

**CITY OF RIFLE
RIFLE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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July 30, 2018

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CITY OF RIFLE, COLORADO

ROSTER OF CITY OFFICIALS

DECEMBER 31, 2017

CITY COUNCIL

Barbara Clifton – Mayor

Theresa Hamilton – Mayor Pro Tem

Ed Green – Councilor

Annick Pruett – Councilor

Sean Strode – Councilor

Joe Elliott – Councilor

Joe Carpenter – Councilor

ADMINISTRATION

Davis Farrar – Interim City Manager

Michelle Duran – Finance Director

City of Rifle, Colorado

Management's Discussion and Analysis December 31, 2017

As management of the City of Rifle, Colorado, we offer readers of the City of Rifle financial statements, this narrative overview, and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

Financial Highlights

- The assets of the City of Rifle exceeded its liabilities at the close of 2017 by \$135,061,300 (net position). Of this amount; \$143,426,357 is capital assets, \$2,057,369 is restricted, and \$31,684,528 is unrestricted and may be used to meet the government's ongoing obligations.
- Total net position, city-wide, increased by \$3,247,476 or 2.5%.
- As of December 31, 2017, combined governmental fund balances totaled \$21,462,036 an increase of \$849,439 from the prior year.
- General fund unassigned fund balance at December 31, 2017 is \$4,775,116, 65% of 2017 total general fund expenditures.
- The business-type activities net position increased \$3,790,202 to \$58,574,681 during the year. The Water Fund increased \$3,526,767; Sewer Fund increased \$269,922; and the Sanitation Fund decreased \$6,486.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The City of Rifle maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds which include the General Fund, Street Improvement Fund, and the Parks and Recreation Fund. Data from the other (non-major) funds are combined into a single, aggregated presentation with the column heading Other Governmental Funds. The non-major funds are Conservation Trust, Economic Development, Visitor Improvement, Downtown Development Authority, Rifle Tourism and Industry, Urban Renewal Authority, and Capital Fund.

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

The basic governmental financial statements for the major funds are found on pages 6-11 of this report. The basic governmental financial statements for the non-major funds are found on pages 37-45.

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and sanitation operations.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the proprietary funds. However, only the water and sewer funds are considered major funds.

The basic proprietary fund financial statements can be found on pages 12-14 of this report. The schedule of revenues, expenditures, and changes in net position – budget and actual reports are shown on pages 46-53.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of outside parties. The City's only fiduciary fund is the Cemetery Perpetual Care Fund. The fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support City operations.

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-36 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City Of Rifle. This information is presented in the State Compliance section on pages 56-57.

Government-wide Financial Analysis

As noted earlier, the City of Rifle's net position may serve over time as a useful indicator of the City's financial position. The City of Rifle's assets exceeded its liabilities (net position) at the close of 2017 by \$135,061,300.

The largest portion of the City's net position (75%) is the investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens, and consequently are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the related resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

The following table shows the City's net position for 2017 as compared to 2016.

STATEMENT OF NET POSITION
December 31, 2017 and 2016

	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 23,094,669	\$ 22,733,819	\$ 9,409,503	\$ 12,122,016	\$ 32,504,172	\$ 34,855,835
Capital assets (net)	55,373,286	57,255,488	88,053,071	85,592,439	143,426,357	142,847,927
Total assets	78,467,955	79,989,307	97,462,574	97,714,455	175,930,529	177,703,762
Deferred Outflows:						
Deferred Charge on Refunding	4,942	14,406	-	-	4,942	14,406
Other liabilities	1,370,200	1,731,843	3,197,202	5,028,030	4,567,402	6,759,873
Long-term liabilities	-	632,555	35,690,690	37,832,049	35,690,690	38,464,604
Total liabilities	1,370,200	2,364,398	38,887,892	42,860,079	40,258,092	45,224,477
Deferred Inflows:						
Unavailable Revenue - Property Taxes	616,080	609,970	69,897	69,897	685,977	679,867
Net position:						
Invested in capital assets net of related debt	51,098,381	52,371,818	50,221,022	45,571,230	101,319,403	97,943,048
Restricted:						
for Cemetery Perpetual Care	235,065	225,879			235,065	225,879
for Channel 10	22,661	22,661			22,661	22,661
for Debt Service and O&M Reserves			970,123	2,082,760	970,123	2,082,760
for Emergencies	397,000	370,000	170,000	231,000	567,000	601,000
for Senior Center Meals and Capital	112,517	115,013			112,517	115,013
for Police Expenitures	2,472	2,472			2,472	2,472
for Parks and Recreation	147,531	147,531			147,531	147,531
Unrestricted	24,470,991	23,773,971	7,213,537	6,899,489	31,684,528	30,673,460
Total Net Position	\$ 76,486,618	\$ 77,029,345	\$ 58,574,682	\$ 54,784,479	\$ 135,061,300	\$ 131,813,824

An additional portion of the City's net position balance (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining *unrestricted* balance of (23.5%) may be used to meet the City's ongoing obligations to citizens and creditors.

Restricted net position is the portion of net position legally restricted less any non-capital-related liabilities payable from those resources. As of December 31, 2017, restricted net position in the governmental activities included the following: Cemetery Perpetual Care (\$235,065), Channel 10 (\$22,661), TABOR Emergencies (\$397,000), Senior Center Meals and Capital (\$112,517), Police (\$2,472), and Parks and Recreation (\$147,531). The Business-Type Activities includes restricted net position of the following: Debt Service and O&M reserves (\$970,123), and TABOR Emergencies (\$170,000). The remaining balance of net position (unrestricted net position) totals \$31,684,528. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

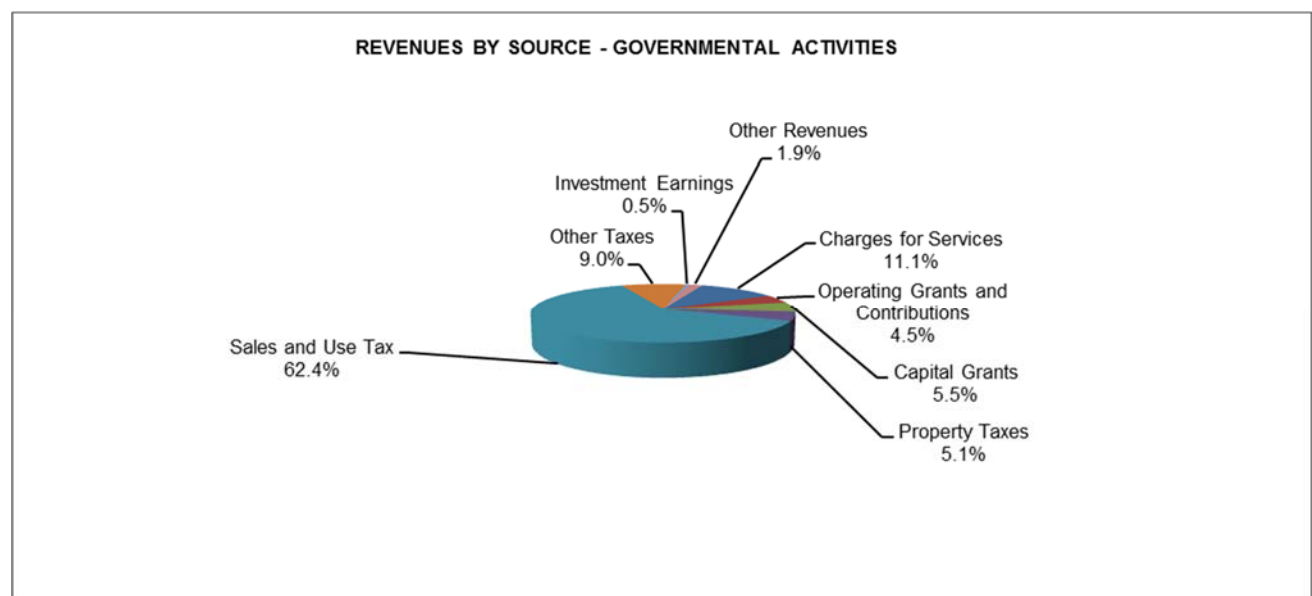
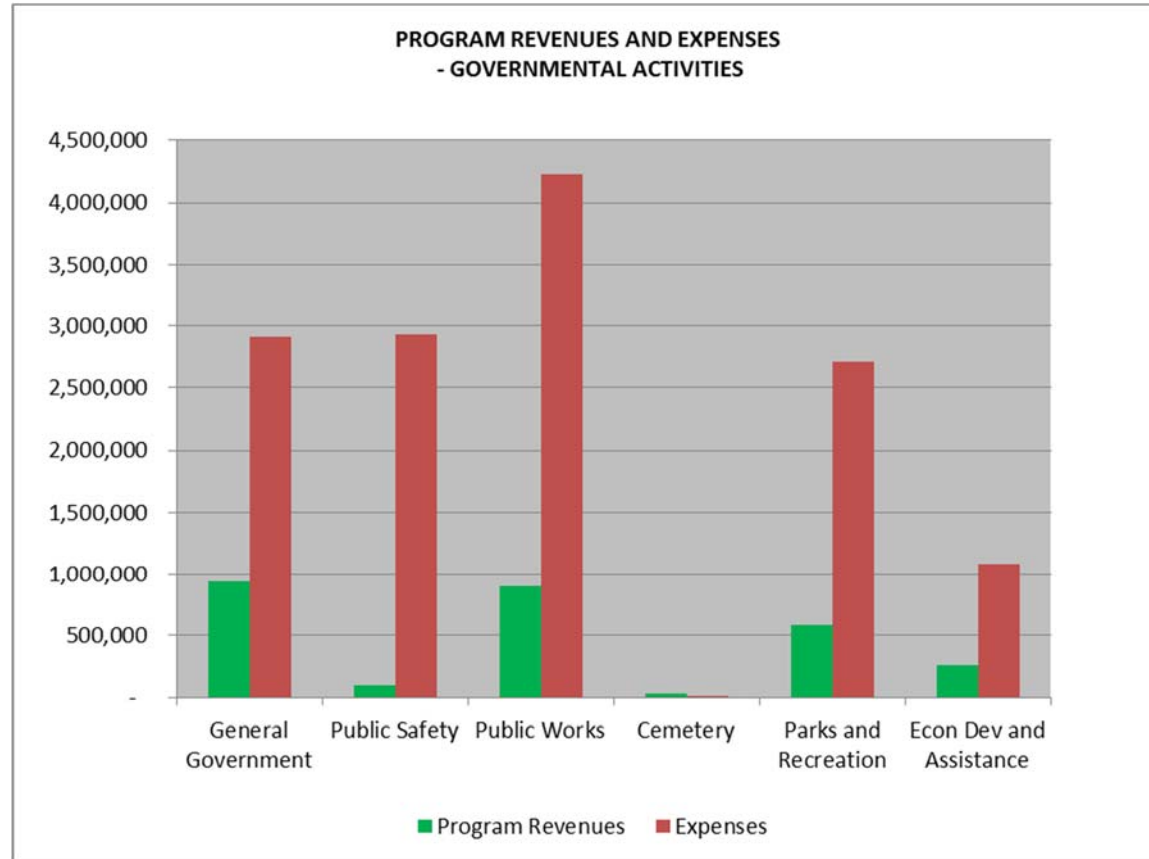
Changes in Net Position

The following shows the detail of the City's changes in net position for the year ended December 31, 2017.

SUMMARY OF CHANGES IN NET POSITION						
For Years Ended December 31, 2017 and 2016						
	Governmental		Business Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for services	\$ 1,483,381	\$ 1,128,162	\$ 7,406,229	\$ 6,895,747	\$ 8,889,610	\$ 8,023,909
Operating grants and contributions	601,523	746,860	-	-	601,523	746,860
Capital grants and contributions	730,295	483,858	1,286,044	2,549,136	2,016,339	3,032,994
General Revenues:						
Property taxes	674,404	695,089	-	-	674,404	695,089
Sales and use taxes	8,304,407	7,906,687	1,732,719	1,657,703	10,037,126	9,564,390
Other taxes	1,204,564	1,222,247	-	-	1,204,564	1,222,247
Investment earnings	71,175	35,410	31,647	20,193	102,822	55,603
Other revenues	247,235	174,815	17,033	92	264,268	174,907
Total revenues	13,316,984	12,393,128	10,473,672	11,122,871	23,790,656	23,515,999
EXPENSES						
General government	2,906,956	2,163,988	-	-	2,906,956	2,163,988
Public Safety	2,932,666	2,697,669	-	-	2,932,666	2,697,669
Public Works	4,230,195	4,262,832	-	-	4,230,195	4,262,832
Cemetery	1,545	75,866	-	-	1,545	75,866
Parks and recreation	2,708,667	3,248,304	-	-	2,708,667	3,248,304
Economic development and assistance	1,081,683	763,404	-	-	1,081,683	763,404
Interest Expense	-	-	-	-	-	-
Water operations	-	-	3,346,283	3,093,840	3,346,283	3,093,840
Sewer operations	-	-	2,782,653	2,993,943	2,782,653	2,993,943
Sanitation operations	-	-	552,533	542,408	552,533	542,408
Total expenses	13,861,712	13,212,063	6,681,469	6,630,191	20,543,181	19,842,254
Increase in net assets before transfers	(544,728)	(818,935)	3,792,203	4,492,680	3,247,475	3,673,745
Transfers	2,000	65,700	(2,000)	(65,700)	-	-
Increase in net assets	(542,728)	(753,235)	3,790,203	4,426,980	3,247,475	3,673,745
Net Position, Beginning of year	77,029,345	77,867,957	54,784,479	50,357,499	131,813,824	128,225,456
Prior Period Restatement	-	(85,377)	-	-	-	(85,377)
Net Position, end of year	\$ 76,486,617	\$ 77,029,345	\$ 58,574,682	\$ 54,784,479	\$ 135,061,299	\$ 131,813,824

The following charts compare Expenses and Program Revenues, and reflect Revenues by Source. The column graph indicates program expenses exceed program revenues. The pie chart shows the break-down of revenue sources. The primary revenue sources for 2017 are Sales and Use Tax at 63.8% and Other Taxes at 9.9%. These, along with the other revenue sources listed, support governmental services.

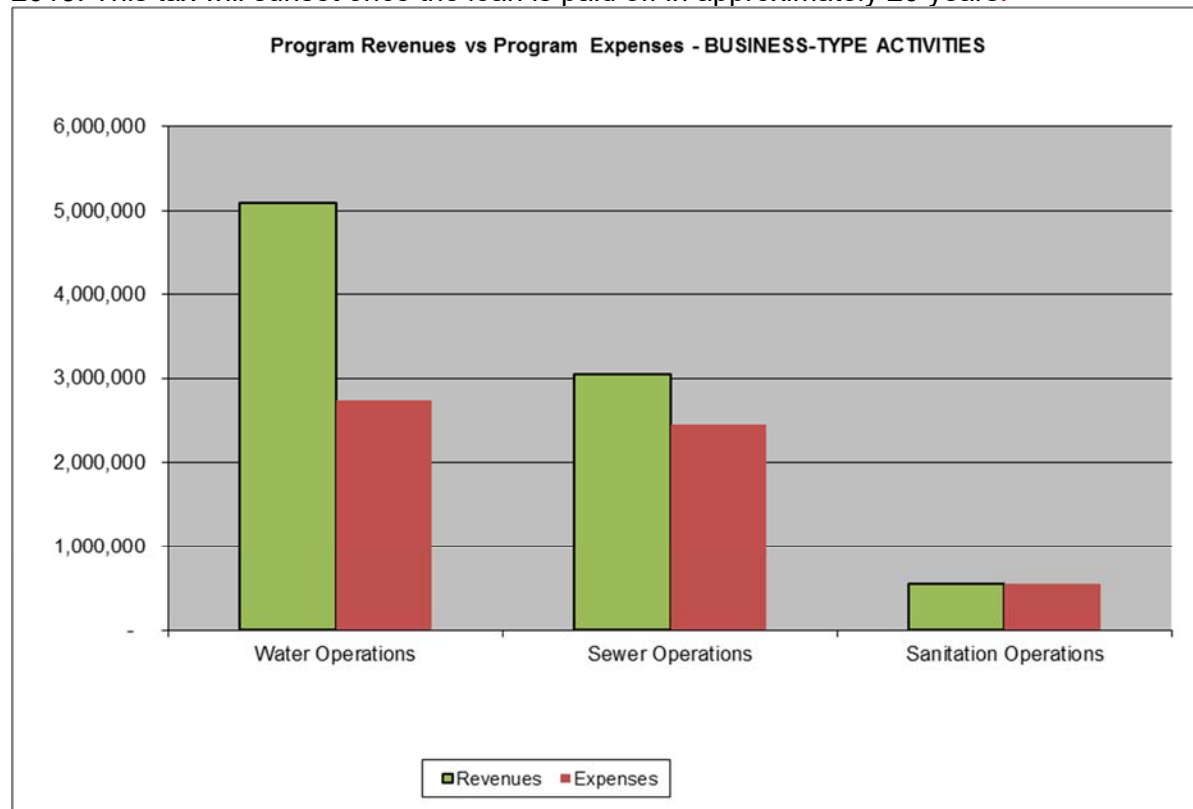
Governmental Activities



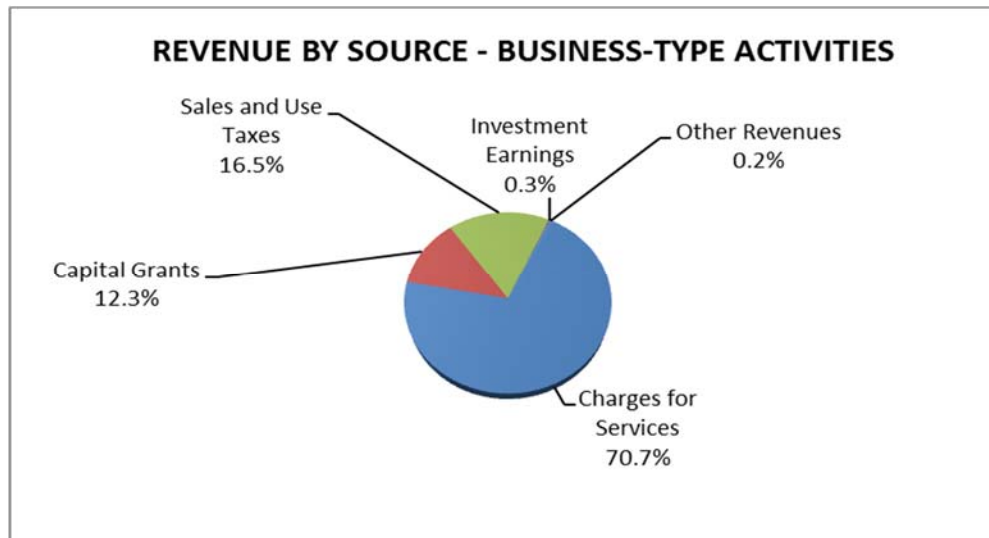
Business-Type Activities

As illustrated below and in the Statement of Activities, charges for services, operating grants and contributions, and capital grants received for the services provided covered program expenses in the Water and Sewer funds. However, the Sanitation fund has slightly more expenses than revenue.

The Water Fund is supporting a new treatment plant for the City and construction has been completed. In September 2012, taxpayers approved a .75% sales and use taxes to assist with funding the Water Treatment Plant annual debt service. The tax became effective on January 1, 2013. This tax will sunset once the loan is paid off in approximately 20 years.



As reflected in the pie chart below, 70% of collected revenues are from charges for services. During 2017, Sales and Use Taxes collected was approximately 16.5% of the total water fund's revenues. Capital Grants were 12.3%.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Rifle uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

One of the differences between the governmental activities as reported in the government-wide *Statement of Activities* and the individual governmental fund financial statements is the reporting of capital asset acquisitions. For the government-wide financial statements, any new assets are capitalized and only depreciation expense for those assets is reported in the *Statement of Activities*. In the individual governmental fund financial statements, the expenditure for the capital asset acquisitions is reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*. Therefore, governmental fund capital outlay expenditures of \$1,825,211 acquired in 2017 (page 7) are not reflected in the *Statement of Activities*.

At year-end 2017, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 5) reported a combined fund balance of \$21,462,036, an increase of \$849,439 from the prior year. The General Fund balance decreased \$293,475 or 5%. The Street Improvement Fund balance increased \$127,958 or 1.6%. The Parks and Recreation Fund balance increased \$307,678 or 29%.

The General Fund unassigned fund balance at December 31, 2017 was \$4,775,116 or 65% of annual expenditures. Unassigned fund balance increased \$2,027,570 with revenues exceeding expenditures by \$711,525.

Proprietary Funds – The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Proprietary Funds include the Water, Wastewater (Sewer), and Sanitation (Trash) Funds.

The Proprietary Fund Net Position increased \$3,790,202 to \$58,514,681. Investment in capital assets, net of related debt represents 86% of total net position.

ENTERPRISE FUND NET POSITION
December 31, 2016 and 2015

	Water		Wastewater		Sanitation		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Investment in capital assets net of related debt	\$ 33,211,271	\$ 28,368,625	\$ 17,009,750	\$ 17,202,605	\$ -	\$ -	\$ 50,221,021	45,571,230
Restricted:								
For Capital Improvements					-	-	-	-
For Emergencies	170,000	231,000			-	-	170,000	231,000
For Debt Service from Sales Tax	-	1,098,954			-	-	-	1,098,954
For Operations and Maintenance Reserve	517,793	541,777	452,330	442,029	-	-	970,123	983,806
Unrestricted	<u>5,676,207</u>	<u>5,808,148</u>	<u>722,560</u>	<u>270,085</u>	<u>814,770</u>	<u>821,256</u>	<u>7,213,537</u>	<u>6,899,489</u>
Total net position	<u>\$ 39,575,271</u>	<u>\$ 36,048,504</u>	<u>\$ 18,184,640</u>	<u>\$ 17,914,719</u>	<u>\$ 814,770</u>	<u>\$ 821,256</u>	<u>\$ 58,574,681</u>	<u>\$ 54,784,479</u>

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

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

Unrestricted net position is reserved for the operation and maintenance component of all the proprietary funds. Both the Water Fund and Sewer Fund continue to increase user fees annually to meet increasing costs of operation and to replace decaying infrastructure, which includes collection and distribution lines. The increases for both 2016 and 2017 were 5% and these will continue annually (in accordance with Rifle Municipal Code).

In 2017, the Water fund increased Net Position by \$3,526,767. Wastewater increased by \$269,921. The Sanitation fund incurred a net loss of \$6,486.

Total unrestricted net position increased \$314,048 during 2017. The Water Fund’s unrestricted net position decreased by \$131,941; Wastewater Fund increased \$452,475; and the Sanitation Fund decreased \$6,486.

General Fund Budgetary Highlights

The General Fund reflects an increase in revenues of \$405,847 or 5.3% from 2016 and exceeded budget by \$1.M and 14.5%. Expenditures decreased \$732,130 from 2016 or 9% and were under budget by \$1,063,502, or 12.6%. Management and City Council continue to budget conservatively to ensure the City has the flexibility to address community needs.

Capital Asset and Debt Administration

Capital assets – At the end of 2017, the City had \$143,433,110 invested in capital assets net of depreciation. Investment in capital assets includes land, buildings, improvements, machinery and

equipment, park facilities, roads, bridges, and trails. Total investment in capital assets for the current year increased by a net .42%.

(Net of Depreciation) As of December 31, 2017 and 2016						
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land & Rights	\$ 3,979,905	\$ 3,979,905	\$ 2,636,895	\$ 2,636,896	\$ 6,616,800	\$ 6,616,801
Construction in Process	76,027	0	0	30,614,559	76,027	30,614,559
Buildings	10,437,326	10,994,118	56,486,530	24,987,861	66,923,856	35,981,979
Improvements	38,875,660	40,112,202	28,429,958	26,840,197	67,305,618	66,952,399
Equipment	1,314,129	1,423,471	499,687	502,925	1,813,816	1,926,396
Int Svc Equipment & Vehicles	696,993	745,793	-	-	696,993	745,793
Total	<u>\$ 55,380,040</u>	<u>\$ 57,255,489</u>	<u>\$ 88,053,070</u>	<u>\$ 85,582,438</u>	<u>\$ 143,433,110</u>	<u>\$ 142,837,927</u>

Debt administration – At the end of 2017, the City of Rifle had a balance of \$38,437,724 outstanding in revenue bonds; revenue notes payable, notes payable and capital leases. Footnote disclosure number 5 on page 28 provides additional information regarding this advance refunding. The City has no general obligation debt.

OUTSTANDING DEBT Years Ended December 31, 2017 and 2016						
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue bonds and notes payable	\$ 295,000	\$ 596,993	\$ 37,832,047	\$ 40,021,207	\$ 38,127,047	\$ 40,618,200
Capital leases	310,677	610,674	-	-	310,677	610,674
Total	<u>\$ 605,677</u>	<u>\$ 1,207,667</u>	<u>\$ 37,832,047</u>	<u>\$ 40,021,207</u>	<u>\$ 38,437,724</u>	<u>\$ 41,228,874</u>

Certificates of Participation - In 2015, the City issued \$5,085,000 in certificates of participation for a water tank construction project with lease payments continuing until 2035.

Economic Factors and the 2018 Budget

2017 saw an increase of 4.5% in the general fund in sales and use tax revenues. A conservative approach was taken in the preparation of the 2018 Budget which projected a 2% increase. There are many unknowns impacting the local economy that make it difficult to predict performance such as: available labor force for construction, construction material cost increases, and trends in the Oil and Gas sector.

The City is limiting its investment in new projects and focusing on its current facilities. The major expenditures will be: a replacement of the existing municipal pool; street infrastructure; and water

infrastructure replacement. With the completion of the water treatment plant, attention will be placed on water transmission lines. For all major projects the City intends to infuse grant funds from State and local granting agencies, and utilize sales tax revenue that is specifically dedicated to the particular fund.

The City of Rifle, as a result of thoughtful leadership and prudent management, built up the reserves in its General Fund. While the economy continues to find some legs, the City of Rifle is positioned to continue to absorb sluggish economic growth. Management and City Council have become accustomed to being nimble and will make necessary changes as needed to the budget to make sure future services continue meeting public needs. The City has started transitioning some of these reserves into a Maintenance Department within the General Fund to provide on-going revenue for building and grounds maintenance. This will allow the City to stabilize expenditures on maintenance over time and discontinue the practice of deferred maintenance that has become customary since the oil shale bust in the early 1980s.

Request for Information

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

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

City Council
City of Rifle
Rifle, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows, thereof, and the respective budgetary comparison of the General, Street Improvement, and Parks and Recreation Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Rifle's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining and budgetary comparison statements and schedules listed as other supplementary information pages 37-54 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules Required Pursuant to Bond Agreements pages 55-56 and *Local Highway Finance Report* pages 57-58 are presented for purposes of legal and debt compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
June 11, 2018

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2017.

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CITY OF RIFLE, COLORADO

STATEMENT OF NET POSITION

December 31, 2017

	Governmental Activities	Business - Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 21,294,696	\$ 8,573,436	\$ 29,868,132
Property Taxes Receivable	616,080	-	616,080
Other Receivable	1,087,788	646,451	1,734,239
Interest Receivable	13,823	-	13,823
Prepaid Expenses	-	1,496	1,496
Due from Other Governments	48,610	-	48,610
Inventory	33,672	188,120	221,792
TOTAL CURRENT ASSETS	23,094,669	9,409,503	32,504,172
NONCURRENT ASSETS			
Capital Assets Not Being Depreciated	3,979,905	2,636,895	6,616,800
Capital Assets Being Depreciated, net	51,393,381	85,416,176	136,809,557
TOTAL NONCURRENT ASSETS	55,373,286	88,053,071	143,426,357
TOTAL ASSETS	78,467,955	97,462,574	175,930,529
DEFERRED OUTFLOWS			
Deferred Charge on Refunding	4,942	-	4,942
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	266,360	547,642	814,002
Accrued Interest Payable	1,605	355,126	356,731
Deposits	66,854	10,000	76,854
Current Portion of Long Term Debt	614,319	2,141,359	2,755,678
TOTAL CURRENT LIABILITIES	949,138	3,054,127	4,003,265
NONCURRENT LIABILITIES			
Accrued Wages & Comp. Absences	421,062	73,178	494,240
Notes Payable	-	31,275,690	31,275,690
Certificates of Participation	-	4,415,000	4,415,000
TOTAL NONCURRENT LIABILITIES	421,062	35,763,868	36,184,930
TOTAL LIABILITIES	1,370,200	38,817,995	40,188,195
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	616,080	69,897	685,977
NET POSITION			
Net Investment in Capital Assets	51,098,381	50,221,022	101,319,403
Restricted:			
for Cemetery Perpetual Care - Nonspendable	235,065	-	235,065
for Channel 10	22,661	-	22,661
for Debt Service and O&M Reserves	-	970,123	970,123
for Emergencies	397,000	170,000	567,000
for Senior Center Meals and Capital	112,517	-	112,517
for Police Expenditures	2,472	-	2,472
for Parks and Recreation	147,531	-	147,531
Unrestricted	24,470,991	7,213,537	31,684,528
TOTAL NET POSITION	\$ 76,486,618	\$ 58,574,682	\$ 135,061,300

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

CITY OF RIFLE, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

		PROGRAM REVENUES		
		CHARGES FOR	GRANTS AND	CAPITAL
	EXPENSES	SERVICES	CONTRIBUTIONS	GRANTS
FUNCTIONS/PROGRAMS				
Governmental Activities				
Current:				
General Government	\$ 2,906,956	\$ 871,348	\$ 57,665	\$ 9,178
Public Safety	2,932,666	31,575	68,705	-
Public Works	4,230,195	27,469	340,370	536,652
Cemetery	1,545	29,901	-	-
Parks and Recreation	2,708,667	266,053	130,783	184,465
Economic Development and Assistance	1,081,683	257,035	4,000	-
TOTAL GOVERNMENTAL ACTIVITIES	13,861,712	1,483,381	601,523	730,295
Business - Type Activities				
Current:				
Water Operations	3,346,283	3,867,613	-	1,231,311
Sewer Operations	2,782,653	2,993,531	-	54,733
Sanitation Operations	552,533	545,085	-	-
TOTAL BUSINESS - TYPE ACTIVITIES	6,681,469	7,406,229	-	1,286,044
TOTAL PRIMARY GOVERNMENT	\$ 20,543,181	\$ 8,889,610	\$ 601,523	\$ 2,016,339
GENERAL REVENUES				
Property Taxes				
Sales and Use Taxes				
Other Taxes				
Investment Earnings				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning of Year				
NET POSITION - End of Year				

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS**

PRIMARY GOVERNMENT

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (1,968,765)	\$ -	\$ (1,968,765)
(2,832,386)	-	(2,832,386)
(3,325,704)	-	(3,325,704)
28,356	-	28,356
(2,127,366)	-	(2,127,366)
(820,648)	-	(820,648)
<u>(11,046,513)</u>	<u>-</u>	<u>(11,046,513)</u>
-	1,752,641	1,752,641
-	265,611	265,611
-	(7,448)	(7,448)
<u>-</u>	<u>2,010,804</u>	<u>2,010,804</u>
<u>(11,046,513)</u>	<u>2,010,804</u>	<u>(9,035,709)</u>
674,404	-	674,404
8,304,407	1,732,719	10,037,126
1,204,564	-	1,204,564
71,175	31,647	102,822
247,236	17,033	264,269
2,000	(2,000)	-
<u>10,503,786</u>	<u>1,779,399</u>	<u>12,283,185</u>
(542,727)	3,790,203	3,247,476
<u>77,029,345</u>	<u>54,784,479</u>	<u>131,813,824</u>
<u>\$ 76,486,618</u>	<u>\$ 58,574,682</u>	<u>\$ 135,061,300</u>

CITY OF RIFLE, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

With Comparative Totals for December 31, 2016

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>PARKS & RECREATION</u>
ASSETS			
Cash and Investments	\$ 4,673,168	\$ 8,060,612	\$ 1,429,651
Property Taxes Receivable	570,212	-	-
Other Receivable	1,087,814	-	(26)
Interest Receivable	13,823	-	-
Due from Other Governments	48,328	-	-
Restricted Cash and Investments	-	-	-
TOTAL ASSETS	\$ 6,393,345	\$ 8,060,612	\$ 1,429,625
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 162,739	\$ 11,000	\$ 33,578
Accrued Wages & Comp. Absences	105,273	-	15,161
Deposits	57,929	-	350
TOTAL LIABILITIES	325,941	11,000	49,089
DEFERRED INFLOWS			
Deferred Revenue - Property Tax	570,212	-	-
FUND BALANCE			
Nonspendable:			
Cemetery Perpetual Care	-	-	-
Restricted for:			
Channel 10	22,661	-	-
Senior Center Capital and Meals	112,517	-	-
Police Expenditures	2,472	-	-
Emergencies	397,000	-	-
Parks and Recreation	147,531	-	-
Assigned for:			
Subsequent Year's Expenditures	39,895	871,763	-
Economic Development	-	-	-
Street Improvements	-	7,177,849	-
Parks and Recreation	-	-	1,380,536
Capital Improvements	-	-	-
Unassigned	4,775,116	-	-
TOTAL FUND BALANCE	5,497,192	8,049,612	1,380,536
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 6,393,345	\$ 8,060,612	\$ 1,429,625

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

CAPITAL PROJECT			
FUND		TOTALS	
	OTHER		
CAPITAL	GOVERNMENTAL		
IMPROVEMENT	FUNDS	2017	2016
\$ 4,832,648	\$ 1,736,114	\$ 20,732,193	\$ 19,282,489
-	45,868	616,080	609,970
-	-	1,087,788	2,004,921
-	-	13,823	13,823
-	282	48,610	59,251
-	-	-	11,558
<u>\$ 4,832,648</u>	<u>\$ 1,782,264</u>	<u>\$ 22,498,494</u>	<u>\$ 21,982,012</u>
\$ 9,280	\$ 14,147	\$ 230,744	\$ 587,391
-	2,346	122,780	103,350
-	8,575	66,854	68,704
<u>9,280</u>	<u>25,068</u>	<u>420,378</u>	<u>759,445</u>
-	45,868	616,080	609,970
-	235,065	235,065	225,879
-	-	22,661	22,661
-	-	112,517	115,013
-	-	2,472	2,472
-	-	397,000	370,000
-	-	147,531	258,598
649,134	76,785	1,637,577	7,360,449
-	1,365,664	1,365,664	1,323,267
-	-	7,177,849	3,468,126
-	-	1,380,536	765,387
4,174,234	-	4,174,234	3,953,199
-	33,814	4,808,930	2,747,546
<u>4,823,368</u>	<u>1,711,328</u>	<u>21,462,036</u>	<u>20,612,597</u>
<u>\$ 4,832,648</u>	<u>\$ 1,782,264</u>	<u>\$ 22,498,494</u>	<u>\$ 21,982,012</u>

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CITY OF RIFLE, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

December 31, 2017

FUND BALANCE - GOVERNMENTAL FUNDS	\$ 21,462,036
Capital assets used in governmental activities are not resources and are not reported in the funds:	
Capital Assets	97,677,826
Accumulated Depreciation	(43,001,533)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Accrued Compensated Absences	(284,678)
The Difference between the carrying value of the refinanced long-term debt and the amount placed in escrow is an amortizable inflow or outflow:	
Deferred Charge (Gain) on Refunding	4,942
Long-term liabilities are not due and payable in the current period	
Revenue Bonds Payable	(295,000)
Capital Leases Payable	(310,676)
Bond Premiums	(8,643)
Accrued Interest Payable	(1,605)
Internal Service Funds are blended into Governmental Activities:	
Internal Service Net Position	1,243,949
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 76,486,618</u>

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	SPECIAL REVENUE FUNDS		
	GENERAL	STREET IMPROVEMENT	PARKS & RECREATION
REVENUES			
Taxes	\$ 5,393,024	\$ 1,155,146	\$ 2,310,293
Licenses and Permits	170,836	-	-
Intergovernmental	1,459,922	407,757	164,406
Charges for Services	627,682	34,995	260,285
Fines and Forfeitures	105,509	-	-
Miscellaneous	340,548	126,773	44,993
TOTAL REVENUES	8,097,521	1,724,671	2,779,977
EXPENDITURES			
General Government	2,792,524	-	10,083
Public Safety	2,857,574	-	-
Public Works	1,359,979	119,686	-
Cemetery	-	-	-
Parks and Recreation	599	-	2,027,781
Economic Development and Assistance	323,846	-	-
Capital Outlay	51,474	1,180,427	312,707
Debt Service	-	296,600	322,328
TOTAL EXPENDITURES	7,385,996	1,596,713	2,672,899
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	711,525	127,958	107,078
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	200,600
Transfer Out	(1,005,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,005,000)	-	200,600
CHANGE IN FUND BALANCES	(293,475)	127,958	307,678
FUND BALANCE, Beginning	5,790,667	7,921,654	1,072,858
FUND BALANCE, Ending	\$ 5,497,192	\$ 8,049,612	\$ 1,380,536

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

CAP PROJECT FUND		TOTALS	
CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	2017	2016
\$ -	\$ 434,563	\$ 9,293,026	\$ 8,963,387
-	-	170,836	163,088
-	96,747	2,128,832	1,756,853
-	71,621	994,583	695,294
-	-	105,509	110,364
14,859	97,026	624,199	704,141
14,859	699,957	13,316,985	12,393,127
-	-	2,802,607	2,944,806
-	-	2,857,574	2,610,575
-	-	1,479,665	1,876,343
-	-	-	74,321
-	-	2,028,380	1,991,225
-	533,335	857,181	667,531
144,690	135,913	1,825,211	2,322,641
-	-	618,928	619,828
144,690	669,248	12,469,546	13,107,270
(129,831)	30,709	847,439	(714,143)
1,000,000	20,670	1,221,270	2,433,400
-	(214,270)	(1,219,270)	(2,404,054)
1,000,000	(193,600)	2,000	29,346
870,169	(162,891)	849,439	(684,797)
3,953,199	1,874,219	20,612,597	21,297,394
\$ 4,823,368	\$ 1,711,328	\$ 21,462,036	\$ 20,612,597

CITY OF RIFLE, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
Year Ended December 31, 2017

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

Net Change in Fund Balances - Total Governmental Funds	849,439
Principal payments on debt are reported as expenditures in the funds:	
Principal Payments on Outstanding Debt:	
Revenue Bonds Payable	285,000
Capital Leases Payable	299,998
Interest, issuance costs, bond premiums and deferred charges are reported on the cash basis in the funds	
Change in Accrued Interest Payable	1,612
Amortization of Premiums and Charge on Refunding	(1,114)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Change in Accrued Compensated Absences	50,481
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Purchased Capitalized Assets	1,557,401
Loss on Asset Disposals	(203,162)
Depreciation Expense	(3,187,642)
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance and Information Technology Funds Change in Net Position	(194,740)
Change in Net Position - Governmental Activities	<u>(542,727)</u>

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

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE
GENERAL FUND**

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 5,008,367	\$ 5,393,024	\$ 384,657	\$ 5,209,223
Licenses and Permits	140,000	170,836	30,836	163,088
Intergovernmental	1,107,386	1,459,922	352,536	1,530,249
Charges for Services	618,080	627,682	9,602	400,526
Fines and Forfeitures	104,681	105,509	828	110,364
Miscellaneous	90,540	340,548	250,008	278,224
TOTAL REVENUES	7,069,054	8,097,521	1,028,467	7,691,674
EXPENDITURES				
General Government	3,343,296	2,792,524	550,772	2,942,825
Public Safety	2,823,467	2,857,574	(34,107)	2,610,575
Public Works	1,493,435	1,359,979	133,456	1,393,526
Cemetery	-	-	-	74,321
Parks and Recreation	1,306	599	707	208,519
Economic Development and Assistance	332,994	323,846	9,148	418,779
Capital Outlay	455,000	51,474	403,526	469,581
TOTAL EXPENDITURES	8,449,498	7,385,996	1,063,502	8,118,126
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,380,444)	711,525	2,091,969	(426,452)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	150,200
Transfers Out	(1,005,000)	(1,005,000)	-	(2,145,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,005,000)	(1,005,000)	-	(1,994,800)
CHANGE IN FUND BALANCE	(2,385,444)	(293,475)	2,091,969	(2,421,252)
FUND BALANCE, Beginning	5,902,839	5,790,667	(112,172)	8,211,919
FUND BALANCE, Ending	\$ 3,517,395	\$ 5,497,192	\$ 1,979,797	\$ 5,790,667

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Taxes	\$ 1,078,515	\$ 1,155,146	\$ 76,631	\$ 1,083,759
Intergovernmental	2,250,000	407,757	(1,842,243)	65,000
Charges for Services	30,100	34,995	4,895	61,017
Miscellaneous	-	126,773	126,773	86,728
TOTAL REVENUES	<u>3,358,615</u>	<u>1,724,671</u>	<u>(1,633,944)</u>	<u>1,296,504</u>
EXPENDITURES				
Public Works	454,543	119,686	334,857	482,817
Capital Outlay	7,061,000	1,180,427	5,880,573	1,302,653
Debt Service	296,600	296,600	-	297,500
TOTAL EXPENDITURES	<u>7,812,143</u>	<u>1,596,713</u>	<u>6,215,430</u>	<u>2,082,970</u>
CHANGE IN FUND BALANCE	(4,453,528)	127,958	4,581,486	(786,466)
FUND BALANCE, Beginning	<u>8,014,270</u>	<u>7,921,654</u>	<u>(92,616)</u>	<u>8,708,120</u>
FUND BALANCE, Ending	<u>\$ 3,560,742</u>	<u>\$ 8,049,612</u>	<u>\$ 4,488,870</u>	<u>\$ 7,921,654</u>

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Taxes	\$ 2,163,148	\$ 2,310,293	\$ 147,145	\$ 2,210,271
Intergovernmental	1,580	164,406	162,826	31,536
Charges for Services	223,100	260,285	37,185	231,900
Miscellaneous	38,360	44,993	6,633	194,977
TOTAL REVENUES	2,426,188	2,779,977	353,789	2,668,684
EXPENDITURES				
General Government	9,463	10,083	(620)	1,981
Parks and Recreation	2,123,370	2,027,781	95,589	1,782,706
Capital Outlay	479,100	312,707	166,393	543,123
Debt Service	322,327	322,328	(1)	322,328
TOTAL EXPENDITURES	2,934,260	2,672,899	261,361	2,650,138
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(508,072)	107,078	615,150	18,546
OTHER FINANCING SOURCES (USES)				
Transfers In	200,600	200,600	-	276,200
Transfers Out	-	-	-	(63,854)
TOTAL OTHER FINANCING SOURCES (USES)	200,600	200,600	-	212,346
CHANGE IN FUND BALANCE	(307,472)	307,678	615,150	230,892
FUND BALANCE, Beginning	1,201,688	1,072,858	(128,830)	841,966
FUND BALANCE, Ending	\$ 894,216	\$ 1,380,536	\$ 486,320	\$ 1,072,858

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

CITY OF RIFLE, COLORADO

STATEMENT OF NET POSITION**PROPRIETARY FUNDS**

December 31, 2017

With Comparative Totals for December 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	NON-MAJOR			TOTAL
	WATER	WASTEWATER	SANITATION	
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 6,654,649	\$ 1,113,510	\$ 805,277	\$ 8,573,436
Other Receivable	255,769	336,929	53,753	646,451
Prepaid Expenses	499	499	498	1,496
Inventory	178,015	10,105	-	188,120
TOTAL CURRENT ASSETS	7,088,932	1,461,043	859,528	9,409,503
PROPERTY AND EQUIPMENT	74,944,602	42,910,574	-	117,855,176
Less Accumulated Depreciation	(15,466,698)	(14,335,407)	-	(29,802,105)
NET PROPERTY AND EQUIPMENT	59,477,904	28,575,167	-	88,053,071
OTHER ASSETS				
Restricted Cash and Investments	-	-	-	-
TOTAL ASSETS	66,566,836	30,036,210	859,528	97,462,574
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	466,530	36,636	44,476	547,642
Accrued Wages & Comp. Absences	31,116	41,780	282	73,178
Accrued Interest Payable	195,317	159,809	-	355,126
Deposits	10,000	-	-	10,000
Unearned Revenue	21,969	47,928	-	69,897
Current Portion of Long Term Debt	1,282,275	859,084	-	2,141,359
TOTAL CURRENT LIABILITIES	2,007,207	1,145,237	44,758	3,197,202
NONCURRENT LIABILITIES				
Notes Payable	20,569,358	10,706,332	-	31,275,690
Certificates of Participation	4,415,000	-	-	4,415,000
TOTAL NONCURRENT LIABILITIES	24,984,358	10,706,332	-	35,690,690
TOTAL LIABILITIES	26,991,565	11,851,569	44,758	38,887,892
NET POSITION				
Net Investment in Capital Assets	33,211,271	17,009,751	-	50,221,022
Restricted				
For Emergencies	170,000	-	-	170,000
For Operations and Maintenance Reserve	517,793	452,330	-	970,123
Unrestricted	5,676,207	722,560	814,770	7,213,537
TOTAL NET POSITION	\$ 39,575,271	\$ 18,184,641	\$ 814,770	\$ 58,574,682

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

GOVERNMENTAL ACTIVITIES		
INTERNAL	TOTALS	
SERVICE	2017	2016
\$ 562,503	\$ 9,135,939	\$ 12,027,455
-	646,451	625,956
-	1,496	1,496
33,672	221,792	217,916
596,175	10,005,678	12,872,823
2,242,017	120,097,193	115,225,565
(1,545,024)	(31,347,129)	(28,897,334)
696,993	88,750,064	86,328,231
-	-	10,000
1,293,168	98,755,742	99,211,054
35,615	583,257	2,380,800
13,604	86,782	100,812
-	355,126	405,168
-	10,000	10,000
-	69,897	69,897
-	2,141,359	2,189,160
49,219	3,246,421	5,155,837
-	31,275,690	33,222,049
-	4,415,000	4,610,000
-	35,690,690	37,832,049
49,219	38,937,111	42,987,886
696,993	50,918,015	46,317,022
-	170,000	231,000
-	970,123	983,806
546,956	7,760,493	8,691,340
\$ 1,243,949	\$ 59,818,631	\$ 56,223,168

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	WASTEWATER	NON-MAJOR SANITATION	TOTAL
OPERATING REVENUES				
Charges for Services	\$ 3,363,136	\$ 2,995,495	\$ 545,059	\$ 6,903,690
Sale of Materials	5,049	-	-	5,049
Reimbursed Expenditures	4,001	-	-	4,001
Other Revenue	495,427	(1,964)	26	493,489
TOTAL OPERATING REVENUES	3,867,613	2,993,531	545,085	7,406,229
OPERATING EXPENSES				
Personal Services	622,055	612,938	14,604	1,249,597
Supplies	82,783	71,040	23	153,846
Purchased Services	536,480	498,535	503,453	1,538,468
Other Expenses	7,670	-	-	7,670
Management Fees	140,944	130,134	27,891	298,969
Fleet Maintenance	42,727	25,944	-	68,671
Info Tech Maintenance	59,062	52,500	6,562	118,124
Small Equipment Purchases	50,358	-	-	50,358
Depreciation	1,243,714	1,061,317	-	2,305,031
TOTAL OPERATING EXPENSES	2,785,793	2,452,408	552,533	5,790,734
NET INCOME (LOSS) FROM OPERATIONS	1,081,820	541,123	(7,448)	1,615,495
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	24,374	4,311	2,962	31,647
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Sales and Use Taxes	1,732,719	-	-	1,732,719
Other Revenues	17,033	-	-	17,033
Amortization of Bond Premiums	69,258	35,614	-	104,872
Interest Expense	(629,748)	(365,859)	-	(995,607)
NONOPERATING INCOME (EXPENSE)	1,213,636	(325,934)	2,962	890,664
NET INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	2,295,456	215,189	(4,486)	2,506,159
CONTRIBUTED CAPITAL				
System Improvement Fees	57,099	54,733	-	111,832
Cash in Lieu of Fees	2,520	-	-	2,520
Federal Grants	583,152	-	-	583,152
State Grants	588,540	-	-	588,540
TOTAL CONTRIBUTED CAPITAL	1,231,311	54,733	-	1,286,044
TRANSFERS				
Transfers In	-	-	-	-
Transfers Out	-	-	(2,000)	(2,000)
NET TRANSFERS	-	-	(2,000)	(2,000)
NET INCOME (LOSS)	3,526,767	269,922	(6,486)	3,790,203
NET POSITION, Beginning	36,048,504	17,914,719	821,256	54,784,479
NET POSITION, Ending	\$ 39,575,271	\$ 18,184,641	\$ 814,770	\$ 58,574,682

The accompanying notes are an integral part of the financial statements

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2017	2016
\$ 981,615	\$ 7,885,305	\$ 7,453,551
-	5,049	7,744
-	4,001	(4,554)
-	493,489	512,389
<u>981,615</u>	<u>8,387,844</u>	<u>7,969,130</u>
372,629	1,622,226	1,566,206
234,252	388,098	521,734
190,720	1,729,188	1,804,125
130,716	138,386	195,504
-	298,969	219,160
-	68,671	81,779
6,562	124,686	94,213
120,778	171,136	93,131
161,407	2,466,438	1,960,719
<u>1,217,064</u>	<u>7,007,798</u>	<u>6,536,571</u>
<u>(235,449)</u>	<u>1,380,046</u>	<u>1,432,559</u>
1,734	33,381	21,499
7,269	7,269	50
-	1,732,719	1,657,703
31,706	48,739	744
-	104,872	104,872
-	(995,607)	(1,150,222)
<u>40,709</u>	<u>931,373</u>	<u>634,646</u>
<u>(194,740)</u>	<u>2,311,419</u>	<u>2,067,205</u>
-	111,832	121,252
-	2,520	5,202
-	583,152	1,066,445
-	588,540	1,356,237
-	<u>1,286,044</u>	<u>2,549,136</u>
-	-	36,354
-	(2,000)	(65,700)
-	(2,000)	(29,346)
(194,740)	3,595,463	4,586,995
<u>1,438,689</u>	<u>56,223,168</u>	<u>51,636,173</u>
<u>\$ 1,243,949</u>	<u>\$ 59,818,631</u>	<u>\$ 56,223,168</u>

CITY OF RIFLE, COLORADO

STATEMENT OF CASH FLOWS**PROPRIETARY FUNDS**

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
			NON-MAJOR	
	WATER	SEWER	SANITATION	TOTAL
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 3,879,630	\$ 2,962,900	\$ 543,204	\$ 7,385,734
Cash Payments to Suppliers	(2,721,800)	(772,865)	(530,326)	(4,024,991)
Cash Payments to Employees	(642,054)	(608,295)	(14,600)	(1,264,949)
Net Cash Provided by Operating Activities	515,776	1,581,740	(1,722)	2,095,794
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(4,775,662)	-	-	(4,775,662)
Proceeds From Sale of Capital Assets	-	-	-	-
Proceeds From System Improvement Fees	57,099	54,733	-	111,832
Proceeds From Cash in Lieu of Fees	2,520	-	-	2,520
Proceeds From Sales & Use Taxes	1,732,719	-	-	1,732,719
Proceeds From Grants	1,171,692	-	-	1,171,692
Principal Payments on Debt	(1,251,440)	(832,849)	-	(2,084,289)
Interest Payments on Debt	(631,616)	(414,033)	-	(1,045,649)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,694,688)	(1,192,149)	-	(4,886,837)
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	17,033	-	-	17,033
Transfers - Net	-	-	(2,000)	(2,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	17,033	-	(2,000)	15,033
Cash Flows From Investing Activities:				
Investment Income	24,374	4,311	2,962	31,647
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,137,505)	393,902	(760)	(2,744,363)
CASH AND EQUIVALENTS, Beginning	9,792,154	719,609	806,037	11,317,800
CASH AND EQUIVALENTS, Ending	\$ 6,654,649	\$ 1,113,511	\$ 805,277	\$ 8,573,437
Cash and Equivalents	\$ 6,654,649	\$ 1,113,511	\$ 805,277	\$ 8,573,437
Restricted Cash and Equivalents	-	-	-	-
TOTAL CASH AND EQUIVALENTS	\$ 6,654,649	\$ 1,113,511	\$ 805,277	\$ 8,573,437
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 1,081,820	\$ 541,123	\$ (7,448)	\$ 1,615,495
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,243,714	1,061,317	-	2,305,031
(Increase) Decrease in:				
Other Receivable	12,017	(30,631)	(1,881)	(20,495)
Prepaid Expenses	-	-	-	-
Inventory	(1,005)	(350)	-	(1,355)
Increase (Decrease) in:				
Accounts Payable	(1,800,771)	5,638	7,603	(1,787,530)
Accrued Wages & Comp. Absences	(19,999)	4,643	4	(15,352)
Total Adjustments	(566,044)	1,040,617	5,726	480,299
Net Cash Provided by Operating Activities	\$ 515,776	\$ 1,581,740	\$ (1,722)	\$ 2,095,794

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

GOVERNMENTAL ACTIVITIES		
INTERNAL SERVICE	TOTAL	
	2017	2016
\$ 981,615	\$ 8,367,349	\$ 9,236,079
(695,563)	(4,720,554)	(1,996,768)
(371,307)	(1,636,256)	(1,578,547)
(85,255)	2,010,539	5,660,764
(112,606)	(4,888,268)	(20,533,574)
7,269	7,269	50
-	111,832	121,252
-	2,520	5,202
-	1,732,719	1,657,703
-	1,171,692	2,422,682
-	(2,084,289)	(2,125,085)
-	(1,045,649)	(1,179,707)
(105,337)	(4,992,174)	(19,631,477)
31,706	48,739	744
-	(2,000)	(29,346)
31,706	46,739	(28,602)
1,734	33,381	21,499
(157,152)	(2,901,515)	(13,977,816)
719,655	12,037,455	26,015,271
\$ 562,503	\$ 9,135,940	\$ 12,037,455
\$ 562,503	\$ 9,135,940	\$ 12,027,455
-	-	10,000
\$ 562,503	\$ 9,135,940	\$ 12,037,455
\$ (235,449)	\$ 1,380,046	\$ 1,432,559
161,407	2,466,438	1,960,719
-	(20,495)	1,266,949
-	-	50,370
(2,520)	(3,875)	(24,744)
(10,015)	(1,797,545)	987,252
1,322	(14,030)	(12,341)
150,194	630,493	4,228,205
\$ (85,255)	\$ 2,010,539	\$ 5,660,764

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Reporting Entity

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

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

Blended Component Units

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Major Special Revenue Funds

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

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

Major Capital Projects Fund

Capital Improvement Fund – This fund accounts for the operations of the City’s Capital Improvement projects.

The City also reports the following major proprietary funds:

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

Budgets

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents

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

Property Taxes

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

Inventory

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

Property, Plant and Equipment

Capital Assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees earn one day of sick-leave per month. Upon accrual of 480 hours of sick-leave, employees at year end will receive 50% of balance over 480 added to their vacation accrual in lieu of sick leave.

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

The City records this liability in the proprietary funds and in the governmental activities presentation. In the proprietary funds, the leave balance is included with the year-end accrued payroll balance. Current accrued compensated absences including accrued regular payroll was \$481,395 at December 31, 2017. Accrued payroll of \$105,273 was recorded in the General Fund, and \$17,507 in the Special Revenue Funds. Accrued payroll of \$73,178 was recorded in the Enterprise Funds and \$13,604 in the Internal Service Funds. Governmental accrued compensated absences of \$271,833 were reported in the Governmental Activities presentation.

Deferred Outflows and Inflows of Resources

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

Net Position/Fund Balance

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

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

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

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

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

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

Net Position/Fund Balance Flow Assumptions

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

NOTES TO THE FINANCIAL STATEMENTS**December 31, 2017****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Comparative Data**

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

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Governmental - Unrestricted	\$ 21,294,696
Business-type - Unrestricted	8,573,436
Total Cash and Investments	<u>\$ 29,868,132</u>

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

Cash	\$ 17,482,517
Investments	<u>12,385,614</u>
Total Cash and Investments	<u>\$ 29,868,132</u>

Deposits**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2017, all of the City's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

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

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

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 1,009,690	\$ 1,009,690
PDPA Secured (Not in Entity's Name)	16,695,854	16,467,839
Petty Cash	-	4,988
Total Cash	<u>\$ 17,705,544</u>	<u>\$ 17,482,517</u>

Investments

Credit Risk

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2017 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Instrumentalities	\$ -	\$ 5,118,428	\$ -	\$ 5,118,428
Mutual Funds/Debt Proceeds	-	281,159	-	281,159
Total Investments	<u>\$ -</u>	<u>\$ 5,399,587</u>	<u>\$ -</u>	<u>\$ 5,399,587</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

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

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

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

During the year ended December 31, 2017, the City invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colotrust. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation. The City had invested \$883,939 and \$6,111,778 in CSAFE and Colotrust, respectively, at year end.

Interest Rate Risk

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Federal National Mortgage Association, Federal Home Loan Bank and Federal Farm Credit Bank securities. These investments are 15%, 5% and 22%, respectively, of the City's total investments.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the City's U.S. Instrumentality securities were held by Wells Fargo Brokerage Services, LLC, or AXA Advisors, LLC in the name of the City.

NOTE 3: CAPITAL ASSETS

The following schedule presents changes in governmental activities capital assets during 2017:

	<u>Balance</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>12/31/2017</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 3,979,905	\$ -	\$ -	\$ 3,979,905
Construction in Process	-	76,027	-	76,027
Depreciable Capital Assets:				
Buildings	16,711,118	10,000	209,842	16,511,276
Improvements	71,208,784	1,358,260	3,124	72,563,919
Equipment	4,483,353	113,116	49,769	4,546,699
Int Svc Equipment & Vehicles	<u>2,129,411</u>	<u>112,606</u>	<u>-</u>	<u>2,242,017</u>
Total Capital Assets	<u>98,512,570</u>	<u>1,670,008</u>	<u>262,735</u>	<u>99,919,843</u>
Less: Accumulated Depreciation				
Buildings	5,717,000	363,631	6,680	6,073,950
Improvements	31,096,582	2,594,803	3,124	33,688,260
Equipment	3,059,882	229,211	49,769	3,239,324
Int Svc Equipment & Vehicles	<u>1,383,618</u>	<u>161,405</u>	<u>-</u>	<u>1,545,024</u>
Total Accumulated Depreciation	<u>41,257,081</u>	<u>3,349,050</u>	<u>59,573</u>	<u>44,546,558</u>
Net Capital Assets	<u>\$ 57,255,489</u>	<u>\$ (1,679,042)</u>	<u>\$ 203,162</u>	<u>\$ 55,373,285</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: CAPITAL ASSETS (Continued)

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

	Governmental Activities
General Government	\$ 142,438
Public Safety	75,092
Public Works	2,202,919
Cemetery	1,545
Parks & Recreation	680,060
Economic Development	<u>85,589</u>
Depreciation Govt Funds	3,187,643
Int Svc Equipment & Vehicles	<u>161,407</u>
Total Depreciation	<u>\$ 3,349,050</u>

The following schedule presents business-type activities capital assets at December 31, 2017:

	Balance 12/31/2016	Additions	Deletions/ Transfers	Balance 12/31/2017
Business-Type Activities:				
Non-depreciable Capital Assets:				
Land	\$ 1,985,544	\$ -	\$ -	\$ 1,985,544
Water Rights	651,352	-	-	651,352
Construction in Process	30,614,559	-	30,614,558	-
Depreciable Capital Assets:				
Buildings	40,716,082	33,106,764	-	73,822,846
Improvements	36,972,976	2,250,767	-	39,223,743
Equipment	<u>2,155,642</u>	<u>32,690</u>	<u>16,642</u>	<u>2,171,690</u>
Total Capital Assets	<u>113,096,155</u>	<u>35,390,221</u>	<u>30,631,200</u>	<u>117,855,175</u>
Less: Accumulated Depreciation				
Buildings	15,728,221	1,608,095	-	17,336,316
Improvements	10,132,779	661,006	-	10,793,785
Equipment	<u>1,652,717</u>	<u>35,928</u>	<u>16,642</u>	<u>1,672,003</u>
Total Accumulated Depreciation	<u>27,513,717</u>	<u>2,305,029</u>	<u>16,642</u>	<u>29,802,104</u>
Net Capital Assets	<u>\$ 85,582,438</u>	<u>\$ 33,085,192</u>	<u>\$ 30,614,558</u>	<u>\$ 88,053,071</u>

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

	Business-Type Activities
Water Operations	\$ 1,243,715
Sewer Operations	<u>1,061,317</u>
Depreciation Expense	<u>\$ 2,305,032</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

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

	Balance 12/31/16	Advances	Repayments	Balance 12/31/17	Current Portion	Interest Expense
2013 Refunding Revenue Bonds	\$ 580,000	\$ -	\$ 285,000	\$ 295,000	\$ 295,000	\$ 12,092
2013 Refunding Revenue Bond Premium	16,993	-	8,350	8,643	8,643	(8,350)
Parks Facility Capital Lease	610,674	-	299,997	310,677	310,677	24,121
Accrued Compensated Absences	335,160	-	63,326	271,834	-	-
Total Obligations	\$ 1,542,827	\$ -	\$ 656,673	\$ 886,154	\$ 614,320	\$ 27,863
Deferred Charge on Refunding - 2013 Bonds	\$ 9,716	\$ -	\$ 4,774	\$ 4,942		

BONDS PAYABLE

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

Scheduled payments on the bonds are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 295,000	\$ 5,900	\$ 300,900

CAPITAL LEASE PAYABLE

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES (Continued)

Scheduled payments on the capital lease are as follows:

<u>Year</u>	<u>Parks Facility Payment</u>
2018	\$ 322,328
Interest at 4.28%	(11,651)
Present Value of Payments	<u>\$ 310,677</u>

NOTE 5: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES

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

	<u>Balance 12/31/16</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance 12/31/17</u>	<u>Current Portion</u>	<u>Interest Expense</u>
2003 CWRPDA Loan - Water	\$ 634,166	\$ -	\$ 85,000	\$ 549,166	\$ 85,833	\$ 26,840
2007 CWRPDA Loan - Sewer	12,021,352	-	832,848	11,188,504	859,084	365,859
2007 CWRPDA Premium - Sewer	412,526	-	35,614	376,912	35,614	35,614
2012 CWRPDA Loan - Water	19,310,048	-	894,040	18,416,008	912,286	419,925
2012 CWRPDA Loan - Water (Fed)	1,630,333	-	87,400	1,542,933	89,156	31,444
2012 CWRPDA Premium - Water	1,217,783	-	69,258	1,148,525	69,258	69,258
2015 Certificate of Participation - Water	4,795,000	-	185,000	4,610,000	195,000	152,027
Total Obligations	<u>\$ 40,021,208</u>	<u>\$ -</u>	<u>\$ 2,189,160</u>	<u>\$ 37,832,048</u>	<u>\$ 2,246,231</u>	<u>\$ 1,100,967</u>

NOTES PAYABLE

In 2003, the City obtained permanent financing from the Colorado Water Resource and Power Development Authority ("CWRPDA") of \$1,525,000 to fund system improvements. This permanent financing was used to repay the interim borrowing from CWRPDA that occurred in 2002. The loan bears interest at 3.98% and required monthly principal and interest payments through October 1, 2023. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$517,793. The City has funded this reserve through the restriction of its net position balance in the Water Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Payments are made through the Water Fund.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

NOTES PAYABLE (Continued)

Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 85,833	\$ 23,723	\$ 109,556
2019	90,833	20,275	111,108
2020	95,000	16,535	111,535
2021	95,833	12,529	108,362
2022	100,834	8,392	109,226
2023	80,833	3,937	84,770
Total	\$ 549,166	\$ 85,391	\$ 634,557

In May 2007, the City entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$17,852,112. The proceeds were used to complete sewer improvements. The City has also recorded \$747,848 of premiums that are being amortized over the life of the note, with the remaining unamortized portion included in the note payable balance in the financial statements. The loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2028. The loan bears interest at 3.5% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$452,330. The City has funded this reserve through the restriction of net position in the Wastewater Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 859,084	\$ 391,142	\$ 1,250,226
2019	880,320	367,102	1,250,226
2020	906,556	340,754	1,247,422
2021	938,204	309,917	1,247,310
2022	954,028	301,042	1,248,121
2023-2027	5,369,804	881,358	6,251,162
2028	1,264,684	(15,186)	1,249,498
Total	\$ 11,172,680	\$ 2,576,129	\$ 13,743,965

NOTES TO THE FINANCIAL STATEMENTS**December 31, 2017****NOTE 5: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES (Continued)****NOTES PAYABLE (Continued)**

In August 2012, the City entered into two loan agreements with the Colorado Water Resource and Power Development Authority in the amount of \$23,858,367. The loans are comprised of \$21,858,367 of regular CWRPDA financing and an additional \$2,000,000 direct loan. The proceeds are to be used to complete water system improvements.

The City has also received the benefit of \$1,523,671 of premiums related to the \$21,858,367 CWRPDA debt issuance that are being amortized over the life of the note. The unamortized portion of the premiums is included in the note payable balance in the financial statements. Issuance costs of \$382,038 were expensed during 2012. The \$21,858,367 loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2034 commencing in August 2012. The loan bears interest at 1.6% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$517,793. The City has funded this reserve through the restriction of its net position balance in the Water Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. All debt payments related to this loan are made by the Water Fund.

The \$2,000,000 direct loan was previously a federally subsidized non-interest bearing loan. However in 2014, the project no longer qualifies as green, and therefore, the loan does not qualify for a 0% interest rate. The new rate of 2% interest began accruing on August 1, 2014 with the first payment, at the new interest rate, due on February 1, 2015. The loan requires semi-annual principal payments of \$50,000 on February 1 and August 1 of each year through 2032 commencing in February 2013. All debt payments related to this loan are made by the Water Fund.

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

<u>Year</u>	<u>Regular</u>			<u>Federal</u>		
	<u>CWRPDA Principal</u>	<u>Interest</u>	<u>Total</u>	<u>CWRPDA Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 912,286	\$ 408,724	\$ 1,321,010	\$ 89,156	\$ 30,415	\$ 119,572
2019	948,777	376,497	1,325,274	90,948	28,623	119,572
2020	967,023	360,004	1,327,027	92,777	26,795	119,572
2021	979,187	344,647	1,323,834	94,641	24,930	119,572
2022	1,009,596	314,319	1,323,915	96,544	23,028	119,572
2023-2027	5,321,667	1,292,999	6,614,666	512,618	85,240	597,858
2028-2032	5,729,154	891,981	6,621,135	566,248	31,608	597,856
2033-2035	2,548,318	105,901	2,654,219	-	-	-
Total	<u>\$ 18,416,008</u>	<u>\$ 4,095,072</u>	<u>\$ 22,511,080</u>	<u>\$ 1,542,933</u>	<u>\$ 250,639</u>	<u>\$ 1,793,572</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

CERTIFICATES OF PARTICIPATION

In 2015, the City issued \$5,085,000 in certificates of participation for a water tank construction project. Principal payments are due semi-annually on June 1 and December 1. Principal payments start at \$110,000 in 2015 and increase to \$335,000 by 2035, at an interest rate of 3.13%. Payments are made by the Water Fund.

Scheduled payments on the certificates of participation are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 195,000	\$ 146,297	\$ 341,297
2019	200,000	140,109	340,109
2020	205,000	134,128	339,128
2021	210,000	127,256	337,256
2022	220,000	120,592	340,592
2023-2027	1,205,000	494,243	1,699,243
2028-2032	1,410,000	290,372	1,700,372
2033-2035	965,000	54,935	1,019,935
Total	\$ 4,610,000	\$ 1,507,932	\$ 6,117,932

NOTE 6: INTERFUND TRANSACTIONS

The City has recorded the following routine transfers:

	<u>Transfers</u>	<u>Transfers</u>
	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 1,005,000
Parks Fund	200,600	-
Nonmajor Governmental Funds	1,020,670	214,270
Nonmajor Enterprise Funds	-	2,000
Totals	\$ 1,221,270	\$ 1,221,270

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: INTERFUND TRANSACTIONS (Continued)

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

	Internal Charges Received	Internal Charges Paid
General Fund	\$ -	\$ 659,392
Parks Fund	-	122,304
Water Fund	-	101,789
Wastewater Fund	-	78,444
Sanitation Fund	-	6,562
Fleet Maintenance Fund	331,933	13,124
Information Technology Fund	649,682	-
Total	\$ 981,615	\$ 981,615

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

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

	Mgmt Fees Received	Mgmt Fees Paid
General Fund	\$ 535,879	\$ -
Street Improvement		54,543
Visitor Information		3,012
Downtown Development		4,346
Parks and Recreation		175,009
Water Fund	-	140,944
Wastewater Fund	-	130,134
Sanitation Fund	-	27,891
Total	\$ 535,879	\$ 535,879

NOTES TO THE FINANCIAL STATEMENTS**December 31, 2017****NOTE 7: EMPLOYEE BENEFIT PLANS**

The City provides pension benefits for all of its full-time police officers through a defined contribution plan. The police officers contribute 8% of their compensation to the plan, which the City matches with a 12.51% contribution. The City's contributions for each employee (and interest allocated thereon) vest at the rate of 20% per year. The City's contributions were calculated using the base salary amount of \$1,391,113. During the years ended December 31, 2017 and 2016, the City contributed \$170,771 and \$176,052, respectively, and the employees contributed \$111,289 and \$112,583, respectively.

All other full-time employees of the City are eligible to participate in a defined contribution pension plan established under the provisions of Section 401(k) of the Internal Revenue Code. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The plan covers all full-time employees upon initial employment and who have attained the age of twenty-one. The City contributes 5% of compensation to the plan on behalf of each qualified employee. Employees may not make contributions to this plan. Employees vest at the rate of 20% per year in contributions made by the City so that, by the fifth year of participation, they are 100% vested in all contributions made to the plan. The City's total payroll was \$5,664,223 and covered payroll was \$3,588,500 for this plan. For the years ended December 31, 2017 and 2016, the City contributed \$179,425 and \$174,389, respectively, to the plan.

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

NOTE 8: RECONCILIATION OF BUDGETED EXPENDITURES TO ACTUALS

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

	Water	Sewer	Sanitation	Fleet	Information
	Fund	Fund	Fund	Maintenance	Systems
	Fund	Fund	Fund	Fund	Fund
Total Expenditures -					
GAAP Basis	\$ 3,346,283	\$ 2,782,653	\$ 554,533	\$ 450,033	\$ 767,031
Depreciation	(1,243,714)	(1,061,317)	-	(116,340)	(45,067)
Debt Service Principal	1,320,698	832,849	-	-	-
Amortization	69,258	-	-	-	-
Capital Asset Acquisition	4,775,662	-	-	85,710	26,896
Total Expenditures -					
Budget Basis	\$ 8,268,187	\$ 2,554,185	\$ 554,533	\$ 419,403	\$ 748,860

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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.

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

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

The City carries commercial insurance for workers compensation claims.

NOTE 10: COMMITMENTS AND CONTINGENCIES

TABOR Amendment

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

"SHALL THE CITY OF RIFLE, COLORADO, BE AUTHORIZED TO COLLECT, RETAIN AND EXPEND IN FISCAL YEAR 1994 AND IN EACH SUBSEQUENT YEAR THE FULL AMOUNT OF REVENUES GENERATED BY THE CITY, WITHOUT ANY INCREASE IN THE PROPERTY TAX MILL LEVY; THE SALES AND USE TAX RATES, OR THE RATES OF ANY OTHER TAXES CURRENTLY IMPOSED BY THE CITY, AND NOTWITHSTANDING ANY STATE LIMITATION ON REVENUES AND EXPENDITURES, INCLUDING THE LIMITATIONS OF ARTICLE X, SECTION 20, OF THE COLORADO CONSTITUTION?"

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)

TABOR Amendment (Continued)

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$397,000 was recorded in the General Fund and an additional \$170,000 in the Water Fund.

2018 Budget Designations

Through the adoption of the 2018 budget, the City has assigned the following resources:

Assigned for Subsequent Year's Expenditures:		
General Fund	\$	39,895
Street Improvement		871,763
Capital Improvement		649,134
Tourism & Industry		11,993
Urban Renewal Authority		19,000
Visitor Improvement		45,792
Sanitation		3,232
Fleet		2,442

NOTE 11: RATE MAINTENANCE

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

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 11: RATE MAINTENANCE

	Water Fund	Wastewater Fund
<u>Revenues</u>		
Operating Revenues	\$ 3,867,613	\$ 2,993,531
Sales and Use Taxes	1,732,719	-
System Improvement Fees	57,099	54,733
(Water Improvement not to exceed 15% of total revenues)		
Investment Earnings	24,374	4,311
Cash in Lieu of Fees	2,520	-
Other Revenues	1,188,725	-
Total Revenues	<u>6,873,050</u>	<u>3,052,575</u>
<u>Expenses</u>		
Operating Expenses	(2,785,793)	(2,452,408)
Less: Depreciation	<u>1,243,714</u>	<u>1,061,317</u>
Net Expenses	<u>(1,542,079)</u>	<u>(1,391,091)</u>
Net Revenues	<u>5,330,971</u>	<u>1,661,484</u>
<u>Debt Service Requirements (Parity and Subordinate)</u>		
2007 CWRPDA Note Payable	-	1,333,096
2003 CWRPDA Note Payable	111,840	-
2012 CWRPDA Note Payable - Interest Bearing	1,314,617	-
2012 CWRPDA Note Payable - Federal	119,572	-
2015 Certificates of Participation	<u>337,027</u>	<u>-</u>
Total Debt Service	1,883,056	1,333,096
Required Coverage	<u>110%</u>	<u>110%</u>
(Water 100% without System Improvement Fees)		
Debt Service Coverage Amount	<u>2,071,362</u>	<u>1,466,406</u>
Net Revenue Excess (Shortfall)	<u>\$ 3,259,609</u>	<u>\$ 195,078</u>

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OTHER SUPPLEMENTARY INFORMATION

CITY OF RIFLE, COLORADO

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

With Comparative Totals for December 31, 2016

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST	ECONOMIC DEVELOPMENT	VISITOR IMPROVEMENT	DOWNTOWN DEVELOPMENT
ASSETS				
Cash and Investments	\$ 33,814	\$ -	\$ 214,752	\$ 69,346
Property Taxes Receivable	-	-	-	45,868
Due from Other Governments	-	-	-	282
TOTAL ASSETS	<u>\$ 33,814</u>	<u>\$ -</u>	<u>\$ 214,752</u>	<u>\$ 115,496</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 433	\$ 3,118
Accrued Wages & Comp. Absences	-	-	-	-
Deposits	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>433</u>	<u>3,118</u>
DEFERRED INFLOWS				
Deferred Revenue - Property Taxes	-	-	-	45,868
FUND BALANCE				
Nonspendable:				
Cemetery Perpetual Care	-	-	-	-
Restricted for:				
Parks and Recreation	-	-	-	-
Assigned for:				
Subsequent Year's Expenditures	-	-	45,792	
Economic Development	-	-	168,527	66,510
Unassigned	<u>33,814</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>33,814</u>	<u>-</u>	<u>214,319</u>	<u>66,510</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 33,814</u>	<u>\$ -</u>	<u>\$ 214,752</u>	<u>\$ 115,496</u>

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS			PERMANENT	TOTALS	
URBAN					
TOURISM AND	RENEWAL	PERPETUAL			
INDUSTRY	AUTHORITY	CARE FUND	2017	2016	
\$ 926,543	\$ 256,594	\$ 235,065	\$ 1,736,114	\$ 1,880,108	
-	-	-	45,868	46,244	
-	-	-	282	192	
<u>\$ 926,543</u>	<u>\$ 256,594</u>	<u>\$ 235,065</u>	<u>\$ 1,782,264</u>	<u>\$ 1,926,544</u>	
\$ 10,596	\$ -	\$ -	\$ 14,147	\$ 6,081	
2,346	-	-	2,346	-	
8,575	-	-	8,575	-	
<u>21,517</u>	<u>-</u>	<u>-</u>	<u>25,068</u>	<u>6,081</u>	
-	-	-	45,868	46,244	
-	-	235,065	235,065	225,879	
-	-	-	-	111,067	
11,993	19,000	-	76,785	214,006	
893,033	237,594	-	1,365,664	1,323,267	
-	-	-	33,814	-	
<u>905,026</u>	<u>256,594</u>	<u>235,065</u>	<u>1,711,328</u>	<u>1,874,219</u>	
<u>\$ 926,543</u>	<u>\$ 256,594</u>	<u>\$ 235,065</u>	<u>\$ 1,782,264</u>	<u>\$ 1,926,544</u>	

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST	ECONOMIC DEVELOPMENT	VISITOR IMPROVEMENT	DOWNTOWN DEVELOPMENT
REVENUES				
Taxes	\$ -	\$ -	\$ 123,393	\$ 45,477
Intergovernmental	92,747	-	2,500	1,500
Charges for Services	-	-	-	-
Miscellaneous	-	-	4,689	290
TOTAL REVENUES	92,747	-	130,582	47,267
EXPENDITURES				
Economic Development and Assistance	-	-	158,728	47,267
Capital Outlay	-	-	-	13,826
TOTAL EXPENDITURES	-	-	158,728	61,093
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	92,747	-	(28,146)	(13,826)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	3,670	7,000
Transfers Out	(170,000)	-	(40,600)	(1,670)
TOTAL OTHER FINANCING SOURCES (USES)	(170,000)	-	(36,930)	5,330
CHANGE IN FUND BALANCES	(77,253)	-	(65,076)	(8,496)
FUND BALANCE (DEFICIT), Beginning	111,067	585,921	279,395	75,006
PRIOR PERIOD ADJUSTMENT	-	(585,921)	-	-
FUND BALANCE, Beginning (As Restated)	111,067	-	279,395	75,006
FUND BALANCE (DEFICIT), Ending	\$ 33,814	\$ -	\$ 214,319	\$ 66,510

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS		PERMANENT	TOTALS	
TOURISM AND INDUSTRY	URBAN RENEWAL AUTHORITY	PERPETUAL CARE FUND	2017	2016
\$ 190,830	\$ 74,863	\$ -	\$ 434,563	\$ 460,134
-	-	-	96,747	130,068
62,435	-	9,186	71,621	1,851
91,186	861	-	97,026	138,869
<u>344,451</u>	<u>75,724</u>	<u>9,186</u>	<u>699,957</u>	<u>730,922</u>
327,340	-	-	533,335	248,752
122,087	-	-	135,913	7,284
<u>449,427</u>	<u>-</u>	<u>-</u>	<u>669,248</u>	<u>256,036</u>
(104,976)	75,724	9,186	30,709	474,886
10,000	-	-	20,670	7,000
(2,000)	-	-	(214,270)	(195,200)
8,000	-	-	(193,600)	(188,200)
(96,976)	75,724	9,186	(162,891)	286,686
416,081	180,870	225,879	1,874,219	1,587,533
585,921	-	-	-	-
1,002,002	180,870	225,879	1,874,219	1,587,533
<u>\$ 905,026</u>	<u>\$ 256,594</u>	<u>\$ 235,065</u>	<u>\$ 1,711,328</u>	<u>\$ 1,874,219</u>

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SPECIAL REVENUE FUNDS

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

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

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

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

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

Tourism & Industry Fund - This fund accounts for the operations of the Ute Theater and events designed to increase tourism.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Intergovernmental	\$ 100,000	\$ 92,747	\$ (7,253)	\$ 103,568
Miscellaneous	-	-	-	188
TOTAL REVENUES	100,000	92,747	(7,253)	103,756
OTHER FINANCING SOURCES (USES)				
Transfers Out	(170,000)	(170,000)	-	(90,000)
CHANGE IN FUND BALANCE	(70,000)	(77,253)	(7,253)	13,756
FUND BALANCE, Beginning	102,311	111,067	8,756	97,311
FUND BALANCE, Ending	<u>\$ 32,311</u>	<u>\$ 33,814</u>	<u>\$ 1,503</u>	<u>\$ 111,067</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
ECONOMIC DEVELOPMENT FUND****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

	2017			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 25,000
Miscellaneous	-	-	-	135,286
TOTAL REVENUES	-	-	-	160,286
EXPENDITURES				
Economic Development and Assistance	-	-	-	44,100
Capital Outlay	-	-	-	2,330
TOTAL EXPENDITURES	-	-	-	46,430
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	-	-	113,856
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
CHANGE IN FUND BALANCE	-	-	-	113,856
FUND BALANCE, Beginning	-	585,921	585,921	472,065
PRIOR PERIOD ADJUSTMENT	-	(585,921)	(585,921)	-
FUND BALANCE, Beginning (As Restated)	-	-	-	472,065
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ 585,921

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES					
Taxes	\$ 139,000	\$ 139,000	\$ 123,393	\$ (15,607)	\$ 150,830
Intergovernmental	16,500	16,500	2,500	(14,000)	-
Miscellaneous	-	-	4,689	4,689	472
TOTAL REVENUES	155,500	155,500	130,582	(24,918)	151,302
EXPENDITURES					
Economic Development and Assistance	142,046	161,722	158,728	2,994	64,348
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	13,454	(6,222)	(28,146)	(21,924)	86,954
OTHER FINANCING SOURCES (USES)					
Transfers In	3,670	3,670	3,670	-	-
Transfers Out	(40,600)	(40,600)	(40,600)	-	(56,200)
TOTAL OTHER FINANCING SOURCES (USES)	(36,930)	(36,930)	(36,930)	-	(56,200)
CHANGE IN FUND BALANCE	(23,476)	(43,152)	(65,076)	(21,924)	30,754
FUND BALANCE, Beginning	226,591	226,591	279,395	52,804	248,641
FUND BALANCE, Ending	\$ 203,115	\$ 183,439	\$ 214,319	\$ 30,880	\$ 279,395

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	ACTUAL
REVENUES				
Taxes	\$ 48,911	\$ 45,477	\$ (3,434)	\$ 42,708
Intergovernmental	1,500	1,500	-	1,500
Miscellaneous	-	290	290	1,933
TOTAL REVENUES	<u>50,411</u>	<u>47,267</u>	<u>(3,144)</u>	<u>46,141</u>
EXPENDITURES				
Economic Development and Assistance	54,351	47,267	7,084	49,920
Capital Outlay	15,330	13,826	1,504	4,954
Contingency Reserve	5,000	-	5,000	-
TOTAL EXPENDITURES	<u>74,681</u>	<u>61,093</u>	<u>13,588</u>	<u>54,874</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(24,270)</u>	<u>(13,826)</u>	<u>10,444</u>	<u>(8,733)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	7,000	7,000	-	7,000
Transfers Out	(1,670)	(1,670)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,330</u>	<u>5,330</u>	<u>-</u>	<u>7,000</u>
CHANGE IN FUND BALANCE	(18,940)	(8,496)	10,444	(1,733)
FUND BALANCE, Beginning	<u>80,111</u>	<u>75,006</u>	<u>(5,105)</u>	<u>76,739</u>
FUND BALANCE, Ending	<u>\$ 61,171</u>	<u>\$ 66,510</u>	<u>\$ 5,339</u>	<u>\$ 75,006</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
TOURISM AND INDUSTRY FUND****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

	2017			2016
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	ACTUAL
REVENUES				
Taxes	\$ 177,480	\$ 190,830	\$ 13,350	\$ 182,568
Charges for Services	79,000	62,435	(16,565)	-
Miscellaneous	98,483	91,186	(7,297)	663
TOTAL REVENUES	<u>354,963</u>	<u>344,451</u>	<u>(10,512)</u>	<u>183,231</u>
EXPENDITURES				
Economic Development and Assistance	326,061	327,340	(1,279)	52,047
Capital Outlay	123,600	122,087	1,513	-
TOTAL EXPENDITURES	<u>449,661</u>	<u>449,427</u>	<u>234</u>	<u>52,047</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(94,698)</u>	<u>(104,976)</u>	<u>(10,278)</u>	<u>131,184</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	-	-
Transfers Out	(2,000)	(2,000)	-	(49,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>(49,000)</u>
CHANGE IN FUND BALANCE	<u>(86,698)</u>	<u>(96,976)</u>	<u>(10,278)</u>	<u>82,184</u>
FUND BALANCE, Beginning	400,312	416,081	15,769	333,897
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>585,921</u>	<u>585,921</u>	<u>-</u>
FUND BALANCE, Beginning (As Restated)	<u>400,312</u>	<u>1,002,002</u>	<u>601,690</u>	<u>333,897</u>
FUND BALANCE, Ending	<u>\$ 313,614</u>	<u>\$ 905,026</u>	<u>\$ 591,412</u>	<u>\$ 416,081</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	ACTUAL
REVENUES				
Taxes	\$ 81,000	\$ 74,863	\$ (6,137)	\$ 84,028
Miscellaneous	-	861	861	327
TOTAL REVENUES	81,000	75,724	(5,276)	84,355
EXPENDITURES				
Economic Development and Assistance	75,000	-	75,000	38,337
TOTAL EXPENDITURES	75,000	-	75,000	38,337
CHANGE IN FUND BALANCE	6,000	75,724	69,724	46,018
FUND BALANCE, Beginning	171,987	180,870	8,883	134,852
FUND BALANCE, Ending	\$ 177,987	\$ 256,594	\$ 78,607	\$ 180,870

See the accompanying Independent Auditors' Report.

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CAPITAL PROJECTS FUND

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Miscellaneous	\$ -	\$ 14,859	\$ 14,859	\$ 5,343
EXPENDITURES				
Capital Outlay	500,000	144,690	355,310	-
Contingency Reserve	800,000	-	800,000	-
TOTAL EXPENDITURES	1,300,000	144,690	1,155,310	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,300,000)	(129,831)	1,170,169	5,343
OTHER FINANCING SOURCES (USES)				
Transfers In	1,000,000	1,000,000	-	2,000,000
TOTAL OTHER FINANCING SOURCES (USES)	1,000,000	1,000,000	-	2,000,000
CHANGE IN FUND BALANCE	(300,000)	870,169	1,170,169	2,005,343
FUND BALANCE, Beginning	3,947,856	3,953,199	5,343	1,947,856
FUND BALANCE, Ending	\$ 3,647,856	\$ 4,823,368	\$ 1,175,512	\$ 3,953,199

See the accompanying Independent Auditors' Report.

ENTERPRISE FUNDS

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

The following are the Enterprise Funds of the City:

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

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

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

CITY OF RIFLE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**WATER FUND****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

	2017			
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 2,923,000	\$ 3,363,136	\$ 440,136	\$ 2,967,704
Sale of Materials	6,000	5,049	(951)	7,744
Reimbursed Expenditures	-	4,001	4,001	(4,554)
Other Revenue	454,000	495,427	41,427	509,027
Sales and Use Taxes	1,614,660	1,732,719	118,059	1,657,703
System Improvement Fees	25,580	57,099	31,519	103,499
Investment Earnings	5,000	24,374	19,374	17,434
Cash in Lieu of Fees	2,000	2,520	520	5,202
Federal Grants	1,225,000	583,152	(641,848)	1,066,445
State Grants	989,790	588,540	(401,250)	1,356,237
Other Revenues	-	17,033	17,033	92
TOTAL REVENUES	7,245,030	6,873,050	(371,980)	7,686,533
EXPENDITURES				
Personal Services	656,873	622,055	34,818	622,070
Supplies	154,000	82,783	71,217	231,588
Purchased Services	1,853,500	536,480	1,317,020	626,069
Other Operating Expenses	-	7,670	(7,670)	30,150
Management Fees	140,944	140,944	-	105,000
Fleet Maintenance	42,727	42,727	-	50,883
Info Tech Maintenance	59,062	59,062	-	37,685
Acquisition of Capital Assets	4,945,000	4,826,020	118,980	20,161,925
Debt Principal	1,251,446	1,320,698	(69,252)	1,387,730
Interest Expense	641,435	629,748	11,687	661,870
Transfers Out	-	-	-	31,800
TOTAL EXPENDITURES	9,744,987	8,268,187	1,476,800	23,946,770
NET INCOME (LOSS) - Budgetary Basis	\$ (2,499,957)	(1,395,137)	\$ 1,104,820	(16,260,237)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		4,775,662		20,090,684
Amortization of Debt Premiums		69,258		69,258
Debt Principal		1,320,698		1,387,730
Depreciation Expense		(1,243,714)		(726,542)
NET INCOME - GAAP Basis		3,526,767		4,560,893
NET POSITION, Beginning		36,048,504		31,487,611
NET POSITION, Ending		\$ 39,575,271		\$ 36,048,504

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 2,866,500	\$ 2,995,495	\$ 128,995	\$ 2,875,056
Other Operating Revenues	6,000	(1,964)	(7,964)	2,238
System Improvement Fees	20,000	54,733	34,733	17,753
Investment Earnings	1,000	4,311	3,311	1,301
TOTAL REVENUES	<u>2,893,500</u>	<u>3,052,575</u>	<u>159,075</u>	<u>2,896,348</u>
EXPENDITURES				
Personal Services	638,134	612,938	25,196	639,457
Supplies	73,300	71,040	2,260	85,483
Purchased Services	840,850	498,535	342,315	542,396
Other Operating Expenses	-	-	-	26,614
Management Fees	130,134	130,134	-	105,000
Fleet Maintenance	25,944	25,944	-	30,896
Info Tech Maintenance	59,753	52,500	7,253	50,247
Acquisition of Capital Assets	-	-	-	22,222
Amortization of Debt Premiums	-	(35,614)	35,614	(35,614)
Debt Principal	832,848	832,849	(1)	806,613
Interest Expense	419,127	365,859	53,268	488,352
Transfers Out	-	-	-	31,900
TOTAL EXPENDITURES	<u>3,020,090</u>	<u>2,554,185</u>	<u>465,905</u>	<u>2,793,566</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ (126,590)</u>	498,390	<u>\$ 624,980</u>	102,782
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		-		21,528
Debt Principal		832,849		806,613
Depreciation Expense		(1,061,317)		(1,060,418)
NET INCOME (LOSS) - GAAP Basis		269,922		(129,495)
NET POSITION, Beginning		<u>17,914,719</u>		<u>18,044,214</u>
NET POSITION, Ending		<u>\$ 18,184,641</u>		<u>\$ 17,914,719</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**SANITATION FUND****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

	2017			
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 545,950	\$ 545,059	\$ (891)	\$ 537,408
Other Revenue	1,000	26	(974)	1,124
Investment Earnings	-	2,962	2,962	1,458
TOTAL REVENUES	<u>546,950</u>	<u>548,047</u>	<u>1,097</u>	<u>539,990</u>
EXPENDITURES				
Personal Services	16,029	14,604	1,425	15,293
Supplies	-	23	(23)	-
Purchased Services	519,300	503,453	15,847	517,951
Other Operating Expenses	-	-	-	4
Management Fees	27,891	27,891	-	9,160
Info Tech Maintenance	6,562	6,562	-	-
Transfers Out	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
TOTAL EXPENDITURES	<u>571,782</u>	<u>554,533</u>	<u>17,249</u>	<u>544,408</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ (24,832)</u>	<u>(6,486)</u>	<u>\$ 18,346</u>	<u>(4,418)</u>
NET POSITION, Beginning		<u>821,256</u>		<u>825,674</u>
NET POSITION, Ending		<u>\$ 814,770</u>		<u>\$ 821,256</u>

See the accompanying Independent Auditors' Report.

INTERNAL SERVICE FUNDS

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

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

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

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

December 31, 2017

With Comparative Totals for December 31, 2016

			TOTALS	
	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	2017	2016
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 354,811	\$ 207,692	\$ 562,503	\$ 719,655
Inventory	33,672	-	33,672	31,152
TOTAL CURRENT ASSETS	388,483	207,692	596,175	750,807
PROPERTY AND EQUIPMENT	1,724,676	517,341	2,242,017	2,129,410
Less Accumulated Depreciation	(1,273,648)	(271,376)	(1,545,024)	(1,383,618)
NET PROPERTY AND EQUIPMENT	451,028	245,965	696,993	745,792
TOTAL ASSETS	839,511	453,657	1,293,168	1,496,599
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	9,903	25,712	35,615	45,628
Accrued Wages & Comp. Absences	2,818	10,786	13,604	12,282
TOTAL LIABILITIES	12,721	36,498	49,219	57,910
NET POSITION				
Net Investment in Capital Assets	451,028	245,965	696,993	745,792
Unrestricted	375,762	171,194	546,956	692,897
TOTAL NET POSITION	\$ 826,790	\$ 417,159	\$ 1,243,949	\$ 1,438,689

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**INTERNAL SERVICE FUNDS****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

			TOTALS	
	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	2017	2016
OPERATING REVENUES				
Charges for Services	\$ 331,933	\$ 649,682	\$ 981,615	\$ 1,073,383
OPERATING EXPENSES				
Personal Services	90,644	281,985	372,629	289,386
Supplies	185,142	49,110	234,252	204,663
Purchased Services	37,795	152,925	190,720	117,709
Other Expenses	-	130,716	130,716	138,736
Info Tech Maintenance	6,562	-	6,562	6,281
Acquisition of Capital Assets	13,550	107,228	120,778	21,196
Depreciation	116,340	45,067	161,407	173,759
TOTAL OPERATING EXPENSES	450,033	767,031	1,217,064	951,730
NET INCOME (LOSS) FROM OPERATIONS	(118,100)	(117,349)	(235,449)	121,653
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	1,734	-	1,734	1,306
Gain (Loss) on Disposal of Capital Assets	2,985	4,284	7,269	50
Other Revenues	31,706	-	31,706	652
NONOPERATING INCOME (EXPENSE)	36,425	4,284	40,709	2,008
NET INCOME (LOSS) BEFORE TRANSFERS	(81,675)	(113,065)	(194,740)	123,661
TRANSFERS				
Transfers In	-	-	-	36,354
NET INCOME (LOSS)	(81,675)	(113,065)	(194,740)	160,015
NET POSITION, Beginning	908,465	530,224	1,438,689	1,278,674
NET POSITION, Ending	\$ 826,790	\$ 417,159	\$ 1,243,949	\$ 1,438,689

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF CASH FLOWS**INTERNAL SERVICE FUNDS****Increase (Decrease) in Cash and Cash Equivalents****Year Ended December 31, 2017****With Comparative Totals for the Year Ended December 31, 2016**

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTAL	
			2017	2016
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 331,933	\$ 649,682	\$ 981,615	\$ 1,073,383
Cash Payments to Suppliers and Employees	(246,146)	(449,417)	(695,563)	(486,847)
Cash Payments to Employees	(90,891)	(280,416)	(371,307)	(296,853)
Net Cash Provided by Operating Activities	(5,104)	(80,151)	(85,255)	289,683
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(85,710)	(26,896)	(112,606)	(199,760)
Transfers - Net	-	-	-	36,354
Proceeds From Sale of Capital Assets	2,985	4,284	7,269	50
Net Cash Provided (Used) by Capital and Related Financing Activities	(82,725)	(22,612)	(105,337)	(163,356)
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	31,706	-	31,706	652
Net Cash Provided (Used) by Non-Capital Financing Activities	31,706	-	31,706	652
Cash Flows From Investing Activities:				
Investment Income	1,734	-	1,734	1,306
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(54,389)	(102,763)	(157,152)	128,285
CASH AND EQUIVALENTS, Beginning	409,200	310,455	719,655	591,370
CASH AND EQUIVALENTS, Ending	\$ 354,811	\$ 207,692	\$ 562,503	\$ 719,655
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (118,100)	\$ (117,349)	\$ (235,449)	\$ 121,653
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	116,340	45,067	161,407	173,759
Inventory	(2,520)	-	(2,520)	7,297
Accounts Payable	(577)	(9,438)	(10,015)	(5,559)
Accrued Wages & Comp. Absences	(247)	1,569	1,322	(7,467)
Total Adjustments	112,996	37,198	150,194	168,030
Net Cash Provided by Operating Activities	\$ (5,104)	\$ (80,151)	\$ (85,255)	\$ 289,683

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 331,933	\$ 331,933	\$ -	\$ 395,295
Investment Earnings	-	1,734	1,734	744
Gain (Loss) on Disposal of Capital Assets	-	2,985	2,985	-
Other Revenues	25,000	31,706	6,706	623
Transfers In	-	-	-	36,354
TOTAL REVENUES	<u>356,933</u>	<u>368,358</u>	<u>11,425</u>	<u>433,016</u>
EXPENDITURES				
Personal Services	85,871	90,644	(4,773)	89,018
Supplies	199,800	185,142	14,658	178,754
Purchased Services	39,700	37,795	1,905	37,935
Info Tech Maintenance	6,562	6,562	-	6,281
Acquisition of Capital Assets	<u>101,000</u>	<u>99,260</u>	<u>1,740</u>	<u>190,983</u>
TOTAL EXPENDITURES	<u>432,933</u>	<u>419,403</u>	<u>13,530</u>	<u>502,971</u>
NET INCOME - Budgetary Basis	<u>\$ (76,000)</u>	<u>(51,045)</u>	<u>\$ 24,955</u>	<u>(69,955)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		85,710		184,965
Depreciation Expense		<u>(116,340)</u>		<u>(134,558)</u>
NET INCOME (LOSS) - GAAP Basis		(81,675)		(19,548)
NET POSITION, Beginning		<u>908,465</u>		<u>928,013</u>
NET POSITION, Ending		<u>\$ 826,790</u>		<u>\$ 908,465</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
REVENUES				
Charges for Services	\$ 649,682	\$ 649,682	\$ -	\$ 678,088
Investment Earnings	-	-	-	562
Gain (Loss) on Disposal of Capital Assets	-	4,284	4,284	50
Other Revenues	-	-	-	29
TOTAL REVENUES	<u>649,682</u>	<u>653,966</u>	<u>4,284</u>	<u>678,729</u>
EXPENDITURES				
Personal Services	271,137	281,985	(10,848)	200,368
Supplies	42,465	49,110	(6,645)	25,909
Purchased Services	180,473	152,925	27,548	79,774
Other Expenses	141,500	130,716	10,784	138,736
Acquisition of Capital Assets	<u>139,797</u>	<u>134,124</u>	<u>5,673</u>	<u>29,973</u>
TOTAL EXPENDITURES	<u>775,372</u>	<u>748,860</u>	<u>26,512</u>	<u>474,760</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ (125,690)</u>	<u>(94,894)</u>	<u>\$ 30,796</u>	<u>203,969</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		26,896		14,795
Depreciation Expense		<u>(45,067)</u>		<u>(39,201)</u>
NET INCOME - GAAP Basis		(113,065)		179,563
NET POSITION, Beginning		<u>530,224</u>		<u>350,661</u>
NET POSITION, Ending		<u>\$ 417,159</u>		<u>\$ 530,224</u>

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

CITY OF RIFLE, COLORADO

**SUPPLEMENTAL SCHEDULES REQUIRED
PURSUANT TO BOND AGREEMENTS
(Continuing Disclosure Undertaking)
December 31, 2017**

Historical Sales and Use Tax Revenues				
Year	Total Sales and Use Tax Revenues	Percent Change	Original Sales (2.5%) and Use Tax Revenues (1)	One Half of Original Sales and Use Tax Revenues (2)
2008	\$ 9,911,427		\$ 7,078,526	\$ 3,539,263
2009 (3)	6,991,427	-29.5%	4,995,437	\$ 2,497,719
2010	7,047,547	0.8%	5,014,127	\$ 2,507,064
2011	7,119,842	1.0%	5,124,155	\$ 2,562,078
2012	7,095,665	-0.3%	5,068,360	\$ 2,534,180
2013	7,548,030	6.4%	4,436,972	\$ 2,218,486
2014	8,895,720	17.9%	5,232,776	\$ 2,616,388
2015	8,790,860	-1.2%	5,171,094	\$ 2,585,547
2016	7,906,687	-10.1%	4,650,992	\$ 2,325,496
2017	8,304,407	5.0%	4,884,945	\$ 2,442,473

Source: City Finance Department

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

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

Source: City's Basic Financial Statements, 2008-2017

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

See the accompanying Independent Auditors' Report.

	2013	2014	2015	2016	2017
\$	964,364	\$ 1,046,199	\$ 1,033,991	\$ 1,083,759	\$ 1,155,146
	35,301	30,747	27,025	-	-
	39,087	231,616	6,000,000	65,000	407,757
	36,158	27,487	99,345	61,017	34,995
	4,189	(273)	27,046	86,728	126,773
	<u>1,079,099</u>	<u>1,335,776</u>	<u>7,187,407</u>	<u>1,296,504</u>	<u>1,724,671</u>
	167,191	122,890	135,913	482,817	119,686
	528,415	785,219	867,830	1,302,653	1,180,427
	294,195	298,100	297,700	297,500	296,600
	<u>989,801</u>	<u>1,206,209</u>	<u>1,301,443</u>	<u>2,082,970</u>	<u>1,596,713</u>
	89,298	129,567	5,885,964	(786,466)	127,958
	1,693,194	-	-	-	-
	(2,028,601)	-	-	-	-
	-	250,000	-	-	-
	<u>(25,374)</u>	<u>(75,674)</u>	<u>(25,374)</u>	<u>-</u>	<u>-</u>
	<u>(271,483)</u>	<u>303,893</u>	<u>5,860,590</u>	<u>(786,466)</u>	<u>127,958</u>
	2,764,819	2,493,336	2,847,530	8,708,120	7,921,654
	-	-	-	-	-
	<u>2,764,819</u>	<u>2,493,336</u>	<u>2,847,530</u>	<u>8,708,120</u>	<u>7,921,654</u>
\$	<u>2,493,336</u>	<u>\$ 2,797,229</u>	<u>\$ 8,708,120</u>	<u>\$ 7,921,654</u>	<u>\$ 8,049,612</u>

CITY OF RIFLE, COLORADO

SUPPLEMENTAL SCHEDULES REQUIRED
PURSUANT TO BOND AGREEMENTS
(Continuing Disclosure Undertaking)
December 31, 2017

Combined Statement of Debt

	Amount Outstanding (1) (2)
<u>Debt Supported by the City's Water Fund</u>	
2002 Interim Financing by Colorado Water Resources and Power Development Authority	\$ 549,166
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12A104)	18,416,008
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12F104)	1,542,933
<u>Debt Supported by the City's Sewer Fund</u>	
1997 Colorado Water Resource and Power Development Loan	11,188,504
<u>Debt Supported by the City's Street Improvement Fund</u>	
2013 Sales Tax Refunding Bonds	295,000
Total	<u>\$ 31,991,611</u>

Source: City Finance Department

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

(2) The City also has authority to enter into installment or lease purchase contracts, subject to annual appropriation, for the purchase of property or capital equipment without prior electoral approval. The term of any such contract may not extend over a period greater than the estimated useful life of the property or equipment.

As of December 31, 2017, the City has a capital leases outstanding for a parks facility with a balance of \$310,677

The City also entered into a Certificate of Participation Agreement related to the water project with an outstanding balance of \$4,610,000

See the accompanying Independent Auditors' Report.

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF RIFLE	
		YEAR ENDING : Dec-17	
This Information From The Records Of: City of Rifle		Prepared By: Michelle Duran, finance Director Phone: 970.665.6449	
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE			
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes
1. Total receipts available			
2. Minus amount used for collection expenses			
3. Minus amount used for nonhighway purposes			
4. Minus amount used for mass transit			
5. Remainder used for highway purposes			
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,245,570
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,060,535
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	14,348
2. General fund appropriations	0	b. Snow and ice removal	64,980
3. Other local imposts (from page 2)	1,546,012	c. Other	122,037
4. Miscellaneous local receipts (from page 2)	438,213	d. Total (a. through c.)	201,365
5. Transfers from toll facilities	0	4. General administration & miscellaneous	238,721
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,042,683
a. Bonds - Original Issues	0	6. Total (1 through 5)	3,788,874
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	11,600
7. Total (1 through 6)	1984225.35	b. Redemption	285,000
B. Private Contributions	0	c. Total (a. + b.)	296600
C. Receipts from State government (from page 2)	340,797	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2,325,022	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	296600
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	4,085,474
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	Closing Debt
A. Bonds (Total)	580,000	-	295,000
1. Bonds (Refunding Portion)	16,993	-	8,643
B. Notes (Total)	0	0	0
V. LOCAL ROAD AND STREET FUND BALANCE			
A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
6,052,661	2,325,022	4,085,474	4,292,209
E. Reconciliation			
-			
Notes and Comments:			

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LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy): Dec-17	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	28,873
b. Other local imposts:		b. Traffic Fines & Penalties	105,340
1. Sales Taxes	1,155,146	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	34,995	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	355,871	g. Other Misc. Receipts	4,000
6. Total (1. through 5.)	1,546,012	h. Other- Garfield FMLD Grants	300,000
c. Total (a. + b.)	1,546,012	i. Total (a. through h.)	438,213
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	299,840	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	40,957	d. Federal Transit Admin	0
d. DOLA Grants	0	e. U.S. Corps of Engineers	0
e.	0	f. Other Federal	0
f. Cdot	0	g. Total (a. through g.)	0
g. Total (a. through f.)	40,957	3. Total (1. + 2.g)	
4. Total (1. + 2. + 3.f)	340,797	(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		50,325	50,325
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		1,146,379	1,146,379
(4). System Enhancement & Operation		48,866	48,866
(5). Total Construction (1) + (2) + (3) + (4)	0	1,195,245	1,195,245
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,245,570	1,245,570
			(Carry forward to page 1)
Notes and Comments:			

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