

City of Rifle, Colorado
Financial Statements
with Independent Auditors' Report
December 31, 2018



City of Rifle, Colorado

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City of Rifle, Colorado

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Independent Auditors' Report

City Council
City of Rifle
City of Rifle, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rifle as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Rifle, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rifle as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, 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 and the required supplementary information 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 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 Rifle's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, and 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 statements and 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hick & Company, PC

Greenwood Village, Colorado
July 15, 2019



City of Rifle, Colorado

Management's Discussion and Analysis December 31, 2018

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

Financial Highlights

- The assets of the City of Rifle exceeded its liabilities at the close of 2018 by \$137,122,326 (net position). Of this amount; \$102,938,043 is net investment in capital assets, \$2,088,048 is restricted, and \$32,096,235 is unrestricted and may be used to meet the government's ongoing obligations.
- Total net position, city-wide, increased by \$2,061,026 or 1.5%.
- General fund unassigned fund balance at December 31, 2018 is \$5,890,236, 78% of 2018 total general fund expenditures.
- The business-type activities net position increased \$2,746,519 to \$61,321,200 during the year. The Water Fund increased \$2,330,034; Sewer Fund increased \$442,268; and the Sanitation Fund decreased \$25,783.

Overview of Report

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

Government-wide financial statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business, on an accrual basis. Note 1 to the statements, starting on p. 13, provides a further description of the related *Statement of Net Position* and *Statement of Activities*, which report City activities in two categories - *governmental activities* and *business-type activities*.

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

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

The government-wide financial statements can be found on pages 3-4 of this report, and are described further in Note 1 to the Financial Statements, starting on p. 12.

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

- 1) **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the *government-wide financial statements*, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year, using the *modified accrual basis*. See Note 1 for more detail.

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

The City of Rifle maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds which include the General Fund, Street Improvement Fund, and the Parks and Recreation Fund. Data from the other (non-major) funds are combined into a single, aggregated presentation with the column heading Other Governmental Funds. The non-major funds are Conservation Trust, Visitor Improvement, Downtown Development Authority, Rifle Tourism and Industry, Urban Renewal Authority, and Capital Fund. The basic governmental financial statements for the major funds are found on pages 5-8 of this report. The basic governmental financial statements for the non-major funds are found on pages 34-41.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate

information for each of the proprietary funds. However, only the water and sewer funds are considered major funds.

The basic proprietary fund financial statements can be found on pages 9-11 of this report. The schedule of revenues, expenditures, and changes in net position – budget and actual reports are shown on pages 42-43.

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

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-28 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City Of Rifle. This information is presented in the State Compliance section on pages 46-48.

Government-wide Financial Results

The City of Rifle’s net position may serve over time as a useful indicator of the City’s financial position. The City of Rifle’s assets exceeded its liabilities (net position) at the close of 2018 by \$137,122,326.

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

Net Position

The following table shows the City's net position for 2018 as compared to 2017.

STATEMENT OF NET POSITION
December 31, 2018 and 2017

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 24,778,482	\$ 23,094,669	\$ 11,386,333	\$ 9,409,503	\$ 36,164,815	\$ 32,504,172
Capital assets (net)	52,809,004	55,373,286	86,216,727	85,582,439	139,025,731	140,955,725
Total assets	<u>77,587,486</u>	<u>78,467,955</u>	<u>97,603,060</u>	<u>94,991,942</u>	<u>175,190,546</u>	<u>173,459,897</u>
Deferred Outflows:						
Deferred Charge on Refunding	-	4,942	-	-	-	4,942
Other liabilities	650,838	1,370,200	649,095	3,197,202	1,299,933	4,567,402
Long-term liabilities	522,190	252,146	35,592,951	35,746,341	36,115,141	35,998,487
Total liabilities	<u>1,173,028</u>	<u>1,622,346</u>	<u>36,242,046</u>	<u>38,943,543</u>	<u>37,415,074</u>	<u>40,565,889</u>
Deferred Inflows:						
Unavailable Revenue - Property Taxes	613,333	616,080	69,897	69,897	683,230	685,977
Net position:						
Invested in capital assets net of related debt	52,314,215	51,098,381	50,623,828	50,221,022	102,938,043	101,319,403
Nonspendable						
Cemetery Perpetual Care	242,590	235,065			242,590	235,065
Restricted For:						
for Emergencies	404,000	397,000	139,500	170,000	543,500	567,000
for Parks and Recreation	158,501	147,531			158,501	147,531
for Debt Service and O&M Reserves			1,013,276	970,123	1,013,276	970,123
Assigned for:						
for Channel10	23,088	22,661			23,088	22,661
for Senior Center Meals and Capital	104,621	112,517			104,621	112,517
for Police Expenditures	2,472	2,472			2,472	2,472
Unrestricted	22,551,638	24,470,991	9,488,986	7,213,537	32,040,624	31,684,528
Total Net Position	<u>\$ 75,801,125</u>	<u>\$ 76,486,618</u>	<u>\$ 61,265,590</u>	<u>\$ 58,574,682</u>	<u>\$ 137,066,715</u>	<u>\$ 135,061,300</u>

An additional portion of the City's net position balance (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining *unrestricted* balance of (23.4%) may be used to meet the City's ongoing obligations to citizens and creditors.

Restricted net position is the portion of net position legally restricted less any non-capital-related liabilities payable from those resources. As of December 31, 2018, restricted net position in the governmental activities included the following: Cemetery Perpetual Care (\$242,590), Channel 10 (\$23,088), TABOR Emergencies (\$404,000), Senior Center Meals and Capital (\$104,621), Police (\$2,472), and Parks and Recreation (\$158,501). The Business-Type Activities includes restricted net position of the following: Debt Service and O&M reserves (\$1,013,276), and TABOR Emergencies (\$139,500). The remaining balance of net position (unrestricted net position) totals \$32,040,624. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position

The following summarizes the Statement of Revenues, Expenditures, and Changes in Fund Balance (as on p.7 of the report), with a comparison to the prior year.

	SUMMARY OF CHANGES IN NET POSITION					
	For Years Ended December 31, 2018 and 2017					
	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for services	\$ 1,320,339	\$ 1,483,381	\$ 7,980,549	\$ 7,406,229	\$ 9,300,888	\$ 8,889,610
Operating grants and contributions	1,161,001	601,523	-	-	1,161,001	601,523
Capital grants and contributions	1,184,253	730,295	293,962	1,286,044	1,478,215	2,016,339
General Revenues:						
Property taxes	688,029	674,404	-	-	688,029	674,404
Sales and use taxes	8,683,033	8,304,407	1,800,689	1,732,719	10,483,722	10,037,126
Other taxes	509,274	1,204,564	-	-	509,274	1,204,564
Investment earnings	253,402	71,175	123,344	31,647	376,746	102,822
Other revenues	143,623	247,235	27,846	17,033	171,469	264,268
Total revenues	<u>13,942,954</u>	<u>13,316,984</u>	<u>10,226,390</u>	<u>10,473,672</u>	<u>24,169,344</u>	<u>23,790,656</u>
EXPENSES						
General government	3,095,405	2,906,956	-	-	3,095,405	2,906,956
Public Safety	2,941,948	2,932,666	-	-	2,941,948	2,932,666
Public Works	4,066,388	4,230,195	-	-	4,066,388	4,230,195
Cemetery	1,545	1,545	-	-	1,545	1,545
Parks and recreation	2,822,299	2,708,667	-	-	2,822,299	2,708,667
Economic development and assistance	1,025,805	1,081,683	-	-	1,025,805	1,081,683
Interest Expense	-	-	-	-	-	-
Water operations	-	-	3,674,941	3,346,283	3,674,941	3,346,283
Sewer operations	-	-	2,911,350	2,782,653	2,911,350	2,782,653
Sanitation operations	-	-	610,068	552,533	610,068	552,533
Total expenses	<u>13,953,390</u>	<u>13,861,712</u>	<u>7,196,359</u>	<u>6,681,469</u>	<u>21,149,749</u>	<u>20,543,181</u>
Increase in net assets before transfers	(10,436)	(544,728)	3,030,031	3,792,203	3,019,595	3,247,475
Transfers	63,859	2,000	(63,859)	(2,000)	-	-
Increase in net assets	53,423	(542,728)	2,966,172	3,790,203	3,019,595	3,247,475
Net Position, Beginning of year	76,022,073	77,239,852	53,883,139	50,357,499	129,905,212	127,597,351
Prior Period Restatement	-	(675,051)	-	(264,563)	-	(939,614)
Net Position, end of year	<u>\$76,075,496</u>	<u>\$76,022,073</u>	<u>\$56,849,311</u>	<u>\$53,883,139</u>	<u>\$132,924,807</u>	<u>\$129,905,212</u>

FINANCIAL ANALYSIS OF THE CITY'S FUND BALANCE

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

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

One of the differences between the governmental activities as reported in the government-wide *Statement of Activities* and the individual governmental fund financial statements is the reporting of capital asset acquisitions. For the government-wide financial statements, any new assets are capitalized and only depreciation expense for those assets is reported in the *Statement of Activities*.

In the individual governmental fund financial statements, the expenditure for the capital asset acquisitions is reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*. Therefore, governmental fund capital outlay expenditures of \$1,343,835 acquired in 2018 (page 8) are not reflected in the *Statement of Activities*.

At year-end 2018, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 5) reported a combined fund balance of \$23,140,967, an increase of \$1,678,931 from the prior year. The General Fund balance increased \$916,791 or 16%. The Street Improvement Fund balance increased \$725,324 or 9% The Parks and Recreation Fund balance increased \$256,480 or 18%.

The General Fund unassigned fund balance at December 31, 2018 was \$5,890,236, or 78% of 2018 annual expenditures. Unassigned fund balance increased \$1,115,120 with revenues exceeding expenditures by \$839,515.

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

The Proprietary Fund Net Position increased \$2,746,519 to \$61,321,200. Investment in capital assets, net of related debt represents 83% of total net position.

ENTERPRISE FUND NET POSITION
December 31, 2018 and 2017

	Water		Wastewater		Sanitation		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Investment in capital assets net of related debt	\$ 33,754,772	\$ 33,211,271	\$ 16,869,055	\$ 17,009,750	\$ -	\$ -	\$ 50,623,827	50,221,021
Restricted:								
For Capital Improvements					-	-	-	-
For Emergencies	139,500	170,000			-	-	139,500	170,000
For Debt Service from Sales Tax	-	-			-	-	-	-
For Operations and Maintenance Reserve	532,159	517,793	481,117	452,330	-	-	1,013,276	970,123
Unrestricted	7,478,874	5,676,207	1,276,736	722,560	788,987	814,770	9,544,597	7,213,537
Total net position	\$ 41,905,305	\$ 39,575,271	\$ 18,626,908	\$ 18,184,640	\$ 788,987	\$ 814,770	\$ 61,321,200	\$ 58,574,681

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

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

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

In 2018, the Water fund increased Net Position by \$2,330,034. Wastewater increased by \$442,268. The Sanitation fund incurred a net loss of \$25,783.

Total unrestricted net position increased \$2,331,060 during 2018. The Water Fund's unrestricted net position increased by \$1,802,667; Wastewater Fund increased \$442,268; and the Sanitation Fund decreased \$25,783.

General Fund Budgetary Highlights

The General Fund reflects an increase in revenues of \$268,701 or 3.3% from 2017 and exceeded budget by \$421,000 and 5.3%. Expenditures increased \$141,000 from 2017 or 1.9% and were under budget by \$453,499, or 5.1%. Management and City Council continue to budget conservatively to ensure the City has the flexibility to address community needs.

Capital Asset and Debt Administration

Capital assets – At the end of 2018, the City had \$139,025,731 invested in capital assets net of depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, bridges, and trails. Total investment in capital assets for the current year decreased by a net 1.4%.

CAPITAL ASSETS AT YEAR-END (Net of Depreciation) As of December 31, 2018 and 2017						
	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land & Rights	\$ 3,979,905	\$ 3,979,905	\$ 2,636,895	\$ 2,636,896	\$ 6,616,800	\$ 6,616,801
Construction in Process	336,816	76,027	0	30,614,559	336,816	30,690,586
Buildings	9,781,478	10,437,326	54,817,096	24,987,861	64,598,574	35,425,187
Improvements	36,795,716	38,875,660	28,360,246	26,840,197	65,155,962	65,715,857
Equipment	1,167,208	1,314,129	402,489	502,925	1,569,697	1,817,054
Int Svc Equipment & Vehicles	747,881	696,993	-	-	747,881	696,993
Total	<u>\$ 52,809,004</u>	<u>\$ 55,380,040</u>	<u>\$ 86,216,727</u>	<u>\$ 85,582,438</u>	<u>\$ 139,025,731</u>	<u>\$ 140,962,478</u>

Debt administration – At the end of 2018, the City of Rifle had a balance of \$35,642,952 outstanding in revenue bonds; revenue notes payable, notes payable and capital leases, including \$50,000 in construction loan for the pool renovation. Footnote disclosure number 4 on page 21 provides additional information regarding this and other obligations. The City has no general obligation debt.

OUTSTANDING DEBT Years Ended December 31, 2018 and 2017						
	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue bonds and notes payable	\$ -	\$ 295,000	\$ 35,592,951	\$ 37,832,047	\$ 35,592,951	\$ 38,127,047
Construction Loan	\$ 50,001	-	-	-	\$ 50,001	\$ -
Capital leases	-	310,677	-	-	-	310,677
Total	<u>\$ 50,001</u>	<u>\$ 605,677</u>	<u>\$ 35,592,951</u>	<u>\$ 37,832,047</u>	<u>\$ 35,642,952</u>	<u>\$ 38,437,724</u>

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

Economic Factors and the 2018 Budget

2018 saw an increase of 4.5% in the general fund in sales and use tax revenues. A conservative approach was taken in the preparation of the 2019 Budget which projected a 3% increase. There are many unknowns impacting the local economy that make it difficult to predict performance such as: available labor force for construction, construction material cost increases, and trends in the Oil and Gas sector.

The City is limiting its investment in new projects and focusing on its current facilities. The major expenditures will be: a replacement of the existing municipal pool; street infrastructure; and water infrastructure replacement. With the completion of the water treatment plant, attention will be placed on water transmission lines. For all major projects the City intends to infuse grant funds from State and local granting agencies, and utilize sales tax revenue that is specifically dedicated to the particular fund.

The City of Rifle, as a result of thoughtful leadership and prudent management, built up the reserves in its General Fund. The economy is gaining strength with reasonable growth of new housing starts, business expansion and sales tax. The City will remain conservative in its spending until this economic activity proves lasting. The City is now placing greater emphasis on repairing and maintaining existing facilities and streets for the next year.

Request for Information

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

Basic Financial Statements

City of Rifle, Colorado
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and Investments	\$ 22,742,501	\$ 10,511,082	\$ 33,253,583
Accounts Receivable	126,179	668,957	795,136
Taxes Receivable	1,861,985	-	1,861,985
Due from Other Governments	321	-	321
Investment Income Receivable	13,823	-	13,823
Inventory	33,673	204,800	238,473
Prepaid Expenses	-	1,496	1,496
Capital Assets, <i>Not Being Depreciated</i>	4,316,721	2,636,896	6,953,617
Capital Assets, <i>Net of Accumulated Depreciation</i>	48,492,283	83,579,831	132,072,114
Total Assets	77,587,486	97,603,062	175,190,548
Liabilities			
Accounts Payable	354,699	194,773	549,472
Accrued Salaries	129,071	21,207	150,278
Accrued Interest Payable	1,605	332,529	334,134
Deposits	76,921	10,000	86,921
Noncurrent Liabilities			
Due Within One Year	88,541	2,329,846	2,418,387
Due in More Than One Year	522,191	33,353,638	33,875,829
Total Liabilities	1,173,028	36,241,993	37,415,021
Deferred Inflows of Resources			
Property Taxes	613,333	69,897	683,230
Net Position			
Net Investment in Capital Assets	52,314,215	50,649,186	102,963,401
Restricted For			
Cemetery Perpetual Care	242,590	-	242,590
Channel 10	23,088	-	23,088
Operations and Maintenance Reserve	-	1,013,500	1,013,500
Emergencies	404,000	139,500	543,500
Senior Center Meals and Capital	104,621	-	104,621
Police Expenditures	2,472	-	2,472
Parks and Recreation	158,501	-	158,501
Unrestricted	22,551,638	9,488,986	32,040,624
Total Net Position	\$ 75,801,125	\$ 61,291,172	\$ 137,092,297

City of Rifle, Colorado
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary Government							
<i>Governmental Activities</i>							
General Government	\$ 3,095,405	\$ 879,007	\$ 609,744	\$ 148,617	\$ (1,458,037)	\$ -	\$ (1,458,037)
Public Safety	2,941,948	15,909	-	-	(2,926,039)	-	(2,926,039)
Public Works	4,066,388	-	419,113	1,035,636	(2,611,639)	-	(2,611,639)
Cemetery	1,545	17,837	-	-	16,292	-	16,292
Parks and Recreation	2,822,299	260,017	97,549	-	(2,464,733)	-	(2,464,733)
Economic Development	1,025,805	147,569	2,500	-	(875,736)	-	(875,736)
Interest on Long-Term Debt	11,634	-	-	-	(11,634)	-	(11,634)
Total Government Activities	13,965,024	1,320,339	1,128,906	1,184,253	(10,331,526)	-	(10,331,526)
<i>Business-Type Activities</i>							
Water Utility	3,674,941	4,147,487	14,881	211,629	-	699,056	699,056
Wastewater Utility	2,911,350	3,257,570	-	82,333	-	428,553	428,553
Sanitation Operations	610,068	575,492	-	-	-	(34,576)	(34,576)
Total Business-Type Activities	7,196,359	7,980,549	14,881	293,962	-	1,093,033	1,093,033
Total Primary Government	\$ 21,161,383	\$ 9,300,888	\$ 1,143,787	\$ 1,478,215	(10,331,526)	1,093,033	(9,238,493)
General Revenues							
Property Taxes					688,029	-	688,029
Specific Ownership Taxes					47,220	-	47,220
Sales and Use Taxes					8,683,033	1,800,689	10,483,722
Franchise Taxes					299,465	-	299,465
Other Taxes					162,589	-	162,589
Grants and Contributions not Restricted to Specific Programs					32,095	-	32,095
Investment Income					253,402	123,344	376,746
Other					143,623	27,846	171,469
Transfers					63,859	(63,859)	-
Total General Revenues					10,373,315	1,888,020	12,261,335
Change in Net Position					41,789	2,981,053	3,022,842
Net Position, Beginning of year					75,759,336	58,310,119	134,069,455
Net Position, Beginning of year					\$ 75,801,125	\$ 61,291,172	\$ 137,092,297

City of Rifle, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

	General	Street Improvements	Parks and Recreation	Capital Improvement	Nonmajor Governmental Funds	Totals
Assets						
Cash and Investments	\$ 5,384,799	\$ 8,757,649	\$ 1,690,142	\$ 4,498,235	\$ 1,905,639	\$ 22,236,464
Accounts Receivable	126,170	50	(41)	-	-	126,179
Taxes Receivable	1,823,017	-	-	-	-	1,823,017
Other Receivables	-	-	-	-	38,968	38,968
Interest Receivable	13,823	-	-	-	-	13,823
Due from Other Governments	-	-	-	-	321	321
Total Assets	<u>7,347,809</u>	<u>8,757,699</u>	<u>1,690,101</u>	<u>4,498,235</u>	<u>1,944,928</u>	<u>24,238,772</u>
Liabilities						
Accounts Payable	190,321	(17,237)	37,344	53,622	20,734	284,784
Accrued Liabilities	104,659	-	15,391	-	2,717	122,767
Deposits	64,481	-	350	-	12,090	76,921
Total Liabilities	<u>359,461</u>	<u>(17,237)</u>	<u>53,085</u>	<u>53,622</u>	<u>35,541</u>	<u>484,472</u>
Deferred Inflows of Resources						
Property Taxes	574,365	-	-	-	38,968	613,333
Fund Balances						
Nonspendable						
Cemetery Perpetual Care	-	-	-	-	242,590	242,590
Restricted For:						
Emergencies	404,000	-	-	-	-	404,000
Parks and Recreation	158,501	-	-	-	-	158,501
Assigned For:						
Channel 10	23,088	-	-	-	-	23,088
Senior Center Capital and Meals	104,621	-	-	-	-	104,621
Police Expenditures	2,472	-	-	-	-	2,472
Subsequent Year's Expenditures	74,844	49,671	231,438	780,000	440,933	1,576,886
Economic Development	-	-	-	-	1,145,922	1,145,922
Street Improvement	-	8,725,265	-	-	-	8,725,265
Parks and Recreation	-	-	1,405,578	-	-	1,405,578
Capital Improvements	-	-	-	3,664,613	-	3,664,613
Unrestricted, Unassigned	5,646,457	-	-	-	40,974	5,687,431
Total Fund Balances	<u>6,413,983</u>	<u>8,774,936</u>	<u>1,637,016</u>	<u>4,444,613</u>	<u>1,870,419</u>	<u>23,140,967</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,347,809</u>	<u>\$ 8,757,699</u>	<u>\$ 1,690,101</u>	<u>\$ 4,498,235</u>	<u>\$ 1,944,928</u>	<u>\$ 24,238,772</u>

City of Rifle, Colorado
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 December 31, 2018

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

Total Fund Balances of Governmental Funds	\$ 23,140,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	52,061,123
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Notes Payable	(50,001)
Accrued Interest	(1,605)
Accrued Compensated Absences	(555,834)
Internal Service Funds are blended into Governmental Activities	1,206,475
Total Net Position of Governmental Activities	\$ 75,801,125

City of Rifle, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Street Improvements	Parks and Recreation	Capital Improvement	Nonmajor Governmental Funds	Totals
Revenues						
Taxes	\$ 5,795,405	\$ 1,200,224	\$ 2,400,448	\$ -	\$ 484,259	\$ 9,880,336
Licenses and Permits	149,358	27,674	-	-	-	177,032
Intergovernmental	1,528,806	700,640	1,601	-	97,448	2,328,495
Charges for Services	720,324	-	244,847	-	61,304	1,026,475
Investment Income	35,921	113,746	17,981	62,337	23,417	253,402
Other	136,408	4,211	88,141	-	98,455	327,215
Total Revenues	8,366,222	2,046,495	2,753,018	62,337	764,883	13,992,955
Expenditures						
Current						
General Government	2,943,821	-	-	-	-	2,943,821
Public Safety	2,767,671	-	-	-	-	2,767,671
Public Works	1,473,251	1,020,271	-	-	-	2,493,522
Parks and Recreation	-	-	2,123,728	-	-	2,123,728
Economic Development	341,964	-	-	-	551,911	893,875
Capital Outlay	-	-	63,298	441,092	29,864	534,254
Debt Service						
Principal	-	295,000	310,677	-	-	605,677
Interest and Fiscal Charges	-	5,900	9,435	-	-	15,335
Total Expenditures	7,526,707	1,321,171	2,507,138	441,092	581,775	12,377,883
Revenues Over (Under) Expenditures	839,515	725,324	245,880	(378,755)	183,108	1,615,072
Other Financing Sources (Uses)						
Transfers In	82,276	-	10,600	-	17,000	109,876
Transfers Out	(5,000)	-	-	-	(41,017)	(46,017)
Total Other Financing Sources (Uses)	77,276	-	10,600	-	(24,017)	63,859
Net Change in Fund Balances	916,791	725,324	256,480	(378,755)	159,091	1,678,931
Fund Balances, Beginning of year	5,497,192	8,049,612	1,380,536	4,823,368	1,711,328	21,462,036
Fund Balances, End of year	\$ 6,413,983	\$ 8,774,936	\$ 1,637,016	\$ 4,444,613	\$ 1,870,419	\$ 23,140,967

City of Rifle, Colorado
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2018

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

Net Change in Fund Balances of Governmental Funds	\$	1,678,931
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlay		1,343,835
Depreciation Expense		(3,432,834)
<p>Payments of long-term obligations are reported as expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>		
Revenue Bond Payable		295,000
Capital Lease Payable		310,677
Bond Premium Amortization		8,643
Deferred Charge on Refunding Amortization		(4,942)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount represents advances on the Construction Loan.</p>		
		(50,001)
<p>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 governmental funds.</p>		
Change in Accrued Compensated Absences		(70,046)
<p>Internal Service Funds are blended into Governmental Activities:</p>		
Fleet Maintenance and Information Technology Funds, Change in Net Position		<u>(37,474)</u>
Change in Net Position of Governmental Activities	\$	<u><u>41,789</u></u>

City of Rifle, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Sanitation	Totals	Internal Service Funds
Assets					
<i>Current Assets</i>					
Cash and Investments	\$ 8,056,955	\$ 1,676,275	\$ 777,852	\$ 10,511,082	\$ 506,037
Accounts Receivable	260,680	351,853	56,424	668,957	-
Prepaid Expenses	499	499	498	1,496	-
Inventory	196,273	8,527	-	204,800	33,673
Total Current Assets	8,514,407	2,037,154	834,774	11,386,335	539,710
<i>Noncurrent Assets</i>					
<i>Capital Assets</i>					
<i>Not Being Depreciated</i>	1,831,192	805,704	-	2,636,896	-
<i>Net of Accumulated Depreciation</i>	56,845,762	26,734,069	-	83,579,831	747,881
Total Noncurrent Assets	58,676,954	27,539,773	-	86,216,727	747,881
Total Assets	67,191,361	29,576,927	834,774	97,603,062	1,287,591
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable	108,688	40,610	45,475	194,773	69,915
Accrued Liabilities	11,644	9,251	312	21,207	6,304
Accrued Interest Payable	180,632	151,897	-	332,529	-
Deposits	10,000	-	-	10,000	-
Unearned Revenue	21,969	47,928	-	69,897	-
Compensated Absences	8,047	6,049	-	14,096	1,225
Loan Payable - Current Portion	1,399,816	915,934	-	2,315,750	-
Total Current Liabilities	1,740,796	1,171,669	45,787	2,958,252	77,444
<i>Noncurrent Liabilities</i>					
Compensated Absences	58,340	18,148	-	76,488	3,672
Notes Payable	19,307,366	9,754,784	-	29,062,150	-
Certificates of Participation	4,215,000	-	-	4,215,000	-
Total Noncurrent Liabilities	23,580,706	9,772,932	-	33,353,638	3,672
Total Liabilities	25,321,502	10,944,601	45,787	36,311,890	81,116
Net Position					
Net Investment in Capital Assets	33,754,772	16,869,055	-	50,623,827	747,881
Restricted for:					
Emergencies	139,500	-	-	139,500	-
Operations and Maintenance Reserve	532,500	481,000	-	1,013,500	-
Assigned for:					
Subsequent Year's Expenditures	-	-	694,737	694,737	-
Unrestricted	7,443,087	1,282,271	94,250	8,819,608	458,594
Total Net Position	\$ 41,869,859	\$ 18,632,326	\$ 788,987	\$ 61,291,172	\$ 1,206,475

See Notes to Financial Statements.

City of Rifle, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Sanitation	Total	Internal Service Funds
Operating Revenues					
Charges for Services	\$ 3,578,479	\$ 3,257,370	\$ 575,492	\$ 7,411,341	\$ 1,056,798
Sale of Materials	5,450	-	-	5,450	-
Grants	14,881	-	-	14,881	-
Other	563,558	200	-	563,758	-
Total Operating Revenues	4,162,368	3,257,570	575,492	7,995,430	1,056,798
Operating Expenses					
Personal Services	584,067	538,249	15,100	1,137,416	306,198
Supplies	105,591	72,270	23	177,884	186,149
Purchased Services	740,968	690,842	566,062	1,997,872	342,536
Other Expenses	6,251	-	-	6,251	-
Management Fees	140,944	130,134	27,891	298,969	-
Fleet Maintenance	33,377	24,391	-	57,768	2,054
Information Technology Maintenance	69,891	40,080	991	110,962	8,281
Small Equipment Purchases	111,933	-	1	111,934	82,812
Depreciation	1,358,758	1,061,519	-	2,420,277	175,345
Total Operating Expenses	3,151,780	2,557,485	610,068	6,319,333	1,103,375
Operating Income (Loss)	1,010,588	700,085	(34,576)	1,676,097	(46,577)
Nonoperating Revenues (Expenses)					
Sales and Use Taxes	1,800,689	-	-	1,800,689	-
Investment Income	94,680	18,127	10,537	123,344	7,507
Other Revenues	26,585	1,005	256	27,846	1,596
Amortization of Bond Premiums	69,258	35,614	-	104,872	-
Interest and Fiscal Charges	(592,419)	(389,479)	-	(981,898)	-
Total Nonoperating Revenues (Expenses)	1,398,793	(334,733)	10,793	1,074,853	9,103
Income (Loss) Before Capital Contributions & Transfers	2,409,381	365,352	(23,783)	2,750,950	(37,474)
Capital Contributions					
System Improvement Fees	72,620	82,333	-	154,953	-
Cash in lieu of Fees	3,150	-	-	3,150	-
Capital Grants	135,859	-	-	135,859	-
Total Capital Contributions	211,629	82,333	-	293,962	-
Transfers					
Transfers Out	(61,859)	-	(2,000)	(63,859)	-
Total Transfers	(61,859)	-	(2,000)	(63,859)	-
Change in Net Position	2,559,151	447,685	(25,783)	2,981,053	(37,474)
Net Position, Beginning of year	39,310,708	18,184,641	814,770	58,310,119	1,243,949
Net Position, End of year	\$ 41,869,859	\$ 18,632,326	\$ 788,987	\$ 61,291,172	\$ 1,206,475

See Notes to Financial Statements.

City of Rifle, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Sanitation	Totals	Internal Service Funds
Cash Flows From Operating Activities					
Cash Received from Customers	\$ 4,157,457	\$ 3,242,646	\$ 572,821	\$ 7,972,924	\$ 1,056,798
Cash Payments to Employees	(3,527,880)	(2,551,933)	(609,069)	(6,688,882)	(2,403)
Cash Payments to Vendors and Suppliers	1,350,073	1,053,187	30	2,403,290	(893,731)
Net Cash Provided (Used) by Operating Activities	<u>1,979,650</u>	<u>1,743,900</u>	<u>(36,218)</u>	<u>3,687,332</u>	<u>160,664</u>
Cash Flows From Noncapital Financing Activities					
Other Revenues	26,585	1,005	256	27,846	1,596
Payments with Other Funds	(61,859)	-	(2,000)	(63,859)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(35,274)</u>	<u>1,005</u>	<u>(1,744)</u>	<u>(36,013)</u>	<u>1,596</u>
Cash Flows From Capital and Related Financing Activities					
Purchases of Capital Assets	(766,771)	(26,125)	-	(792,896)	(226,233)
Proceeds From System Improvement Fees	72,620	82,333	-	154,953	-
Proceeds From Cash in Lieu of Fees	3,150	-	-	3,150	-
Proceeds From Sales and Use Taxes	1,800,689	-	-	1,800,689	-
Proceeds From Grants	135,859	-	-	135,859	-
Principal Payments on Debt	(1,275,192)	(859,084)	-	(2,134,276)	-
Interest Payments on Debt	(607,105)	(397,391)	-	(1,004,496)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(636,750)</u>	<u>(1,200,267)</u>	<u>-</u>	<u>(1,837,017)</u>	<u>(226,233)</u>
Cash Flows from Investing Activities					
Interest Received	94,680	18,127	10,537	123,344	7,507
Net Increase in Cash and Cash Equivalents	1,402,306	562,765	(27,425)	1,937,646	(56,466)
Cash and Cash Equivalents, Beginning of Year	6,654,649	1,113,510	805,277	8,573,436	562,503
Cash and Cash Equivalents, End of Year	<u>\$ 8,056,955</u>	<u>\$ 1,676,275</u>	<u>\$ 777,852</u>	<u>\$ 10,511,082</u>	<u>\$ 506,037</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 1,010,588	\$ 700,085	\$ (34,576)	\$ 1,676,097	\$ (46,577)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,358,758	1,061,519	-	2,420,277	175,345
Changes in Asset and Liabilities					
Accounts Receivable	(4,911)	(14,924)	(2,671)	(22,506)	-
Prepaid Expenses	-	-	-	-	-
Inventory	(18,258)	1,578	-	(16,680)	(1)
Accounts Payable	(357,842)	3,974	999	(352,869)	34,300
Accrued Liabilities	(8,685)	(8,332)	30	(16,987)	(2,403)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,979,650</u>	<u>\$ 1,743,900</u>	<u>\$ (36,218)</u>	<u>\$ 3,687,332</u>	<u>\$ 160,664</u>

See Notes to Financial Statements.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies

The financial statements of the City of Rifle (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

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

Reporting Entity

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the City.

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

The DDA is a separate taxing body and levies taxes against the property owners within the designated development district and may hold referendums of its constituents. The DDA's levy and the levy of the City are independent of each other and are related only by the fact they are levied against a common tax base within the DDA's geographic boundaries. Property taxes from the DDA's levy are its primary revenue source. The URA's primary source of revenue is increment tax receipts based on the increased assessed valuation of taxes in the Urban Renewal Authority boundaries.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

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

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual 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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the City.

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

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 a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

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

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund.

The *Street Improvements Fund* receives sales, use, and street impact revenues restricted for public works street improvements.

The *Parks and Recreation Fund* accounts for the operations of the city's parks and recreation programs. It is partially funded through a 1% sales and use tax assessment.

The *Capital Improvement Program Fund* accounts for the operations of the City's Capital Improvement Projects.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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

Additionally, the City reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Wastewater Fund* accounts for the financial activities associated with the provision of sewer services.

The *Sanitation Fund* accounts for the financial activities associated with the City's waste collection services.

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The City considers all pooled cash and investments to be cash equivalents.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods, and are reported as prepaid expenses using the consumption method.

Capital Assets - Capital assets, which include land, buildings, equipment, and all infrastructure owned by the City, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	10 - 50 years
Infrastructure	7 - 75 years
Water, Sewer and Storm Drainage Plants and Systems	30 - 50 years
Machinery and Equipment	5 - 10 years

Compensated Absences - Employees of the City are allowed to accumulate unused vacation and sick time depending on length of employment. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time at their current rate of pay. Accumulated, unpaid vacation time is accrued when earned in the government-wide financial statements and the proprietary funds in the fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent year. In addition, grants not available as current financial resources are reported as deferred inflows in the governmental fund financial statements.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The Board of Trustees establishes a fund balance commitment through passage of an ordinance, and is authorized to informally assign amounts to a specific purpose. The City has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the City uses restricted amounts first, followed by committed, assigned and unassigned amounts.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding fiscal year, receivables and corresponding deferred inflows of resources are reported at year end.

Note 2: Cash and Investments

A summary of cash and investments at December 31, 2018, follows:

Petty Cash	\$ 5,615
Cash Deposits	8,197,791
Investments	<u>25,050,177</u>
Total	\$ <u>33,253,583</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2018, the City had bank deposits of \$6,062,752 collateralized with securities held by the financial institutions' agents but not in the City's name.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 2: Cash and Investments (Continued)

Investments

The City is required to comply with State statutes which specify investments meeting defined rating, maturity, and concentration risk criteria in which the City may invest, which include the following. Custodial risk is not addressed by State statutes.

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

At December 31, 2018, the City had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5 Years</u>	<u>Total</u>
U.S Treasury Securities	AAA	\$ -	\$ 887,484	\$ 887,484
U.S Agency Securities	AA+	1,798,643	2,723,725	4,522,368
Money Market Funds	n/a	66,078	-	66,078
Local Government Investments Pools	AAAm	19,574,247	-	19,574,247
Total		<u>\$ 21,438,968</u>	<u>\$ 3,611,209</u>	<u>\$ 25,050,177</u>

Fair Value Measurements - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2018, the City's investments in U.S. Treasury and Agency securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Interest Rate Risk - State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 2: Cash and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer of investment securities, except for corporate securities. At December 31, 2018, the City's investments in the Federal Home Loan Bank, and U.S. Treasury securities represented 18% and 4%, respectively, of the City's total investments.

Local Government Investment Pools - At December 31, 2018, the City had \$11,006,208 and \$8,568,039 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2018, is summarized below:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 3,979,905	\$ -	\$ -	\$ 3,979,905
Construction in Progress	76,027	260,789	-	336,816
Total Capital Assets, Not Being Depreciated	4,055,932	260,789	-	4,316,721
<i>Capital Assets, Being Depreciated:</i>				
Buildings	16,467,904	9,200	-	16,477,104
Improvements	72,563,919	742,759	-	73,306,678
Equipment	4,537,840	104,854	(265,912)	4,376,782
Internal Service - Equipment	2,242,017	226,233	(17,695)	2,450,555
Total Capital Assets, Being Depreciated	95,811,680	1,083,046	(283,607)	96,611,119
<i>Less Accumulated Depreciation:</i>				
Buildings	(6,336,251)	(359,375)	-	(6,695,626)
Improvements	(33,848,962)	(2,662,000)	-	(36,510,962)
Equipment	(3,239,372)	(236,114)	265,912	(3,209,574)
Internal Service - Equipment	(1,545,024)	(175,345)	17,695	(1,702,674)
Total Accumulated Depreciation	(44,969,609)	(3,432,834)	283,607	(48,118,836)
Total Capital Assets, Being Depreciated, net	50,842,071	(2,349,788)	-	48,492,283
Governmental Activities Capital Assets, net	\$ 54,898,003	\$ (2,088,999)	\$ -	\$ 52,809,004

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 3: Capital Assets (Continued)

Capital asset Business-Type activity for the year ended December 31, 2018, is summarized below:

Business -Type Activities	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
<i>Capital Assets, Not Being Depreciated:</i>				
Land and improvements	\$ 1,985,544	\$ -	\$ -	\$ 1,985,544
Water Rights	651,352	-	-	651,352
Total Capital Assets, Not Being Depreciated	2,636,896	-	-	2,636,896
<i>Capital Assets, Being Depreciated:</i>				
Buildings	73,822,846	-	-	73,822,846
Improvements	39,223,743	745,873	-	39,969,616
Equipment	2,171,690	47,024	-	2,218,714
Total Capital Assets, Being Depreciated	115,218,279	792,897	-	116,011,176
<i>Less Accumulated Depreciation:</i>				
Buildings	(17,336,317)	(1,669,433)	-	(19,005,750)
Improvements	(10,901,248)	(708,121)	-	(11,609,369)
Equipment	(1,773,503)	(42,723)	-	(1,816,226)
Total Accumulated Depreciation	(30,011,068)	(2,420,277)	-	(32,431,345)
Total Capital Assets, Being Depreciated	85,207,211	(1,627,380)	-	83,579,831
Governmental - Type Activities Capital Assets, net	\$ 87,844,107	\$ (1,627,380)	\$ -	\$ 86,216,727

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General Government	\$ 141,125
Public Safety	74,992
Public Works	2,244,893
Cemetery	1,545
Parks and Recreation	709,893
Economic Development	85,041
Depreciation for Governmental Funds	3,257,489
Internal Service - Equipment	175,345
Total	\$ 3,432,834

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2018:

	Balance 12/31/17	Additions	Payments	Balance 12/31/18	Due Within One Year
2013 Refunding Revenue Bonds	\$ 295,000	\$ -	\$ (295,000)	\$ -	\$ -
Premium	8,643	-	(8,643)	-	-
Parks Facility Capital Lease	310,677	-	(310,677)	-	-
Construction Loan	-	50,001	-	50,001	-
Compensated Absences	530,023	94,001	(63,293)	560,731	88,541
Total	\$ 1,144,343	\$ 144,002	\$ (677,613)	\$ 610,732	\$ 88,541

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

In June 2013, the City issued \$1,645,000 of Sales and Use Tax Refunding Revenue Bonds to advance refund the outstanding 2003 bonds. These bonds are secured by a pledge of the City's sales and use tax revenue. The pledge is for one half of the revenues derived from the City's 2.5% sales and use tax in place at the time of issuance and does not represent an exclusive assignment or pledge. The Bonds were paid in full during the year ended December 31, 2018.

In August 2008, the City entered into a lease purchase agreement for the construction of a new parks facility. The lease required semi-annual base rentals of \$161,164 consisting of both principal and interest at 4.28% on June 1 and December 1 of each year. The lease was paid in full during the year ended December 31, 2018.

In December, 2018, the City obtained a construction loan which allows the City to borrow up to \$5,800,000, towards the pool renovation. The City is allowed to draw upon the loan through December 2019, at which time the loan converts into a term loan. The loan is due on December 1, 2040, with a maximum bi-annual payment of \$198,268. Interest on the unpaid outstanding loan balance is at 3.3%. Once the construction is complete and the construction loan is fully drawn, a permanent debt repayment schedule will be determined.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 4: Long Term Debt (Continued)

Business-Type Activities

Following are the changes in long-term debt of the business-type activities for the year ended December 31, 2018:

	Balance 12/31/17	Additions	Payments	Balance 12/31/18	Due Within One Year
2003 CWRPDA Loan - Water	\$ 549,166	\$ -	\$ (78,749)	\$ 470,417	\$ 90,833
2007 CWRPDA Loan - Wastewater	11,188,504	-	(859,084)	10,329,420	880,320
Premium	376,912	-	(35,614)	341,298	35,614
2012 CWRPDA Loan - Water	18,416,008	-	(912,286)	17,503,722	948,777
2012 CWRPDA Loan - Water (Fed)	1,542,933	-	(89,157)	1,453,776	90,948
Premium	1,148,525	-	(69,258)	1,079,267	69,258
2015 Certificate of Participation - Water	4,610,000	-	(195,000)	4,415,000	200,000
Compensated Absences	55,600	48,884	(13,900)	90,584	14,096
Total	<u>\$ 37,887,648</u>	<u>\$ 48,884</u>	<u>\$ (2,253,048)</u>	<u>\$ 35,683,484</u>	<u>\$ 2,329,846</u>

In 2003, the City obtained permanent financing from the Colorado Water Resource and Power Development Authority (CWRPDA) of \$1,5225,000 to fund system improvements. This permanent financing was used to repay the interim borrowing from CWRPDA that occurred in 2002. The loan bears interest at 3.98% and required monthly principal and interest payments through October 1, 2023. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$532,159. The City has funded this reserve based on the restriction of its net position balance in the Water Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Payments on the loan are made through the Water Fund.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 90,833	\$ 20,275	\$ 111,108
2020	95,000	16,535	111,535
2021	95,833	12,529	108,362
2022	100,833	8,391	109,224
2023	87,918	3,520	91,438
Total	<u>\$ 470,417</u>	<u>\$ 61,250</u>	<u>\$ 531,667</u>

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

In May 2007, the City entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$17,852,112. The proceeds were used to complete sewer improvements. The City has also recorded \$747,848 of premiums that are being amortized over the life of the loan, with the remaining unamortized portion included in the note payable balance in the financial statements. The loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2028. The loan bears interest at 3.5% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$481,117. The City has funded this reserve through the restriction of net position in the Wastewater Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 880,320	\$ 367,102	\$ 1,247,422
2020	906,556	340,754	1,247,310
2021	938,204	309,917	1,248,121
2022	969,852	282,017	1,251,869
2023	996,088	248,257	1,244,345
2024	5,638,400	617,915	6,256,315
Total	<u>\$ 10,329,420</u>	<u>\$ 2,165,962</u>	<u>\$ 12,495,382</u>

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

The City has also received the benefit of \$1,523,671 of premiums related to the \$21,858,367 CWRPDA debt issuance that are being amortized over the life of the loan. The unamortized portions of the premiums is included in the note payable balance in the financial statements. Issuance costs of \$382,038 were expensed during 2012. The \$21,858,367 loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2034 commencing in August 2012. The loan bears interest at 1.6% per annum, not including administrative fees. Pursuant to the loan agreement, the city was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures or \$532,159. The City has funded this reserve through the restriction of its net position balance in the Water Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. All debt payments related to this loan are made by the Water Fund.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

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

The Non-Federally subsidized loan future maturities are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 948,777	\$ 376,497	\$ 1,325,274
2020	967,023	360,004	1,327,027
2021	979,187	344,647	1,323,834
2022	1,009,596	314,319	1,323,915
2023	1,040,006	284,261	1,324,267
2024 - 2028	5,382,486	1,231,815	6,614,301
2029 - 2033	5,881,202	743,166	6,624,368
2034	1,295,445	31,639	1,327,084
Total	<u>\$ 17,503,722</u>	<u>\$ 3,686,348</u>	<u>\$ 21,190,070</u>

The Federally subsidized loan future maturities are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 90,948	\$ 28,623	\$ 119,571
2020	92,777	26,795	119,572
2021	94,641	24,930	119,571
2022	96,544	23,027	119,571
2023	98,484	21,087	119,571
2024 - 2028	522,922	74,936	597,858
2029 - 2033	457,460	20,826	478,286
Total	<u>\$ 1,453,776</u>	<u>\$ 220,224</u>	<u>\$ 1,674,000</u>

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

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 200,000	\$ 140,109	\$ 340,109
2020	205,000	134,128	339,128
2021	210,000	127,256	337,256
2022	220,000	120,772	340,772
2023	225,000	113,610	338,610
2024 - 2028	1,245,000	456,209	1,701,209
2029 - 2033	1,455,000	245,419	1,700,419
2035 - 2035	655,000	24,311	679,311
Total	<u>\$ 4,415,000</u>	<u>\$ 1,361,814</u>	<u>\$ 5,776,814</u>

Note 5: Interfund Transactions

The City has recorded the following routine transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ (77,276)	\$ -
Parks and Recreation	(10,600)	-
Non-major Governmental Funds	(17,000)	41,017
Water Fund	-	61,859
Non-major Enterprise Funds	-	2,000
Total	<u>\$ (104,876)</u>	<u>\$ 104,876</u>

Note 6: Pension Plan

The City provides pension benefits for all its full-time police officers through a defined contribution plan. The police officers contribute 8% of their compensation to the plan, which the City matches with a 12.51% contribution. The City's contributions for each employee (and interest allocated thereon) vest at the rate of 20% per year. During the year ended December 31, 2018, the City contributed \$166,223 and the employees contributed \$106,451 to the plan.

All other full-time employees of the City are eligible to participate in a defined contribution pension plan established under the provisions of Section 401(k) of the Internal Revenue Code. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers all full-time employees upon initial employment and who have attained the age of twenty-one. The City contributes 5% of compensation to the plan on behalf of each qualified employee. Employees may not make contributions to this plan. Employers contributions vest at the rate of 20% per year. For the year ended December 31, 2018, the City contributed \$171,278 to the plan.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 6: Pension Plan (Continued)

The City offers a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code. The plan permits employees to contribute a portion of their current salary, based upon limits prescribed in the Internal Revenue Code.

Note 7: Risk-Related Activities

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For risks related to property and liability, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-20-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2). The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers. The City has not significantly changed its insurance coverage over the past three years, nor have settlements exceeded coverage during the same period.

The City carries commercial insurance for workers compensation claims.

Note 8: Commitments and Contingencies

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The City is subject to the TABOR Amendment. Fiscal year 1992 provides the basis for limits in future years, to which may be applied allowable increases for inflation and property valuation. Revenue received in excess of the limitations may be required to be refunded unless the City's electorate vote to retain the revenue. The TABOR Amendment is subject to many interpretations, but the City believes it is in substantial compliance with the Amendment.

Litigation

From time to time, the City is involved in various litigation. Management believes the outcome of any litigation will not have a significant impact on the City's financial position.

2019 Budget Designations

Through the adoption of the 2019 budget, the City has assigned a portion of the Fund Balance for subsequent year's expenditures, as reflected in the accompanying financial statements as assigned for subsequent year's expenditures. The assignment represents the amount for which 2019 budgeted expenditures exceed the 2019 budgeted revenues.

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 9: Rate Maintenance

Both the 2003 and the 2012 Colorado Water Resources and Power Development Authority (CWRPDA) water loan agreements, and the 2007 CWRPDA wastewater loan agreement required that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay, when due, the principal and interest on the loans and any parity debt coming due.

The computation of both the Water and Wastewater rate maintenance is as follows:

	<u>Water Fund</u>	<u>Wastewater Fund</u>
Revenues		
Operating Revenues	\$ 4,162,368	\$ 3,257,570
Sales & Use Taxes	1,800,689	-
System Improvement Fees	72,620	82,333
Investment Income	94,680	18,127
Cash in Lieu of Fees	3,150	-
Other Revenues	26,585	1,005
Total Revenues	<u>6,160,092</u>	<u>3,359,035</u>
Expenses		
Operating Expenses	3,159,947	2,562,903
Less Depreciation	<u>(1,358,758)</u>	<u>(1,061,519)</u>
Net Expenses	<u>1,801,189</u>	<u>1,501,384</u>
Net Revenues	<u>\$ 4,358,903</u>	<u>\$ 1,857,651</u>
Debt Service Requirements (Parity and Subordinate)		
2007 CWRPDA Note Payable	\$ -	\$ 1,247,422
2003 CWRPDA Note Payable	111,108	-
2012 CWRPDA - Interest Bearing	1,325,274	-
2012 CWRPDA - Federal	119,571	-
2015 Certificates of Participation	340,109	-
Debt Service Required	<u>1,896,062</u>	<u>1,247,422</u>
Required Coverage		
(Water at 100%, without System Improvement Fees)	<u>110%</u>	<u>110%</u>
Debt Service Coverage at 110%	<u>\$ 2,085,668</u>	<u>\$ 1,372,164</u>
Net Revenue Excess	<u>\$ 2,273,235</u>	<u>\$ 485,487</u>

City of Rifle, Colorado
Notes to the Financial Statements
December 31, 2018

Note 10: Restatement

The 2017, Net Position has been restated for the correction of errors noted in the previously issued financial statements. Capital assets has been restated for the correction of certain calculations of accumulated depreciation. Compensated absences has been restated for the accrued compensated absence for sick pay on employees with greater years of service, which were note reported in previous financial statements.

	Governmental Activities	Proprietary Activities
Net Position, December 31, 2017, <i>as Originally Stated</i>	\$ 76,486,618	\$ 58,574,682
Capital Assets	(475,282)	(208,963)
Compensated Absences	<u>(252,000)</u>	<u>(55,600)</u>
Net Position, December 31, 2017, <i>as Restated</i>	<u>\$ 75,759,336</u>	<u>\$ 58,310,119</u>

Required Supplementary Information

City of Rifle, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 5,694,724	\$ 5,795,405	\$ 100,681
Licenses and Permits	156,800	149,358	(7,442)
Intergovernmental	1,719,827	1,528,806	(191,021)
Charges for Services	264,359	720,324	455,965
Fines and Forfeitures	-	-	-
Interest Income	25,000	35,921	10,921
Miscellaneous	84,600	136,408	51,808
	<u>7,945,310</u>	<u>8,366,222</u>	<u>420,912</u>
Expenditures			
General Government	3,182,110	2,943,821	(238,289)
Public Safety	2,748,493	2,767,671	19,178
Public Works	1,716,238	1,473,251	(242,987)
Cemetery	-	-	-
Parks and Recreation	-	-	-
Economic Development	333,365	341,964	8,599
Capital Outlay	-	-	-
	<u>7,980,206</u>	<u>7,526,707</u>	<u>(453,499)</u>
Excess Revenues Over (Under)			
Expenditures	(34,896)	839,515	874,411
Other Financing Sources (Uses)			
Transfers In	-	82,276	82,276
Transfers Out	(5,000)	(5,000)	-
	<u>(5,000)</u>	<u>77,276</u>	<u>82,276</u>
Change in Fund Balance			
	(39,896)	916,791	956,687
Fund Balance, Beginning of Year	<u>5,440,997</u>	<u>5,497,192</u>	<u>56,195</u>
Fund Balance, End of Year	<u>\$ 5,401,101</u>	<u>\$ 6,413,983</u>	<u>\$ 1,012,882</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Street Improvement Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 1,090,878	\$ 1,200,224	\$ 109,346
Licenses and Permits	86,902	27,674	(59,228)
Intergovernmental	536,400	700,640	164,240
Investment Income	-	113,746	113,746
Other	60,000	4,211	(55,789)
	<u>1,774,180</u>	<u>2,046,495</u>	<u>272,315</u>
Total Revenues			
	<u>1,774,180</u>	<u>2,046,495</u>	<u>272,315</u>
Expenditures			
Public Works	1,755,043	1,020,271	(734,772)
Capital Outlay	590,000	-	(590,000)
Debt Service	300,900	300,900	-
	<u>2,645,943</u>	<u>1,321,171</u>	<u>(1,324,772)</u>
Total Expenditures			
	<u>2,645,943</u>	<u>1,321,171</u>	<u>(1,324,772)</u>
Net Change in Fund Balance	(871,763)	725,324	1,597,087
Fund Balance, Beginning of year	<u>8,166,054</u>	<u>8,049,612</u>	<u>(116,442)</u>
Fund Balance, End of year	<u>\$ 7,294,291</u>	<u>\$ 8,774,936</u>	<u>\$ 1,480,645</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Parks and Recreation Fund
 Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 2,356,560	\$ 2,400,448	\$ 43,888
Intergovernmental	1,500	1,601	101
Charges for Services	232,835	244,847	12,012
Interest Income	-	17,981	17,981
Other	4,400	88,141	83,741
Bond/Loan Proceeds	4,500,000	-	(4,500,000)
 Total Revenues	 <u>7,095,295</u>	 <u>2,753,018</u>	 <u>(4,342,277)</u>
Expenditures			
Parks and Recreation	2,281,648	2,123,728	(157,920)
Capital Outlay	4,538,301	63,298	(4,475,003)
Debt Service - Principal	312,268	310,677	(1,591)
Debt Service - Interest	10,059	9,435	(624)
 Total Expenditures	 <u>7,142,276</u>	 <u>2,507,138</u>	 <u>(4,635,138)</u>
 Excess Revenues Over (Under) Expenditures	 (46,981)	 245,880	 292,861
 Other Financing Sources (Uses)			
Transfers In	100,600	10,600	(90,000)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>100,600</u>	<u>10,600</u>	<u>(90,000)</u>
 Net Change in Fund Balance	 53,619	 256,480	 202,861
 Fund Balance, Beginning of year	 <u>1,320,695</u>	 <u>1,380,536</u>	 <u>59,841</u>
 Fund Balance, End of year	 <u>\$ 1,374,314</u>	 <u>\$ 1,637,016</u>	 <u>\$ 262,702</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Capital Improvement Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 80,000	\$ -	\$ (80,000)
Investment Income	-	62,337	62,337
	<u>80,000</u>	<u>62,337</u>	<u>(17,663)</u>
Expenditures			
Capital Outlay	729,134	441,092	(288,042)
	<u>729,134</u>	<u>441,092</u>	<u>(288,042)</u>
Net Change in Fund Balance	(649,134)	(378,755)	270,379
Fund Balance, Beginning of year	<u>4,486,333</u>	<u>4,823,368</u>	<u>337,035</u>
Fund Balance, End of year	<u>\$ 3,837,199</u>	<u>\$ 4,444,613</u>	<u>\$ 607,414</u>

City of Rifle, Colorado
Notes to Required Supplementary Information
December 31, 2018

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the City, which has no operations other than depreciation expense. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for certain interfund transactions that are reported as revenues and expenditures on the budgetary basis but not the GAAP basis of accounting. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures and depreciation and amortization are not budgeted.

The City adheres to the following procedures to establish the budgetary information reflected in the financial statements:

- By October 15, management submits to the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the City Council to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the City Council.
- All appropriations lapse at the end of each fiscal year.

Combining and Individual Fund Statements and Schedules

City of Rifle, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Conservation Trust	Visitor Improvement	Downtown Development	Tourism and Industry	Urban Renewal Authority	Perpetual Care Fund	Totals
Assets							
Cash and Investments	\$ 130,474	\$ 216,029	\$ 74,593	\$ 902,767	\$ 339,186	\$ 242,590	\$ 1,905,639
Accounts Receivable	-	-	-	-	-	-	-
Taxes Receivable	-	-	38,968	-	-	-	38,968
Due from Other Governments	-	-	321	-	-	-	321
Total Assets	\$ 130,474	\$ 216,029	\$ 113,882	\$ 902,767	\$ 339,186	\$ 242,590	\$ 1,944,928
Liabilities							
Accounts Payable	\$ -	\$ 5,793	\$ 2,050	\$ 12,891	\$ -	\$ -	\$ 20,734
Accrued Liabilities	-	-	-	2,717	-	-	2,717
Deposit	-	-	-	12,090	-	-	12,090
Total Liabilities	-	5,793	2,050	27,698	-	-	35,541
Deferred Inflows of Resources							
Property Taxes	-	-	38,968	-	-	-	38,968
Fund Balances							
Nonspendable:							
Cemetery Perpetual Care	-	-	-	-	-	242,590	242,590
Restricted For:							
Parks and Recreation	-	-	-	-	-	-	-
Assigned For:							
Subsequent Year's Expenditures	89,500	42,456	4,626	81,851	222,500	-	440,933
Economic Development	-	167,780	68,238	793,218	116,686	-	1,145,922
Unrestricted, Unassigned	40,974	-	-	-	-	-	40,974
Total Fund Balances	130,474	210,236	72,864	875,069	339,186	242,590	1,870,419
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 130,474	\$ 216,029	\$ 113,882	\$ 902,767	\$ 339,186	\$ 242,590	\$ 1,944,928

City of Rifle, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Conservation Trust	Visitor Improvement	Downtown Development	Tourism and Industry	Urban Renewal Authority	Perpetual Care Fund	Totals
Revenues							
Taxes	\$ -	\$ 162,589	\$ 45,385	\$ 197,963	\$ 78,322	\$ -	\$ 484,259
Intergovernmental	95,948	-	1,500	-	-	-	97,448
Charges for Services	-	-	-	56,984	-	4,320	61,304
Investment Income	712	2,545	1,017	11,668	4,270	3,205	23,417
Other	-	7,870	-	90,585	-	-	98,455
Total Revenues	<u>96,660</u>	<u>173,004</u>	<u>47,902</u>	<u>357,200</u>	<u>82,592</u>	<u>7,525</u>	<u>764,883</u>
Expenditures							
Current							
Economic Development	-	136,070	46,416	369,425	-	-	551,911
Capital Outlay	-	-	2,132	27,732	-	-	29,864
Total Expenditures	<u>-</u>	<u>136,070</u>	<u>48,548</u>	<u>397,157</u>	<u>-</u>	<u>-</u>	<u>581,775</u>
Excess of Revenues Over (Under) Expenditures	96,660	36,934	(646)	(39,957)	82,592	7,525	183,108
Other Financing Sources (Uses)							
Transfers In	-	-	7,000	10,000	-	-	17,000
Transfers Out	-	(41,017)	-	-	-	-	(41,017)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(41,017)</u>	<u>7,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(24,017)</u>
Net Change in Fund Balances	96,660	(4,083)	6,354	(29,957)	82,592	7,525	159,091
Fund Balances, Beginning of year	<u>33,814</u>	<u>214,319</u>	<u>66,510</u>	<u>905,026</u>	<u>256,594</u>	<u>235,065</u>	<u>1,711,328</u>
Fund Balances, End of year	<u>\$ 130,474</u>	<u>\$ 210,236</u>	<u>\$ 72,864</u>	<u>\$ 875,069</u>	<u>\$ 339,186</u>	<u>\$ 242,590</u>	<u>\$ 1,870,419</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 90,000	\$ 95,948	\$ 5,948
Investment Income	-	712	712
Total Revenues	<u>90,000</u>	<u>96,660</u>	<u>6,660</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(90,000)</u>	-	<u>90,000</u>
Total Other Financing Sources (Uses)	<u>(90,000)</u>	-	<u>90,000</u>
Net Change in Fund Balance	-	96,660	96,660
Fund Balance, Beginning of year	<u>31,067</u>	<u>33,814</u>	<u>2,747</u>
Fund Balance, End of year	<u>\$ 31,067</u>	<u>\$ 130,474</u>	<u>\$ 99,407</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Visitor Improvement Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 135,747	\$ 162,589	\$ 26,842
Investment Income	-	2,545	2,545
Miscellaneous	30,000	7,870	(22,130)
Total Revenues	<u>165,747</u>	<u>173,004</u>	<u>7,257</u>
Expenditures			
Economic Development	190,939	136,070	(54,869)
Excess Revenues Over (Under) Expenditures	(25,192)	36,934	62,126
Other Financing Sources (Uses)			
Transfers Out	(20,600)	(41,017)	(20,417)
Total Other Financing Sources (Uses)	<u>(20,600)</u>	<u>(41,017)</u>	<u>(20,417)</u>
Net Change in Fund Balance	(45,792)	(4,083)	41,709
Fund Balance, Beginning of year	<u>237,567</u>	<u>214,319</u>	<u>(23,248)</u>
Fund Balance, End of year	<u>\$ 191,775</u>	<u>\$ 210,236</u>	<u>\$ 18,461</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Downtown Development Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 48,368	\$ 45,385	\$ (2,983)
Intergovernmental	1,500	1,500	-
Investment Income	-	1,017	1,017
Miscellaneous	-	-	-
	49,868	47,902	(1,966)
Expenditures			
Economic Development	56,316	46,416	9,900
Capital Outlay	-	2,132	(2,132)
	56,316	48,548	7,768
Excess of Revenues Over (Under) Expenditures	(6,448)	(646)	(9,734)
Other Financing Sources (Uses)			
Transfers In	7,000	7,000	-
Transfer Out	-	-	-
Total Other Financing Sources (Uses)	7,000	7,000	-
Net Change in Fund Balance	552	6,354	(9,734)
Fund Balance, Beginning of year	60,290	66,510	6,220
Fund Balance, End of year	\$ 60,842	\$ 72,864	\$ (3,514)

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Tourism and Industry Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 180,091	\$ 197,963	\$ 17,872
Charges for Services	171,840	56,984	(114,856)
Investment Income	-	11,668	11,668
Other	-	90,585	90,585
	<u>351,931</u>	<u>357,200</u>	<u>5,269</u>
Total Revenues			
Expenditures			
Current			
Economic Development	373,924	369,425	4,499
Capital Outlay	-	27,732	(27,732)
	<u>373,924</u>	<u>397,157</u>	<u>(23,233)</u>
Total Expenditures			
Revenues Over (Under) Expenditures	(21,993)	(39,957)	(17,964)
Other Financing Sources			
Transfers In	10,000	10,000	-
Total Other Financing Sources	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(11,993)	(29,957)	(17,964)
Fund Balance, Beginning of year	<u>827,816</u>	<u>905,026</u>	<u>77,210</u>
Fund Balance, End of year	<u>\$ 815,823</u>	<u>\$ 875,069</u>	<u>\$ 59,246</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Urban Renewal Authority Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 81,000	\$ 78,322	\$ (2,678)
Investment Income	-	4,270	4,270
Total Revenues	<u>81,000</u>	<u>82,592</u>	<u>1,592</u>
Expenditures			
Current			
Economic Development	75,000	-	75,000
Capital Outlay	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	(19,000)	82,592	(98,408)
Fund Balance, Beginning of year	<u>261,870</u>	<u>256,594</u>	<u>(5,276)</u>
Fund Balance, End of year	<u>\$ 242,870</u>	<u>\$ 339,186</u>	<u>\$ (103,684)</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Perpetual Care Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 7,000	\$ 78,322	\$ 71,322
Investment Income	-	4,270	4,270
 Total Revenues	 7,000	 82,592	 75,592
Fund Balance, Beginning of year	<u>232,879</u>	<u>256,594</u>	<u>23,715</u>
Fund Balance, End of year	<u>\$ 239,879</u>	<u>\$ 339,186</u>	<u>\$ 99,307</u>

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Water Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 3,290,100	\$ 3,651,099	\$ 360,999
Sales and Use Taxes	1,533,117	1,800,689	267,572
Intergovernmental	122,566	14,881	(107,685)
Water Tank Surcharge	368,880	422,467	53,587
State Grants	75,000	135,859	60,859
Investment Income	-	94,680	94,680
Cash in Lieu of Fees	2,000	3,150	1,150
Sale of Meters	5,000	5,450	450
Other	46,000	167,676	121,676
Total Revenues	5,442,663	6,295,951	853,288
Expenditures			
Personal Services	701,150	584,067	117,083
Supplies	130,000	105,591	24,409
Purchased Services	1,229,160	740,968	488,192
Other Expenses	6,250	6,251	(1)
Management Fees	140,944	140,944	-
Fleet Maintenance	44,503	33,377	11,126
Information Technology Maintenance	69,664	69,891	(227)
Capital Outlays	800,000	111,933	688,067
Interest Expense	609,159	592,419	16,740
Debt Principal Payments	1,282,275	1,275,192	7,083
Total Expenditures	5,013,105	3,660,633	1,352,472
Revenues Over (Under) Expenditures	429,558	2,635,318	(499,184)
Transfers			
Transfers Out	(61,859)	(61,859)	-
Change in Net Position - Budgetary Basis	\$ 367,699	2,573,459	\$ (499,184)
Adjustments to GAAP Basis			
Capital Outlay			
Amortization of Bond Premiums		69,258	
Debt Principal Payments		1,275,192	
Depreciation		(1,358,758)	
Change in Net Position		2,559,151	
Fund Balance, Beginning of year		39,310,708	
Fund Balance, End of year		\$ 41,869,859	

See the accompanying Independent Auditors' Report.

City of Rifle, Colorado
 Budgetary Comparison Schedule
 Wastewater Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Charges for Services	\$ 3,033,100	\$ 3,339,703	\$ 306,603
Intergovernmental	7,000	-	(7,000)
Investment Income	-	18,127	18,127
Other	-	1,205	1,205
Total Revenues	3,040,100	3,359,035	318,935
Expenditures			
Personal Services	655,792	538,249	117,543
Supplies	29,500	72,270	(42,770)
Purchased Services	915,000	690,842	224,158
Management Fees	130,134	130,134	-
Fleet Maintenance	32,521	24,391	8,130
Information Technology Maintenance	40,122	40,080	42
Capital Outlays	-	-	-
Interest Expense	391,142	389,479	1,663
Debt Principal Payments	865,334	859,084	6,250
Total Expenditures	3,059,545	2,744,529	315,016
Revenues Over (Under) Expenditures	(19,445)	614,506	3,919
Transfers			
Transfers Out	-	-	-
Change in Net Position - Budgetary Basis	\$ (19,445)	614,506	\$ 3,919
Adjustments to GAAP Basis			
Capital Outlay			
Amortization of Bond Premiums		35,614	
Debt Principal Payments		859,084	
Depreciation		(1,061,519)	
Change in Net Position		447,685	
Fund Balance, Beginning of year		18,184,641	
Fund Balance, End of year		\$ 18,632,326	

Compliance Section

City of Rifle, Colorado
 Supplemental Schedules Required Pursuant to Bond Agreements
 (Continuing Disclosure Undertaking)
 December 31, 2018

Year	Total Sales and		Percent Change	Original Sales (2.5%) and Use		One Half of Original Sales and Use Tax	
	Use Tax Revenues			Tax Revenues (1)	Revenues(2)		
2008	\$ 9,911,427			\$ 7,078,526	\$ 3,539,263		
2009 (3)	6,991,427	-29.5%		4,995,437	2,497,719		
2010	7,047,547	0.8%		5,014,127	2,507,064		
2011	7,119,842	1.0%		5,124,155	2,562,078		
2012	7,095,665	-0.3%		5,068,360	2,534,180		
2013	7,548,030	6.4%		4,436,972	2,218,486		
2014	8,895,720	17.9%		5,232,776	2,616,388		
2015	8,790,860	-1.2%		5,171,094	2,585,547		
2016	7,906,687	-10.1%		4,650,992	2,325,496		
2017	8,304,407	-5.5%		4,884,943	2,442,472		
2018	8,655,080	9.5%		5,091,221	2,545,610		

Source: City Finance Department

(1) The Original Sales and Use Tax Revenue consists of revenue generated from the 2.5% sales and use tax rate in effect at the time of issuance of the Series 2003 Sales Tax Revenue Bonds.

(2) The City has pledged one-half of the revenue generated from its Original Sales Tax revenues to the Series 2013 Sales Tax Refunding Bonds.

(3) The decrease was primarily due to the economic downturn or recession the City experienced during 2009 resulting in a decrease in Sales Tax revenues and building related revenues.

City of Rifle, Colorado
Supplemental Schedules Required Pursuant to Bond Agreements
(Continuing Disclosure Undertaking)

December 31, 2018

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

	2008	2009	2010	2011(1)	2012	2013	2014	2015	2016
Revenues									
Taxes	\$ 1,419,187	\$ 996,681	\$ 1,015,723	\$ 996,736	\$ 1,012,829	\$ 964,364	\$ 1,046,199	\$ 1,033,991	\$ 1,083,759
Special Assessments	68,672	70,515	56,122	55,403	41,155	35,301	30,747	27,025	
Intergovernmental	1,175,506	617,038		245,829	263,120	39,087	231,616	6,000,000	65,000
Charges for Services	251,144	27,614	25,056	89,654	18,029	36,158	27,487	99,345	61,017
Miscellaneous	201,632	84,212	38,437	34,278	34,318	4,189	(273)	27,046	86,728
Total	3,116,141	1,796,060	1,135,338	1,421,900	1,369,451	1,079,099	1,335,776	7,187,407	1,296,504
Expenditures									
Public Works	72,946	478,224	101,411	130,097	99,032	167,191	122,890	135,913	482,817
Capital Outlay	5,994,738	534,698	1,065,156	1,174,265	1,123,779	528,415	785,219	867,830	1,302,653
Debt Service	378,676	379,751	376,801	378,026	378,226	294,195	298,100	297,700	297,500
Total	6,446,360	1,392,673	1,543,368	1,682,388	1,601,037	989,801	1,206,209	1,301,443	2,082,970
Change in Fund									
Before Other Financing Sources (Uses)	(3,330,219)	403,387	(408,030)	(260,488)	(231,586)	89,298	129,567	5,885,964	(786,466)
Other Financing Sources (Uses)									
Bond Proceeds						1,693,194			
Payment to Escrow Agent						(2,028,601)			
Transfers In	1,314,000	23,762					250,000		
Transfers Out	(625,000)	(25,374)	(25,374)	(25,374)	(25,374)	(25,374)	(75,674)	(25,374)	
Change in Fund Balance	(2,641,219)	401,775	(433,404)	(285,862)	(256,960)	(271,483)	303,893	5,860,590	(786,466)
Beginning Fund Balance	6,090,098	3,448,879	3,850,654	3,417,250	3,021,779	2,764,819	2,493,336	2,847,530	8,708,120
Prior Period Restatement(2)				(109,609)					
Restated Beginning Balance	6,090,098	3,448,879	3,850,654	3,307,641	3,021,779	2,764,819	2,493,336	2,847,530	
Ending Fund Balance	\$ 3,448,879	\$ 3,850,654	\$ 3,417,250	\$ 3,021,779	\$ 2,764,819	\$ 2,493,336	\$ 2,797,229	\$ 8,708,120	\$ 7,921,654

Source: City's Basic Financial Statements, 2008-2018

(1) The decrease was primarily due to the economic downturn or recession the City experienced during 2009 resulting in a decrease in Sales Tax revenues and building related revenues.

(2) A prior period adjustment was made as the result of a sales tax refund of \$767,263 due to a vendor and two affiliates who had been paying sales tax under the assumption they were in the City limits which was found to be incorrect. The amount of the refund attributable to Street Improvement Fund was \$109,609.

City of Rifle, Colorado
 Supplemental Schedules Required Pursuant to Bond Agreements
 (Continuing Disclosure Undertaking)
 December 31, 2018

2017	2018
\$ 1,155,146	\$ 1,200,224
-	-
407,757	619,740
34,995	27,674
<u>126,773</u>	<u>198,857</u>
<u>1,724,671</u>	<u>2,046,496</u>
119,686	82,599
1,180,427	937,673
296,600	300,900
<u>1,596,713</u>	<u>1,321,172</u>
127,958	725,324
-	-
-	-
-	-
-	-
-	-
<u>127,958</u>	<u>725,324</u>
7,921,654	8,049,612
-	-
<u>7,921,654</u>	<u>8,049,612</u>
<u>\$ 8,049,612</u>	<u>\$ 8,774,936</u>

City of Rifle, Colorado
 Supplemental Schedules Required Pursuant to Bond Agreements
 (Continuing Disclosure Undertaking)
 December 31, 2018

Combined Statement of Debt

	Amount Outstanding (1) (2)
<u>Debt Supported by the City's Water Fund</u>	
2012 Interim Financing by Colorado Water Resources and Power Development Authority	\$ 470,417.00
2012 Series A Colorado Water Resource and Power Authority (Loan #D12A104)	\$ 17,503,722.56
2012 Series A Colorado Water Resource and Power Authority (Loan #D12F104)	\$ 1,453,776.96
 <u>Debt Supported by the City's Sewer Fund</u>	
1997 Colorado Water Resources and Power Development Loan	\$ 10,329,420.00
 <u>Debt Supported by the City's Street Fund</u>	
2013 Sales Tax Refunding Bonds	\$ -
TOTAL	\$ 29,757,336.52

Source: City Finance Department

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

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

The City has entered into a Certificate of Participation Agreement related to the water project with an outstanding balance of \$4,415,000 as of December 31, 2018.

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT	City or County: CITY OF RIFLE
	YEAR ENDING : December 2018

This Information From The Records Of: City of Rifle	Prepared By: Michelle Duran, finance Director Phone: 970.665.6449
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources		A. Local highway disbursements	
1. Local highway-user taxes		1. Capital outlay (from page 2)	965,729
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,114,518
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,493
2. General fund appropriations	0	b. Snow and ice removal	81,250
3. Other local imposts (from page 2)	1,604,506	c. Other	132,677
4. Miscellaneous local receipts (from page 2)	224,300	d. Total (a. through c.)	223,421
5. Transfers from toll facilities	0	4. General administration & miscellaneous	235,963
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,016,657
a. Bonds - Original Issues	0	6. Total (1 through 5)	3,556,288
b. Bonds - Refunding Issues	0	B. Debt service on local obligations	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	5,900
7. Total (1 through 6)	1828805.32	b. Redemption	295,000
B. Private Contribution	0	c. Total (a. + b.)	300900
C. Receipts from State government (from page 2)	1,034,642	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2,863,447	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	300900
		C. Payments to State for highway	0
		D. Payments to toll facilities:	0
		E. Total disbursements (A.6 + B.3 + C + D)	3,857,188

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	295,000	-	295,000	-
1. Bonds (Refunding Portion)	5,900	-	5,900	-
B. Notes (Total)	0	0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	5,063,220	2,863,447	3,857,188	4,069,479	-

Notes and Comments

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy) December 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	113,746
b. Other local imposts:		b. Traffic Fines & Penalties	106,553
1. Sales Taxes	1,200,224	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	27,674	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	376,607	g. Other Misc. Receipts	4,000
6. Total (1. through 5.)	1,604,506	h. Other- Garfield FMLD Grants	0
c. Total (a. + b.)	1,604,506	i. Total (a. through h.)	224,300
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Governmen		D. Receipts from Federal Governmen	
1. Highway-user taxes	374,052	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	40,850	d. Federal Transit Admin	0
d. DOLA Grants	619,740	e. U.S. Corps of Engineers	0
e.	0	f. Other Federal	0
f. Cdot	0	g. Total (a. through g.)	0
g. Total (a. through f.)	660,590	3. Total (1. + 2.g)	
4. Total (1. + 2. + 3.f)	1,034,642		(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		12,007	12,007
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		610,513	610,513
(4). System Enhancement & Operation		343,209	343,209
(5). Total Construction (1) + (2) + (3) + (4)	0	953,722	953,722
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	965,729	965,729
			(Carry forward to page 1)

Notes and Comments