

CITY OF ROCKY FORD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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September 7, 2018

CITY OF ROCKY FORD, COLORADO

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HANCOCK FROESE & COMPANY LLC

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Rocky Ford, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Rocky Ford, Colorado, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

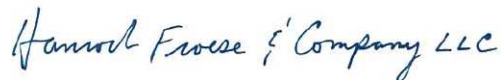
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rocky Ford, Colorado's basic financial statements. The combining and individual fund financial statements and budget schedules, and the local highway finance report, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budget schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budget schedules and the local highway finance report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2018, on our consideration of the City of Rocky Ford, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rocky Ford, Colorado's internal control over financial reporting and compliance.



HANCOCK FROESE & COMPANY LLC

Rocky Ford, Colorado
August 31, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Rocky Ford's (the "City") Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2017. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City of Rocky Ford's basic financial statements and notes to the financial statements to enhance their understanding of the activities and financial health of the City of Rocky Ford.

FINANCIAL HIGHLIGHTS

The City's total net position increased from \$17,156,234 to \$18,785,966 over the course of the City's operations in 2017.

During the year, the City's governmental revenues generated in taxes and other revenues for governmental programs (after other financing sources) were \$1,368,084 more than the \$2,686,107 of expenditures for general government and governmental services.

The City's business-type funds, the water, sewer and solid waste disposal funds, had an increase in total net position of \$261,648 over the year, up from \$9,507,046 in 2016 to \$9,768,694 in 2017.

Overview of the Financial Statements

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

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

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

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

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

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

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

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The City has two kinds of funds:

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

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

Financial Analysis of the City as a Whole

Net Position: As discussed earlier, net position may serve as a useful indicator of a government's financial position. As of December 31, 2017, total City's net position was \$18,785,966, governmental activity net position was \$9,017,272 and business-type activities net position was \$9,768,694. The table below provides a comparative summary of the City's Governmental and Business-type net position for 2017 and 2016:

The 2017 MD&A presentation includes comparative changes in net position for the past two years below:

Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other	\$ 1,179,910	\$ 2,673,249	\$ 3,158,886	\$ 2,694,767	\$ 4,338,796	\$ 5,368,016
Capital Assets	\$ 9,756,276	\$ 6,856,923	\$ 12,714,015	\$ 13,371,571	\$ 22,470,291	\$ 20,228,494
Total Assets	\$ 10,936,186	\$ 9,530,172	\$ 15,872,901	\$ 16,066,338	\$ 26,809,087	\$ 25,596,510
Deferred Outflows of Resources	\$ 21,044	\$ 18,512	\$ -	\$ -	\$ 21,044	\$ 18,512
Total Assets and Deferred Outflows	\$ 10,957,230	\$ 9,548,684	\$ 15,872,901	\$ 16,066,338	\$ 26,830,131	\$ 25,615,022
Liabilities						
Current Liab.	\$ 664,745	\$ 518,580	\$ 599,930	\$ 583,693	\$ 1,264,675	\$ 1,102,273
Long-term Liab.	\$ 1,002,275	\$ 1,091,816	\$ 5,504,277	\$ 5,975,599	\$ 6,506,552	\$ 7,067,415
Total Liabilities	\$ 1,667,020	\$ 1,610,396	\$ 6,104,207	\$ 6,559,292	\$ 7,771,227	\$ 8,169,688
Deferred Inflows of Resources	\$ 272,938	\$ 289,100	\$ -	\$ -	\$ 272,938	\$ 289,100
Net Position						
Net Investment in Capital Assets	\$ 6,856,925	\$ 5,950,210	\$ 7,098,411	\$ 7,401,797	\$ 13,955,336	\$ 13,352,007
Restricted	\$ 548,195	\$ 937,936	\$ 944,994	\$ 942,513	\$ 1,493,189	\$ 1,880,449
Unrestricted	\$ 1,612,152	\$ 761,042	\$ 1,725,289	\$ 1,162,736	\$ 3,337,441	\$ 1,923,778
Total Net Position	\$ 9,017,272	\$ 7,649,188	\$ 9,768,694	\$ 9,507,046	\$ 18,785,966	\$ 17,156,234
Total Liabilities, Deferred Inflows & Net Position	\$ 10,957,230	\$ 9,548,684	\$ 15,872,901	\$ 16,066,338	\$ 26,830,131	\$ 25,615,022

A significant portion (74%) of the net position represents the *net investment in capital asset*. This includes land, buildings, machinery and equipment, and infrastructure assets, offset with associated long-term and short-term debt liabilities. Capital assets are restricted for the purpose of providing services to the citizens of Rocky Ford; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Other *restricted net position* represents resources that are subject to external restrictions on how they may be used. Included in this category are unspent proceeds for capital projects, debt service reserve, mandated reserves for restricted library assets, conservation trust, restricted receivables and TABOR emergency funds. This portion makes up 10% of the total.

The remaining 16% of net position represent the *unrestricted* portion available for the City's ongoing obligations to its citizens.

At the end of 2017, the City of Rocky Ford had positive balances in all three categories of net position.

Changes in Revenues and Expenditures

The table below presents the City's 2017 revenues and expenditures for Governmental and Business-type activities as they are reported in the Statement of Activities compared to 2016. The revenues and expenditures include the Governmental Funds (General Fund, Capital Projects Fund and Special Revenue Funds) and the Enterprise Funds (Water Utility Fund, Sewer Utility Fund and Solid Waste Disposal Utility Fund).

The 2017 MD&A presentation includes changes in revenues and expenditures for the past two years below:

	Changes in Revenues and Expenditures					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Governmental Revenues:						
Charges for Services	\$ 530,840	\$ 473,763			\$ 530,840	\$ 473,763
Operating Grants & Contributions	\$ 248,335	\$ 231,156			\$ 248,335	\$ 231,156
Capital Grants & Contributions	\$1,721,576	\$ 714,906			\$1,721,576	\$ 714,906
Taxes	\$1,290,322	\$ 1,460,993			\$1,290,322	\$ 1,460,993
Fees & Fines	\$ 125,203	\$ 147,477			\$ 125,203	\$ 147,477
Other	\$ 63,833	\$ 213,267			\$ 63,833	\$ 213,267
Contributions	\$ 6,754	\$ 4,479			\$ 6,754	\$ 4,479
Total Government Revenues	\$3,986,863	\$ 3,246,041			\$3,986,863	\$ 3,246,041
Business-type Revenues						
Charges for Services			\$ 2,462,899	\$2,408,051	\$ 2,462,899	\$ 2,408,051
Other			\$ 30,205	\$ 26,137	\$ 30,205	\$ 26,137
Grants & Contributions			\$ 500	\$ 4,500	\$ 500	\$ 4,500
Total Business-type Revenues			\$ 2,493,604	\$2,438,688	\$2,493,604	\$ 2,438,688
TOTAL REVENUES	\$3,986,863	\$ 3,246,041	\$ 2,493,604	\$2,438,688	\$6,480,467	\$ 5,684,729
EXPENDITURES						
Government Expenditures						
General Government	\$ 703,450	\$ 903,269			\$ 703,450	\$ 903,269
Public Safety	\$ 989,110	\$ 1,433,069			\$ 989,110	\$ 1,433,069
Public Works	\$ 416,469	\$ 381,091			\$ 416,469	\$ 381,091
Health & Welfare	\$ 56,792	\$ 76,321			\$ 56,792	\$ 76,321
Culture and Recreation	\$ 520,286	\$ 606,912			\$ 520,286	\$ 606,912
Total Government Expenditures	\$2,686,107	\$ 3,400,662			\$2,686,107	\$ 3,400,662
Business-type Expenditures						
Personal Services,						
Materials, Supplies			\$ 1,591,731	\$1,776,054	\$1,591,731	\$ 1,776,054
Net Depreciation			\$ 657,557	\$ 664,024	\$ 657,557	\$ 664,024
Total Business-type Expenditures			\$ 2,249,288	\$2,440,078	\$2,249,288	\$ 2,440,078
TOTAL EXPENDITURES	\$2,686,107	\$ 3,400,662	\$ 2,249,288	\$2,440,078	\$4,935,395	\$ 5,840,740
EXCESS (DEFICIENCY) BEFORE TRANSFERS & SPECIAL ITEM	\$1,300,756	\$ (154,621)	\$ 244,316	\$ (1,390)	\$ 1,545,072	\$ (156,011)
Transfers In (Out)	\$ 67,328	\$ 350,000	\$ (67,328)	\$ (350,000)	\$ -	\$ -
Special Item	\$ -	\$ -	\$ 84,660	\$ -	\$ 84,660	\$ -
CHANGE IN NET POSITION	\$1,368,084	\$ 195,379	\$ 261,648	\$ (351,390)	\$1,629,732	\$ (156,011)
NET POSITION – BEGINNING AS RESTATED	\$7,649,188	\$ 7,453,809	\$ 9,507,046	\$9,858,436	\$17,156,234	\$17,312,245
NET POSITION - ENDING	\$9,017,272	\$ 7,649,188	\$ 9,768,694	\$9,507,046	\$18,785,966	\$17,156,234

Governmental Activities: Governmental activities accounted for \$1,368,084 of revenues over expenses for 2017. Total revenues from governmental activities including the general fund and other governmental funds amounted to \$4,054,191.

Total expenses for governmental activities in 2017 including the general fund and other governmental funds amounted to \$2,686,107.

Business-type Activities: The business activities had revenues in excess of expenses totaling \$261,648 in 2017 due to current year operations and fewer transfers out made in 2017 compared to 2016.

The Water Utility Fund had expenses in excess of revenues of \$14,225 due to interest expense of \$134,619.

The Sewer Utility Fund had revenues in excess of expenses of \$71,833. This was due to fewer operating expenses in 2017 compared to 2016 and a rate increase effective in fiscal year 2017.

The Solid Waste Disposal Utility Fund had revenue in excess of expenses of \$204,040 due to operating revenues exceeding operating expenses by \$126,821 and the significant reduction in the closure and post closure cost estimate for the landfill that is reported as a special item for \$84,660.

Financial Analysis of the City's Funds

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

At the end of 2017, the City of Rocky Ford reported a fund balance for total governmental funds of \$355,365 compared to \$2,000,857 in 2016. Of the total fund balance, a negative unassigned fund balance of \$601,560, the portion of fund balance which serves as a measure of current available financial resources. The fund balance is further divided into committed and restricted. The committed portion reflects the City's reserves, working capital, sick and vacation leave and future capital equipment. The unassigned portion is not set aside by management for any other purpose and is therefore an available financial resource, when available.

The restricted fund balance represents resources not available for spending or those on which legal restrictions have been placed. The City's restricted fund balance includes the following: restricted for special purposes \$58,165; restricted for emergencies- Tabor \$156,000; restricted for capital improvements \$173,934 and restricted for conservation trust \$160,096.

General Fund: The General Fund of the City accounts for all transactions not accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property and sales taxes and charges for services. The General Fund completed the year with a fund balance (deficit) of (\$98,671). This was a decrease of \$1,451,267 from the previous year's fund balance of \$1,352,596. The General Fund had total budgeted revenues of \$3,024,862 and actual revenues of \$3,307,086 and total budgeted expenditures of \$5,562,342 and actual expenditures of \$5,195,950.

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

Enterprise Funds: The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing goods or services to the general public are being financed or recovered primarily through users charges on a continuing basis. The City of Rocky Ford has three enterprise funds: the Water Utility Fund with unrestricted net position of \$1,013,385 in 2017 up from \$845,917 in 2016, the Sewer Utility Fund with unrestricted net position of \$242,287 in 2017 up from \$70,586 in 2016 and the Solid Waste Disposal Utility Fund with unrestricted net position of \$469,617 in 2017 up from \$246,233 in 2016.

Capital Asset and Debt Administration

Capital Assets: At the end of 2017, the City had acquired \$22,470,291 (net of accumulated depreciation) in a broad range of capital assets for its governmental and business-type activities, including land, buildings, park facilities, roads, bridges, heavy machinery, vehicle and equipment, and infrastructure.

1. All infrastructure assets acquired to date are included in capital assets in accordance with GASB 34 requirements.
2. The total increase in net capital assets for 2017 was \$2,241,797 or 11%.
3. Additional information on the City's net position can be found in Notes 1 and 4 of the Notes to Financial Statements.

Long-Term Debt: Colorado Revised Statutes provide for a general obligation debt limit of 1.5% of assessed valuation. The 2017 assessed valuation was \$12,190,072.

At December 31, 2017, the City of Rocky Ford had the following outstanding long-term debt:

1. \$98,280 in accrued PTO and vacation due to employees;
2. \$59,000 in general obligation bonds, principal and interest, used to finance water system improvements in 1978. The initial amount of the bond was \$1,019,000;
3. \$264,000 in estimated closure and post closure care costs for the landfill operated by Otero County Landfill Inc.;
4. \$72,098 remaining balance on a \$109,079 loan payable to the Colorado Department of Local Affairs used to finance a waste-water lift station at the Arkansas Valley Fairgrounds and a chlorination and de-chlorination waste-water treatment facility in 2008;
5. \$2,481,707 loan payable semi-annually to Rural Development for financing of Zone 1, Zone 2, Water Treatment Plant & Water Tank improvements in 2011.
6. \$1,557,731 lease payable to U.S. Bancorp Government Leasing and Financing, Inc., for professional services and the acquisition of equipment for energy and water conservation measures.
7. \$66,896 lease payable to Fowler State Bank for improvements to the City administration building.
8. \$1,207,111 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
9. \$610,548 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
10. \$23,207 loan payable to First National Bank of Las Animas for the purchase of heavy equipment (jet vac truck).
11. \$67,462 loan payable to First National Bank of Las Animas for the purchase of heavy equipment (trash truck).
12. \$6,177 lease payable to The State Bank for the purchase of equipment (lawn mower)
13. \$131,831 lease payables to Acme Leasing, Inc. for the purchase of vehicles (Dodge Chargers, Ram trucks, Polaris Ranger and Chrysler 200)
14. \$95,883 lease payable to Deere Credit, Inc. for the purchase of a 2015 John Deere 410K backhoe.
15. \$362,004 in net pension liability for the Old Hire Police Pension Fund.

Economic Factors and Next Year's Budgets and Rates

The Denver-Aurora-Lakewood consumer price index changed approximately 3.4% in 2017.

Unemployment in Otero County for December 201 was approximately 5%.

The Colorado State Demography Office estimated the population of Rocky Ford as 3,835 for 2016.

The 2018 budget reflects General Fund revenues that are comparable to prior years with a decrease in expenditures with an emphasis on satisfying the amount due to other funds. As the City continues to focus on savings in fuel, repairs and maintenance and other operating expenses, those savings will be utilized to help bring the general fund back to a positive cash balance.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager, 203 S. Main Street, Rocky Ford, CO 81067.

BASIC FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
CASH OR EQUIVALENTS	\$ 821,604	\$ 1,396,520	\$ 2,218,124
RECEIVABLES - NET:			
ACCOUNTS / OTHER	314,431	242,061	556,492
PROPERTY TAXES	272,300	-	272,300
DUE FROM (TO) OTHER FUNDS	(575,000)	575,000	-
PREPAID EXPENSES	-	17,679	17,679
INVENTORIES	-	96,632	96,632
PENSION FORFEITURE ACCOUNTS	47,311	-	47,311
RESTRICTED ASSETS	233,163	830,994	1,064,157
NET PENSION ASSET	66,101	-	66,101
CAPITAL ASSETS:			
LAND	361,407	-	361,407
BUILDINGS	4,860,837	-	4,860,837
SYSTEMS AND EQUIPMENT	-	23,823,277	23,823,277
IMPROVEMENTS	2,648,545	-	2,648,545
EQUIPMENT	2,050,428	-	2,050,428
CONSTRUCTION IN PROGRESS	4,224,921	-	4,224,921
ACCUMULATED DEPRECIATION	(4,389,862)	(11,109,262)	(15,499,124)
TOTAL ASSETS	10,936,186	15,872,901	26,809,087
DEFERRED OUTFLOWS OF RESOURCES			
PENSION RELATED	21,044	-	21,044
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 10,957,230	\$ 15,872,901	\$ 26,830,131
LIABILITIES			
ACCOUNTS PAYABLE	\$ 224,965	\$ 51,100	\$ 276,065
ACCRUED SALARIES AND BENEFITS	98,280	44,637	142,917
ACCRUED EXPENSES	36,069	26,150	62,219
DUE TO OTHER ENTITY	175,000	1,750	176,750
CUSTOMERS DEPOSITS	-	100,966	100,966
NON CURRENT LIABILITIES:			
DUE WITHIN ONE YEAR	130,431	375,327	505,758
DUE IN MORE THAN ONE YEAR	1,002,275	5,504,277	6,506,552
TOTAL LIABILITIES	1,667,020	6,104,207	7,771,227
DEFERRED INFLOWS OF RESOURCES			
PENSION RELATED	638	-	638
DEFERRED REVENUES - PROPERTY TAXES	272,300	-	272,300
TOTAL DEFERRED INFLOWS OF RESOURCES	272,938	-	272,938
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	6,856,925	7,098,411	13,955,336
RESTRICTED FOR:			
DEBT SERVICE	-	114,000	114,000
FUTURE EXPENDITURES	-	830,994	830,994
EMERGENCIES - TABOR	156,000	-	156,000
VARIOUS	392,195	-	392,195
UNRESTRICTED	1,612,152	1,725,289	3,337,441
TOTAL NET POSITION	9,017,272	9,768,694	18,785,966
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 10,957,230	\$ 15,872,901	\$ 26,830,131

SEE NOTES TO FINANCIAL STATEMENTS

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CITY OF ROCKY FORD, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES:			
GENERAL GOVERNMENT	\$ 703,450	\$ -	\$ 18,275
PUBLIC SAFETY	989,110	283,333	18,000
PUBLIC WORKS	416,469	36,670	166,036
HEALTH AND WELFARE	56,792	25,033	-
CULTURE AND RECREATION	520,286	185,804	46,024
TOTAL GOVERNMENTAL ACTIVITIES	2,686,107	530,840	248,335
BUSINESS-TYPE ACTIVITIES:			
WATER	1,102,177	1,130,807	-
SEWER	649,250	710,092	-
SOLID WASTE DISPOSAL	497,861	622,000	-
TOTAL BUSINESS-TYPE ACTIVITIES	2,249,288	2,462,899	-
TOTAL PRIMARY GOVERNMENT	\$ 4,935,395	\$ 2,993,739	\$ 248,335

GENERAL REVENUES

PROPERTY TAXES

SALES TAXES

FRANCHISE TAXES

OTHER TAXES LICENSES AND FINES

CONTRIBUTIONS

OTHER

TRANSFERS IN (OUT)

SPECIAL ITEM

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION JANUARY 1

NET POSITION DECEMBER 31

NET (EXPENSES) REVENUE
AND CHANGES IN NET POSITION

CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
\$ -	\$ (685,175)	\$ -	\$ (685,175)
1,721,576	1,033,799	-	1,033,799
-	(213,763)	-	(213,763)
-	(31,759)	-	(31,759)
-	(288,458)	-	(288,458)
1,721,576	(185,356)	-	(185,356)
500	-	29,130	29,130
-	-	60,842	60,842
-	-	124,139	124,139
500	-	214,111	214,111
<u>\$ 1,722,076</u>	<u>(185,356)</u>	<u>214,111</u>	<u>28,755</u>
	285,915	-	285,915
	849,164	-	849,164
	155,243	-	155,243
	125,203	-	125,203
	6,754	-	6,754
	63,833	30,205	94,038
	67,328	(67,328)	-
	-	84,660	84,660
	<u>1,553,440</u>	<u>47,537</u>	<u>1,600,977</u>
	1,368,084	261,648	1,629,732
	<u>7,649,188</u>	<u>9,507,046</u>	<u>17,156,234</u>
<u>\$</u>	<u>9,017,272</u>	<u>\$ 9,768,694</u>	<u>\$ 18,785,966</u>

CITY OF ROCKY FORD, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2017

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH OR EQUIVALENTS	\$ 339,823	\$ 275,740	\$ 206,041	\$ 821,604
RESTRICTED ASSETS	233,163	-	-	233,163
RECEIVABLES:				
PROPERTY TAXES	272,300	-	-	272,300
OTHER	286,262	22,419	-	308,681
TOTAL ASSETS	\$ 1,131,548	\$ 298,159	\$ 206,041	\$ 1,635,748
LIABILITIES				
ACCOUNTS PAYABLE	\$ 175,401	\$ 43,414	\$ 6,150	\$ 224,965
ACCRUED EXPENSES	32,518	-	-	32,518
UNEARNED RENT	-	-	600	600
DUE TO OTHER FUNDS	575,000	-	-	575,000
DUE TO OTHER ENTITIES	175,000	-	-	175,000
TOTAL LIABILITIES	957,919	43,414	6,750	1,008,083
DEFERRED INFLOWS OF RESOURCES				
DEFERRED REVENUES - PROPERTY TAXES	272,300	-	-	272,300
FUND BALANCE (DEFICIT)				
RESTRICTED FOR				
SPECIAL PURPOSES	58,165	-	-	58,165
EMERGENCIES - TABOR	156,000	-	-	156,000
CAPITAL IMPROVEMENTS	-	173,934	-	173,934
CONSERVATION TRUST	-	-	160,096	160,096
COMMITTED	283,215	80,811	44,704	408,730
UNASSIGNED	(596,051)	-	(5,509)	(601,560)
TOTAL FUND BALANCE (DEFICIT)	(98,671)	254,745	199,291	355,365
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	\$ 1,131,548	\$ 298,159	\$ 206,041	\$ 1,635,748

CITY OF ROCKY FORD, COLORADO

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

DECEMBER 31, 2017

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	355,365
ASSETS NOT AVAILABLE FOR CURRENT PERIOD EXPENDITURES AND THEREFORE ARE NOT REPORTED IN FUNDS			5,750
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.			
THE COST OF CAPITAL ASSETS IS		\$	14,146,139
ACCUMULATED DEPRECIATION IS			(4,389,862)
			<u>9,756,277</u>
PAYMENTS WHICH REFLECT COSTS APPLICABLE TO FUTURE ACCOUNTING PERIODS REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS.			
NET PENSION ASSETS			66,101
DEFERRED OUTFLOWS - PENSION RELATED AMOUNTS			21,044
			<u>87,145</u>
PENSION FUNDS FORFEITURE ACCOUNTS			47,311
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS.			
LONG TERM LEASES			(770,703)
COMPENSATED ABSENCES			(98,279)
ACCRUED INTEREST ON THE LEASES			(2,951)
DEFERRED INFLOWS - PENSION RELATED AMOUNTS			(638)
NET PENSION LIABILITIES			(362,005)
			<u>(1,234,576)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u>9,017,272</u>

CITY OF ROCKY FORD, COLORADO

GOVERNMENTAL FUNDS

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

YEAR ENDED DECEMBER 31, 2017

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 1,210,369	\$ 141,556	\$ -	\$ 1,351,925
LICENSES AND PERMITS	15,392	-	-	15,392
INTERGOVERNMENTAL	193,507	-	38,024	231,531
CHARGES FOR SERVICES	428,316	-	91,892	520,208
FINES	48,209	-	-	48,209
GRANTS	1,376,719	-	-	1,376,719
MISCELLANEOUS	34,574	-	29,261	63,835
TOTAL REVENUES	3,307,086	141,556	159,177	3,607,819
EXPENDITURES				
GENERAL GOVERNMENT	198,290	23,877	-	222,167
PUBLIC SAFETY	3,890,023	221,368	-	4,111,391
PUBLIC WORKS	321,033	81,041	-	402,074
HEALTH AND WELFARE	52,110	3,992	-	56,102
CULTURE AND RECREATION	258,637	24,333	139,043	422,013
GENERAL	475,857	-	8,644	484,501
TOTAL EXPENDITURES	5,195,950	354,611	147,687	5,698,248
REVENUES OVER (UNDER) EXPENDITURES	(1,888,864)	(213,055)	11,490	(2,090,429)
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN (OUT)	59,988	7,340	-	67,328
CONTRIBUTIONS	377,609	-	-	377,609
TOTAL OTHER FINANCING SOURCES (USES)	437,597	7,340	-	444,937
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(1,451,267)	(205,715)	11,490	(1,645,492)
FUND BALANCE JANUARY 1	1,352,596	460,460	187,801	2,000,857
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (98,671)	\$ 254,745	\$ 199,291	\$ 355,365

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

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

YEAR ENDED DECEMBER 31, 2017

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

NET CHANGE IN FUND BALANCE		\$ (1,645,492)
REVENUES IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUES IN THE FUNDS		
ACCOUNTS AND TAXES RECEIVABLE		(11,748)
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAY EXCEEDED DEPRECIATION IN THE CURRENT PERIOD.		
CAPITAL OUTLAY	\$ 3,192,186	
DEPRECIATION EXPENSE	<u>(292,834)</u>	
		2,899,352
CAPITAL LEASE PAYMENTS ARE REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS BUT NOT REPORTED AS EXPENSES IN THE STATEMENT OF ACTIVITIES		
LEASE PAYMENTS		136,010
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS		
COMPENSATED ABSENCES	8,016	
ACCRUED INTEREST EXPENSE ON LEASES	1,472	
PENSION RELATED AMOUNTS	<u>(32,710)</u>	
		(23,222)
PENSION FUND FORFEITURES		<u>13,184</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,368,084</u>

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
CURRENT ASSETS				
CASH OR EQUIVALENTS	\$ 683,363	\$ 260,920	\$ 452,237	\$ 1,396,520
ACCOUNTS RECEIVABLE - CUSTOMERS (NET)	95,984	77,477	68,600	242,061
DUE FROM OTHER FUNDS	275,000	50,000	250,000	575,000
PREPAID EXPENSES	17,679	-	-	17,679
INVENTORIES	94,170	2,462	-	96,632
TOTAL CURRENT ASSETS	<u>1,166,196</u>	<u>390,859</u>	<u>770,837</u>	<u>2,327,892</u>
RESTRICTED ASSETS				
RESTRICTED CASH	805,769	25,225	-	830,994
PROPERTY AND EQUIPMENT- AT COST				
SYSTEM AND EQUIPMENT	17,201,937	5,841,047	780,293	23,823,277
ACCUMULATED DEPRECIATION	(8,504,338)	(2,003,733)	(601,191)	(11,109,262)
NET PROPERTY AND EQUIPMENT	<u>8,697,599</u>	<u>3,837,314</u>	<u>179,102</u>	<u>12,714,015</u>
TOTAL ASSETS	<u>\$ 10,669,564</u>	<u>\$ 4,253,398</u>	<u>\$ 949,939</u>	<u>\$ 15,872,901</u>
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 16,714	\$ 15,730	\$ 18,656	\$ 51,100
ACCRUED SALARIES AND BENEFITS	11,115	14,958	18,564	44,637
ACCRUED INTEREST	24,016	2,134	-	26,150
DUE TO OTHER ENTITY	-	1,750	-	1,750
BONDS PAYABLE - CURRENT MATURITY	103,205	-	-	103,205
LOANS PAYABLE - CURRENT MATURITY	-	132,362	33,234	165,596
LEASES PAYABLE - CURRENT MATURITY	98,606	-	-	98,606
ACCRUED LANDFILL - CURRENT PORTION	-	-	7,920	7,920
TOTAL CURRENT LIABILITIES	<u>253,656</u>	<u>166,934</u>	<u>78,374</u>	<u>498,964</u>
TERM LIABILITIES				
BONDS PAYABLE	2,437,502	-	-	2,437,502
LOANS PAYABLE	-	1,780,602	34,228	1,814,830
LEASES PAYABLE	995,865	-	-	995,865
ACCRUED LANDFILL COSTS	-	-	256,080	256,080
TOTAL TERM LIABILITIES	<u>3,433,367</u>	<u>1,780,602</u>	<u>290,308</u>	<u>5,504,277</u>
METER DEPOSITS	100,966	-	-	100,966
TOTAL LIABILITIES	<u>3,787,989</u>	<u>1,947,536</u>	<u>368,682</u>	<u>6,104,207</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	5,062,421	1,924,350	111,640	7,098,411
RESTRICTED FOR:				
DEBT SERVICE	-	114,000	-	114,000
FUTURE EXPENDITURES	805,769	25,225	-	830,994
UNRESTRICTED	1,013,385	242,287	469,617	1,725,289
TOTAL NET POSITION	<u>6,881,575</u>	<u>2,305,862</u>	<u>581,257</u>	<u>9,768,694</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,669,564</u>	<u>\$ 4,253,398</u>	<u>\$ 949,939</u>	<u>\$ 15,872,901</u>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2017

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
OPERATING REVENUES				
CHARGES FOR SERVICES	\$ 729,967	\$ 602,514	\$ 622,000	\$ 1,954,481
SPECIAL ASSESSMENTS	400,840	107,578	-	508,418
TOTAL OPERATING REVENUES	1,130,807	710,092	622,000	2,462,899
OPERATING EXPENSES				
PERSONAL SERVICES, MATERIALS, SUPPLIES	557,204	447,987	443,633	1,448,824
DEPRECIATION	410,354	195,657	51,546	657,557
TOTAL OPERATING EXPENSES	967,558	643,644	495,179	2,106,381
OPERATING INCOME	163,249	66,448	126,821	356,518
NONOPERATING REVENUES (EXPENSE)				
INTEREST AND RENT INCOME	17,192	962	255	18,409
INTEREST EXPENSE	(134,619)	(5,606)	(2,682)	(142,907)
NONRECURRING REVENUE	11,796	-	-	11,796
TOTAL NONOPERATING REVENUES (EXPENSES)	(105,631)	(4,644)	(2,427)	(112,702)
INCOME BEFORE TRANSFERS, CAPITAL CONTRIBUTIONS AND SPECIAL ITEM	57,618	61,804	124,394	243,816
TRANSFERS IN (OUT)	(72,343)	10,029	(5,014)	(67,328)
CAPITAL CONTRIBUTIONS	500	-	-	500
SPECIAL ITEM	-	-	84,660	84,660
CHANGE IN NET POSITION	(14,225)	71,833	204,040	261,648
NET POSITION JANUARY 1	6,895,800	2,234,029	377,217	9,507,046
NET POSITION DECEMBER 31	\$ 6,881,575	\$ 2,305,862	\$ 581,257	\$ 9,768,694

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH RECEIVED FROM CUSTOMERS	\$ 1,121,956	\$ 708,482	\$ 620,995	\$ 2,451,433
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(581,832)	(452,452)	(446,924)	(1,481,208)
NET CASH PROVIDED BY OPERATING ACTIVITIES	540,124	256,030	174,071	970,225
CASH FLOWS FROM NONCAPITAL AND OTHER FINANCING ACTIVITIES				
CUSTOMER DEPOSITS	6,299	-	-	6,299
TRANSFERS IN (OUT)	(72,343)	10,029	(5,014)	(67,328)
MISCELLANEOUS INCOME	11,796	962	255	13,013
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND OTHER FINANCING ACTIVITIES	(54,248)	10,991	(4,759)	(48,016)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
CAPITAL CONTRIBUTED	500	-	-	500
PRINCIPAL PAID ON TERM LIABILITIES	(190,297)	(131,671)	(32,202)	(354,170)
INTEREST PAID	(135,626)	(4,820)	(2,682)	(143,128)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(325,423)	(136,491)	(34,884)	(496,798)
CASH FLOWS FROM INVESTING ACTIVITIES				
ADVANCES TO OTHER FUNDS	(275,000)	(50,000)	(250,000)	(575,000)
OTHER	17,192	-	-	17,192
NET CASH USED FOR INVESTING ACTIVITIES	(257,808)	(50,000)	(250,000)	(557,808)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(97,355)	80,530	(115,572)	(132,397)
CASH AND CASH EQUIVALENTS BEGINNING	1,586,487	205,615	567,809	2,359,911
CASH AND CASH EQUIVALENTS ENDING	\$ 1,489,132	\$ 286,145	\$ 452,237	\$ 2,227,514
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 163,249	\$ 66,448	\$ 126,821	\$ 356,518
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION	410,354	195,657	51,546	657,557
CHANGE IN ASSETS AND LIABILITIES				
ACCOUNTS RECEIVABLE	(8,851)	(1,610)	(1,005)	(11,466)
INVENTORIES	(12,816)	(1,482)	4,248	(10,050)
ACCOUNTS PAYABLE	(8,746)	(427)	13,019	3,846
ACCRUED BENEFITS	(3,066)	(2,556)	(3,218)	(8,840)
ACCRUED LANDFILL COSTS	-	-	(17,340)	(17,340)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 540,124	\$ 256,030	\$ 174,071	\$ 970,225

SEE NOTES TO FINANCIAL STATEMENTS

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

Related Organizations:

Rocky Ford Housing Authority

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

Joint Venture:

Otero County Landfill, Inc.

The City of Rocky Ford is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the City is responsible for a portion of closure and post-closure costs of the landfill. As of December 31, 2017 the City's share of the closure and post-closure costs are estimated at \$264,000 or approximately 13.40% of the total. A complete financial report may be obtained from the administrative offices of Otero County. The City also incurred additional costs of approximately \$104,000 for services provided by Otero County Landfill, Inc.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

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

Capital Improvement Fund – Capital improvement fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service.

The City reports the following major proprietary funds:

Water Utility Fund - Accounts for the activities of water treatment and distribution to the residents and businesses of the City.

Sewer Utility Fund - Accounts for the activities of the wastewater collection and treatment system of the City.

Solid Waste Disposal Utility Fund - Accounts for the activities of the City's trash collection operations.

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

STEWARDSHIP

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

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

Public hearings are conducted to obtain taxpayer comments. Prior to December 15, the budget is legally enacted through passage of an ordinance.

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

All budget amounts presented in the accompanying supplemental information reflect the final budgets.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP (Continued)

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2017, expenditures exceeded appropriations in the, Gobin Community Building Fund, Grand Theater Fund, Water Utility Fund and Sewer Utility Fund.

ENCUMBRANCES

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

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE

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

INVENTORIES

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

WATER INVENTORY

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

CAPITAL ASSETS

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

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

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

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

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

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

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

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

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

LEASE AGREEMENTS

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

NET POSITION / FUND BALANCE

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

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

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

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

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

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

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

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION / FUND BALANCE (Continued)

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

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

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

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

The General Fund had a deficit unassigned fund balance of \$601,051 and the Grand Theater Fund had a deficit unassigned fund balance of \$5,509 at December 31, 2017.

COMPENSATED ABSENCES

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

LONG-TERM OBLIGATIONS

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

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

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

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

PENSION PLANS

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

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

ESTIMATES

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING PRINCIPLES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

NOTE -2 DEPOSITS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2017 the carrying value of cash deposits was \$3,281,205 and the bank balances were \$3,309,230 of which \$750,000 was covered by federal deposit insurance and the remaining balance was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

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

NOTE -3 PENSION FORFEITURE ACCOUNTS

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

NOTE -4 CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES:

	Balances January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balances December 31, <u>2017</u>
Capital assets not being depreciated:				
Construction in Process	\$ 1,051,735	\$ 3,173,186	\$ -	\$ 4,224,921
Land	361,407	-	-	361,407
Capital assets being depreciated:				
Buildings	4,860,837	-	-	4,860,837
Improvements	2,648,545	-	-	2,648,545
Equipment	<u>2,031,428</u>	<u>19,000</u>	<u>-</u>	<u>2,050,428</u>
	<u>10,953,952</u>	<u>3,192,186</u>	<u>-</u>	<u>14,146,138</u>
Less Accumulated Depreciation:				
Buildings	(1,774,538)	(124,752)	-	(1,899,290)
Improvements	(1,000,304)	(68,279)	-	(1,068,583)
Equipment	<u>(1,322,187)</u>	<u>(99,802)</u>	<u>-</u>	<u>(1,421,989)</u>
	<u>(4,097,029)</u>	<u>(292,833)</u>	<u>-</u>	<u>(4,389,862)</u>
Governmental Activities				
Net Capital Assets	<u>\$ 6,856,923</u>	<u>\$ 2,899,353</u>	<u>\$ -</u>	<u>\$ 9,756,276</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES:

	Balances January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balances December 31, <u>2017</u>
Capital assets being depreciated:				
Systems and Equipment	23,823,277	-	-	23,823,277
Less Accumulated Depreciation	<u>(10,451,705)</u>	<u>(657,557)</u>	<u>-</u>	<u>(11,109,262)</u>
Business-type Activities Net Capital Assets	<u>\$13,371,572</u>	<u>\$ (657,557)</u>	<u>\$ -</u>	<u>\$12,714,015</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 71,122
Public Safety	56,200
Public Works	42,235
Health	690
Culture and Recreation	<u>122,586</u>
Total Governmental Activities Depreciation	<u>\$ 292,833</u>
Business-Type Activities	
Water	\$ 410,354
Sewer	195,657
Solid Waste Disposal	<u>51,546</u>
Total Business-Type Activities Depreciation	<u>\$ 657,557</u>

NOTE -5 PROPERTY TAXES AND DEFERRED REVENUES

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

NOTE -6 RESTRICTED ASSETS

Governmental Funds

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

Proprietary Funds

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the City for the year ended December 31, 2017:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>CURRENT PORTION</u>
<u>Governmental Activities:</u>					
Lease Payable 1	\$ 619,832	\$ -	\$ (40,434)	\$ 579,398	\$ 43,209
Lease Payable 2	87,704	-	(20,808)	66,896	21,536
Lease Payable 3	24,333	-	(18,156)	6,177	6,177
Lease Payable 4	20,771	-	(6,589)	14,182	6,919
Lease Payable 5	20,771	-	(6,589)	14,182	6,919
Lease Payable 6	19,982	-	(6,336)	13,646	6,656
Lease Payable 7	18,973	-	(6,013)	12,960	6,319
Lease Payable 8	12,893	-	(6,283)	6,610	6,610
Lease Payable 9	12,893	-	(6,283)	6,610	6,610
Lease Payable 10	10,271	-	(4,996)	5,275	5,275
Lease Payable 11	23,199	-	(5,384)	17,815	5,653
Lease Payable 12	35,090	-	(8,139)	26,951	8,548
Net Pension Liability	<u>321,116</u>	<u>40,888</u>	<u>-</u>	<u>362,004</u>	<u>-</u>
Totals	<u>\$1,227,828</u>	<u>\$ 40,888</u>	<u>\$ (136,010)</u>	<u>\$1,132,706</u>	<u>\$ 130,431</u>

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

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>CURRENT PORTION</u>
<u>Business-Type Activities:</u>					
<u>General Obligation</u>					
Bonds-Water	\$ 114,000	\$ -	\$ (55,000)	\$ 59,000	\$ 59,000
Revenue Bonds-Water	2,524,277	-	(42,570)	2,481,707	44,205
Lease Payable 1-Water	1,046,621	-	(68,288)	978,333	72,976
Lease Payable 2-Water	12,893	-	(6,283)	6,610	6,610
Lease Payable 3-Water	19,982	-	(6,337)	13,645	6,655
Lease Payable 4-Water	107,702	-	(11,819)	95,883	12,365
Loan Payable 1-Sewer	76,932	-	(4,834)	72,098	5,075
Loan Payable 2-Sewer	1,284,989	-	(77,878)	1,207,111	77,878
Loan Payable 3-Sewer	645,436	-	(34,888)	610,548	34,888
Loan Payable 4-Sewer	37,278	-	(14,071)	23,207	14,521
Loan Payable-Solid Waste Disposal	99,664	-	(32,202)	67,462	33,234
Estimated Closure & Post-Closure Costs	<u>366,000</u>	<u>-</u>	<u>(102,000)</u>	<u>264,000</u>	<u>7,920</u>
Totals	<u>\$6,335,774</u>	<u>\$ -</u>	<u>\$ (462,825)</u>	<u>\$5,872,949</u>	<u>\$ 375,327</u>

LEASE PAYABLE 1 AND LEASE PAYABLE 1- WATER

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

LEASE PAYABLE 1 AND LEASE PAYABLE 1- WATER (Continued)

Annual requirements of the lease as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 116,185	\$ 49,150	\$ 165,335
2019	123,984	45,484	169,468
2020	132,133	41,572	173,705
2021	140,644	37,404	178,048
2022	149,533	32,966	182,499
2023-2027	895,252	88,004	983,256

The total lease payable due is \$1,557,731 as of December 31, 2017, of which \$579,398 was reported as a long-term obligation in Governmental Activities and \$978,333 was reported in the Water Utility Fund in Business-Type Activities.

LEASE PAYABLE 2

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

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LEASE PAYABLE 3

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

Annual requirements of the lease as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,177	\$ 41	\$ 6,218

LEASE PAYABLE 4

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

Annual requirements of the lease as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,919	\$ 706	\$ 7,625
2019	7,263	362	7,625

LEASE PAYABLE 5

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

LEASE PAYABLE 5 (Continued)

Annual requirements of the lease as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,919	\$ 706	\$ 7,625
2019	7,263	362	7,625

LEASE PAYABLE 6

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

Annual requirements of the lease as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,656	\$ 684	\$ 7,340
2019	6,990	350	7,340

LEASE PAYABLE 7

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

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LEASE PAYABLE 8

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

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LEASE PAYABLE 9

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

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LEASE PAYABLE 10

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

LEASE PAYABLE 10 (Continued)

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LEASE PAYABLE 11

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2016, in the amount of \$28,327 for a 2016 Dodge Charger. The lease is payable in annual principal and interest installments of \$6,540 at 4.98% per annum beginning July 10, 2016 with the final payment July 10, 2020.

Annual requirements of the lease as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,653	\$ 887	\$ 6,540
2019	5,934	606	6,540
2020	6,228	312	6,540

LEASE PAYABLE 12

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2016, in the amount of \$42,840 for a 2016 Ram 2500 pickup. The lease is payable in annual principal and interest installments of \$9,900 at 5.02% per annum beginning July 10, 2016 with the final payment July 10, 2020.

Annual requirements of the lease as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 8,548	\$ 1,352	\$ 9,900
2019	8,976	924	9,900
2020	9,427	473	9,900

GENERAL OBLIGATION BONDS - WATER

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

Annual requirements to amortize the bonds outstanding as of December 31, 2017 are as follows:

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

WATER REVENUE BONDS

In 2010 the City issued a water revenue bond with an original issue date of October 28, 2010 in the amount of \$2,822,415. The proceeds of the issue were used for water system improvements. The bond payments are due in semi-annual payments of principal and interest in the amount of \$68,416, payable on October 1 and April 1 each year, commencing on April 1, 2011 with the final payment October 1, 2048.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

WATER REVENUE BONDS (Continued)

Annual requirements to amortize water revenue bonds outstanding as of December 31, 2017 are as follows:

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	3.75	\$ 44,205	\$ 92,627	\$ 136,832
2019	3.75	45,878	90,954	136,832
2020	3.75	47,364	89,468	136,832
2021	3.75	49,407	87,425	136,832
2022	3.75	51,278	85,554	136,832
2023-2027	3.75	286,757	397,403	684,160
2028-2032	3.75	345,138	339,022	684,160
2033-2037	3.75	415,858	268,302	684,160
2038-2042	3.75	500,786	183,374	684,160
2043-2047	3.75	603,061	81,099	684,160
2048	3.75	91,975	1,575	93,550

LEASE PAYABLE 2- WATER

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

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LEASE PAYABLE 3- WATER

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

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LEASE PAYABLE 4- WATER

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

Annual requirements of the lease as of December 31, 2017 are as follows:

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

LOAN PAYABLE 1- SEWER

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

LOAN PAYABLE 1- SEWER (Continued)

Annual requirements to amortize the loan as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,075	\$ 3,605	\$ 8,680
2019	5,329	3,351	8,680
2020	5,595	3,085	8,680
2021	5,875	2,805	8,680
2022	6,169	2,511	8,680
2023-2027	35,790	7,610	43,400
2028	8,265	415	8,680

LOAN PAYABLE 2- SEWER

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

Annual requirements to amortize the loan as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>
2018	\$ 77,878
2019	77,878
2020	77,878
2021	77,878
2022	77,878
2023-2027	389,391
2028-2032	389,391
2033	38,939

LOAN PAYABLE 3- SEWER

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

Annual requirements to amortize the loan as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>
2018	\$ 34,888
2019	34,888
2020	34,888
2021	34,888
2022	34,888
2023-2027	174,442
2028-2032	174,442
2033-2035	87,224

In connection with the above Loan Payable 2- Sewer and Loan Payable 3- Sewer, the City is subject to various covenants and is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation. As of December 31, 2017 the City was in compliance with all covenants and maintained the required reserve of \$114,000.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

LOAN PAYABLE 4- SEWER

The City in the Sewer Utility Fund entered into a loan agreement with First National Bank of Las Animas on July 23, 2014, in the amount of \$69,500 to purchase heavy equipment. The loan is payable in monthly principal and interest installments of \$1,254 at 3.15% per annum beginning August 23, 2014 with final payment July 23, 2019. The loan is collateralized by the jet vac truck with a book value of \$57,429 as of December 31, 2017.

Annual requirements to amortize the loan as of December 31, 2017 are as follows:

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

LOAN PAYABLE – SOLID WASTE DISPOSAL

The City in the Solid Waste Disposal Utility Fund entered into a loan agreement with First National Bank of Las Animas on December 30, 2014, in the amount of \$161,438 to purchase heavy equipment. The loan is payable in monthly principal and interest installments of \$2,907 at 3.15% per annum beginning January 11, 2015 with final payment December 11, 2019. The loan is collateralized by the trash truck with a book value of \$148,007 as of December 31, 2017.

Annual requirements to amortize the loan as of December 31, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 33,234	\$ 1,650	\$ 34,884
2019	34,228	656	34,884

ESTIMATED CLOSURE AND POSTCLOSURE CARE COSTS

In 1995 the City entered into an intergovernmental agreement with Otero County and other municipalities within the County to form Otero County Landfill, Inc. to operate the landfill within the County. The agreement transfers the liability for closure and postclosure costs to this organization. The City and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities. Based on the current allocation, the City's share is approximately 13.40% of the estimated \$1,968,000 in closure and post-closure costs amounting to \$264,000. These amounts are based on estimates of what it would cost to perform all closure and post-closure care in 2017. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

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

	<u>Manzanola</u>	<u>Otero #1</u>	<u>OTERO #2</u>		
			<u>Module #1</u>	<u>Module #2</u>	<u>Module #3</u>
Percent of capacity	96%	100%	89%	88%	15%
Estimated closure date	2019	Closed	2019	2019	2029

Due to the significant decrease in the estimated closure and post closure costs from 2016 to 2017, the City's allocation was reduced by \$84,660 and is reported as a special item on the statement of activities and statement of revenues, expenses and changes in net position in the Solid Waste Disposal Utility Fund.

NOTE -8 PENSION PLANS

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

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

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

Investments - Investments are reported at fair value.

Plan Information

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

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

The following is a summary of the participants:

	<u>Old Hire Police</u>
Active Members	0
Retired Members	2
Disabled Retired Members	0
Beneficiaries	0

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

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

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

Title 31, Article 30 of the Colorado Revised Statutes (“CRS”), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the City of Rocky Ford Old Hire Police Pension Fund. That report may be obtained at FPPAco.org.

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN (Continued)

The contribution rate for members and the City for the Old Hire Police Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2016 actuarial valuation. Total contribution for the year ended December 31, 2017 was \$0 and the actuarially determined contribution was \$29,260.

Net Pension Liability

The net pension liability was measured at December 31, 2016, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2016, and the City's fiscal year ending date, or reporting date, is December 31, 2017.

Actuarial Assumptions – The total pension liability in the actuarial valuation as of December 31, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Single Discount Rate – 4.08%
- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 17 years*
- Asset Valuation Method – 5-Year smoothed fair value
- Inflation – 3.00%
- Salary Increases – N/A
- Investment Rate of Return – 7.50%
- Retirement Age – Any remaining actives are assumed to retire immediately
- Mortality Rates – Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
Disabled (pre-1980): RP-2000 Disabled Mortality Table. All tables projected with Scale AA

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

Assumption Changes - The assumptions shown above pertain to the actuarial valuation as of January 1, 2014 and the associated Actuarially Determined Contribution for the year ending December 31, 2016. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2016 valuations. Those assumption changes are incorporated into the Total Pension Liability as of December 31, 2016, since it is based on the actuarial valuation as of January 1, 2016. The assumption changes will be observed in the Actuarially Determined Contribution for the year ending December 31, 2017.

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

- Inflation – 2.50%
- Mortality – Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females

Long-Term Expected Rate of Return on Pension Plan Investments - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return, which eliminates the 2.50% inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2016, are summarized in the table below:

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN (Continued)

Target Allocations

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	36.00%	6.75%
Equity Long/Short	10.00%	4.85%
Illiquid Alternatives	23.00%	8.25%
Fixed Income	15.00%	0.50%
Absolute Return	10.00%	4.05%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%**
Total	100.00%	

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

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%: the municipal bond rate is 3.78% (based on the weekly rate closet to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statically release); and the resulting Single Discount Rate is 4.08%. If the plan sponsor begins to make actuarial contributions as prescribed in statute, the Single Discount Rate in future valuations will reflect that and trend towards the long-term expected rate of return.

The resulting Single Discount Rate for the prior measurement period was 4.74%. This reduction in Single Discount Rate is included in the reconciliation of the Net Pension Liability as an Assumption Change.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) – (b)
Balances at December 31, 2016	\$ 540,418	\$ 219,302	\$ 321,116
Change for the year:			
Interest	24,415	-	24,415
Difference between Expected & Actual Experience	-	-	-
Changes of Assumptions	24,058	-	24,058
Contributions – Employer	-	-	-
Contributions – Member	-	-	-
Net Investment Income	-	9,764	(9,764)
Benefit payments	(51,262)	(51,262)	-
Administrative Expense	-	(2,179)	2,179
Net Changes	(2,789)	(43,677)	40,888
Balances at December 31, 2017	537,629	175,625	362,004

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the net pension liability of the City at December 31, 2017, calculated using a Single Discount Rate of 4.08%, as well as what the plan's net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN (Continued)

	1% Decrease (3.08%)	Current Single Discount Rate Assumption (4.08%)	1% Increase (5.08%)
Net Pension Liability	\$ 402,358	\$ 362,004	\$ 326,273

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2017; the City recognized pension expense of \$40,183. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings on pension plan investments	12,588	-
Contributions subsequent to the measurement date	-	-
Total	\$ 12,588	\$ -

\$0 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2017:	
2018	\$ 4,011
2019	4,009
2020	3,624
2021	944
Total	\$ 12,588

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN (Continued)

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

Investments - Investments are reported at fair value.

Plan Information

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

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

The following is a summary of the participants:

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

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

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

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

Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the Rocky Ford Volunteer Fire Department Pension Fund. That report may be obtained at FPPAco.org.

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

The contribution rate for members and the City for the Rocky Ford Volunteer Fire Department Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2017 actuarial valuation. Total contribution for the year ended December 31, 2017 was \$3,326 and the actuarially determined contribution was \$0.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN (Continued)

Net Pension Liability (Asset)

The net pension liability (asset) was measured at December 31, 2016, the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation dated January 1, 2017, and the City's fiscal year ending date, or reporting date, is December 31, 2017.

Actuarial Assumptions – The total pension liability (asset) in the actuarial valuation as of December 31, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

- Inflation – 2.50%
- Mortality – Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience.
- Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
- Disabled: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females

Long-Term Expected Rate of Return on Pension Plan Investments - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return which eliminates the 2.50% inflation assumption, for each major asset class included in the Plans target asset allocation as of December 31, 2016, are summarized in the table below:

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN (Continued)

Target Allocations

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	36.00%	6.75%
Equity Long/Short	10.00%	4.85%
Illiquid Alternatives	23.00%	8.25%
Fixed Income	15.00%	0.50%
Absolute Return	10.00%	4.05%
Managed Futures	4.00%	3.00%
Cash	2.00%	0.00%**
Total	100.00%	

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

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release); and the resulting Single Discount Rate is 7.50%.

Changes in Net Pension Liability (Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at December 31, 2016	\$ 25,139	\$ 84,955	\$ (59,816)
Change for the year:			
Service Cost	442	-	442
Interest	1,847	-	1,847
Difference between Expected & Actual Experience	(761)	-	(761)
Changes in Assumptions	679	-	679
Contributions – Employer	-	2,411	(2,411)
Contributions – Member	-	-	-
Net Investment Income	-	4,679	(4,679)
Benefit payments	(1,488)	(1,488)	-
Other Changes	-	1,816	(1,816)
Administrative Expense	-	(414)	414
Net Changes	719	7,004	(6,285)
Balances at December 31, 2017	25,858	91,959	(66,101)

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the plan's net pension liability / (asset) of the City at December 31, 2017, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN (Continued)

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ (62,732)	\$ (66,101)	\$ (68,861)

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

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions– For the year ended December 31, 2017; the City recognized pension revenue of \$7,473. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 93	\$ 639
Assumption Changes	570	-
Net difference between projected and actual earnings on pension plan investments	4,467	-
Contributions subsequent to the measurement date	3,326	-
Total	\$ 8,456	\$ 639

\$3,326 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2017:	
2018	\$ 1,423
2019	1,422
2020	1,316
2021	347
2022	(13)
Thereafter	(4)
Total	\$ 4,491

FIRE AND POLICE – DEFINED CONTRIBUTION PLANS

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

FIRE AND POLICE – DEFINED CONTRIBUTION PLANS (Continued)

The City's total Fire and Police payroll under the system for 2017 was \$209,216 and \$322,253 respectively. The City's contributions were calculated using a base salary amount of \$160,267 and \$277,043. Both City and the covered employees made the required 8 percent contribution or more, amounting to \$12,821 for the City match or a total of \$25,642 for the firemen and \$22,163 for the City match or a total of \$44,326 for the policemen. As of December 31, 2017 the market value of assets held by the plans are \$178,326 for Fire and \$281,283 for Police.

CITY RETIREMENT – DEFINED CONTRIBUTION PLAN

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

The City's total payroll in fiscal year 2017 was \$974,731. The City's contributions were calculated using the base salary amount of \$795,238. Both the City and the covered employees made the required contribution, amounting to \$39,680 and \$47,589, respectively, for a total of \$87,269. As of December 31, 2017 the market value of assets held was \$1,283,924.

NOTE -9 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool to meet its insurance needs for workers' compensation. The City utilizes the Colorado Intergovernmental Risk Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for over 100 Colorado governmental entities. The City pays an annual premium to CIRSA for its workers compensation coverage.

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

NOTE -10 CONTINGENCIES AND COMMITMENTS

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

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

The City is a defendant in the United States District Court for the District of Colorado regarding two former employees. The City denies all allegations made by the Plaintiffs and the City's insurance carrier, CIRSA, is in the process of negotiating with the Plaintiffs. The carrier feels that there is a good probability that the matter will be settled for the cost of defense.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -11 TAX SPENDING AND DEBT LIMITATIONS

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

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). A portion of the fund balance has been restricted in compliance with this requirement. At December 31, 2017, \$160,000 of the fund balance has been restricted.

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

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

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

NOTE -12 RELATED PARTY TRANSACTIONS

As indicated in Note -1, the City entered into an intergovernmental agreement with Otero County Landfill, Inc. (OCLI) regarding a landfill operation. For the year ended December 31, 2017, the City had paid OCLI \$103,964 for its share of the costs of which \$0 was due and recorded as accounts payable in the Garbage Utility Fund. The City has recognized \$264,000 for its share of estimated closure and post closure care costs

The City also had expenditures of approximately \$13,400 with a business owned by a council member in 2017 of which \$875 is recorded as accounts payable.

NOTE -13 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between the City's funds for the reimbursement of expenditures. Related interfund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within a reasonable time period. The composition of due to / from other funds as of December 31, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General	\$ 275,000
Sewer Utility	General	50,000
Solid Waste Disposal Utility	General	<u>250,000</u>
		<u>\$ 575,000</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -13 INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (Continued)

Interfund Transfers:

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

The composition of interfund transfers as of December 31, 2017 is as follows:

	Transfers In (Out)				
	General Fund	Capital Improvement Fund	Water Utility Fund	Sewer Utility Fund	Solid Waste Utility Fund
<u>Transfer in (out):</u>					
Capital Improvement Fund	\$ -	\$ 7,340	\$ (7,340)	\$ -	\$ -
General Fund	59,988	-	(59,988)	-	-
Solid Waste Utility Fund	-	-	-	5,014	(5,014)
Water Utility Fund	-	-	(5,015)	5,015	-
Total	<u>\$ 59,988</u>	<u>\$ 7,340</u>	<u>\$ (72,343)</u>	<u>\$ 10,029</u>	<u>\$ (5,014)</u>

NOTE -14 SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKY FORD, COLORADO

OLD HIRE POLICE PENSION FUND

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

YEAR ENDED DECEMBER 31, 2017

MEASUREMENT PERIOD ENDING DECEMBER 31,	2016	2015	2014
TOTAL PENSION LIABILITY			
SERVICE COST	\$ -	\$ -	\$ -
INTEREST	24,415	40,692	42,181
CHANGES TO BENEFIT TERMS	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	-	(140,211)	-
ASSUMPTION CHANGES	24,058	129,426	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(51,262)	(62,967)	(61,133)
NET CHANGE IN TOTAL PENSION LIABILITY	(2,789)	(33,060)	(18,952)
TOTAL PENSION LIABILITY - BEGINNING	540,418	573,478	592,430
TOTAL PENSION LIABILITY - ENDING (a)	537,629	540,418	573,478
PLAN FIDUCIARY NET POSITION			
CONTRIBUTIONS - EMPLOYER	-	-	-
CONTRIBUTIONS - EMPLOYEE	-	-	-
NET INVESTMENT INCOME	9,764	5,085	19,898
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(51,262)	(62,967)	(61,133)
ADMINISTRATIVE EXPENSES	(2,179)	(716)	(3,585)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(43,677)	(58,598)	(44,820)
PLAN FIDUCIARY NET POSITION - BEGINNING	219,302	277,900	322,720
PLAN FIDUCIARY NET POSITION - ENDING (b)	175,625	219,302	277,900
NET PENSION LIABILITY - ENDING	\$ 362,004	\$ 321,116	\$ 295,578
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	32.67%	40.58%	48.46%
COVERED-EMPLOYEE PAYROLL	N/A	N/A	N/A
PLAN'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A	N/A	N/A

NOTE: THIS SCHEDULE IS INTENDED TO SHOW INFORMATION FOR TEN YEARS. ADDITIONAL YEARS' INFORMATION WILL BE DISPLAYED AS BECOMES AVAILABLE.

CITY OF ROCKY FORD, COLORADO

VOLUNTEER FIRE DEPARTMENT PENSION FUND

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

YEAR ENDED DECEMBER 31, 2017

MEASUREMENT PERIOD ENDING DECEMBER 31,	2016	2015	2014
TOTAL PENSION LIABILITY			
SERVICE COST	\$ 442	\$ 442	\$ 394
INTEREST	1,847	1,797	1,746
CHANGES TO BENEFIT TERMS	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(761)	-	180
ASSUMPTION CHANGES	679	-	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(1,488)	(1,665)	(1,650)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>719</u>	<u>574</u>	<u>670</u>
TOTAL PENSION LIABILITY - BEGINNING	<u>25,139</u>	<u>24,565</u>	<u>23,895</u>
TOTAL PENSION LIABILITY - ENDING (a)	<u>25,858</u>	<u>25,139</u>	<u>24,565</u>
PLAN FIDUCIARY NET POSITION			
CONTRIBUTIONS - EMPLOYER	2,411	2,515	2,018
CONTRIBUTIONS - EMPLOYEE	-	-	-
NET INVESTMENT INCOME	4,679	1,483	5,176
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(1,488)	(1,665)	(1,650)
ADMINISTRATIVE EXPENSES	(414)	(1,270)	(504)
STATE FUNDING	1,816	1,816	1,767
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>7,004</u>	<u>2,879</u>	<u>6,807</u>
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>84,955</u>	<u>82,076</u>	<u>75,269</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	<u>91,959</u>	<u>84,955</u>	<u>82,076</u>
NET PENSION LIABILITY (ASSET) - ENDING	<u>\$ (66,101)</u>	<u>\$ (59,816)</u>	<u>\$ (57,511)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	355.63%	337.94%	334.12%
COVERED-EMPLOYEE PAYROLL	N/A	N/A	N/A
PLAN'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A	N/A	N/A

NOTE: THIS SCHEDULE IS INTENDED TO SHOW INFORMATION FOR TEN YEARS. ADDITIONAL YEARS' INFORMATION WILL BE DISPLAYED AS BECOMES AVAILABLE.

CITY OF ROCKY FORD, COLORADO
 OLD HIRE POLICE PENSION FUND
 SCHEDULE OF PLAN CONTRIBUTIONS
 YEAR ENDED DECEMBER 31, 2017

FY ENDING DECEMBER 31, <u>(a)</u>	ACTUARIALLY DETERMINED CONTRIBUTION <u>(b)</u>	ACTUAL CONTRIBUTION* <u>(c)</u>	CONTRIBUTION DEFICIENCY (EXCESS) <u>(d) = (b) - (c)</u>	COVERED PAYROLL <u>(e)</u>	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL <u>(f)</u>
2017	\$ 29,260	\$ -	\$ 29,260	N/A	N/A
2016	\$ 27,408	\$ -	\$ 27,408	N/A	N/A
2015	\$ 27,408	\$ -	\$ 27,408	N/A	N/A
2014	\$ 24,016	\$ -	\$ 24,016	N/A	N/A

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

CITY OF ROCKY FORD, COLORADO
VOLUNTEER FIRE DEPARTMENT PENSION FUND
SCHEDULE OF PLAN CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2017

FY ENDING DECEMBER 31, (a)	ACTUARIALLY DETERMINED CONTRIBUTION (b)	ACTUAL CONTRIBUTION* (c)	CONTRIBUTION DEFICIENCY (EXCESS) (d) = (b) - (c)	COVERED PAYROLL (e)	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL (f)
2017	\$ -	\$ 3,326	\$ (3,326)	N/A	N/A
2016	\$ -	\$ 4,227	\$ (4,227)	N/A	N/A
2015	\$ -	\$ 4,331	\$ (4,331)	N/A	N/A
2014	\$ -	\$ 3,785	\$ (3,785)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2017

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
TAXES	\$ 1,146,062	\$ 1,146,062	\$ 1,210,369	\$ 64,307
LICENSES AND PERMITS	21,989	21,989	15,392	(6,597)
INTERGOVERNMENTAL	203,785	203,785	193,507	(10,278)
CHARGES FOR SERVICES	420,013	420,013	428,316	8,303
FINES	55,250	55,250	48,209	(7,041)
GRANTS	1,175,650	1,175,650	1,376,719	201,069
MISCELLANEOUS	2,113	2,113	34,574	32,461
TOTAL REVENUES	3,024,862	3,024,862	3,307,086	282,224
EXPENDITURES				
GENERAL GOVERNMENT	193,637	193,637	198,290	(4,653)
PUBLIC SAFETY	4,463,780	4,463,780	3,890,023	573,757
PUBLIC WORKS	280,837	280,837	321,033	(40,196)
HEALTH AND WELFARE	52,700	52,700	52,110	590
CULTURE AND RECREATION	274,415	274,415	258,637	15,778
GENERAL	296,973	296,973	475,857	(178,884)
TOTAL EXPENDITURES	5,562,342	5,562,342	5,195,950	366,392
REVENUES OVER (UNDER) EXPENDITURES	(2,537,480)	(2,537,480)	(1,888,864)	648,616
OTHER FINANCING SOURCES				
TRANSFERS IN	298,938	298,938	59,988	(238,950)
CONTRIBUTIONS	1,380,028	1,380,028	377,609	(1,002,419)
TOTAL OTHER FINANCING SOURCES	1,678,966	1,678,966	437,597	(1,241,369)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	(858,514)	(858,514)	(1,451,267)	(592,753)
FUND BALANCE JANUARY 1	1,352,596	1,352,596	1,352,596	-
FUND BALANCE (DEFICIT) DECEMBER 31	\$ 494,082	\$ 494,082	\$ (98,671)	\$ (592,753)

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

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

YEARS ENDED DECEMBER 31, 2017

	BUDGET		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
SALES TAX	\$ 150,000	\$ 150,000	\$ 141,556	\$ (8,444)
EXPENDITURES				
STREET REPAIRS	75,859	75,859	25,786	50,073
CAPITAL OUTLAY	324,889	324,889	319,153	5,736
CAPITAL IMPROVEMENTS	26,000	26,000	9,672	16,328
TOTAL EXPENDITURES	426,748	426,748	354,611	72,137
REVENUES OVER (UNDER) EXPENDITURES	(276,748)	(276,748)	(213,055)	63,693
OTHER FINANCING SOURCES				
TRANSFERS	-	-	7,340	7,340
REVENUE OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(276,748)	(276,748)	(205,715)	71,033
FUND BALANCE JANUARY 1	460,460	460,460	460,460	-
FUND BALANCE DECEMBER 31	\$ 183,712	\$ 183,712	\$ 254,745	71,033

CITY OF ROCKY FORD, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Period: January 1, 2016 - December 31, 2016 for the Fiscal Year Ending December 31, 2017 (December 31, 2016 measurement date). The City elected the one-year lookback for measurement date and measurement period purposes.

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS

Actuarial Assumptions

OLD HIRE POLICE PENSION FUND

Valuation Date: January 1, 2016

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

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

Methods and assumptions used to determine contribution rates:

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

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

VOLUNTEER FIRE DEPARTMENT PENSION FUND

Valuation Date: January 1, 2015

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

Significant actuarial methods and assumptions used to determine the contribution rates for the Volunteer Fire Department Pension Fund is as follows:

CITY OF ROCKY FORD, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS (Continued)

Actuarial Assumptions (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND (Continued)

Methods and assumptions used to determine contribution rates:

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

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

OTHER INFORMATION

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 339,823	\$ 99,932
RESTRICTED ASSETS	233,163	837,536
RECEIVABLES:		
PROPERTY TAXES	272,300	289,100
PLEDGES	-	24,155
GRANT	-	359,280
OTHER	286,262	284,050
	<u>286,262</u>	<u>284,050</u>
TOTAL ASSETS	<u>\$ 1,131,548</u>	<u>\$ 1,894,053</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 175,401	\$ 219,047
ACCRUED EXPENSES	32,518	33,310
DUE TO OTHER FUNDS	575,000	-
DUE TO OTHER ENTITIES	175,000	-
	<u>175,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>957,919</u>	<u>252,357</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	<u>272,300</u>	<u>289,100</u>
FUND BALANCE (DEFICIT)		
RESTRICTED FOR		
SPECIAL PURPOSES	58,165	837,536
EMERGENCIES - TABOR	156,000	100,400
COMMITTED	283,215	398,409
UNASSIGNED	(596,051)	16,251
	<u>(596,051)</u>	<u>16,251</u>
TOTAL FUND BALANCE (DEFICIT)	<u>(98,671)</u>	<u>1,352,596</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	<u>\$ 1,131,548</u>	<u>\$ 1,894,053</u>

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

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

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
TAXES	\$ 1,210,369	\$ 1,141,443
LICENSES AND PERMITS	15,392	34,852
INTERGOVERNMENTAL	193,507	181,186
CHARGES FOR SERVICES	428,316	386,773
FINES	48,209	55,403
GRANTS	1,376,719	398,805
MISCELLANEOUS	34,574	108,136
	<u>3,307,086</u>	<u>2,306,598</u>
EXPENDITURES		
GENERAL GOVERNMENT	198,290	266,627
PUBLIC SAFETY	3,890,023	2,025,843
PUBLIC WORKS	321,033	246,196
HEALTH AND WELFARE	52,110	57,514
CULTURE AND RECREATION	258,637	326,246
GENERAL	475,857	422,341
	<u>5,195,950</u>	<u>3,344,767</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,888,864)</u>	<u>(1,038,169)</u>
OTHER FINANCING SOURCES		
TRANSFERS IN (OUT)	59,988	473,660
CONTRIBUTIONS	377,609	266,938
	<u>437,597</u>	<u>740,598</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(1,451,267)	(297,571)
FUND BALANCE JANUARY 1	<u>1,352,596</u>	<u>1,650,167</u>
FUND BALANCE (DEFICIT) DECEMBER 31	<u>\$ (98,671)</u>	<u>\$ 1,352,596</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 101,806	\$ 62,054
RESTRICTED CASH	173,934	\$ 334,089
ACCOUNTS RECEIVABLE	<u>22,419</u>	<u>67,264</u>
 TOTAL ASSETS	 <u>\$ 298,159</u>	 <u>\$ 463,407</u>
 LIABILITIES		
ACCOUNTS PAYABLE	<u>\$ 43,414</u>	<u>\$ 2,947</u>
 FUND BALANCE		
COMMITTED	80,811	126,371
RESTRICTED	<u>173,934</u>	<u>334,089</u>
 TOTAL FUND BALANCE	 <u>254,745</u>	 <u>460,460</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 298,159</u>	 <u>\$ 463,407</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
SALES TAX	\$ 141,556	\$ 376,771
EXPENDITURES		
STREET REPAIRS	25,786	171,475
CAPITAL OUTLAY	319,153	286,177
CAPITAL IMPROVEMENTS	9,672	69,677
TOTAL EXPENDITURES	<u>354,611</u>	<u>527,329</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(213,055)</u>	<u>(150,558)</u>
OTHER FINANCING SOURCES		
TRANSFER IN (OUT)	7,340	(123,660)
PROCEEDS FROM LEASE PURCHASE AGREEMENTS	-	71,167
TOTAL OTHER FINANCING SOURCES	<u>7,340</u>	<u>(52,493)</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER SOURCES	<u>(205,715)</u>	<u>(203,051)</u>
FUND BALANCE JANUARY 1	<u>460,460</u>	<u>663,511</u>
FUND BALANCE DECEMBER 31	<u>\$ 254,745</u>	<u>\$ 460,460</u>

CITY OF ROCKY FORD, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2017

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER
ASSETS				
CASH OR EQUIVALENTS	\$ 39,240	\$ 5,263	\$ 160,329	\$ -
LIABILITIES				
ACCOUNTS PAYABLE	\$ 408	\$ -	\$ 233	\$ 5,509
UNEARNED RENT	600	-	-	-
TOTAL LIABILITIES	1,008	-	233	5,509
FUND BALANCE				
RESTRICTED	-	-	160,096	-
COMMITTED	38,232	5,263	-	-
UNASSIGNED	-	-	-	(5,509)
TOTAL FUND BALANCE (DEFICIT)	38,232	5,263	160,096	(5,509)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 39,240	\$ 5,263	\$ 160,329	\$ -

MONUMENT MAINTENANCE	TOTAL
\$ 1,209	\$ 206,041
<hr/>	
\$ -	\$ 6,150
-	600
<hr/>	
-	6,750
-	160,096
1,209	44,704
-	(5,509)
<hr/>	
1,209	199,291
<hr/>	
\$ 1,209	\$ 206,041
<hr/>	

CITY OF ROCKY FORD, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

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

YEAR ENDED DECEMBER 31, 2017

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER
REVENUES				
INTERGOVERNMENTAL	\$ -	\$ -	\$ 38,024	\$ -
CHARGES FOR SERVICES	-	-	-	91,892
INSURANCE PROCEEDS	-	1,875	-	-
MISCELLANEOUS	10,605	-	38	16,743
TOTAL REVENUES	10,605	1,875	38,062	108,635
EXPENDITURES				
COMMUNITY DEVELOPMENT	8,644	-	-	-
CULTURE AND RECREATION	-	12,233	28,501	98,309
TOTAL EXPENDITURES	8,644	12,233	28,501	98,309
REVENUES OVER (UNDER) EXPENDITURES	1,961	(10,358)	9,561	10,326
FUND BALANCE (DEFICIT) JANUARY 1	36,271	15,621	150,535	(15,835)
FUND BALANCE (DEFICIT) DECEMBER 31	\$ 38,232	\$ 5,263	\$ 160,096	\$ (5,509)

<u>MONUMENT MAINTENANCE</u>	<u>TOTAL</u>
\$ -	\$ 38,024
-	91,892
-	1,875
-	<u>27,386</u>
-	<u>159,177</u>
-	8,644
-	<u>139,043</u>
-	<u>147,687</u>
-	11,490
<u>1,209</u>	<u>187,801</u>
<u>\$ 1,209</u>	<u>\$ 199,291</u>

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 39,240</u>	<u>\$ 36,679</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 408	\$ 408
UNEARNED RENT	<u>600</u>	<u>-</u>
TOTAL LIABILITIES	1,008	408
FUND BALANCE		
COMMITTED	<u>38,232</u>	<u>36,271</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 39,240</u>	<u>\$ 36,679</u>

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		VARIANCE	
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	2016 ACTUAL
REVENUES				
RENT AND OTHER	\$ 10,605	\$ 10,805	\$ (200)	\$ 28,163
TOTAL REVENUES	10,605	10,805	(200)	28,163
EXPENDITURES				
COMMUNITY DEVELOPMENT	8,644	10,805	2,161	9,246
REVENUES OVER (UNDER) EXPENDITURES	1,961	-	1,961	18,917
FUND BALANCE JANUARY 1	36,271	36,271	-	17,354
FUND BALANCE DECEMBER 31	<u>\$ 38,232</u>	<u>\$ 36,271</u>	<u>\$ 1,961</u>	<u>\$ 36,271</u>

CITY OF ROCKY FORD, COLORADO

GOBIN COMMUNITY BUILDING FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 5,263</u>	<u>\$ 15,621</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
COMMITTED	<u>5,263</u>	<u>15,621</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,263</u>	<u>\$ 15,621</u>

CITY OF ROCKY FORD, COLORADO

GOBIN COMMUNITY BUILDING FUND

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

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		VARIANCE FAVORABLE (UNFAVORABLE)	2016
	ACTUAL	BUDGET		ACTUAL
REVENUES				
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -
INSURANCE PROCEEDS	1,875	-	1,875	64,497
TOTAL REVENUES	1,875	-	1,875	64,497
EXPENDITURES				
UTILITIES AND UPKEEP	12,233	11,000	(1,233)	48,322
REVENUES OVER (UNDER) EXPENDITURES	(10,358)	(11,000)	642	16,175
FUND BALANCE JANUARY 1	15,621	15,621	-	(554)
FUND BALANCE (DEFICIT) DECEMBER 31	\$ 5,263	\$ 4,621	\$ 642	\$ 15,621

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 160,329</u>	<u>\$ 150,838</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 233	\$ 303
FUND BALANCE		
RESTRICTED	<u>160,096</u>	<u>150,535</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 160,329</u>	<u>\$ 150,838</u>

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		VARIANCE	2016
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
INTERGOVERNMENTAL INTEREST	\$ 38,024 38	\$ 36,500 40	\$ 1,524 (2)	\$ 42,970 38
TOTAL REVENUES	38,062	36,540	1,522	43,008
EXPENDITURES				
RECREATION AND MAINTENANCE	28,501	36,540	8,039	14,157
REVENUES OVER (UNDER) EXPENDITURES	9,561	-	9,561	28,851
FUND BALANCE JANUARY 1	150,535	150,535	-	121,684
FUND BALANCE DECEMBER 31	\$ 160,096	\$ 150,535	\$ 9,561	\$ 150,535

CITY OF ROCKY FORD, COLORADO

GRAND THEATER FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 5,509	\$ 15,835
FUND BALANCE (DEFICIT)		
UNASSIGNED	<u>(5,509)</u>	<u>(15,835)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>

CITY OF ROCKY FORD, COLORADO

GRAND THEATER FUND

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

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		VARIANCE	2016
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
SALES	\$ 91,892	\$ 93,525	\$ (1,633)	\$ 92,380
RENT AND OTHER	16,743	3,000	13,743	7,878
TOTAL REVENUES	108,635	96,525	12,110	100,258
EXPENDITURES				
SALARIES & BENEFITS	21,786	19,925	(1,861)	21,578
CONCESSIONS	13,035	15,000	1,965	17,678
FILMS	33,727	32,500	(1,227)	41,498
LIVE PERFORMANCES	3,550	3,200	(350)	2,291
REPAIRS	1,029	600	(429)	2,152
UTILITIES	16,286	16,100	(186)	17,130
OTHER	8,896	9,200	304	11,073
TOTAL EXPENDITURES	98,309	96,525	(1,784)	113,400
REVENUES OVER (UNDER) EXPENDITURES	10,326	-	10,326	(13,142)
FUND BALANCE (DEFICIT) JANUARY 1	(15,835)	(15,835)	-	(2,693)
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (5,509)	\$ (15,835)	\$ 10,326	\$ (15,835)

CITY OF ROCKY FORD, COLORADO

MONUMENT MAINTENANCE FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 1,209</u>	<u>\$ 1,209</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
COMMITTED	<u>1,209</u>	<u>1,209</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,209</u>	<u>\$ 1,209</u>

CITY OF ROCKY FORD, COLORADO

MONUMENT MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS END DECEMBER 31, 2017 AND 2016

	2017 ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	2016 ACTUAL
REVENUES				
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
MAINTENANCE	-	-	-	235
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(235)
FUND BALANCE JANUARY 1	1,209	1,209	-	1,444
FUND BALANCE DECEMBER 31	\$ 1,209	\$ 1,209	\$ -	\$ 1,209

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	2017	2016
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 683,363	\$ 819,082
ACCOUNTS RECEIVABLE - BILLED (NET)	77,687	68,836
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	18,297	18,297
DUE FROM OTHER FUNDS	275,000	-
PREPAID EXPENSES	17,679	17,679
INVENTORIES - SUPPLIES & MATERIALS	68,354	56,759
INVENTORIES - WATER	25,816	24,595
TOTAL CURRENT ASSETS	<u>\$ 1,166,196</u>	<u>\$ 1,005,248</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>805,769</u>	<u>767,405</u>
PROPERTY AND EQUIPMENT		
LAND, WATER SYSTEM, AND EQUIPMENT - AT COST	17,201,937	17,201,937
ACCUMULATED DEPRECIATION	<u>(8,504,338)</u>	<u>(8,093,984)</u>
NET PROPERTY AND EQUIPMENT	<u>8,697,599</u>	<u>9,107,953</u>
TOTAL ASSETS	<u>\$ 10,669,564</u>	<u>\$ 10,880,606</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 16,714	\$ 25,460
ACCRUED SALARIES AND BENEFITS	11,115	14,181
ACCRUED INTEREST	24,016	25,023
BONDS PAYABLE - CURRENT MATURITY	103,205	92,593
LEASES PAYABLE - CURRENT MATURITY	<u>98,606</u>	<u>92,727</u>
TOTAL CURRENT LIABILITIES	<u>253,656</u>	<u>249,984</u>
TERM LIABILITIES		
BONDS PAYABLE	2,437,502	2,545,684
LEASES PAYABLE	<u>995,865</u>	<u>1,094,471</u>
TOTAL TERM LIABILITIES	<u>3,433,367</u>	<u>3,640,155</u>
OTHER LIABILITIES		
METER DEPOSITS	<u>100,966</u>	<u>94,667</u>
TOTAL LIABILITIES	<u>3,787,989</u>	<u>3,984,806</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	5,062,421	5,282,478
RESTRICTED FOR FUTURE EXPENDITURES	805,769	767,405
UNRESTRICTED	<u>1,013,385</u>	<u>845,917</u>
TOTAL NET POSITION	<u>6,881,575</u>	<u>6,895,800</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,669,564</u>	<u>\$ 10,880,606</u>

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 729,967	\$ 717,951
SPECIAL ASSESSMENTS	400,840	401,520
TOTAL OPERATING REVENUES	<u>1,130,807</u>	<u>1,119,471</u>
OPERATING EXPENSES		
SOURCE OF SUPPLY	247,551	305,176
SUPPLY MAINTENANCE	3,937	37,422
DISTRIBUTION AND OPERATING SUPPLIES	64,296	102,827
ACCOUNTING AND GENERAL ADMINISTRATION	241,420	208,406
DEPRECIATION	410,354	415,991
TOTAL OPERATING EXPENSES	<u>967,558</u>	<u>1,069,822</u>
OPERATING INCOME	<u>163,249</u>	<u>49,649</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST AND RENT INCOME - NET OF RELATED EXPENSES	17,192	14,548
INTEREST EXPENSE	(134,619)	(144,790)
GAIN (LOSS) ON SALE OF ASSETS	-	(1,289)
NONRECURRING REVENUE	11,796	12,222
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(105,631)</u>	<u>(119,309)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	57,618	(69,660)
TRANSFERS	(72,343)	8,053
CAPITAL CONTRIBUTIONS	500	4,000
CHANGE IN NET POSITION	<u>(14,225)</u>	<u>(57,607)</u>
NET POSITION JANUARY 1	<u>6,895,800</u>	<u>6,953,407</u>
NET POSITION DECEMBER 31	<u>\$ 6,881,575</u>	<u>\$ 6,895,800</u>

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,121,956	\$ 1,111,150
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(581,832)	(627,428)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>540,124</u>	<u>483,722</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
CUSTOMER DEPOSITS	6,299	2,989
TRANSFERS	(72,343)	(4,447)
OTHER	11,796	12,222
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(54,248)</u>	<u>10,764</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	-	(27,496)
CAPITAL CONTRIBUTED	500	4,000
PRINCIPAL PAID ON BONDS	(97,570)	(91,018)
PRINCIPAL PAID ON LEASE	(92,727)	(99,766)
INTEREST PAID	(135,626)	(147,053)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(325,423)</u>	<u>(361,333)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
ADVANCES TO OTHER FUNDS	(275,000)	-
INTEREST ON INVESTMENTS AND OTHER	17,192	14,548
NET CASH USED FOR INVESTING ACTIVITIES	<u>(257,808)</u>	<u>14,548</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(97,355)	147,701
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	1,586,487	1,438,786
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 1,489,132</u>	<u>\$ 1,586,487</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 163,249	\$ 49,649
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	410,354	415,991
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(8,851)	(8,321)
PREPAID EXPENSES	-	(4,179)
INVENTORIES	(12,816)	25,775
ACCOUNTS PAYABLE	(8,746)	7,590
ACCRUED SALARIES AND BENEFITS	(3,066)	(2,783)
TOTAL ADJUSTMENTS	<u>376,875</u>	<u>434,073</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 540,124</u>	<u>\$ 483,722</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	2017	2016
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 260,920	\$ 161,507
ACCOUNTS RECEIVABLE - BILLED (NET)	56,277	54,667
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	21,200	21,200
DUE FROM OTHER FUNDS	50,000	-
INVENTORIES	2,462	980
TOTAL CURRENT ASSETS	<u>390,859</u>	<u>238,354</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>25,225</u>	<u>44,108</u>
PROPERTY AND EQUIPMENT		
LAND, SEWER SYSTEM AND EQUIPMENT - AT COST	5,841,047	5,841,047
ACCUMULATED DEPRECIATION	<u>(2,003,733)</u>	<u>(1,808,077)</u>
NET PROPERTY AND EQUIPMENT	<u>3,837,314</u>	<u>4,032,970</u>
TOTAL ASSETS	<u>\$ 4,253,398</u>	<u>\$ 4,315,432</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 15,730	\$ 16,157
ACCRUED SALARIES AND BENEFITS	14,958	17,514
ACCRUED INTEREST	2,134	1,347
DUE TO OTHER ENTITY	1,750	1,750
CURRENT PORTION - LOANS PAYABLE	<u>132,362</u>	<u>131,670</u>
TOTAL CURRENT LIABILITIES	166,934	168,438
TERM LIABILITIES		
LOANS PAYABLE	<u>1,780,602</u>	<u>1,912,965</u>
TOTAL LIABILITIES	<u>1,947,536</u>	<u>2,081,403</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	1,924,350	1,988,335
RESTRICTED FOR:		
OPERATIONS AND MAINTENANCE	114,000	131,000
FUTURE EXPENDITURES	25,225	44,108
UNRESTRICTED	<u>242,287</u>	<u>70,586</u>
TOTAL NET POSITION	<u>2,305,862</u>	<u>2,234,029</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,253,398</u>	<u>\$ 4,315,432</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 602,514	\$ 568,118
SPECIAL ASSESSMENTS	107,578	107,793
	<u>710,092</u>	<u>675,911</u>
OPERATING EXPENSES		
COLLECTION SYSTEM	301,489	362,529
ACCOUNTING AND GENERAL ADMINISTRATION	146,498	142,690
DEPRECIATION	195,657	187,412
	<u>643,644</u>	<u>692,631</u>
TOTAL OPERATING EXPENSES		
	<u>66,448</u>	<u>(16,720)</u>
OPERATING INCOME (LOSS)		
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	962	370
INTEREST EXPENSE	(5,606)	(4,379)
	<u>(4,644)</u>	<u>(4,009)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	61,804	(20,729)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS		
TRANSFERS	10,029	(3,038)
CAPITAL CONTRIBUTIONS	-	500
	<u>71,833</u>	<u>(23,267)</u>
CHANGE IN NET POSITION		
NET POSITION JANUARY 1	<u>2,234,029</u>	<u>2,257,296</u>
NET POSITION DECEMBER 31	<u>\$ 2,305,862</u>	<u>\$ 2,234,029</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 708,482	\$ 659,500
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(452,452)	(503,979)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>256,030</u>	<u>155,521</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFER IN (OUT)	10,029	(3,038)
MISCELLANEOUS INCOME	962	370
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>10,991</u>	<u>(2,668)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	-	(20,142)
CAPITAL CONTRIBUTED	-	500
PAYMENT ON LOANS	(131,671)	(131,001)
INTEREST PAID	(4,820)	(3,032)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(136,491)</u>	<u>(153,675)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
ADVANCES TO OTHER FUNDS	(50,000)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	80,530	(822)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	205,615	206,437
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 286,145</u>	<u>\$ 205,615</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ 66,448	\$ (16,720)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	195,657	187,412
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(1,610)	(16,411)
INVENTORIES	(1,482)	-
ACCOUNTS PAYABLE	(427)	1,595
ACCRUED BENEFITS	(2,556)	(355)
TOTAL ADJUSTMENTS	<u>189,582</u>	<u>172,241</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 256,030</u>	<u>\$ 155,521</u>

CITY OF ROCKY FORD, COLORADO
SOLID WASTE DISPOSAL UTILITY FUND
BALANCE SHEET
DECEMBER 31, 2017 AND 2016

	2017	2016
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 452,237	\$ 567,809
ACCOUNTS RECEIVABLE - BILLED CUSTOMERS (NET)	49,786	48,781
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	18,814	18,814
DUE FROM OTHER FUNDS	250,000	-
INVENTORIES	-	4,248
TOTAL CURRENT ASSETS	770,837	639,652
EQUIPMENT		
EQUIPMENT - AT COST	780,293	780,293
ACCUMULATED DEPRECIATION	(601,191)	(549,645)
NET EQUIPMENT	179,102	230,648
TOTAL ASSETS	\$ 949,939	\$ 870,300
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 18,656	\$ 5,637
ACCRUED SALARIES AND BENEFITS	18,564	21,782
CURRENT PORTION - LOAN PAYABLE	33,234	32,205
CURRENT PORTION -LANDFILL COSTS	7,920	10,980
TOTAL CURRENT LIABILITIES	78,374	70,604
TERM LIABILITIES		
LOAN PAYABLE	34,228	67,459
ACCRUED LANDFILL COSTS	256,080	355,020
TOTAL TERM LIABILITIES	290,308	422,479
TOTAL LIABILITIES	368,682	493,083
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	111,640	130,984
TOTAL NET POSITION	469,617	246,233
TOTAL LIABILITIES AND NET POSITION	581,257	377,217
TOTAL LIABILITIES AND NET POSITION	\$ 949,939	\$ 870,300

CITY OF ROCKY FORD, COLORADO

SOLID WASTE DISPOSAL UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 622,000	\$ 612,669
OPERATING EXPENSES		
COLLECTION	288,901	303,417
ACCOUNTING AND GENERAL ADMINISTRATION	154,732	160,684
DEPRECIATION	51,546	60,621
TOTAL OPERATING EXPENSES	<u>495,179</u>	<u>524,722</u>
OPERATING INCOME	<u>126,821</u>	<u>87,947</u>
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	255	286
INTEREST EXPENSE	<u>(2,682)</u>	<u>(3,734)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,427)</u>	<u>(3,448)</u>
INCOME BEFORE TRANSFERS AND SPECIAL ITEM	124,394	84,499
TRANSFERS	(5,014)	(355,015)
SPECIAL ITEM - CHANGE IN ACCOUNTING ESTIMATE	<u>84,660</u>	<u>-</u>
CHANGE IN NET POSITION	204,040	(270,516)
NET POSITION JANUARY 1	<u>377,217</u>	<u>647,733</u>
NET POSITION DECEMBER 31	<u>\$ 581,257</u>	<u>\$ 377,217</u>

CITY OF ROCKY FORD, COLORADO
SOLID WASTE DISPOSAL UTILITY FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 620,995	\$ 611,126
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS FOR GOODS AND SERVICES	(446,924)	(496,103)
NET CASH PROVIDED BY OPERATING ACTIVITIES	174,071	115,023
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFERS OUT	(5,014)	(355,015)
MISCELLANEOUS INCOME	255	286
NET CASH USED FOR NONCAPITAL AND RELATED FINANCING ACTIVITIES	(4,759)	(354,729)
CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
PAYMENT ON LOAN PAYABLE	(32,202)	(31,150)
INTEREST PAID	(2,682)	(3,734)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(34,884)	(34,884)
CASH FLOWS FROM INVESTING ACTIVITIES		
ADVANCES TO OTHER FUNDS	(250,000)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(115,572)	(274,590)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	567,809	842,399
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 452,237	\$ 567,809
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 126,821	\$ 87,947
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	51,546	60,621
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(1,005)	(1,543)
INVENTORIES	4,248	9,896
ACCOUNTS PAYABLE	13,019	(12,542)
ACCRUED SALARIES & BENEFITS	(3,218)	3,544
ACCRUED LANDFILL COSTS	(17,340)	(32,900)
TOTAL ADJUSTMENTS	47,250	27,076
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 174,071	\$ 115,023

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2017

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
CHARGES FOR SERVICES	\$ 1,003,700	\$ 1,003,700	\$ 1,130,807	\$ 127,107
INTEREST AND RENT	16,875	16,875	17,192	317
OTHER	13,000	13,000	11,796	(1,204)
TOTAL REVENUES	<u>1,033,575</u>	<u>1,033,575</u>	<u>1,159,795</u>	<u>126,220</u>
EXPENDITURES				
SOURCE OF SUPPLY	279,360	279,360	247,551	31,809
SUPPLY MAINTENANCE	41,000	41,000	3,937	37,063
DISTRIBUTION AND OPERATING SUPPLIES	64,000	64,000	64,296	(296)
ACCOUNTING AND GENERAL ADMINISTRATION	241,250	241,250	241,420	(170)
INTEREST	136,000	136,000	134,619	1,381
DEPRECIATION	-	-	410,354	(410,354)
DEBT RETIREMENT	203,600	203,600	190,297	13,303
TOTAL EXPENDITURES	<u>965,210</u>	<u>965,210</u>	<u>1,292,474</u>	<u>(327,264)</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	68,365	68,365	(132,679)	(201,044)
OTHER FINANCING SOURCES				
TRANSFERS	(5,015)	(5,015)	(72,343)	(77,358)
CAPITAL CONTRIBUTIONS	-	-	500	500
	<u>\$ 63,350</u>	<u>\$ 63,350</u>	<u>(204,522)</u>	<u>\$ (277,902)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT RETIREMENT			<u>190,297</u>	
CHANGE IN NET POSITION			(14,225)	
NET POSITION JANUARY 1			<u>6,895,800</u>	
NET POSITION DECEMBER 31			<u>\$ 6,881,575</u>	

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
CHARGES FOR SERVICES	\$ 663,900	\$ 663,900	\$ 710,092	\$ 46,192
INTEREST AND OTHER	50	50	962	912
TOTAL REVENUES	<u>663,950</u>	<u>663,950</u>	<u>711,054</u>	<u>47,104</u>
EXPENDITURES				
COLLECTION SYSTEM	259,258	259,258	301,489	(42,231)
ACCOUNTING AND GENERAL ADMINISTRATION	168,342	168,342	146,498	21,844
DEPRECIATION	-	-	195,657	(195,657)
INTEREST	6,000	6,000	5,606	394
DEBT RETIREMENT	129,496	129,496	131,671	(2,175)
TOTAL EXPENDITURES	<u>563,096</u>	<u>563,096</u>	<u>780,921</u>	<u>(217,825)</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	100,854	100,854	(69,867)	(170,721)
OTHER FINANCING SOURCES				
TRANSFER	-	-	10,029	(10,029)
	<u>\$ 100,854</u>	<u>\$ 100,854</u>	<u>(59,838)</u>	<u>\$ (180,750)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT RETIREMENT			<u>131,671</u>	
CHANGE IN NET POSITION			71,833	
NET POSITION JANUARY 1			<u>2,234,029</u>	
NET POSITION DECEMBER 31			<u>\$ 2,305,862</u>	

CITY OF ROCKY FORD, COLORADO

SOLID WASTE DISPOSAL UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2017

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
CHARGES FOR SERVICES	\$ 610,000	\$ 610,000	\$ 622,000	\$ 12,000
MISCELLANEOUS INCOME	-	-	255	255
TOTAL REVENUES	<u>610,000</u>	<u>610,000</u>	<u>622,255</u>	<u>12,255</u>
EXPENDITURES				
COLLECTION	287,319	287,319	288,901	(1,582)
ACCOUNTING AND GENERAL ADMINISTRATION	200,670	200,670	154,732	45,938
DEPRECIATION	-	-	51,546	(51,546)
INTEREST	3,000	3,000	2,682	318
DEBT RETIREMENT	31,900	31,900	32,202	(302)
CAPITAL OUTLAY	22,836	22,836	-	22,836
TOTAL EXPENDITURES	<u>545,725</u>	<u>545,725</u>	<u>530,063</u>	<u>15,662</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE TRANSFERS & SPECIAL ITEM	64,275	64,275	92,192	27,917
TRANSFERS	(5,015)	(5,015)	(5,014)	1
SPECIAL ITEM	-	-	84,660	84,660
	<u>\$ 59,260</u>	<u>\$ 59,260</u>	171,838	<u>\$ 112,578</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT RETIREMENT			<u>32,202</u>	
CHANGE IN NET POSITION			204,040	
NET POSITION JANUARY 1			<u>377,217</u>	
NET POSITION DECEMBER 31			<u>\$ 581,257</u>	

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

HANCOCK FROESE & COMPANY LLC

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

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

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

To the City Council
City of Rocky Ford, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Rocky Ford, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Rocky Ford, Colorado's basic financial statements and have issued our report thereon dated August 31, 2018.

Internal Control over Financial Reporting

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

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

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

2017-01: Payroll Controls	Significant Deficiency
Observation:	<p>During our testing of payroll, we noted the following lack of internal controls related to documentation of pay rates and approval of paid time off ("PTO"):</p> <ul style="list-style-type: none"> • Out of 16 employees tested, we noted 9 of the employees did not have an updated pay rate form documenting the approval from management. • A supervisor did not get approval for any PTO taken.
Recommendation:	<p>The objective of internal control over payroll is to obtain control over the amounts paid to employees. To achieve this control, certain duties involving the approval and review by supervisors and management should be documented. We recommend the City implement the following control procedures related to payroll:</p> <ul style="list-style-type: none"> • Documentation should exist to support the supervisor's recommendation for a rate increase, decrease or no change at all. The documentation should also include the City Manager's approval indicating the effective date. • All employees should have their request for PTO reviewed and approved by their supervisor or city manager.
Response:	<p>A new Finance Director was hired in 2018 and was assigned the Human Resource duties. The Finance Director is taking the necessary steps to get the required documentation on file for all pay rate increases, decreases, or when applicable, no change at all during the yearly employee evaluation.</p>

2017-02: Accounts Receivable and Cash Receipt Controls		Significant Deficiency
Observation:	We identified a lack of controls in the following areas related to cash receipts and accounts receivable: <ul style="list-style-type: none"> • Employees who receive cash payments have authority in the system to write-off or adjust utility accounts. 	
Recommendation:	The objective of internal control over cash receipts is to obtain control over amounts received at the time of receipt. To achieve this control, certain duties involving receipts should be handled by more than one employee. We recommend the City implement the following control procedures related to cash receipts: <ul style="list-style-type: none"> • The employee who is responsible for the receipt of cash should not have access to record or authorize transactions in the A/R ledger. Individuals who have the ability to receive cash should not be involved in the deposit process. • Employees who receive utility payments should not have authority in the system to write-off or adjust utility accounts. • Rotating employees' duties and requiring employees to take time off. 	
Response:	City will begin to implement the recommendations noted above in fiscal year 2018. Training will be conducted as necessary to ensure the proper review and approval of cash receipts and write-offs.	

2017-03: Accounts Payable and Cash Disbursement Controls		Significant Deficiency
Observation:	We identified during our testing of disbursements that there is a lack of controls in the following areas related to cash disbursements and accounts payable, specifically credit card and fuel card transactions: <ul style="list-style-type: none"> • Fuel card and credit card transactions are not being reviewed. • City purchases were shipped to an employee's home address instead of the City address. 	
Recommendation:	The objective of internal control over cash disbursements is to obtain control over amounts paid. We recommend the City implement the following control procedures related to cash disbursements: <ul style="list-style-type: none"> • A supervisor should review, approve and when applicable, code all invoices and disbursements over a dollar threshold set by council (for example \$500) as well as all unusual or non-routine disbursements regardless of the dollar amount. This includes all credit card and charge card statements. • Each department supervisor should review fuel invoices for reasonableness of fuel use regarding employees under their supervision. • All City purchases should be delivered to a City address. • Invoices should be submitted to the City Manager for approval. • The Finance Director should perform a final review of the coding, look for proper approval and record the transaction into the accounting system 	
Response:	City will begin to implement the recommendations noted above in fiscal year 2018. Supervisors and management have been instructed to review and approve disbursements and have any City purchases shipped to a City address.	

Compliance and Other Matters

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

City of Rocky Ford, Colorado's Response to Findings

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

Purpose of this Report

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

Hancock Froese & Company LLC

Hancock Froese & Company LLC

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 12/17

This Information From The Records Of:
City of Rocky Ford, Colorado

Prepared By:

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available		73,061	125,273	
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		73,061	125,273	

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	169,694
b. Motor Vehicle (from Item I.B.5.)	73,061	3. Road and street services:	
c. Total (a.+b.)	73,061	a. Traffic control operations	6,950
2. General fund appropriations		b. Snow and ice removal	1,692
3. Other local imposts (from page 2)		c. Other	
4. Miscellaneous local receipts (from page 2)		d. Total (a. through c.)	8,642
5. Transfers from toll facilities		4. General administration & miscellaneous	19,998
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	198,334
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)		a. Interest	
7. Total (1 through 6)	73,061	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	
C. Receipts from State government (from page 2)	125,273	2. Notes:	
D. Receipts from Federal Government (from page 2)		a. Interest	
E. Total receipts (A.7 + B + C + D)	198,334	b. Redemption	
		c. Total (a. + b.)	
		3. Total (1.c + 2.c)	
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	198,334

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				
1. Bonds (Refunding Portion)				
B. Notes (Total)				

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 12/17

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 Assesments		a. Interest on investments	
b. Other local imposts:		b. (Specify)	
1. Sales Taxes		c. (Specify)	
2. (Specify)		d. (Specify)	
3. (Specify)		e. (Specify)	
4. (Specify)		f. (Specify)	
5. (Specify)		g. (Specify)	
6. Total (1. through 5.)		h. (Specify)	
c. Total (a. + b.)		i. Total (a. through h.)	
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	125,273	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. (Specify)		c. HUD	
c. (Specify)		d. (Specify)	
d. (Specify)		e. (Specify)	
e. (Specify)		f. (Specify)	
f. Total (a. through e.)		g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	125,273	3. Total (1. + 2.g)	
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES 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			
b. Engineering Costs			
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements			
(3). System Preservation			
(4). System Enhancement And Operation			
(5). Total Construction (1)+(2)+(3)+(4)			
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)			
	<i>(Carry forward to page 1)</i>		

Notes and Comments: