016 and 2015:

The 2016 MD&A presentation includes comparative changes in net position for the past two years below:

## Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other	\$ 2,673,249	\$ 3,319,657	\$ 2,694,767	\$ 2,827,695	\$ 5,368,016	\$ 6,147,352
Capital Assets	\$ 6,856,923	\$ 5,942,485	\$ 13,371,571	\$ 13,888,671	\$ 20,228,494	\$ 19,831,156
Total Assets	\$ 9,530,172	\$ 9,262,142	\$ 16,066,338	\$ 16,716,366	\$ 25,596,510	\$ 25,978,508
Deferred Outflows of Resources	\$ 18,512	\$ 6,313	\$ 0	\$ 0	\$ 18,512	\$ 6,313
Total Assets and Deferred Outflows	\$ 9,548,684	\$ 9,268,455	\$ 16,066,338	\$ 16,716,366	\$ 25,615,022	\$ 25,984,821
Liabilities						
Current Liab.	\$ 518,580	\$ 367,127	\$ 583,693	\$ 598,871	\$ 1,102,273	\$ 965,998
Long-term Liab.	\$ 1,091,816	\$ 1,164,774	\$ 5,975,599	\$ 6,259,059	\$ 7,067,415	\$ 7,423,833
Total Liabilities	\$ 1,610,396	\$ 1,531,901	\$ 6,559,292	\$ 6,857,930	\$ 8,169,688	\$ 8,389,831
Deferred Inflows of Resources	\$ 289,100	\$ 282,745	\$ 0	\$ 0	\$ 289,100	\$ 282,745
Net Position						
Net Investment in Capital Assets	\$ 5,950,210	\$ 4,950,547	\$ 7,401,797	\$ 7,702,647	\$ 13,352,007	\$ 12,653,194
Restricted	\$ 937,936	\$ 665,416	\$ 942,513	\$ 977,920	\$ 1,880,449	\$ 1,643,336
Unrestricted	\$ 761,042	\$ 1,837,846	\$ 1,162,736	\$ 1,177,869	\$ 1,923,778	\$ 3,015,715
Total Net Position	\$ 7,649,188	\$ 7,453,809	\$ 9,507,046	\$ 9,858,436	\$ 17,156,234	\$ 17,312,245
Total Liabilities, Deferred Inflows & Net Position	\$ 9,548,684	\$ 9,268,455	\$ 16,066,338	\$ 16,716,366	\$ 25,615,022	\$ 25,984,821

A significant portion (78%) of the net position represents the *net investment in capital asset*. This includes land, buildings, machinery and equipment, and infrastructure assets, offset with associated long-term and short-term debt liabilities. Capital assets are restricted for the purpose of providing services to the citizens of Rocky Ford; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Other *restricted net position* represents resources that are subject to external restrictions on how they may be used. Included in this category are unspent proceeds for capital projects, debt service reserve, mandated reserves for restricted library assets, receivables and TABOR emergency funds. This portion makes up 11% of the total.

The remaining 11% of net position represent the *unrestricted* portion available for the City's ongoing obligations to its citizens.

At the end of 2016, the City of Rocky Ford had positive balances in all three categories of net position.

## Changes in Revenues and Expenditures

The table below presents the City's 2016 revenues and expenditures for Governmental and Business-type activities as they are reported in the Statement of Activities compared to 2015. The revenues and expenditures include the Governmental Funds (General Fund and Special Revenue Funds) and the Enterprise Funds (Water Utility Fund, Sewer Utility Fund and Solid Waste Disposal Utility Fund).

The 2016 MD&A presentation includes changes in revenues and expenditures for the past two years below:

Changes in Revenues and Expenditures						
	Governmental Activities		Business-Type Activities		Total	
REVENUES	2016	2015	2016	2015	2016	2015
<b>Governmental Revenues:</b>						
Charges for Services	\$ 473,763	\$ 469,551			\$ 473,763	\$ 469,551
Operating Grants & Contributions	\$ 231,156	\$ 257,171			\$ 231,156	\$ 257,171
Capital Grants & Contributions	\$ 714,906	\$ 986,109			\$ 714,906	\$ 986,109
Taxes	\$1,460,993	\$ 1,465,027			\$1,460,993	\$ 1,465,027
Fees & Fines	\$ 147,477	\$ 135,012			\$ 147,477	\$ 135,012
Other	\$ 213,267	\$ 63,194			\$ 213,267	\$ 63,194
Contributions	\$ 4,479	\$ 2,923			\$ 4,479	\$ 2,923
Total Government Revenues	\$3,246,041	\$ 3,378,987			\$3,246,041	\$ 3,378,987
<b>Business-type Revenues</b>						
Charges for Services			\$ 2,408,051	\$2,260,924	\$ 2,408,051	\$ 2,260,924
Other			\$ 26,137	\$ 24,328	\$ 26,137	\$ 24,328
Grants & Contributions			\$ 4,500	\$ 500,000	\$ 4,500	\$ 500,000
Total Business-type Revenues			\$ 2,438,688	\$2,785,252	\$2,438,688	\$ 2,785,252
<b>TOTAL REVENUES</b>	\$3,246,041	\$ 3,378,987	\$ 2,438,688	\$2,785,252	\$5,684,729	\$ 6,164,239
<b>EXPENDITURES</b>						
<b>Government Expenditures</b>						
General Government	\$ 903,269	\$ 1,063,278			\$ 903,269	\$ 1,063,278
Public Safety	\$1,433,069	\$ 928,330			\$ 1,433,069	\$ 928,330
Public Works	\$ 381,091	\$ 339,227			\$ 381,091	\$ 339,227
Health & Welfare	\$ 76,321	\$ 13,289			\$ 76,321	\$ 13,289
Culture and Recreation	\$ 606,912	\$ 529,773			\$ 606,912	\$ 529,773
Total Government Expenditures	\$3,400,662	\$ 2,873,897			\$3,400,662	\$2,873,897
<b>Business-type Expenditures</b>						
Personal Services, Materials, Supplies			\$ 1,776,054	\$1,571,818	\$1,776,054	\$ 1,571,818
Net Depreciation			\$ 664,024	\$ 568,501	\$ 664,024	\$ 568,501
Total Business-type Expenditures			\$ 2,440,078	\$2,140,319	\$2,440,078	\$ 2,140,319
<b>TOTAL EXPENDITURES</b>	\$3,400,662	\$ 2,873,897	\$ 2,440,078	\$2,193,671	\$5,840,740	\$ 5,014,216
<b>EXCESS (DEFICIENCY) BEFORE TRANSFERS</b>	\$ (154,621)	\$ 505,090	\$ (1,390)	\$ 644,933	\$ (156,011)	\$ 1,150,023
Transfers In (Out)	\$ 350,000	\$ 53,352	\$ (350,000)	\$ (53,352)	\$ -	\$ -
<b>CHANGE IN NET POSITION</b>	\$ 195,379	\$ 558,442	\$ (351,390)	\$ 591,581	\$ (156,011)	\$ 1,150,023
<b>NET POSITION – BEGINNING AS RESTATED</b>	\$7,453,809	\$ 6,895,367	\$ 9,858,436	\$9,266,855	\$17,312,245	\$16,162,222
<b>NET POSITION - ENDING</b>	\$7,649,188	\$ 7,453,809	\$ 9,507,046	\$9,858,436	\$17,156,234	\$17,312,245

*Governmental Activities:* Governmental activities accounted for \$195,379 of revenues over expenses for 2016. Total revenues from governmental activities including the general fund and other governmental funds amounted to \$3,596,041.

Total expenses for governmental activities in 2016 including the general fund and other governmental funds amounted to \$3,400,662.

**Business-type Activities:** The City operates three business activities: Water Utility Fund, Sewer Utility Fund, and a Solid Waste Disposal Utility Fund.

The business activities had expenses in excess of revenues totaling \$351,390 in 2016 due to a transfer out of \$350,000 to the General Fund.

The Water Utility Fund had expenses in excess of revenues of \$57,607 due to interest expense of \$144,790.

The Sewer Utility Fund had expenses in excess of revenues of \$23,267. This was due to operating expenses being in excess of operating revenues of \$16,720.

The Solid Waste Disposal Utility Fund had expenses in excess of revenues of \$270,516 due to operating revenues exceeding operating expenses by \$87,947 and a \$350,000, transfer out.

### Financial Analysis of the City's Funds

**Governmental Funds Overview:** The City of Rocky Ford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financial requirements. For example, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is supplemental to the information presented in the previous section.

At the end of 2016, the City of Rocky Ford reported a fund balance for total governmental funds of \$2,000,857 compared to \$2,450,913 in 2015. Of the total fund balance, less than 1% consists of unassigned fund balance, the portion of fund balance which serves as a measure of current available financial resources. This share of the fund balance is further divided into committed, assigned and restricted. The committed portion reflects the City's reserves, working capital, sick and vacation leave and future capital equipment, which make up 20% of the total fund balance. The assigned portion which is amounts a government intends to use for a specific purpose makes up 33% of the total fund balance. The unassigned portion is not set aside by management for any other purpose and is therefore an available financial resource.

The restricted fund balance represents resources not available for spending or those on which legal restrictions have been placed. The City's restricted fund balance makes up 47% of the total fund balance and includes the following: restricted for special purposes \$837,536; restricted for emergencies- Tabor \$100,400.

**General Fund:** The General Fund of the City accounts for all transactions not accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property and sales taxes and charges for services. The General Fund completed the year with a fund balance of \$1,352,596. This was a decrease of \$297,571 from the previous year's fund balance of \$1,650,167. The General Fund had total budgeted revenues of \$3,731,097 and actual revenues of \$2,306,598 and total budgeted expenditures of \$5,689,708 and actual expenditures of \$3,344,767.

**Proprietary Funds Overview:** The proprietary funds are used to account for activities similar to those found in the private sector where determination of net income is necessary or useful to sound financial administration. The City has one type of proprietary fund, consisting of Enterprise Funds. The City's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

**Enterprise Funds:** The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing goods or services to the general public are being financed or recovered primarily through users charges on a continuing basis. The City of Rocky Ford has three enterprise funds: the Water Utility Fund with unrestricted net position of \$845,917 in 2016 up from \$688,437 in 2015, the Sewer Utility Fund with unrestricted net position of \$70,586 in 2016 up from \$2,154 in 2015 and the Solid Waste Disposal Utility Fund with unrestricted net position of 246,233 in 2016 down from \$487,278 in 2015.

### Capital Asset and Debt Administration

**Capital Assets:** At the end of 2016, the City had acquired \$20,228,494 (net of accumulated depreciation) in a broad range of capital assets for its governmental and business-type activities, including land, buildings, park facilities, roads, bridges, heavy machinery, vehicle and equipment, and infrastructure.

1. All infrastructure assets acquired to date are included in capital assets in accordance with GASB 34 requirements.
2. The total increase in net capital assets for 2016 was \$397,338 or 2%.

3. Additional information on the City's net position can be found in Notes 1 and 4 of the Notes to Financial Statements.

**Long-Term Debt:** Colorado Revised Statutes provide for a general obligation debt limit of 1.5% of assessed valuation. The 2016 assessed valuation was \$12,938,616.

At December 31, 2016, the City of Rocky Ford had the following outstanding long-term debt:

1. \$106,295 in accrued PTO and vacation due to employees;
2. \$114,000 in general obligation bonds, principal and interest, used to finance water system improvements in 1978. The initial amount of the bond was \$1,019,000;
3. \$366,000 in estimated closure and post closure care costs for the landfill operated by Otero County Landfill Inc.;
4. \$76,932 remaining balance on a \$109,079 loan payable to the Colorado Department of Local Affairs used to finance a waste-water lift station at the Arkansas Valley Fairgrounds and a chlorination and de-chlorination waste-water treatment facility in 2008;
5. \$2,524,277 loan payable semi-annually to Rural Development for financing of Zone 1, Zone 2, Water Treatment Plant & Water Tank improvements in 2011.
6. \$1,666,453 lease payable to U.S. Bancorp Government Leasing and Financing, Inc., for professional services and the acquisition of equipment for energy and water conservation measures.
7. \$87,704 lease payable to Fowler State Bank for improvements to the City administration building.
8. \$1,284,989 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
9. \$645,436 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
10. \$37,278 loan payable to First National Bank of Las Animas for the purchase of heavy equipment (jet vac truck).
11. \$99,664 loan payable to First National Bank of Las Animas for the purchase of heavy equipment (trash truck).
12. \$24,333 lease payable to The State Bank for the purchase of equipment (lawn mower)
13. \$207,721 lease payables to Acme Leasing, Inc. for the purchase of vehicles (Dodge Chargers, Ram trucks, Polaris Ranger and Chrysler 200)
14. \$107,702 lease payable to Deere Credit, Inc. for the purchase of a 2015 John Deere 410K backhoe.

#### **Economic Factors and Next Year's Budgets and Rates**

The Denver-Boulder-Greeley consumer price index changed approximately 2.8% in 2016.

Unemployment in Otero County for December 2016 was approximately 4%.

The Colorado State Demography Office estimated the population of Rocky Ford as 3,866 for 2016.

The 2017 budget reflects a continued decrease in General Fund revenues with an increase in reoccurring expenditures. The effect will be a need to supplement the General Fund through other funds in order to meet budget requirements. As the City continues to focus on savings in fuel, repairs and maintenance and other operating expenses, those savings will be utilized to help bring the general fund back to a positive cash balance.

#### **Contacting the City's Financial Management**

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 demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager, 203 S. Main Street, Rocky Ford, CO 81067.

## **BASIC FINANCIAL STATEMENTS**

## CITY OF ROCKY FORD, COLORADO

## STATEMENT OF NET POSITION

DECEMBER 31, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH OR EQUIVALENTS	\$ 700,422	\$ 1,548,398	\$ 2,248,820
RECEIVABLES - NET:			
ACCOUNTS / OTHER	368,812	230,595	599,407
PLEDGES	24,155	-	24,155
PROPERTY TAXES	289,100	-	289,100
GRANT	359,280	-	359,280
PREPAID EXPENSES	-	17,679	17,679
INVENTORIES	-	86,582	86,582
PENSION FORFEITURE ACCOUNTS	34,128	-	34,128
RESTRICTED ASSETS	837,536	811,513	1,649,049
NET PENSION ASSET	59,816	-	59,816
CAPITAL ASSETS:			
LAND	361,407	-	361,407
BUILDINGS	4,860,837	-	4,860,837
SYSTEMS AND EQUIPMENT IMPROVEMENTS	-	23,823,277	23,823,277
EQUIPMENT	2,648,545	-	2,648,545
CONSTRUCTION IN PROGRESS	2,031,428	-	2,031,428
ACCUMULATED DEPRECIATION	1,051,735	-	1,051,735
	(4,097,029)	(10,451,706)	(14,548,735)
TOTAL ASSETS	9,530,172	16,066,338	25,596,510
DEFERRED OUTFLOWS OF RESOURCES			
PENSION RELATED	18,512	-	18,512
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 9,548,684	\$ 16,066,338	\$ 25,615,022
LIABILITIES			
ACCOUNTS PAYABLE	\$ 226,695	\$ 47,254	\$ 273,949
ACCRUED EXPENSES	49,578	26,370	75,948
ACCRUED SALARIES AND BENEFITS	106,294	53,477	159,771
DUE TO OTHER ENTITY	-	1,750	1,750
CUSTOMERS DEPOSITS	-	94,667	94,667
NON CURRENT LIABILITIES:			
DUE WITHIN ONE YEAR	136,013	360,175	496,188
DUE IN MORE THAN ONE YEAR	1,091,816	5,975,599	7,067,415
TOTAL LIABILITIES	1,610,396	6,559,292	8,169,688
DEFERRED INFLOWS OF RESOURCES			
DEFERRED REVENUES - PROPERTY TAXES	289,100	-	289,100
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	5,950,210	7,401,797	13,352,007
RESTRICTED FOR:			
DEBT SERVICE	-	131,000	131,000
FUTURE EXPENDITURES	-	811,513	811,513
EMERGENCIES - TABOR	100,400	-	100,400
VARIOUS	837,536	-	837,536
UNRESTRICTED	761,042	1,162,736	1,923,778
TOTAL NET POSITION	7,649,188	9,507,046	17,156,234
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 9,548,684	\$ 16,066,338	\$ 25,615,022

SEE NOTES TO FINANCIAL STATEMENTS

PAGE 1

CITY OF ROCKY FORD, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
<b>GOVERNMENTAL ACTIVITIES:</b>			
GENERAL GOVERNMENT	\$ 903,269	\$ -	\$ 21,295
PUBLIC SAFETY	1,433,069	233,222	-
PUBLIC WORKS	381,091	36,766	162,891
HEALTH AND WELFARE	76,321	26,964	-
CULTURE AND RECREATION	606,912	176,811	46,970
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>3,400,662</b>	<b>473,763</b>	<b>231,156</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
WATER	1,214,612	1,119,471	-
SEWER	697,010	675,911	-
SOLID WASTE DISPOSAL	528,456	612,669	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>2,440,078</b>	<b>2,408,051</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 5,840,740</b>	<b>\$ 2,881,814</b>	<b>\$ 231,156</b>

GENERAL REVENUES

PROPERTY TAXES

SALES TAXES

FRANCHISE TAXES

OTHER TAXES LICENSES AND FINES

CONTRIBUTIONS

OTHER

TRANSFERS IN (OUT)

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION JANUARY 1

NET POSITION DECEMBER 31

NET (EXPENSES) REVENUE  
AND CHANGES IN NET POSITION

CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
\$ -	\$ (881,974)	\$ -	\$ (881,974)
654,264	(545,583)	-	(545,583)
-	(181,434)	-	(181,434)
-	(49,357)	-	(49,357)
60,642	(322,489)	-	(322,489)
714,906	(1,980,837)	-	(1,980,837)
4,000	-	(91,141)	(91,141)
500	-	(20,599)	(20,599)
-	-	84,213	84,213
4,500	-	(27,527)	(27,527)
<u>\$ 719,406</u>	<u>(1,980,837)</u>	<u>(27,527)</u>	<u>(2,008,364)</u>
	279,331	-	279,331
	1,014,734	-	1,014,734
	166,928	-	166,928
	147,477	-	147,477
	4,479	-	4,479
	213,267	26,137	239,404
	350,000	(350,000)	-
	2,176,216	(323,863)	1,852,353
	195,379	(351,390)	(156,011)
	7,453,809	9,858,436	17,312,245
<u>\$ 7,649,188</u>	<u>\$ 9,507,046</u>	<u>\$ 17,156,234</u>	

CITY OF ROCKY FORD, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2016

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
CASH OR EQUIVALENTS	\$ 99,932	\$ 396,143	\$ 204,347	\$ 700,422
RESTRICTED ASSETS	837,536	-	-	837,536
RECEIVABLES:				
PROPERTY TAXES	289,100	-	-	289,100
PLEDGES	24,155	-	-	24,155
GRANT	359,280	-	-	359,280
OTHER	284,050	67,264	-	351,314
<b>TOTAL ASSETS</b>	<b>\$ 1,894,053</b>	<b>\$ 463,407</b>	<b>\$ 204,347</b>	<b>\$ 2,561,807</b>
<b>LIABILITIES</b>				
ACCOUNTS PAYABLE	\$ 219,047	\$ 2,947	\$ 4,701	\$ 226,695
CHECKS WRITTEN IN EXCESS OF CASH BALANCE	-	-	11,845	11,845
ACCRUED EXPENSES	33,310	-	-	33,310
<b>TOTAL LIABILITIES</b>	<b>252,357</b>	<b>2,947</b>	<b>16,546</b>	<b>271,850</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
DEFERRED REVENUES - PROPERTY TAXES	289,100	-	-	289,100
<b>FUND BALANCE</b>				
RESTRICTED FOR				
SPECIAL PURPOSES	837,536	-	-	837,536
EMERGENCIES - TABOR	100,400	-	-	100,400
COMMITTED	398,409	-	-	398,409
ASSIGNED	-	460,460	203,636	664,096
UNASSIGNED	16,251	-	(15,835)	416
<b>TOTAL FUND BALANCE</b>	<b>1,352,596</b>	<b>460,460</b>	<b>187,801</b>	<b>2,000,857</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 1,894,053</b>	<b>\$ 463,407</b>	<b>\$ 204,347</b>	<b>\$ 2,561,807</b>

CITY OF ROCKY FORD, COLORADO

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

DECEMBER 31, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION  
ARE DIFFERENT BECAUSE:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	2,000,857
ASSETS NOT AVAILABLE FOR CURRENT PERIOD EXPENDITURES AND THEREFORE ARE NOT REPORTED IN FUNDS			17,498
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.			
THE COST OF CAPITAL ASSETS IS		\$	10,953,952
ACCUMULATED DEPRECIATION IS			<u>(4,097,029)</u>
			6,856,923
PAYMENTS WHICH REFLECT COSTS APPLICABLE TO FUTURE ACCOUNTING PERIODS REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS.			
NET PENSION ASSETS			59,816
DEFERRED OUTFLOWS - PENSION RELATED AMOUNTS			<u>18,512</u>
			78,328
PENSION FUNDS FORFEITURE ACCOUNTS			34,128
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS.			
LONG TERM LEASES			(906,713)
COMPENSATED ABSENCES			(106,294)
ACCRUED INTEREST ON THE LEASES			(4,423)
NET PENSION LIABILITIES			<u>(321,116)</u>
			<u>(1,338,546)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>7,649,188</u></u>

## CITY OF ROCKY FORD, COLORADO

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2016

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 1,141,443	\$ 376,771	\$ -	\$ 1,518,214
LICENSES AND PERMITS	34,852	-	-	34,852
INTERGOVERNMENTAL	181,186	-	42,970	224,156
CHARGES FOR SERVICES	386,773	-	92,380	479,153
FINES	55,403	-	-	55,403
GRANTS	398,805	-	-	398,805
MISCELLANEOUS	108,136	-	100,576	208,712
TOTAL REVENUES	2,306,598	376,771	235,926	2,919,295
EXPENDITURES				
GENERAL GOVERNMENT	266,627	199,652	-	466,279
PUBLIC SAFETY	2,025,843	85,262	-	2,111,105
PUBLIC WORKS	246,196	223,680	-	469,876
HEALTH AND WELFARE	57,514	18,118	-	75,632
CULTURE AND RECREATION	326,246	617	176,114	502,977
GENERAL	422,341	-	9,246	431,587
TOTAL EXPENDITURES	3,344,767	527,329	185,360	4,057,456
REVENUES OVER (UNDER) EXPENDITURES	(1,038,169)	(150,558)	50,566	(1,138,161)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN (OUT)	473,660	(123,660)	-	350,000
CONTRIBUTIONS	266,938	-	-	266,938
PROCEEDS FROM LEASES	-	71,167	-	71,167
TOTAL OTHER FINANCING SOURCES (USES)	740,598	(52,493)	-	688,105
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(297,571)	(203,051)	50,566	(450,056)
FUND BALANCE JANUARY 1	1,650,167	663,511	137,235	2,450,913
FUND BALANCE DECEMBER 31	\$ 1,352,596	\$ 460,460	\$ 187,801	\$ 2,000,857

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE		\$ (450,056)
REVENUES IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUES IN THE FUNDS		
ACCOUNTS AND TAXES RECEIVABLE		(5,390)
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAY EXCEEDED DEPRECIATION IN THE CURRENT PERIOD.		
CAPITAL OUTLAY	\$ 1,211,645	
DEPRECIATION EXPENSE	<u>(297,207)</u>	
		914,438
SOME CAPITAL ADDITIONS WERE FINANCED THROUGH CAPITAL LEASES. IN GOVERNMENTAL FUNDS, A CAPITAL LEASE ARRANGEMENT IS CONSIDERED A SOURCE OF FINANCING, BUT IN THE STATEMENT OF NET POSITION, THE LEASE OBLIGATION IS REPORTED AS A LIABILITY.		
LEASES ENTERED INTO		(71,167)
CAPITAL LEASE PAYMENTS ARE REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS BUT NOT REPORTED AS EXPENSES IN THE STATEMENT OF ACTIVITIES		
LEASE PAYMENTS		156,392
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS		
COMPENSATED ABSENCES	224	
ACCRUED INTEREST EXPENSE ON LEASES	346	
PENSION RELATED AMOUNTS	<u>(353,964)</u>	
		(353,394)
PENSION FUND FORFEITURES		<u>4,556</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 195,379</u>

## CITY OF ROCKY FORD, COLORADO

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

DECEMBER 31, 2016

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
<b>CURRENT ASSETS</b>				
CASH OR EQUIVALENTS	\$ 819,082	\$ 161,507	\$ 567,809	\$ 1,548,398
ACCOUNTS RECEIVABLE - CUSTOMERS (NET)	87,133	75,867	67,595	230,595
PREPAID EXPENSES	17,679	-	-	17,679
INVENTORIES	81,354	980	4,248	86,582
TOTAL CURRENT ASSETS	<u>1,005,248</u>	<u>238,354</u>	<u>639,652</u>	<u>1,883,254</u>
<b>RESTRICTED ASSETS</b>				
RESTRICTED CASH	767,405	44,108	-	811,513
<b>PROPERTY AND EQUIPMENT- AT COST</b>				
SYSTEM AND EQUIPMENT	17,201,937	5,841,047	780,293	23,823,277
ACCUMULATED DEPRECIATION	(8,093,984)	(1,808,077)	(549,645)	(10,451,706)
NET PROPERTY AND EQUIPMENT	<u>9,107,953</u>	<u>4,032,970</u>	<u>230,648</u>	<u>13,371,571</u>
TOTAL ASSETS	<u>\$ 10,880,606</u>	<u>\$ 4,315,432</u>	<u>\$ 870,300</u>	<u>\$ 16,066,338</u>
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	\$ 25,460	\$ 16,157	\$ 5,637	\$ 47,254
ACCRUED SALARIES AND BENEFITS	14,181	17,514	21,782	53,477
ACCRUED INTEREST	25,023	1,347	-	26,370
DUE TO OTHER ENTITY	-	1,750	-	1,750
BONDS PAYABLE - CURRENT MATURITY	92,593	-	-	92,593
LOANS PAYABLE - CURRENT MATURITY	-	131,670	32,205	163,875
LEASES PAYABLE - CURRENT MATURITY	92,727	-	-	92,727
ACCRUED LANDFILL - CURRENT PORTION	-	-	10,980	10,980
TOTAL CURRENT LIABILITIES	<u>249,984</u>	<u>168,438</u>	<u>70,604</u>	<u>489,026</u>
<b>TERM LIABILITIES</b>				
BONDS PAYABLE	2,545,684	-	-	2,545,684
LOANS PAYABLE	-	1,912,965	67,459	1,980,424
LEASES PAYABLE	1,094,471	-	-	1,094,471
ACCRUED LANDFILL COSTS	-	-	355,020	355,020
TOTAL TERM LIABILITIES	<u>3,640,155</u>	<u>1,912,965</u>	<u>422,479</u>	<u>5,975,599</u>
METER DEPOSITS	94,667	-	-	94,667
TOTAL LIABILITIES	<u>3,984,806</u>	<u>2,081,403</u>	<u>493,083</u>	<u>6,559,292</u>
<b>NET POSITION</b>				
NET INVESTMENT IN CAPITAL ASSETS	5,282,478	1,988,335	130,984	7,401,797
RESTRICTED FOR:				
DEBT SERVICE	-	131,000	-	131,000
FUTURE EXPENDITURES	767,405	44,108	-	811,513
UNRESTRICTED	845,917	70,586	246,233	1,162,736
TOTAL NET POSITION	<u>6,895,800</u>	<u>2,234,029</u>	<u>377,217</u>	<u>9,507,046</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,880,606</u>	<u>\$ 4,315,432</u>	<u>\$ 870,300</u>	<u>\$ 16,066,338</u>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2016

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
OPERATING REVENUES				
CHARGES FOR SERVICES	\$ 717,951	\$ 568,118	\$ 612,669	\$ 1,898,738
SPECIAL ASSESSMENTS	401,520	107,793	-	509,313
TOTAL OPERATING REVENUES	1,119,471	675,911	612,669	2,408,051
OPERATING EXPENSES				
PERSONAL SERVICES, MATERIALS, SUPPLIES	653,831	505,219	464,101	1,623,151
DEPRECIATION	415,991	187,412	60,621	664,024
TOTAL OPERATING EXPENSES	1,069,822	692,631	524,722	2,287,175
OPERATING INCOME	49,649	(16,720)	87,947	120,876
NONOPERATING REVENUES (EXPENSE)				
INTEREST AND RENT INCOME	14,548	370	286	15,204
INTEREST EXPENSE	(144,790)	(4,379)	(3,734)	(152,903)
NONRECURRING REVENUE	10,933	-	-	10,933
TOTAL NONOPERATING REVENUES (EXPENSES)	(119,309)	(4,009)	(3,448)	(126,766)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(69,660)	(20,729)	84,499	(5,890)
TRANSFERS IN (OUT)	8,053	(3,038)	(355,015)	(350,000)
CAPITAL CONTRIBUTIONS	4,000	500	-	4,500
CHANGE IN NET POSITION	(57,607)	(23,267)	(270,516)	(351,390)
NET POSITION JANUARY 1	6,953,407	2,257,296	647,733	9,858,436
NET POSITION DECEMBER 31	\$ 6,895,800	\$ 2,234,029	\$ 377,217	\$ 9,507,046

CITY OF ROCKY FORD, COLORADO  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED DECEMBER 31, 2016

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
CASH RECEIVED FROM CUSTOMERS	\$ 1,111,150	\$ 659,500	\$ 611,126	\$ 2,381,776
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	<u>(627,428)</u>	<u>(503,979)</u>	<u>(496,103)</u>	<u>(1,627,510)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>483,722</u>	<u>155,521</u>	<u>115,023</u>	<u>754,266</u>
<b>CASH FLOWS FROM NONCAPITAL AND OTHER FINANCING ACTIVITIES</b>				
CUSTOMER DEPOSITS	2,989	-	-	2,989
TRANSFERS IN (OUT)	(4,447)	(3,038)	(355,015)	(362,500)
MISCELLANEOUS INCOME	<u>14,548</u>	<u>370</u>	<u>286</u>	<u>15,204</u>
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND OTHER FINANCING ACTIVITIES	<u>13,090</u>	<u>(2,668)</u>	<u>(354,729)</u>	<u>(344,307)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
ACQUISITION OF CAPITAL ASSETS	(146,496)	(20,142)	-	(166,638)
CAPITAL CONTRIBUTED	4,000	500	-	4,500
PRINCIPAL PAID ON TERM LIABILITIES	(190,784)	(131,001)	(31,150)	(352,935)
PROCEEDS FROM TERM LIABILITIES	119,000	-	-	119,000
INTEREST PAID	<u>(147,053)</u>	<u>(3,032)</u>	<u>(3,734)</u>	<u>(153,819)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(361,333)</u>	<u>(153,675)</u>	<u>(34,884)</u>	<u>(549,892)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
OTHER	<u>12,222</u>	<u>-</u>	<u>-</u>	<u>12,222</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	147,701	(822)	(274,590)	(127,711)
CASH AND CASH EQUIVALENTS BEGINNING	<u>1,438,786</u>	<u>206,437</u>	<u>842,399</u>	<u>2,487,622</u>
CASH AND CASH EQUIVALENTS ENDING	<u>\$ 1,586,487</u>	<u>\$ 205,615</u>	<u>\$ 567,809</u>	<u>\$ 2,359,911</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
OPERATING INCOME (LOSS)	\$ 49,649	\$ (16,720)	\$ 87,947	\$ 120,876
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION	415,991	187,412	60,621	664,024
CHANGE IN ASSETS AND LIABILITIES				
ACCOUNTS RECEIVABLE	(8,321)	(16,411)	(1,543)	(26,275)
PREPAID EXPENSES	(4,179)	-	-	(4,179)
INVENTORIES	25,775	-	9,896	35,671
ACCOUNTS PAYABLE	7,590	1,595	(12,542)	(3,357)
ACCRUED BENEFITS	(2,783)	(355)	3,544	406
ACCRUED LANDFILL COSTS	-	-	(32,900)	(32,900)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 483,722</u>	<u>\$ 155,521</u>	<u>\$ 115,023</u>	<u>\$ 754,266</u>

SEE NOTES TO FINANCIAL STATEMENTS

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Rocky Ford, Colorado (the "City") is a Statutory City governed by an elected mayor and council, which are governed by state statutes and regulations. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Rocky Ford (the primary government) and its component units, if applicable.

The City is not included in any other governmental "reporting entity", as required by accounting principles generally accepted in the United States of America; these basic financial statements present the City (the primary government) and its component units, if applicable. Currently no component units have been included in the City's reporting entity because of a lack of significant operational or financial relationships with the City.

Related Organizations:

Rocky Ford Housing Authority

A five-member board appointed by the Rocky Ford City Council governs the Rocky Ford Housing Authority. The Authority provides housing to certain qualified residents and is principally funded through Federal grants and rental charges. Because these appointments are administrative in nature and control over the organization is at the Federal Government level, the Authority is treated as a related organization of the City rather than a component unit.

Joint Venture:

Otero County Landfill, Inc.

The City of Rocky Ford is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the City is responsible for a portion of closure and post-closure costs of the landfill. As of December 31, 2016 the City's share of the closure and post-closure costs are estimated at \$366,000 or approximately 13.65% of the total. A complete financial report may be obtained from the administrative offices of Otero County. The City also incurred additional costs of approximately \$69,378 for services provided by Otero County Landfill, Inc.

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 nonfiduciary activities of the City and its component units, if applicable. 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 a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General and Capital Improvement Funds) and individual enterprise funds (Water Utility, Sewer Utility and Solid Waste Disposal Utility Funds) are reported as separate columns in the fund financial statements.

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 a liability is incurred, regardless of the timing of the 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.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 collectible 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property and specific ownership taxes, sales taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and entitlement awards are recorded as revenue when earned. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received.

The City has the following major funds:

**Governmental Funds** - The general fund is the general operation fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Capital improvement fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service.

**Proprietary Funds** - The enterprise funds operations are composed of water, sewer and solid waste activities. They account for transactions that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through charges. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds principal ongoing operations. The principal operating revenues of the funds are charges to customers for sales and service. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**STEWARDSHIP**

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

Prior to October 15, the City Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to December 15, the budget is legally enacted through passage of an ordinance.

Revisions that alter total expenditures of any kind generally must be approved by City Council. Budget amounts in the accompanying financial statements include revisions to the original approval. Appropriations lapse at year end and any open purchase item must be reappropriated in the following year.

Expenditures may not legally exceed appropriations at the fund level.

During the year supplemental appropriation ordinances were necessary. All budget amounts presented in the accompanying supplemental information reflect the final budgets.

For the year ended December 31, 2016, expenditures exceeded appropriations in the Capital Improvement Fund, Gobin Community Building Fund, Grand Theater Fund, Water Utility Fund and Sewer Utility Fund.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**ENCUMBRANCES**

Outstanding encumbrances represent a commitment for the estimated amount of expenditures, which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (December 31). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those, which will be reinstated and paid from appropriations for the following year. Encumbrances are, therefore, not considered expenditures until an actual liability is incurred.

**CASH AND CASH EQUIVALENTS**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments held in banks. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

**ACCOUNTS RECEIVABLE**

The City grants credit terms in the normal course of business to its utility customers. Concentrations of credit risk with respect to accounts receivables which are uncollectible is limited due to customer deposits and account monitoring procedures which are utilized to minimize risk of loss. The City recognized amounts due from utility customers as of year end but not billed due to cycle billings. Recognition is based upon a direct ratio of days in the current period to the total days in each individual billing cycle.

**INVENTORIES**

The inventories of the General Fund are accounted for as expenditures at the time they are purchased. Consumable supplies on hand are not recognized. The inventories of the Proprietary Funds are valued at cost using the first-in, first-out method.

**WATER INVENTORY**

The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage.

**CAPITAL ASSETS**

Capital assets which include property, plant, equipment and current infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Infrastructure assets have been capitalized on a prospective basis, from 2004. The City defines capital assets as assets with an initial life in excess of two years and an individual cost of \$5,000 or more. The valuation of acquisitions since 1969 is at cost. Acquisitions prior to 1969 are either at cost, if determinable, or at estimated cost.

Expenditures for maintenance and repairs are charged to expenses as incurred; expenditures for renewals and betterment's are generally capitalized. Gains or losses due to disposal are charged or credited to income.

Depreciation is determined using the straight-line method based on the estimated useful lives of the assets as follows:

Systems	5 - 50	Years
Equipment	4 - 15	Years
Buildings	25 - 50	Years

**DEFERRED OUTFLOWS / INFLOWS OF RESOURCES**

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

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension related amounts include the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, and contributions made subsequent to the measurement date. More information on pension related items is included in Note 8.

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

The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

#### LEASE AGREEMENTS

Annual rentals pertaining to leases which convey merely the right to use the property are charged to current operations. Lease agreements which are substantially installment purchases of property have been recorded as purchases with a corresponding liability recognized in the government-wide financial statements.

#### NET POSITION / FUND BALANCE

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the City applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

The Grand Theater Fund had a deficit unassigned fund balance of \$15,835 at December 31, 2016.

**COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Bond premiums and discounts, as well as issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt is reported as other financing sources while discounts on issuances are reported as other financing uses. Issuance costs are recorded as debt service expenditures.

Net pension liabilities and assets, associated with the Old Hire Police Pension Fund and Volunteer Fire Department Pension Fund administered by FPPA, represent the City's total pension liabilities less the fiduciary net position. Amounts have been determined using the economic resources measurement focus and the accrual basis of accounting.

**PENSION PLANS**

The employees of the City are covered by a variety of pension plans. Fire and police personnel who were hired prior to April 1978, and elected to do so, are covered by a defined benefit plan. All other fire and police personnel are covered by a defined contribution plan. The City also has a defined contribution plan covering substantially all full time employees.

The City's policy is to fund defined contribution plans currently. More information on pension plans is included in Note 8.

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE -2 DEPOSITS

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2016 the carrying value of cash deposits was \$3,886,023 and the bank balances were \$3,936,385 of which \$750,000 was covered by federal deposit insurance and the remaining balance was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -2 DEPOSITS (Continued)

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories, state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

NOTE -3 PENSION FORFEITURE ACCOUNTS

These accounts represent employee forfeiture accounts in defined contribution plans that may be used by the City for appropriate expenditures of the fire and police departments upon approval by the trustees of the pension funds.

NOTE -4 CAPITAL ASSETS

A summary of the various fund types' property and equipment follows:

GOVERNMENTAL ACTIVITIES:

	Balances January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balances December 31, <u>2016</u>
Land	\$ 361,407	\$ -	\$ -	\$ 361,407
Buildings	4,860,837	-	-	4,860,837
Improvements	2,539,741	108,804	-	2,648,545
Equipment	1,980,323	84,132	(33,027)	2,031,428
Construction in Progress	<u>-</u>	<u>1,051,735</u>	<u>-</u>	<u>1,051,735</u>
	<u>9,742,308</u>	<u>1,244,671</u>	<u>(33,027)</u>	<u>10,953,952</u>
Less Accumulated Depreciation				
Buildings	(1,649,020)	(125,518)	-	(1,774,538)
Improvements	(932,025)	(68,279)	-	(1,000,304)
Equipment	<u>(1,218,778)</u>	<u>(110,014)</u>	<u>6,605</u>	<u>(1,322,187)</u>
	<u>(3,799,823)</u>	<u>(303,811)</u>	<u>6,605</u>	<u>(4,097,029)</u>
Governmental Activities Net Capital Assets	<u>\$ 5,942,485</u>	<u>\$ 940,860</u>	<u>\$ (26,422)</u>	<u>\$ 6,856,923</u>

BUSINESS-TYPE ACTIVITIES:

Enterprise Funds:

	Balances January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balances December 31, <u>2016</u>
Capital assets not being depreciated:				
Construction in Process	\$ 3,366,821	\$ 1,716	\$(3,368,537)	\$ -
Capital assets being depreciated:				
Systems and Equipment	20,334,027	3,515,033	(25,783)	23,823,277
Less Accumulated Depreciation	<u>(9,812,177)</u>	<u>(664,024)</u>	<u>24,495</u>	<u>(10,451,706)</u>
Business-type Activities Net Capital Assets	<u>\$13,888,671</u>	<u>\$ 2,852,725</u>	<u>\$(3,369,825)</u>	<u>\$13,371,571</u>

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 70,868
Public Safety	65,911
Public Works	39,716
Health	689
Culture and Recreation	<u>126,627</u>
Total Governmental Activities Depreciation	<u>\$ 303,811</u>
Business-Type Activities	
Water	\$ 415,991
Sewer	187,412
Solid Waste Disposal	<u>60,621</u>
Total Business-Type Activities Depreciation	<u>\$ 664,024</u>

NOTE -5 PROPERTY TAXES AND DEFERRED REVENUES

Property taxes are levied on November 15 and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The City's share of property tax receipts collected by the County are remitted to the City in the subsequent month. Property taxes are reported as a receivable and a deferred revenue when levied and as a revenue when due for collection in the following year.

NOTE -6 RESTRICTED ASSETS

Governmental Funds

The cash restricted includes library investments restricted by their donors for the purchase of certain types of books or other qualified library expenditures, swimming pool cash that is donor restricted, and public safety building cash that is donor restricted.

Proprietary Funds

The cash is restricted for future major repairs and the related debt service costs.

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the City for the year ended December 31, 2016.

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	CURRENT PORTION
<u>Governmental Activities:</u>					
Compensated Absences	\$ 106,518	\$ -	\$ (223)	\$ 106,295	\$ -
Lease Payable 1	657,610	-	(37,778)	619,832	40,434
Lease Payable 2	107,808	-	(20,104)	87,704	20,808
Lease Payable 3	41,935	-	(17,602)	24,333	18,156
Lease Payable 4	27,048	-	(6,277)	20,771	6,590
Lease Payable 5	27,048	-	(6,277)	20,771	6,590
Lease Payable 6	27,048	-	(27,048)	-	-
Lease Payable 7	26,016	-	(6,034)	19,982	6,337
Lease Payable 8	24,694	-	(5,721)	18,973	6,013
Lease Payable 9	18,864	-	(5,971)	12,893	6,283
Lease Payable 10	18,864	-	(5,971)	12,893	6,283
Lease Payable 11	15,003	-	(4,732)	10,271	4,996
Lease Payable 12	28,327	28,327	(5,128)	23,199	5,384
Lease Payable 13	<u>42,840</u>	<u>42,840</u>	<u>(7,750)</u>	<u>35,090</u>	<u>8,139</u>
Totals	<u>\$1,098,456</u>	<u>\$ 71,167</u>	<u>\$ (156,613)</u>	<u>\$1,013,007</u>	<u>\$ 136,013</u>

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

The compensated absences will be liquidated with resources of the general fund.

Business-Type Activities:

<u>General Obligation</u>					
Bonds-Water	\$ 164,000	\$ -	\$ (50,000)	\$ 114,000	\$ 50,000
Revenue Bonds-Water	2,565,295	-	(41,018)	2,524,277	42,593
Lease Payable 1-Water	1,110,425	-	(63,804)	1,046,621	68,288
Lease Payable 2-Water	12,659	-	(12,659)	-	-
Lease Payable 3-Water	18,864	-	(5,971)	12,893	6,283
Lease Payable 4-Water	26,016	-	(6,034)	19,982	6,337
Lease Payable 5-Water	-	119,000	(11,298)	107,702	11,819
Loan Payable 1-Sewer	81,535	-	(4,603)	76,932	4,833
Loan Payable 2-Sewer	1,362,867	-	(77,878)	1,284,989	77,878
Loan Payable 3-Sewer	680,325	-	(34,889)	645,436	34,888
Loan Payable 4-Sewer	50,909	-	(13,631)	37,278	14,071
Loan Payable-Solid Waste Disposal	130,814	-	(31,150)	99,664	32,205
Estimated Closure & Post-Closure Costs	<u>398,900</u>	<u>-</u>	<u>(32,900)</u>	<u>366,000</u>	<u>10,980</u>
Totals	<u>\$6,602,609</u>	<u>\$ 119,000</u>	<u>\$ (385,835)</u>	<u>\$6,335,774</u>	<u>\$ 360,175</u>

LEASE PAYABLE 1 AND LEASE PAYABLE 1- WATER

The City entered into a Master Tax-Exempt Lease/Purchase Agreement with U.S. Bancorp Government Leasing and Financing, Inc., on March 15, 2012, in the amount of \$2,033,000 for professional services and the acquisition of equipment for energy and water conservation measures. The lease is payable in varying annual installments of principal and interest from the Water Utility Fund (63%) and the Governmental Funds (37%) at 3.15% interest per annum beginning March 15, 2013 and maturing March 15, 2027. The lease is collateralized by a security interest constituting a first lien on the equipment.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 108,722	\$ 52,581	\$ 161,303
2018	116,185	49,150	165,335
2019	123,984	45,484	169,468
2020	132,133	41,572	173,705
2021	140,644	37,404	178,048
2022-2026	844,620	114,654	959,274
2027	200,165	6,316	206,481

The total lease payable due is \$1,666,453 as of December 31, 2016, of which \$619,832 was reported as a long-term obligation in Governmental Activities and \$1,046,621 was reported in the Water Utility Fund in Business-Type Activities.

LEASE PAYABLE 2

The City entered into a Lease Agreement with the Fowler State Bank on September 6, 2013, in the amount of \$146,000 for roof repairs to the City administration building. The lease is payable in annual principal and interest installments of \$23,877.50 at 3.5% per annum beginning September 6, 2014 with the final payment September 6, 2020.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 20,808	\$ 3,070	\$ 23,878
2018	21,536	2,342	23,878
2019	22,290	1,588	23,878
2020	23,070	808	23,878

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LEASE PAYABLE 3

The City entered into a Lease Agreement with The State Bank on April 24, 2015, in the amount of \$53,371, for a TORO Reelmaster 5510-D. The lease is payable in monthly principal and interest installments of \$1,554 at 3.10% per annum beginning May 1, 2015 with the final payment April 1, 2018.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 18,156	\$ 498	\$ 18,653
2018	6,177	41	6,218

LEASE PAYABLE 4

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$33,027 for a 2015 Dodge Charger. The lease is payable in annual principal and interest installments of \$7,625 at 4.98% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,590	\$ 1,035	\$ 7,625
2018	6,918	707	7,625
2019	7,263	362	7,625

LEASE PAYABLE 5

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$33,027 for a 2015 Dodge Charger. The lease is payable in annual principal and interest installments of \$7,625 at 4.98% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,590	\$ 1,035	\$ 7,625
2018	6,918	707	7,625
2019	7,263	362	7,625

LEASE PAYABLE 6

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$33,027 for a 2015 Dodge Charger. The lease is payable in annual principal and interest installments of \$7,625 at 4.98% per annum beginning July 10, 2015 with the final payment July 10, 2019. As of December 31, 2016, the Dodge Charger was disposed of and the lease was paid off.

LEASE PAYABLE 7

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$31,762 for a 2015 Ram 2500 pickup. The lease is payable in annual principal and interest installments of \$7,340 at 5.02% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,337	\$ 1,003	\$ 7,340
2018	6,655	685	7,340
2019	6,990	350	7,340

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LEASE PAYABLE 8

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$30,137 for a 2015 Ram 3500 pickup. The lease is payable in annual principal and interest installments of \$6,980 at 5.10% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,013	\$ 967	\$ 6,980
2018	6,319	661	6,980
2019	6,641	339	6,980

LEASE PAYABLE 9

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$24,539 for a 2015 Ram 1500 pickup. The lease is payable in annual principal and interest installments of \$6,955 at 5.21% per annum beginning July 10, 2015 with the final payment July 10, 2018.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,283	\$ 672	\$ 6,955
2018	6,610	345	6,955

LEASE PAYABLE 10

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$24,539 for a 2015 Ram 1500 pickup. The lease is payable in annual principal and interest installments of \$6,955 at 5.21% per annum beginning July 10, 2015 with the final payment July 10, 2018.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,283	\$ 672	\$ 6,955
2018	6,610	345	6,955

LEASE PAYABLE 11

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$19,481 for a 2015 Chrysler 200 LX. The lease is payable in annual principal and interest installments of \$5,575 at 5.64% per annum beginning July 10, 2015 with the final payment July 10, 2018.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,996	\$ 579	\$ 5,575
2018	5,275	300	5,575

GENERAL OBLIGATION BONDS - WATER

In 1978 the City issued a general obligation bond in the amount of \$1,019,000. The proceeds of the issue along with a grant were used for water system improvements. The bond is due in varying annual principal payments with interest paid semi-annually on January 1 and July 1 of each year. Bonds maturing on July 1, 1989 and thereafter shall be redeemable, at the option of the City on July 1, 1988, and any interest date thereafter, upon payment of par and accrued interest.

Annual requirements to amortize the bonds outstanding as of December 31, 2016 are as follows:

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	5.00	\$ 55,000	\$ 4,325	\$ 59,325
2018	5.00	59,000	1,475	60,475

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

WATER REVENUE BONDS

In 2010 the City issued a water revenue bond with an original issue date of October 28, 2010 in the amount of \$2,822,415. The proceeds of the issue were used for water system improvements. The bond payments are due in semi-annual payments of principal and interest in the amount of \$68,416, payable on October 1 and April 1 each year, commencing on April 1, 2011 with the final payment October 1, 2050.

Annual requirements to amortize water revenue bonds outstanding as of December 31, 2016 are as follows:

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	3.75	\$ 42,593	\$ 94,239	\$ 136,832
2018	3.75	44,205	92,627	136,832
2019	3.75	45,878	90,954	136,832
2020	3.75	47,364	89,468	136,832
2021	3.75	49,407	87,425	136,832
2022-2026	3.75	276,299	407,861	684,160
2027-2031	3.75	332,720	351,440	684,160
2032-2036	3.75	400,521	283,639	684,160
2037-2041	3.75	482,522	201,638	684,160
2042-2046	3.75	581,066	103,094	684,160
2047-2050	3.75	221,702	8,442	230,144

LEASE PAYABLE 2- WATER

The City entered into a Lease Agreement with the Acme Leasing, Inc. on June 30, 2015, in the amount of \$18,659 for a 2015 Polaris Ranger XP 900. The lease is payable in annual principal and interest installments of \$3,850 at 8.3% per annum beginning June 30, 2016 with the final payment June 30, 2019. A \$6,000 payment was due upon execution of lease.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,029	\$ 821	\$ 3,850
2018	3,281	569	3,850
2019	3,554	296	3,850

LEASE PAYABLE 3- WATER

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$24,539 for a 2015 Ram 1500 pickup. The lease is payable in annual principal and interest installments of \$6,955 at 5.21% per annum beginning July 10, 2015 with the final payment July 10, 2018.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,283	\$ 672	\$ 6,955
2018	6,610	345	6,955

LEASE PAYABLE 4- WATER

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$31,762 for a 2015 Ram 2500 pickup. The lease is payable in annual principal and interest installments of \$7,340 at 5.02% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,337	\$ 1,003	\$ 7,340
2018	6,655	685	7,340
2019	6,990	350	7,340

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LEASE PAYABLE 5- WATER

The City entered into a Lease Agreement with Deere Credit, Inc. on August 18, 2015, in the amount of \$127,840 for a 2015 John Deere 410K backhoe. The lease is payable in annual principal and interest installments of \$14,158 at 4.62% per annum beginning August 18, 2016 with a final lump sum payment due on August 18, 2020.

Annual requirements of the lease as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 11,819	\$ 2,339	\$ 14,158
2018	12,365	1,793	14,158
2019	12,936	1,222	14,158
2020	70,582	625	71,207

LOAN PAYABLE 1- SEWER

The City in the Sewer Utility Fund entered into an agreement with the Department of Local Affairs on October 21, 2008, in the amount of \$109,079 to provide funding to upgrade the City's wastewater treatment facility. The loan is payable in 20 annual installments of principal and interest at a rate of 5.00%. The payments begin on September 1, 2009. The loan is not collateralized.

Annual requirements to amortize the loan as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,833	\$ 3,847	\$ 8,680
2018	5,075	3,605	8,680
2019	5,329	3,351	8,680
2020	5,595	3,085	8,680
2021	5,875	2,805	8,680
2022-2026	34,086	9,314	43,400
2027-2028	16,139	1,220	17,359

LOAN PAYABLE 2- SEWER

The City in the Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$1,557,564 with a 0% interest rate. The loan proceeds were used to finance lagoon and system upgrades and improvements. The loan is payable in semi-annual installments beginning November 1, 2013 and maturing May 1, 2033. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues.

Annual requirements to amortize the loan as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>
2017	\$ 77,878
2018	77,878
2019	77,878
2020	77,878
2021	77,878
2022-2026	389,391
2027-2031	389,391
2032-2033	116,817

LOAN PAYABLE 3- SEWER

The City in the Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$697,769 with a 0% interest rate. The loan proceeds were used to finance lagoon and system upgrades and improvements. The loan is payable in semi-annual installments beginning November 1, 2015 and maturing May 1, 2035. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LOAN PAYABLE 3– SEWER (Continued)

Annual requirements to amortize the loan as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>
2017	\$ 34,888
2018	34,888
2019	34,888
2020	34,888
2021	34,888
2022-2026	174,442
2027-2031	174,442
2032-2035	122,112

In connection with the above Loan Payable 2- Sewer and Loan Payable 3- Sewer, the City is subject to various covenants and is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation. As of December 31, 2016 the City was in compliance with all covenants and maintained the required reserve of \$131,000.

LOAN PAYABLE 4- SEWER

The City in the Sewer Utility Fund entered into a loan agreement with First National Bank of Las Animas on July 23, 2014, in the amount of \$69,500 to purchase heavy equipment. The loan is payable in monthly principal and interest installments of \$1,254 at 3.15% per annum beginning August 23, 2014 with final payment July 23, 2019. The loan is collateralized by the jet vac truck with a book value of \$66,379 as of December 31, 2016.

Annual requirements to amortize the loan as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	14,071	972	15,043
2018	14,521	522	15,043
2019	8,686	89	8,775

LOAN PAYABLE – SOLID WASTE DISPOSAL

The City in the Solid Waste Disposal Utility Fund entered into a loan agreement with First National Bank of Las Animas on December 30, 2014, in the amount of \$161,438 to purchase heavy equipment. The loan is payable in monthly principal and interest installments of \$2,907 at 3.15% per annum beginning January 11, 2015 with final payment December 11, 2019. The loan is collateralized by the trash truck with a book value of \$169,150 as of December 31, 2016.

Annual requirements to amortize the loan as of December 31, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 32,205	\$ 2,679	\$ 34,884
2018	33,234	1,650	34,884
2019	34,178	706	34,884

ESTIMATED CLOSURE AND POSTCLOSURE CARE COSTS

In 1995 the City entered into an intergovernmental agreement with Otero County and other municipalities within the County to form Otero County Landfill, Inc. to operate the landfill within the County. The agreement transfers the liability for closure and postclosure costs to this organization. The City and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities. Based on the current allocation, the City's share is approximately 13.65% of the estimated \$2,679,000 in closure and post-closure costs amounting to \$366,000. These amounts are based on estimates of what it would cost to perform all closure and post-closure care in 2016. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

ESTIMATED CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

The City and other municipalities are required by state and federal laws and regulations to make certain financial assurances. These have been based on the same percentage as stated above.

	Manzanola	Otero #1	OTERO #2		
			Module #1	Module #2	Module #3
Percent of capacity	96%	100%	88%	86%	2%
Estimated closure date	2018	Closed	2018	2018	2028

NOTE -8 PENSION PLANS

City employees may be covered under one or two of four different pension plans, depending on occupation and date of hire. The different plans are the Old Hire Police Defined Benefit Plan, Volunteer Fire Department Pension Fund, Fire and Police Defined Contribution Plan and the City Retirement Defined Contribution Plan. A description of each plan and selected financial information follows:

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

*Pensions* – The City of Rocky Ford participates in the Old Hire Police Pension Fund, an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (“FPPA”).

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Old Hire Police Pension Fund has been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Investments* - Investments are reported at fair value.

Plan Information

*Plan Description* - The City, on behalf of certain full-time paid Police Officers, contributes to the Old Hire Police Pension Fund which is affiliated with the Colorado Fire and Police Pension Association (FPPA) to administer the funds for the City. Assets of the plan are commingled for investment purposes in the Fire Member’s Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA.

*Plan Membership* – Plan membership consists of active employees hired prior to April 8, 1978, electing to remain covered under the provisions of the City’s current plan.

The following is a summary of the participants:

	<u>Old Hire Police</u>
Active Members	0
Retired Members	1
Disabled Retired Members	0
Beneficiaries	1

*Benefits Provided* - The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the City of Rocky Ford Old Hire Police Pension Fund and is as follows:

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

The Old Hire Police Pension Fund provides retirement benefits to police Officers who have attained both 55 years of age and completed 20 years of service or upon completion of 25 years of service, if earlier. Any Police Officer who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension equal to 50% of his average monthly salary received one year before his retirement. For each year a member continues working past eligibility for normal retirement, a member's benefit will increase by 4% of his average monthly salary to a maximum benefit of 74%. This benefit will be applicable only for service earned after January 1, 1993.

Upon death or remarriage, the surviving spouse receives a monthly pension equal to 50% of the monthly pension the Police Officer was entitled to receive prior to death. In addition the plan calls for a 3% cost of living adjustment effective each January 1.

Title 31, Article 30 of the Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the City of Rocky Ford Old Hire Police Pension Fund. That report may be obtained by writing to: FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

*Contributions* - The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Plan members and the City of Rocky Ford are required to contribute at a rate set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. The contributions are based on an actuarially determined amount recommended by an independent actuary.

The contribution rate for members and the City for the Old Hire Police Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2016 actuarial valuation. Total contribution for the year ended December 31, 2016 was \$0. The contribution of the City of Rocky Ford Police Department was equal to the required contribution for the year.

Net Pension Liability

The net pension liability was measured at December 31, 2015, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2016, and the City's fiscal year ending date, or reporting date, is December 31, 2016.

*Actuarial Assumptions* – The total pension liability in the actuarial valuation as of December 31, 2016 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Single Discount Rate – 4.74%
- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open\*
- Remaining Amortization Period – 17 years\*
- Asset Valuation Method – 5-Year smoothed market
- Inflation – 3.00%
- Salary Increases – N/A
- Investment Rate of Return – 7.50%
- Retirement Age – Any remaining actives are assumed to retire immediately
- Mortality Rates – Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment  
Disabled (pre-1980): RP-2000 Disabled Mortality Table. All tables projected with Scale AA

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

*Assumption Changes* - The assumptions shown above pertain to the actuarial valuation as of January 1, 2014 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

Those assumption changes are incorporated into the Total Pension Liability as of December 31, 2015, since it is based on the actuarial valuation as of January 1, 2016. The assumption changes will be observed in the Actuarially Determined Contribution for the year ending December 31, 2017.

The complete assumption set can be found in the actuarial valuation report as of January 1, 2016. The primary changes as compared to the assumptions shown are as follows:

Inflation – 2.50%

Mortality – Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females

*Long-Term Expected Rate of Return on Pension Plan Investments* - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015, are summarized in the table below:

Target Allocations

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%**
Total	100.00%	

\*\* While expected inflation exceeds the expected rate of return for cash, a 0.00% real rate of return is utilized.

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%: the municipal bond rate is 3.57% (based on the weekly rate closet to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statically release); and the resulting Single Discount Rate is 4.74%. If the plan sponsor begins to make actuarial contributions as prescribed in statute, the Single Discount Rate in future valuations will reflect that and trend towards the long-term expected rate of return.

The resulting Single Discount Rate for the prior measurement period was 7.50%. This reduction in Single Discount Rate is included in the reconciliation of the Net Pension Liability as an Assumption Change. There were other assumption changes adopted by the Board for the funding valuations which are also included in this amount.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) – (b)</u>
Balances at December 31, 2015	\$ 573,478	\$ 277,900	\$ 295,578
Change for the year:			
Interest	40,692	-	40,692
Difference between Expected & Actual Experience	(140,211)	-	(140,211)
Changes of Assumptions	129,426	-	129,426
Contributions – Employer	-	-	-
Contributions – Member	-	-	-
Net Investment Income	-	5,085	(5,085)
Benefit payments	(62,967)	(62,967)	-
Administrative Expense	-	(716)	716
Net Changes	<u>(33,060)</u>	<u>(58,598)</u>	<u>25,538</u>
Balances at December 31, 2016	<u>540,418</u>	<u>219,302</u>	<u>321,116</u>

*Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption* – The following table presents the net pension liability of the City at December 31, 2016, calculated using a Single Discount Rate of 4.74%, as well as what the plan’s net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (3.74%)	Current Single Discount Rate Assumption (4.74%)	1% Increase (5.74%)
Net Pension Liability	\$ 361,964	\$ 321,116	\$ 284,985

*Pension Plan Fiduciary Net Position* – FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publically available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – For the year ended December 31, 2016; the City recognized pension expense of \$15,193. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings on pension plan investments	11,883	-
Contributions subsequent to the measurement date	-	-
Total	\$ 11,883	\$ -

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

\$0 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2016:	
2017	\$ 3,068
2018	3,068
2019	3,066
2020	2,681
Total	\$ 11,883

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

*Pensions* – The City of Rocky Ford participates in the Volunteer Fire Department Pension Fund, an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (“FPPA”).

The net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Fire Department Pension Fund has been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Investments* - Investments are reported at fair value.

Plan Information

*Plan Description* – The City, on behalf of certain volunteer fire fighters, contributes to the Volunteer Fire Department Pension Fund which is affiliated with the Colorado Fire and Police Pension Association (FPPA) to administer the funds for the City. Assets of the plan are commingled with numerous separate plans that have been pooled for investment purposes. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the City of Rocky Ford (Volunteer) Pension Plan.

*Plan Membership* – Plan membership consists of active members and members who have worked for the City of Rocky Ford at one time, but who are now active at another employer. The number of retirees shown includes those who retired from the City, as well as those who retired from another employer but has service attributed to the City.

The following is a summary of the participants:

Active Members	24
Retired Members	4
Disabled Retired Members	0
Beneficiaries	3
Terminated vested members	1

*Benefits Provided* - The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the City of Rocky Ford for the Volunteer Fire Department Pension Fund and is as follows:

The Rocky Ford Fire Volunteers Pension Fund provides retirement benefits to Firefighters who have attained both 50 years of age and completed 20 years of service. The retiree shall receive a \$25 per month retirement benefit when fully vested.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

Upon death, the surviving spouse receives a monthly pension equal to one half of the monthly pension the Firefighter was entitled to receive prior to death.

Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the Rocky Ford Volunteer Fire Department Pension Fund. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

*Contributions* - The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Plan members and the City are required to contribute at a rate set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. The contributions are based on an actuarially determined amount recommended by an independent actuary.

The contribution rate for members and the City for the Rocky Ford Volunteer Fire Department Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2015 actuarial valuation. Total contribution for the year ended December 31, 2016 was \$2,411. The contribution of the City of Rocky Ford was equal to the required contribution for the year.

Net Pension Liability (Asset)

The net pension liability (asset) was measured at December 31, 2015, the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation dated January 1, 2015, and the City's fiscal year ending date, or reporting date, is December 31, 2016.

*Actuarial Assumptions* – The total pension liability (asset) in the actuarial valuation as of December 31, 2016 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Single Discount Rate – 7.50%
- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open\*
- Remaining Amortization Period – 20 years\*
- Asset Valuation Method – 5-Year smoothed fair value
- Inflation – 3.00%
- Salary Increases – N/A
- Investment Rate of Return – 7.50%
- Retirement Age – 50% per year of eligibility until 100% at age 65
- Mortality Rates – Pre-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment, 40% multiplier for off-duty mortality
- Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
- Disabled: RP-2000 Disabled Mortality Table
- All tables projected with Scale AA

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

*Assumption Changes* - The assumptions shown above pertain to the actuarial valuation as of January 1, 2013 and the associated Actuarially Determined Contribution for the year ending December 31, 2015. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

Inflation – 2.50%

Mortality – Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.

Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

Disabled: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females

*Long-Term Expected Rate of Return on Pension Plan Investments* - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2015, are summarized in the table below:

Target Allocations

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Illiquid Alternatives	20.00%	8.00%
Fixed Income	16.00%	1.50%
Absolute Return	11.00%	4.10%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%**
Total	100.00%	

\*\* While expected inflation exceeds the expected rate of return for cash, a 0.00% real rate of return is utilized.

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%: the municipal bond rate is 3.75% (based on the weekly rate closet to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release); and the resulting Single Discount Rate is 7.50%.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

Changes in Net Pension Liability (Asset):

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balances at December 31, 2015	\$ 24,565	\$ 82,076	\$ (57,511)
Change for the year:			
Service Cost	442	-	442
Interest	1,797	-	1,797
Difference between Expected & Actual Experience	-	-	-
Contributions – Employer	-	2,515	(2,515)
Contributions – Member	-	-	-
Net Investment Income	-	1,483	(1,483)
Benefit payments	(1,665)	(1,665)	-
Other Changes	-	1,816	(1,816)
Administrative Expense	-	(1,270)	1,270
Net Changes	<u>574</u>	<u>2,879</u>	<u>(2,305)</u>
Balances at December 31, 2016	<u>25,139</u>	<u>84,955</u>	<u>(59,816)</u>

*Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption* – The following table presents the plan’s net pension liability / (asset) of the City at December 31, 2016, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ (56,764)	\$ (59,816)	\$ (62,346)

*Pension Plan Fiduciary Net Position* – FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publically available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*– For the year ended December 31, 2016; the City recognized pension revenue of \$5,845. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 122	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings on pension plan investments	4,096	-
Contributions subsequent to the measurement date	2,411	-
Total	\$ 6,629	\$ -

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

\$2,411 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2016:	
2017	\$ 1,080
2018	1,080
2019	1,079
2020	973
2021	6
Thereafter	0
Total	\$ 4,218

FIRE AND POLICE – DEFINED CONTRIBUTION PLANS

The City provides pension benefits for all of its full-time Fire and Police employees hired after April 1978 and old hires that chose to switch to the new plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The plan requires that both the employee and the City contribute an amount equal to 8 percent of the employee's base salary each month. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years of continuous service. City contributions for and interest forfeited by employees who cease employment before seven years of service are used to reduce the City's current-period contribution requirement.

The City's total Fire and Police payroll under the system for 2016 was \$238,501 and \$432,008 respectively. The City's contributions were calculated using a base salary amount of \$174,435 and \$365,750. Both City and the covered employees made the required 8 percent contribution or more, amounting to \$13,955 for the City match or a total of \$27,910 for the firemen and \$29,260 for the City match or a total of \$58,520 for the policemen. As of December 31, 2016 the market value of assets held by the plans are \$126,243 for Fire and \$230,645 for Police.

CITY RETIREMENT – DEFINED CONTRIBUTION PLAN

The City provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after attaining age 18 and having been employed one year. The plan entrance dates are January 1 and July 1. The plan requires that the employees contribute 5 percent and the City contribute an amount equal to 5 percent of the employee's base salary each month. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years continuous service. City contributions for, and interest forfeited by, employees who leave employment before seven years of service are used to reduce the City's current-period contribution requirement.

The City's total payroll in fiscal year 2016 was \$940,532. The City's contributions were calculated using the base salary amount of \$820,731. Both the City and the covered employees made the required contribution, amounting to \$41,037 and \$49,322, respectively, for a total of \$90,359. As of December 31, 2016 the market value of assets held was \$1,266,519.

NOTE -9 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. The City participates in a public entity risk pool to meet its insurance needs for workers' compensation. The City utilizes the Colorado Intergovernmental Risk Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for over 100 Colorado governmental entities. The City pays an annual premium to CIRSA for its workers compensation coverage.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -9 RISK MANAGEMENT (Continued)

It is the intent of the members of CIRSA to create a self-sustaining entity through member premiums and reinsurance through commercial companies for workers' compensation claims in excess of \$400,000 up to \$1 million for each insured event. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE -10 CONTINGENCIES AND COMMITMENTS

The general obligation bonds recorded as liabilities of the Water Utility Fund are contingent liabilities of the general resources of the City.

The City participated in federally assisted grant programs. Under the terms of the grants, periodic compliance audits are required by the granting agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and could require reimbursement. City administration believes disallowance, if any, will be immaterial.

NOTE -11 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The City's management believes a significant portion of its operations qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention on such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). A portion of the fund balance has been restricted in compliance with this requirement. At December 31, 2016, \$100,400 of the fund balance has been restricted.

Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

In November 1995, the voters of the City approved an amendment to allow the collection, retention, and expenditure of all excess funds.

NOTE -12 RELATED PARTY TRANSACTIONS

As indicated in Note -1, the City entered into an intergovernmental agreement with Otero County Landfill, Inc. (OCLI) regarding a landfill operation. For the year ended December 31, 2016, the City had paid OCLI \$69,378 for its share of the costs of which \$0 was due and recorded as accounts payable in the Garbage Utility Fund. The City has recognized \$366,000 for its share of estimated closure and post closure care costs

The City also had expenditures of approximately \$10,100 with a business owned by a council member in 2016.

CITY OF ROCKY FORD, COLORADO  
NOTES TO FINANCIAL STATEMENTS

NOTE -13 INTER-FUND TRANSFERS

Transfers are for the use of unrestricted revenues collected in the enterprise funds to finance various programs accounted for in other funds in accordance with council authorizations.

The composition of inter-fund transfers as of December 31, 2016 is as follows:

	Transfers In (Out)				
	General Fund	Capital Improvement Fund	Water Utility Fund	Sewer Utility Fund	Solid Waste Utility Fund
<u>Transfer in (out):</u>					
Capital Improvement Fund	\$ 123,660	\$ (123,660)	\$ -	\$ -	\$ -
Solid Waste Utility Fund	350,000	-	-	5,015	(355,015)
Water Utility Fund	-	-	(5,014)	5,014	-
Sewer Utility Fund	-	-	13,067	(13,067)	-
Total	<u>\$ 473,660</u>	<u>\$ (123,660)</u>	<u>\$ 8,053</u>	<u>\$ (3,038)</u>	<u>\$ (355,015)</u>

NOTE -14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF ROCKY FORD, COLORADO

OLD HIRE POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS

MEASUREMENT PERIOD ENDING DECEMBER 31,	2015	2014
TOTAL PENSION LIABILITY		
SERVICE COST	\$ -	\$ -
INTEREST	40,692	42,181
CHANGES TO BENEFIT TERMS	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(140,211)	-
ASSUMPTION CHANGES	129,426	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(62,967)	(61,133)
NET CHANGE IN TOTAL PENSION LIABILITY	(33,060)	(18,952)
TOTAL PENSION LIABILITY - BEGINNING	573,478	592,430
TOTAL PENSION LIABILITY - ENDING (a)	540,418	573,478
PLAN FIDUCIARY NET POSITION		
CONTRIBUTIONS - EMPLOYER	-	-
CONTRIBUTIONS - EMPLOYEE	-	-
NET INVESTMENT INCOME	5,085	19,898
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(62,967)	(61,133)
ADMINISTRATIVE EXPENSES	(716)	(3,585)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(58,598)	(44,820)
PLAN FIDUCIARY NET POSITION - BEGINNING	277,900	322,720
PLAN FIDUCIARY NET POSITION - ENDING (b)	219,302	277,900
NET PENSION LIABILITY - ENDING	\$ 321,116	\$ 295,578
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	40.58%	48.46%
COVERED-EMPLOYEE PAYROLL	N/A	N/A
PLAN'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A	N/A

INFORMATION FOR MEASUREMENT DATES OF DECEMBER 31, 2006 THROUGH 2013 WAS NOT AVAILABLE TO REPORT.

CITY OF ROCKY FORD, COLORADO

VOLUNTEER FIRE DEPARTMENT PENSION FUND

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

LAST 10 FISCAL YEARS

MEASUREMENT PERIOD ENDING DECEMBER 31,	2015	2014
TOTAL PENSION LIABILITY		
SERVICE COST	\$ 442	\$ 394
INTEREST	1,797	1,746
CHANGES TO BENEFIT TERMS	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	-	180
ASSUMPTION CHANGES	-	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(1,665)	(1,650)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>574</u>	<u>670</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>24,565</u>	<u>23,895</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>25,139</u>	<u>24,565</u>
PLAN FIDUCIARY NET POSITION		
CONTRIBUTIONS - EMPLOYER	2,515	2,018
CONTRIBUTIONS - EMPLOYEE	-	-
NET INVESTMENT INCOME	1,483	5,176
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(1,665)	(1,650)
ADMINISTRATIVE EXPENSES	(1,270)	(504)
STATE FUNDING	1,816	1,767
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>2,879</u>	<u>6,807</u>
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>82,076</u>	<u>75,269</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>84,955</u>	<u>82,076</u>
NET PENSION LIABILITY - ENDING	<u>\$ (59,816)</u>	<u>\$ (57,511)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	337.94%	334.12%
COVERED-EMPLOYEE PAYROLL	N/A	N/A
PLAN'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A	N/A

INFORMATION FOR MEASUREMENT DATES OF DECEMBER 31, 2006 THROUGH 2013 WAS NOT AVAILABLE TO REPORT.

CITY OF ROCKY FORD, COLORADO  
 OLD HIRE POLICE PENSION FUND  
 SCHEDULE OF PLAN CONTRIBUTIONS  
 LAST 10 FISCAL YEARS

FY ENDING DECEMBER 31, (a)	ACTUARIALLY DETERMINED CONTRIBUTION (b)	ACTUAL CONTRIBUTION* (c)	CONTRIBUTION DEFICIENCY (EXCESS) (d) = (b) - (c)	COVERED PAYROLL (e)	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL (f)
2016	\$ 27,408	\$ -	\$ 27,408	N/A	N/A
2015	\$ 27,408	\$ -	\$ 27,408	N/A	N/A
2014	\$ 24,016	\$ -	\$ 24,016	N/A	N/A
2013	\$ 24,016	\$ 24,016	-	N/A	N/A
2012	\$ 16,452	\$ 16,452	-	N/A	N/A
2011	\$ 16,452	\$ 16,452	-	N/A	N/A
2010	\$ 6,005	\$ 6,005	-	N/A	N/A
2009	\$ 6,005	\$ 6,005	-	N/A	N/A
2008	\$ 8,030	\$ 8,030	-	N/A	N/A
2007	\$ 8,030	\$ -	\$ 8,030	N/A	N/A

\* Actuarially Determined Contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.

CITY OF ROCKY FORD, COLORADO  
VOLUNTEER FIRE DEPARTMENT PENSION FUND  
SCHEDULE OF PLAN CONTRIBUTIONS  
LAST 10 FISCAL YEARS

FY ENDING DECEMBER 31, (a)	ACTUARIALLY DETERMINED CONTRIBUTION (b)	ACTUAL CONTRIBUTION* (c)	CONTRIBUTION DEFICIENCY (EXCESS) (d) = (b) - (c)	COVERED PAYROLL (e)	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL (f)
2016	\$ 2,515	\$ 2,411	\$ 104	N/A	N/A
2015	\$ 2,515	\$ 2,515	-	N/A	N/A
2014	\$ 1,963	\$ 1,963	-	N/A	N/A
2013	\$ 2,018	\$ 2,018	-	N/A	N/A
2012	\$ 1,792	\$ 1,792	-	N/A	N/A
2011	\$ 1,861	\$ 1,861	-	N/A	N/A
2010	\$ 1,851	\$ 1,851	-	N/A	N/A
2009	\$ 1,454	\$ 1,454	-	N/A	N/A
2008	\$ 3,339	\$ 3,339	-	N/A	N/A
2007	\$ 3,562	\$ 3,562	-	N/A	N/A

\* Actuarially Determined Contribution is net of employee and state contributions. Actual contribution is from the employer only and does not include employee amounts and state funding.

## CITY OF ROCKY FORD, COLORADO

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
TAXES	\$ 1,161,413	\$ 1,141,443	\$ (19,970)
LICENSES AND PERMITS	9,800	34,852	25,052
INTERGOVERNMENTAL	182,390	181,186	(1,204)
CHARGES FOR SERVICES	425,222	386,773	(38,449)
FINES	82,000	55,403	(26,597)
GRANTS	1,832,422	398,805	(1,433,617)
MISCELLANEOUS	37,850	108,136	70,286
TOTAL REVENUES	3,731,097	2,306,598	(1,424,499)
EXPENDITURES			
GENERAL GOVERNMENT	193,004	266,627	(73,623)
PUBLIC SAFETY	4,510,367	2,025,843	2,484,524
PUBLIC WORKS	260,792	246,196	14,596
HEALTH AND WELFARE	55,393	57,514	(2,121)
CULTURE AND RECREATION	306,339	326,246	(19,907)
GENERAL	363,813	422,341	(58,528)
TOTAL EXPENDITURES	5,689,708	3,344,767	2,344,941
REVENUES OVER (UNDER) EXPENDITURES	(1,958,611)	(1,038,169)	920,442
OTHER FINANCING SOURCES			
TRANSFERS IN	65,584	473,660	408,076
CONTRIBUTIONS	1,380,028	266,938	(1,113,090)
TOTAL OTHER FINANCING SOURCES	1,445,612	740,598	(705,014)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(512,999)	(297,571)	215,428
FUND BALANCE JANUARY 1	1,650,167	1,650,167	-
FUND BALANCE DECEMBER 31	\$ 1,137,168	\$ 1,352,596	\$ 215,428

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED DECEMBER 31, 2016

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
SALES TAX	\$ 391,000	\$ 376,771	\$ (14,229)
EXPENDITURES			
STREET REPAIRS	50,000	171,475	(121,475)
CAPITAL OUTLAY	228,852	150,469	78,383
CAPITAL IMPROVEMENTS	161,550	69,677	91,873
DEBT SERVICE	27,851	135,708	(107,857)
TOTAL EXPENDITURES	468,253	527,329	(59,076)
REVENUES OVER (UNDER) EXPENDITURES	(77,253)	(150,558)	(73,305)
OTHER FINANCING SOURCES			
TRANSFER OUT	-	(123,660)	(123,660)
PROCEEDS FROM LEASE PURCHASE AGREEMENT	(49,991)	71,167	121,158
REVENUE OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(127,244)	(203,051)	(75,807)
FUND BALANCE JANUARY 1	663,511	663,511	-
FUND BALANCE DECEMBER 31	\$ 536,267	\$ 460,460	(75,807)

CITY OF ROCKY FORD, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE -1 SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

Measurement Period: January 1, 2015 - December 31, 2015 for the Fiscal Year Ending December 31, 2016 (December 31, 2015 measurement date). The City elected the one-year lookback for measurement date and measurement period purposes.

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS

Actuarial Assumptions

OLD HIRE POLICE PENSION FUND

Valuation Date: January 1, 2016

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2014, determines the contribution amounts for 2015 and 2016.

Significant actuarial methods and assumptions used to determine the contribution rates for the Old Hire Police Pension Fund is as follows:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	- Entry Age Normal
Amortization Method	- Level Dollar, Open*
Remaining Amortization Period	- 17 Years*
Asset Valuation Method	- 5-Year smoothed market
Inflation	- 3.00%
Salary Increase	- N/A
Investment Rate of Return	- 7.50%
Retirement Age	- Any remaining actives are assumed to retire immediately
Mortality (Annuities)	- Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
	- Disabled (pre-1980): RP-2000 Disabled Mortality Table
	- All tables projected with Scale AA.

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

VOLUNTEER FIRE DEPARTMENT PENSION FUND

Valuation Date: January 1, 2015

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2015, determines the contribution amounts for 2016 and 2017.

Significant actuarial methods and assumptions used to determine the contribution rates for the Old Hire Fire Pension Fund and Old Hire Police Pension Fund are as follows:

CITY OF ROCKY FORD, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS (Continued)

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	- Entry Age Normal
Amortization Method	- Level Dollar, Open*
Remaining Amortization Period	- 20 Years*
Asset Valuation Method	- 5-Year smoothed fair value
Inflation	- 3.00%
Salary Increase	- N/A
Investment Rate of Return	- 7.50%
Retirement Age	- 50% per year of eligibility until 100% at age 65
Mortality (Annuities)	- Pre-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment, 40% multiplier for off-duty mortality
	- Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
	- Disabled: RP-2000 Disabled Mortality Table
	- All tables projected with Scale AA.

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

## **OTHER INFORMATION**

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 99,932	\$ 590,190
RESTRICTED ASSETS	837,536	588,816
RECEIVABLES:		
PROPERTY TAXES	289,100	282,745
PLEDGES	24,155	296,855
GRANT	359,280	-
OTHER	284,050	281,174
DUE FROM OTHER FUND	-	12,500
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 1,894,053</u>	<u>\$ 2,052,280</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 219,047	\$ 73,753
ACCRUED EXPENSES	33,310	13,090
UNEARNED REVENUE	-	32,525
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>252,357</u>	<u>119,368</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	<u>289,100</u>	<u>282,745</u>
FUND BALANCE		
RESTRICTED FOR		
SPECIAL PURPOSES	837,536	588,816
EMERGENCIES - TABOR	100,400	76,600
COMMITTED	398,409	869,762
UNASSIGNED	16,251	114,989
	<u>          </u>	<u>          </u>
TOTAL FUND BALANCE	<u>1,352,596</u>	<u>1,650,167</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,894,053</u>	<u>\$ 2,052,280</u>

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
REVENUES		
TAXES	\$ 1,141,443	\$ 1,144,747
LICENSES AND PERMITS	34,852	8,063
INTERGOVERNMENTAL	181,186	192,345
CHARGES FOR SERVICES	386,773	357,063
FINES	55,403	67,554
GRANTS	398,805	176,665
MISCELLANEOUS	108,136	15,561
	<u>2,306,598</u>	<u>1,961,998</u>
EXPENDITURES		
GENERAL GOVERNMENT	266,627	182,567
PUBLIC SAFETY	2,025,843	1,123,268
PUBLIC WORKS	246,196	353,325
HEALTH AND WELFARE	57,514	12,600
CULTURE AND RECREATION	326,246	446,307
GENERAL	422,341	488,508
	<u>3,344,767</u>	<u>2,606,575</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,038,169)</u>	<u>(644,577)</u>
OTHER FINANCING SOURCES		
TRANSFERS IN (OUT)	473,660	200,729
CONTRIBUTIONS	266,938	841,670
	<u>740,598</u>	<u>1,042,399</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(297,571)	397,822
FUND BALANCE JANUARY 1	<u>1,650,167</u>	<u>1,252,345</u>
FUND BALANCE DECEMBER 31	<u>\$ 1,352,596</u>	<u>\$ 1,650,167</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 396,143	\$ 629,076
ACCOUNTS RECEIVABLE	<u>67,264</u>	<u>56,440</u>
TOTAL ASSETS	<u>\$ 463,407</u>	<u>\$ 685,516</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 2,947	\$ 22,005
FUND BALANCE ASSIGNED	<u>460,460</u>	<u>663,511</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 463,407</u>	<u>\$ 685,516</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
SALES TAX	\$ 376,771	\$ 379,676
EXPENDITURES		
STREET REPAIRS	171,475	80,265
CAPITAL OUTLAY	150,469	427,057
CAPITAL IMPROVEMENTS	69,677	17,061
DEBT SERVICE	135,708	112,165
TOTAL EXPENDITURES	<u>527,329</u>	<u>636,548</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(150,558)</u>	<u>(256,872)</u>
OTHER FINANCING SOURCES		
TRANSFER OUT	(123,660)	-
PROCEEDS FROM LEASE PURCHASE AGREEMENTS	71,167	282,910
TOTAL OTHER FINANCING SOURCES	<u>(52,493)</u>	<u>282,910</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(203,051)	26,038
FUND BALANCE JANUARY 1	<u>663,511</u>	<u>637,473</u>
FUND BALANCE DECEMBER 31	<u>\$ 460,460</u>	<u>\$ 663,511</u>

CITY OF ROCKY FORD, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2016

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER
ASSETS				
CASH OR EQUIVALENTS	<u>\$ 36,679</u>	<u>\$ 15,621</u>	<u>\$ 150,838</u>	<u>\$ -</u>
LIABILITIES				
ACCOUNTS PAYABLE	\$ 408	\$ -	\$ 303	\$ 3,990
CHECKS WRITTEN IN EXCESS OF CASH BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,845</u>
TOTAL LIABILITIES	408	-	303	15,835
FUND BALANCE				
ASSIGNED	36,271	15,621	150,535	-
UNASSIGNED	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,835)</u>
TOTAL FUND BALANCE (DEFICIT)	<u>36,271</u>	<u>15,621</u>	<u>150,535</u>	<u>(15,835)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 36,679</u>	<u>\$ 15,621</u>	<u>\$ 150,838</u>	<u>\$ -</u>

MONUMENT MAINTENANCE	TOTAL
\$ 1,209	\$ 204,347
<hr/>	
\$ -	\$ 4,701
-	11,845
<hr/>	
-	16,546
1,209	203,636
-	(15,835)
<hr/>	
1,209	187,801
<hr/>	
\$ 1,209	\$ 204,347
<hr/>	

CITY OF ROCKY FORD, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)

YEAR ENDED DECEMBER 31, 2016

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER
REVENUES				
INTERGOVERNMENTAL	\$ -	\$ -	\$ 42,970	\$ -
CHARGES FOR SERVICES	-	-	-	92,380
INSURANCE PROCEEDS	-	64,497	-	-
MISCELLANEOUS	28,163	-	38	7,878
TOTAL REVENUES	28,163	64,497	43,008	100,258
EXPENDITURES				
COMMUNITY DEVELOPMENT	9,246	-	-	-
CULTURE AND RECREATION	-	48,322	14,157	113,400
TOTAL EXPENDITURES	9,246	48,322	14,157	113,400
REVENUES OVER (UNDER) EXPENDITURES	18,917	16,175	28,851	(13,142)
FUND BALANCE (DEFICIT) JANUARY 1	17,354	(554)	121,684	(2,693)
FUND BALANCE (DEFICIT) DECEMBER 31	\$ 36,271	\$ 15,621	\$ 150,535	\$ (15,835)

MONUMENT MAINTENANCE	TOTAL
\$ -	\$ 42,970
-	92,380
-	64,497
-	36,079
-	235,926
-	9,246
235	176,114
235	185,360
(235)	50,566
1,444	137,235
\$ 1,209	\$ 187,801

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 36,679</u>	<u>\$ 17,917</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 408	\$ 563
FUND BALANCE		
ASSIGNED	<u>36,271</u>	<u>17,354</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 36,679</u>	<u>\$ 17,917</u>

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		VARIANCE	
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	2015 ACTUAL
REVENUES				
RENT AND OTHER	\$ 28,163	\$ 14,000	\$ 14,163	\$ 28,366
TOTAL REVENUES	28,163	14,000	14,163	28,366
EXPENDITURES				
COMMUNITY DEVELOPMENT	9,246	14,000	4,754	14,587
REVENUES OVER (UNDER) EXPENDITURES	18,917	-	18,917	13,779
FUND BALANCE JANUARY 1	17,354	17,354	-	3,575
FUND BALANCE DECEMBER 31	\$ 36,271	\$ 17,354	\$ 18,917	\$ 17,354

CITY OF ROCKY FORD, COLORADO  
 GOBIN COMMUNITY BUILDING FUND  
 BALANCE SHEET  
 DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CASH OR EQUIVALENTS	\$ 15,621	\$ 415
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ 969
FUND BALANCE (DEFICIT)		
ASSIGNED	15,621	-
UNASSIGNED	-	(554)
TOTAL FUND BALANCE (DEFICIT)	15,621	(554)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 15,621	\$ 415

CITY OF ROCKY FORD, COLORADO

GOBIN COMMUNITY BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016 ACTUAL	2016 BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	2015 ACTUAL
REVENUES				
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -
TRUST REVENUE	-	5,000	(5,000)	-
INSURANCE PROCEEDS	64,497	-	64,497	-
TOTAL REVENUES	64,497	5,000	59,497	-
EXPENDITURES				
UTILITIES AND UPKEEP	48,322	11,000	(37,322)	8,803
REVENUES OVER (UNDER) EXPENDITURES	16,175	(6,000)	22,175	(8,803)
FUND BALANCE JANUARY 1	(554)	(554)	-	8,249
FUND BALANCE (DEFICIT) DECEMBER 31	\$ 15,621	\$ (6,554)	\$ 22,175	\$ (554)

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 150,838</u>	<u>\$ 121,684</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 303	\$ -
FUND BALANCE ASSIGNED	<u>150,535</u>	<u>121,684</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 150,838</u>	<u>\$ 121,684</u>

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		VARIANCE	2015
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
INTERGOVERNMENTAL	\$ 42,970	\$ 38,000	\$ 4,970	\$ 37,458
INTEREST	38	1,000	(962)	50
TOTAL REVENUES	43,008	39,000	4,008	37,508
EXPENDITURES				
RECREATION AND MAINTENANCE	14,157	58,000	43,843	47,549
REVENUES OVER (UNDER) EXPENDITURES	28,851	(19,000)	47,851	(10,041)
OTHER FINANCING SOURCES				
TRANSFER IN (OUT)	-	19,000	(19,000)	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	28,851	-	28,851	(10,041)
FUND BALANCE JANUARY 1	121,684	121,684	-	131,725
FUND BALANCE DECEMBER 31	\$ 150,535	\$ 121,684	\$ 28,851	\$ 121,684

CITY OF ROCKY FORD, COLORADO

GRAND THEATER FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 3,990	\$ 2,158
CHECKS WRITTEN IN EXCESS OF CASH BALANCE	<u>11,845</u>	<u>535</u>
TOTAL LIABILITIES	15,835	2,693
FUND BALANCE (DEFICIT)		
UNASSIGNED	<u>(15,835)</u>	<u>(2,693)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>

## CITY OF ROCKY FORD, COLORADO

## GRAND THEATER FUND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		VARIANCE	2015
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
SALES	\$ 92,380	\$ 99,668	\$ (7,288)	\$ 89,600
RENT AND OTHER	7,878	6,147	1,731	11,491
TOTAL REVENUES	100,258	105,815	(5,557)	101,091
EXPENDITURES				
SALARIES & BENEFITS	21,578	16,685	(4,893)	19,934
CONCESSIONS	17,678	19,000	1,322	17,199
FILMS	41,498	35,000	(6,498)	35,218
LIVE PERFORMANCES	2,291	3,000	709	2,091
REPAIRS	2,152	1,500	(652)	1,552
UTILITIES	17,130	16,600	(530)	17,479
OTHER	11,073	14,030	2,957	8,554
TOTAL EXPENDITURES	113,400	105,815	(7,585)	102,027
REVENUES OVER (UNDER) EXPENDITURES	(13,142)	-	(13,142)	(936)
FUND BALANCE (DEFICIT) JANUARY 1	(2,693)	(2,693)	-	(1,757)
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (15,835)	\$ (2,693)	\$ (13,142)	\$ (2,693)

CITY OF ROCKY FORD, COLORADO

MONUMENT MAINTENANCE FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 1,209</u>	<u>\$ 1,444</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
ASSIGNED	<u>1,209</u>	<u>1,444</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,209</u>	<u>\$ 1,444</u>

CITY OF ROCKY FORD, COLORADO

MONUMENT MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS END DECEMBER 31, 2016 AND 2015

	2016 ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	2015 ACTUAL
REVENUES				
INTEREST INCOME	\$ -	\$ 3,400	\$ (3,400)	\$ -
EXPENDITURES				
MAINTENANCE	235	3,400	3,165	567
REVENUES OVER (UNDER) EXPENDITURES	(235)	-	(235)	(567)
FUND BALANCE JANUARY 1	1,444	1,444	-	2,011
FUND BALANCE DECEMBER 31	\$ 1,209	\$ 1,444	\$ (235)	\$ 1,444

## CITY OF ROCKY FORD, COLORADO

## WATER UTILITY FUND

## BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	2016	2015
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 819,082	\$ 655,294
ACCOUNTS RECEIVABLE - BILLED (NET)	68,836	62,692
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	18,297	16,120
PREPAID EXPENSES	17,679	13,500
INVENTORIES - SUPPLIES & MATERIALS	56,759	80,461
INVENTORIES - WATER	24,595	26,668
TOTAL CURRENT ASSETS	<u>\$ 1,005,248</u>	<u>\$ 854,735</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>767,405</u>	<u>783,492</u>
PROPERTY AND EQUIPMENT		
LAND, WATER SYSTEM, AND EQUIPMENT - AT COST	17,201,937	17,081,225
ACCUMULATED DEPRECIATION	<u>(8,093,984)</u>	<u>(7,702,488)</u>
NET PROPERTY AND EQUIPMENT	<u>9,107,953</u>	<u>9,378,737</u>
TOTAL ASSETS	<u>\$ 10,880,606</u>	<u>\$ 11,016,964</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 25,460	\$ 17,870
ACCRUED SALARIES AND BENEFITS	14,181	16,964
ACCRUED INTEREST	25,023	27,286
DUE TO OTHER FUND	-	12,500
BONDS PAYABLE - CURRENT MATURITY	92,593	90,781
LEASES PAYABLE - CURRENT MATURITY	<u>92,727</u>	<u>78,605</u>
TOTAL CURRENT LIABILITIES	<u>249,984</u>	<u>244,006</u>
TERM LIABILITIES		
BONDS PAYABLE	2,545,684	2,638,514
LEASES PAYABLE	<u>1,094,471</u>	<u>1,089,359</u>
TOTAL TERM LIABILITIES	<u>3,640,155</u>	<u>3,727,873</u>
OTHER LIABILITIES		
METER DEPOSITS	<u>94,667</u>	<u>91,678</u>
TOTAL LIABILITIES	<u>3,984,806</u>	<u>4,063,557</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	5,282,478	5,481,478
RESTRICTED FOR FUTURE EXPENDITURES	767,405	783,492
UNRESTRICTED	<u>845,917</u>	<u>688,437</u>
TOTAL NET POSITION	<u>6,895,800</u>	<u>6,953,407</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,880,606</u>	<u>\$ 11,016,964</u>

## CITY OF ROCKY FORD, COLORADO

## WATER UTILITY FUND

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 717,951	\$ 689,776
SPECIAL ASSESSMENTS	401,520	397,545
	<u>1,119,471</u>	<u>1,087,321</u>
OPERATING EXPENSES		
SOURCE OF SUPPLY	305,176	349,814
SUPPLY MAINTENANCE	37,422	7,579
DISTRIBUTION AND OPERATING SUPPLIES	102,827	105,101
ACCOUNTING AND GENERAL ADMINISTRATION	208,406	160,036
DEPRECIATION	415,991	406,498
	<u>1,069,822</u>	<u>1,029,028</u>
TOTAL OPERATING EXPENSES		
	<u>49,649</u>	<u>58,293</u>
OPERATING INCOME		
	<u>49,649</u>	<u>58,293</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST AND RENT INCOME - NET OF RELATED EXPENSES	14,548	13,055
INTEREST EXPENSE	(144,790)	(144,680)
GAIN (LOSS) ON SALE OF ASSETS	(1,289)	-
NONRECURRING REVENUE	12,222	12,838
	<u>(119,309)</u>	<u>(118,787)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	<u>(119,309)</u>	<u>(118,787)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(69,660)	(60,494)
TRANSFERS	8,053	-
CAPITAL CONTRIBUTIONS	4,000	-
	<u>(57,607)</u>	<u>(60,494)</u>
CHANGE IN NET POSITION		
	<u>(57,607)</u>	<u>(60,494)</u>
NET POSITION JANUARY 1	<u>6,953,407</u>	<u>7,013,901</u>
NET POSITION DECEMBER 31	<u>\$ 6,895,800</u>	<u>\$ 6,953,407</u>

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,111,150	\$ 1,091,665
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(627,428)	(594,878)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>483,722</u>	<u>496,787</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
CUSTOMER DEPOSITS	2,989	9,758
TRANSFERS	(4,447)	12,500
OTHER	12,222	13,953
NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>10,764</u>	<u>36,211</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(27,496)	(132,320)
CAPITAL CONTRIBUTED	4,000	-
PRINCIPAL PAID ON LOANS	-	(70,340)
PRINCIPAL PAID ON BONDS	(91,018)	(102,193)
PRINCIPAL PAID ON LEASE PROCEEDS	(99,766)	(76,936)
INTEREST PAID	-	74,961
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(147,053)</u>	<u>(130,952)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(361,333)</u>	<u>(437,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS AND OTHER	14,548	13,055
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>147,701</u>	<u>108,273</u>
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>1,438,786</u>	<u>1,330,513</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 1,586,487</u>	<u>\$ 1,438,786</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	<u>\$ 49,649</u>	<u>\$ 58,293</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	415,991	406,498
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(8,321)	4,344
PREPAID EXPENSES	(4,179)	(5,316)
INVENTORIES	25,775	33,875
ACCOUNTS PAYABLE	7,590	1,133
ACCRUED SALARIES AND BENEFITS	(2,783)	(2,040)
TOTAL ADJUSTMENTS	<u>434,073</u>	<u>438,494</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 483,722</u>	<u>\$ 496,787</u>

## CITY OF ROCKY FORD, COLORADO

## SEWER UTILITY FUND

## BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	2016	2015
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 161,507	\$ 103,224
CASH WITH TRUSTEE	-	17,685
ACCOUNTS RECEIVABLE - BILLED (NET)	54,667	41,375
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	21,200	18,081
INVENTORIES	980	980
TOTAL CURRENT ASSETS	<u>238,354</u>	<u>181,345</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>44,108</u>	<u>85,528</u>
PROPERTY AND EQUIPMENT		
LAND, SEWER SYSTEM AND EQUIPMENT - AT COST	5,841,047	2,472,509
CONSTRUCTION IN PROGRESS	-	3,366,821
ACCUMULATED DEPRECIATION	<u>(1,808,077)</u>	<u>(1,620,665)</u>
NET PROPERTY AND EQUIPMENT	<u>4,032,970</u>	<u>4,218,665</u>
TOTAL ASSETS	<u>\$ 4,315,432</u>	<u>\$ 4,485,538</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 16,157	\$ 30,531
ACCRUED SALARIES AND BENEFITS	17,514	17,869
ACCRUED INTEREST	1,347	2,456
DUE TO OTHER ENTITY	1,750	1,750
CURRENT PORTION - LOANS PAYABLE	<u>131,670</u>	<u>131,000</u>
TOTAL CURRENT LIABILITIES	168,438	183,606
TERM LIABILITIES		
LOANS PAYABLE	<u>1,912,965</u>	<u>2,044,636</u>
TOTAL LIABILITIES	<u>2,081,403</u>	<u>2,228,242</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	1,988,335	2,060,714
RESTRICTED FOR:		
OPERATIONS AND MAINTENANCE	131,000	108,900
FUTURE EXPENDITURES	44,108	85,528
UNRESTRICTED	<u>70,586</u>	<u>2,154</u>
TOTAL NET POSITION	<u>2,234,029</u>	<u>2,257,296</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,315,432</u>	<u>\$ 4,485,538</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 568,118	\$ 450,231
SPECIAL ASSESSMENTS	107,793	107,847
	<u>675,911</u>	<u>558,078</u>
OPERATING EXPENSES		
COLLECTION SYSTEM	362,529	321,607
ACCOUNTING AND GENERAL ADMINISTRATION	142,690	114,206
DEPRECIATION	187,412	100,007
	<u>692,631</u>	<u>535,820</u>
TOTAL OPERATING EXPENSES		
	<u>(16,720)</u>	<u>22,258</u>
OPERATING INCOME (LOSS)		
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	370	324
INTEREST EXPENSE	(4,379)	-
GRANT REVENUE	-	500,000
	<u>(4,009)</u>	<u>500,324</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	<u>(20,729)</u>	<u>522,582</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS		
TRANSFERS	(3,038)	-
CAPITAL CONTRIBUTIONS	500	-
	<u>(23,267)</u>	<u>522,582</u>
CHANGE IN NET POSITION		
NET POSITION JANUARY 1	<u>2,257,296</u>	<u>1,734,714</u>
NET POSITION DECEMBER 31	<u>\$ 2,234,029</u>	<u>\$ 2,257,296</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 659,500	\$ 558,832
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	<u>(503,979)</u>	<u>(419,689)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>155,521</u>	<u>139,143</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFER OUT	(3,038)	-
MISCELLANEOUS INCOME	<u>370</u>	<u>324</u>
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,668)</u>	<u>324</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(20,142)	(1,315,596)
CAPITAL CONTRIBUTED	500	-
PAYMENT ON LOANS	(131,001)	(112,919)
INTEREST PAID	(3,032)	-
GRANTS	<u>-</u>	<u>500,000</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(153,675)</u>	<u>(928,515)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(822)	(789,048)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>206,437</u>	<u>995,485</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 205,615</u>	<u>\$ 206,437</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	<u>\$ (16,720)</u>	<u>\$ 22,258</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	187,412	100,007
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(16,411)	754
PREPAID EXPENSES	-	2,002
ACCOUNTS PAYABLE	1,595	7,097
ACCRUED BENEFITS	<u>(355)</u>	<u>7,025</u>
TOTAL ADJUSTMENTS	<u>172,241</u>	<u>116,885</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 155,521</u>	<u>\$ 139,143</u>
SUPPLEMENTAL INFORMATION OF CASH FLOWS		
CAPITAL ASSET ACQUISITION IN ACCOUNTS PAYABLE	<u>\$ -</u>	<u>\$ 15,969</u>

CITY OF ROCKY FORD, COLORADO  
SOLID WASTE DISPOSAL UTILITY FUND  
BALANCE SHEET  
DECEMBER 31, 2016 AND 2015

	2016	2015
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 567,809	\$ 842,399
ACCOUNTS RECEIVABLE - BILLED CUSTOMERS (NET)	48,781	46,102
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	18,814	19,950
INVENTORIES	4,248	14,144
TOTAL CURRENT ASSETS	639,652	922,595
EQUIPMENT		
EQUIPMENT - AT COST	780,293	780,293
ACCUMULATED DEPRECIATION	(549,645)	(489,024)
NET EQUIPMENT	230,648	291,269
TOTAL ASSETS	\$ 870,300	\$ 1,213,864
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 5,637	\$ 18,179
ACCRUED SALARIES AND BENEFITS	21,782	18,238
CURRENT PORTION - LOAN PAYABLE	32,205	31,197
CURRENT PORTION -LANDFILL COSTS	10,980	11,967
TOTAL CURRENT LIABILITIES	70,604	79,581
TERM LIABILITIES		
LOAN PAYABLE	67,459	99,617
ACCRUED LANDFILL COSTS	355,020	386,933
TOTAL TERM LIABILITIES	422,479	486,550
TOTAL LIABILITIES	493,083	566,131
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	130,984	160,455
UNRESTRICTED	246,233	487,278
TOTAL NET POSITION	377,217	647,733
TOTAL LIABILITIES AND NET POSITION	\$ 870,300	\$ 1,213,864

CITY OF ROCKY FORD, COLORADO

SOLID WASTE DISPOSAL UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	<u>\$ 612,669</u>	<u>\$ 615,525</u>
OPERATING EXPENSES		
COLLECTION	303,417	249,841
ACCOUNTING AND GENERAL ADMINISTRATION	160,684	114,694
DEPRECIATION	<u>60,621</u>	<u>61,996</u>
TOTAL OPERATING EXPENSES	<u>524,722</u>	<u>426,531</u>
OPERATING INCOME	<u>87,947</u>	<u>188,994</u>
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	286	394
INTEREST EXPENSE	(3,734)	(4,260)
OTHER	<u>-</u>	<u>(2,283)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(3,448)</u>	<u>(6,149)</u>
INCOME BEFORE TRANSFERS	84,499	182,845
TRANSFERS	<u>(355,015)</u>	<u>(53,352)</u>
CHANGE IN NET POSITION	(270,516)	129,493
NET POSITION JANUARY 1	<u>647,733</u>	<u>518,240</u>
NET POSITION DECEMBER 31	<u><u>\$ 377,217</u></u>	<u><u>\$ 647,733</u></u>

CITY OF ROCKY FORD, COLORADO  
SOLID WASTE DISPOSAL UTILITY FUND  
STATEMENT OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 611,126	\$ 616,816
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(496,103)	(341,923)
NET CASH PROVIDED BY OPERATING ACTIVITIES	115,023	274,893
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFERS OUT	(355,015)	(53,352)
MISCELLANEOUS INCOME	286	394
NET CASH USED FOR NONCAPITAL AND RELATED FINANCING ACTIVITIES	(354,729)	(52,958)
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	-	(50,000)
PAYMENT ON LOAN PAYABLE	(31,150)	(30,624)
INTEREST PAID	(3,734)	(4,260)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(34,884)	(84,884)
CASH FLOWS FROM INVESTING ACTIVITIES		
OTHER	-	(2,283)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(274,590)	134,768
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	842,399	707,631
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 567,809	\$ 842,399
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 87,947	\$ 188,994
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	60,621	61,996
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(1,543)	1,292
PREPAID EXPENSES	-	4,023
INVENTORIES	9,896	-
ACCOUNTS PAYABLE	(12,542)	17,377
ACCRUED SALARIES & BENEFITS	3,544	6,811
ACCRUED LANDFILL COSTS	(32,900)	(5,600)
TOTAL ADJUSTMENTS	27,076	85,899
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 115,023	\$ 274,893

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2016

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
CHARGES FOR SERVICES	\$ 1,059,640	\$ 1,119,471	\$ 59,831
INTEREST AND RENT	16,800	14,548	(2,252)
OTHER	19,611	10,933	(8,678)
<b>TOTAL REVENUES</b>	<b>1,096,051</b>	<b>1,144,952</b>	<b>48,901</b>
<b>EXPENDITURES</b>			
SOURCE OF SUPPLY	306,576	305,176	1,400
SUPPLY MAINTENANCE	11,500	37,422	(25,922)
DISTRIBUTION AND OPERATING SUPPLIES	79,000	102,827	(23,827)
ACCOUNTING AND GENERAL ADMINISTRATION	182,807	208,406	(25,599)
INTEREST	145,000	144,790	210
DEPRECIATION	205,000	415,991	(210,991)
DEBT RETIREMENT	165,082	191,876	(26,794)
CAPITAL OUTLAY	20,000	146,496	(126,496)
<b>TOTAL EXPENDITURES</b>	<b>1,114,965</b>	<b>1,552,984</b>	<b>(438,019)</b>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(18,914)	(408,032)	(389,118)
<b>OTHER FINANCING SOURCES</b>			
TRANSFERS	-	8,053	8,053
CAPITAL CONTRIBUTIONS	2,000	4,000	2,000
	<u>\$ (16,914)</u>	<u>(395,979)</u>	<u>\$ (379,065)</u>
<b>ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS</b>			
CAPITALIZATION OF CAPITAL ASSETS		146,496	
DEBT RETIREMENT		191,876	
<b>CHANGE IN NET POSITION</b>		<b>(57,607)</b>	
NET POSITION JANUARY 1		<u>6,953,407</u>	
NET POSITION DECEMBER 31		<u>\$ 6,895,800</u>	

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
CHARGES FOR SERVICES	\$ 580,000	\$ 675,911	\$ 95,911
INTEREST AND OTHER	-	370	370
TOTAL REVENUES	<u>580,000</u>	<u>676,281</u>	<u>96,281</u>
EXPENDITURES			
COLLECTION SYSTEM	386,532	362,529	24,003
ACCOUNTING AND GENERAL ADMINISTRATION	143,101	142,690	411
DEPRECIATION	96,850	187,412	(90,562)
INTEREST	4,400	4,379	21
DEBT RETIREMENT	126,046	131,001	(4,955)
CAPITAL OUTLAY	-	1,716	(1,716)
TOTAL EXPENDITURES	<u>756,929</u>	<u>829,727</u>	<u>(72,798)</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(176,929)	(153,446)	23,483
OTHER FINANCING SOURCES			
TRANSFER	-	(3,038)	3,038
CAPITAL CONTRIBUTIONS	-	500	500
	<u>\$ (176,929)</u>	<u>(155,984)</u>	<u>\$ 27,021</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS			
CAPITALIZATION OF CAPITAL ASSETS		1,716	
DEBT RETIREMENT		<u>131,001</u>	
CHANGE IN NET POSITION		(23,267)	
NET POSITION JANUARY 1		<u>2,257,296</u>	
NET POSITION DECEMBER 31		<u>\$ 2,234,029</u>	

CITY OF ROCKY FORD, COLORADO

SOLID WASTE DISPOSAL UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2016

	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
CHARGES FOR SERVICES	\$ 610,000	\$ 612,669	\$ 2,669
MISCELLANEOUS INCOME	-	286	286
<b>TOTAL REVENUES</b>	<b>610,000</b>	<b>612,955</b>	<b>2,955</b>
<b>EXPENDITURES</b>			
COLLECTION	386,007	303,417	82,590
ACCOUNTING AND GENERAL ADMINISTRATION	153,876	160,684	(6,808)
DEPRECIATION	22,270	60,621	(38,351)
INTEREST	3,800	3,734	66
DEBT RETIREMENT	81,200	31,151	50,049
CAPITAL OUTLAY	22,557	-	22,557
<b>TOTAL EXPENDITURES</b>	<b>669,710</b>	<b>559,607</b>	<b>110,103</b>
REVENUES OVER (UNDER) EXPENDITURES BEFORE TRANSFERS	(59,710)	53,348	113,058
TRANSFERS OUT	(20,608)	(355,015)	(334,407)
	<u>\$ (80,318)</u>	<u>(301,667)</u>	<u>\$ (221,349)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS			
DEBT RETIREMENT		31,151	
CHANGE IN NET POSITION		(270,516)	
NET POSITION JANUARY 1		647,733	
NET POSITION DECEMBER 31		<u>\$ 377,217</u>	

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

# HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS  
601 SOUTH EIGHTH STREET  
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812  
Andrew H. Froese CPA 719-980-1962

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council  
City of Rocky Ford, Colorado

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Rocky Ford, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Rocky Ford, Colorado's basic financial statements and have issued our report thereon dated July 24, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rocky Ford, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rocky Ford, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rocky Ford, Colorado's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies:

2017-01: Employee Pay Rate Increases	Significant Deficiency
<b>Observation:</b>	During our payroll testing, we noted that for the first six months of the fiscal year there was not any documentation regarding approval of increases in pay rates for City employees. Adequate documentation was in place and reviewed for increases in pay rates that occurred during the remaining six months of the year.
<b>Recommendation:</b>	In order to establish adequate controls over implementation of employee pay rate increases, documentation should exist to support the supervisor's recommendation for the rate increase and the City Manager's approval indicating the effective date of the change.
<b>Response:</b>	The Human Resource duties were assigned to the Finance Director and the former Human Resource employee was terminated.

2017-02: Account Receivable and Cash Receipt Controls	Significant Deficiency
<b>Observation:</b>	<p>We identified a lack of controls in the following area related to cash receipts and accounts receivable:</p> <ul style="list-style-type: none"> <li>Adjustments and customer write-offs are not being approved by an appropriate individual and employees who receive cash payments have authority in the system to write-off or adjust utility accounts</li> </ul>
<b>Recommendation:</b>	<p>The objective of internal control over cash receipts is to obtain control over amounts received at the time of receipt. To achieve this control, certain duties involving receipts should be handled by more than one employee. We recommend the City implement the following control procedures related to cash receipts:</p> <ul style="list-style-type: none"> <li>The employee who is responsible for the receipt of cash should not have access to record or authorize transactions in the A/R ledger. Individuals who have the ability to receive cash should not be involved in the deposit process.</li> <li>Adjustments and write-offs to customer accounts should be reviewed and approved by an employee who does not have responsibility for recording these transactions. Employees who receive utility payments should not have authority in the system to write-off or adjust utility accounts</li> <li>Rotating employees duties and requiring employees to take vacation</li> </ul>
<b>Response:</b>	<p>Per Kim Adams, Finance Director, training will be conducted so utility clerks follow procedures that require any adjustments to be approved by the Finance Director or City Manager prior to implementation.</p>

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Rocky Ford, Colorado’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described above.

**City of Rocky Ford, Colorado’s Response to Findings**

City of Rocky Ford, Colorado’s response to the findings identified in our audit is described above. City of Rocky Ford, Colorado’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hancock Froese & Company LLC*

Hancock Froese & Company LLC

July 24, 2017

**LOCAL HIGHWAY FINANCE REPORT**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: City of Rocky Ford, Colorado
	YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Kimberly Adams
	Phone: 719-254-7414

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

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

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

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	104,288
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	1,639
3. Other local imposts (from page 2)	55,221	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	1,639
5. Transfers from toll facilities		4. General administration & miscellaneous	24,135
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	61,594
a. Bonds - Original Issues		6. Total (1 through 5)	191,656
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	55,221	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	136,435	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	191,656	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	191,656

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	191,656	191,656	0	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2016

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	55,221	g. Other Misc. Receipts	
6. Total (1. through 5.)	55,221	h. Other	
c. Total (a. + b.)	55,221	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	122,927	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	13,508	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	13,508	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	136,435	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: