

CITY OF RIFLE, COLORADO
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

CITY OF RIFLE, COLORADO

ROSTER OF CITY OFFICIALS
DECEMBER 31, 2010

CITY COUNCIL

Keith Lambert – Mayor

Jay Miller – Mayor Pro Tem

Alan Lambert – Councilor

Jonathan Rice – Councilor

Jennifer Sanborn – Councilor

Jeanette Thompson - Councilor

Randy Winkler – Councilor

ADMINISTRATION

John Hier – City Manager

Charles Kelty – Finance Director

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City of Rifle, Colorado

Management's Discussion and Analysis
December 31, 2010

Management of the City of Rifle offer readers of the City of Rifle's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the notes to the financial statements and financial statement to broaden their understanding of the city's position.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999.

Financial Highlights

- All amounts, unless otherwise indicated, are expressed in thousands of dollars.
- City of Rifle's assets exceeded its liabilities at the close of 2010 by \$109,584 (net assets). Of this amount, \$24,061 may be used to meet the government's ongoing obligations.
- Total net assets, city-wide, increased by \$3,911 or 4%.
- The General Fund received an energy impact severance tax payment of \$296 in 2010, a decrease from the \$968 received in 2009. These funds are intended to help the City deal with impacts of the energy industry.
- As of December 31, 2010, combined governmental fund balances totaled \$16,763, a decrease of \$1,585 from the prior year.
- General fund unreserved, undesignated fund balance at December 31, 2010 was \$4,973 or 70% of total general fund expenditures.
- The business-type activities net assets increased \$778 to \$46,075 during the year.
- Unrestricted net assets for the business-type activities decreased \$368; Water Fund decreased \$195; Sewer Fund decreased \$276; and Sanitation Fund increased \$102.

Overview of the Financial Statements

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

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

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Net asset increases or decreases, over time, may serve as a useful indicator of whether the financial position of the City of Rifle is improving or deteriorating. Other non-financial factors such as the condition of the City's roads and changes in the City's property and sales tax base will also need to be considered to assess the overall health of the City.

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

The *Statement of Net Assets* and the *Statement of Activities* report City activities in two categories - *government activities* and *business-type activities*.

Government activities are most of the City's basic services including general administration, police, property inspection, animal shelter, public works, cemetery, parks maintenance and recreation, senior services, information center, Downtown Development Authority, Visitor Improvement, and Urban Renewal Authority. 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 1-2 of this report.

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

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

Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the *government-wide financial statements*. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both The *Balance Sheet-Governmental Funds* and *Statement of Revenues*,

Expenditures, and Changes in Fund Equity-Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Equity-Governmental Funds* present the City's major governmental funds separately and combine the non-major funds into a single, aggregated presentation. The City's major governmental funds are the General, Capital Improvement, and Parks and Recreation. The non-major funds are Street Improvement, Conservation Trust, Economic Development, Visitor Improvement, Downtown Development, Rifle Information Center, Energy Efficiency Fund, and the Urban Renewal Authority.

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

The basic governmental financial statements for the major funds are found on pages 3-8 of this report. The basic governmental financial statements for the non-major funds are found on pages 36-45.

Proprietary funds – The City of Rifle maintains three proprietary funds. Proprietary (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. The fleet maintenance and information technology 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 City uses two internal service funds: Fleet Maintenance and Information Technology to report activities for services provided to the following funds: General, Parks and Recreation, Water Fund, Sewer, and Sanitation. Because the majority of the services are provided to the General Fund, the net assets of these activities are blended into governmental activities in the government-wide reports.

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 assets – budget and actual reports are shown on pages 46-48.

Fiduciary Funds – The City has one fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of outside parties. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to finance City operations. The City's fiduciary activities are reported in a separate *Statement of Fiduciary Net Assets* and *Statement of Changes in Fiduciary Net Assets* which are reported on pages 12-13.

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 14-35 of this report.

Other Financial Statements - The combined basic financial statements referred to earlier in connection with non-major governmental funds and the individual fund statements can be found on pages 36-45 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also includes the Local Highway Finance Report. This information is presented on pages 54-55.

Government-wide Financial Analysis

As noted earlier, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the City’s financial position in a manner similar to a private-sector business.

Net Assets

The following table shows the City’s net assets for 2010 as compared to 2009.

SUMMARY OF NET ASSETS
December 31, 2010 and 2009
In Thousands of Dollars

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 19,829	\$ 21,333	\$ 8,867	\$ 10,682	\$ 28,696	\$ 32,015
Capital assets (net)	52,501	48,573	57,521	57,386	110,022	105,959
Total assets	<u>72,330</u>	<u>69,906</u>	<u>66,387</u>	<u>68,068</u>	<u>138,718</u>	<u>137,974</u>
Other liabilities	3,207	3,204	1,822	3,259	5,028	6,463
Long-term liabilities	5,615	6,327	18,491	19,511	24,106	25,838
Total liabilities	<u>8,822</u>	<u>9,532</u>	<u>20,312</u>	<u>22,770</u>	<u>29,134</u>	<u>32,302</u>
Net assets:						
Invested in capital assets net of related debt	46,621	41,993	38,045	36,900	84,666	78,892
Restricted	857	865	-	-	857	865
Unrestricted	16,030	17,517	8,030	8,398	24,060	25,916
Total net assets	<u>\$ 63,508</u>	<u>\$ 60,375</u>	<u>\$ 46,075</u>	<u>\$ 45,298</u>	<u>\$ 109,584</u>	<u>\$ 105,672</u>

Net assets may serve over time as a useful indicator of the City’s financial position. The City of Rifle’s assets exceeded its liabilities (net assets) at the close of 2010 by \$109,584.

At the end of 2010, the City of Rifle had positive balances in all three categories of net assets, both for the City as a whole and also for its governmental activities.

Total net assets for the City as a whole increased by \$3,912 or 4%.

The largest portion of the City's net assets (78%) is its 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.

Governmental activities investment in capital assets net of related debt increased \$4,629 or 11%. This increase was primarily due to construction of Centennial Park (phase I), land development, street overlays, drainage improvements, and equipment purchases during 2010.

Business-type activities investment in capital assets net of related debt increased \$1,145 or 4%. This increase was a result of water and sewer infrastructure improvements. The City of Rifle also began design of and purchased equipment for a new Water Treatment Plant facility.

Restricted net assets are the portion of net assets legally restricted less any non-capital-related liabilities payable from those resources. Restricted net assets in the governmental activities decreased \$8 or 1% mainly as a result of a decrease in the Taxpayer Bill of Rights (TABOR) emergency reserves. There were no Restricted Net Assets in Business-type activities at the end of 2010.

The remaining balance of net assets (unrestricted net assets) totals \$24,060. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

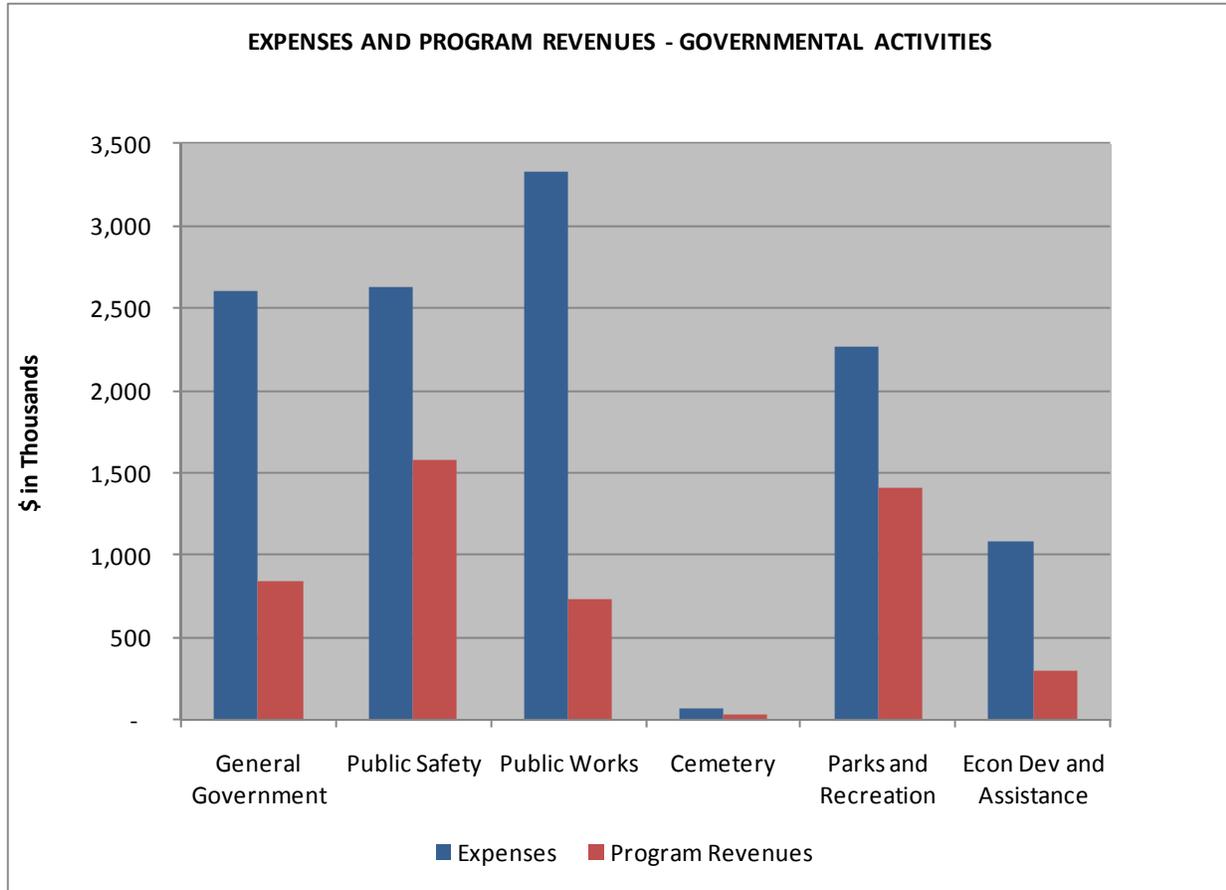
Unrestricted net assets for the governmental activities decreased \$1,487 or 8%. This decrease was primarily due to the economic downturn or recession the City experienced during the year. As a result, there was a reduction in building and planning related revenues. Unrestricted Net Assets in business-type activities decreased \$368 or 4%.

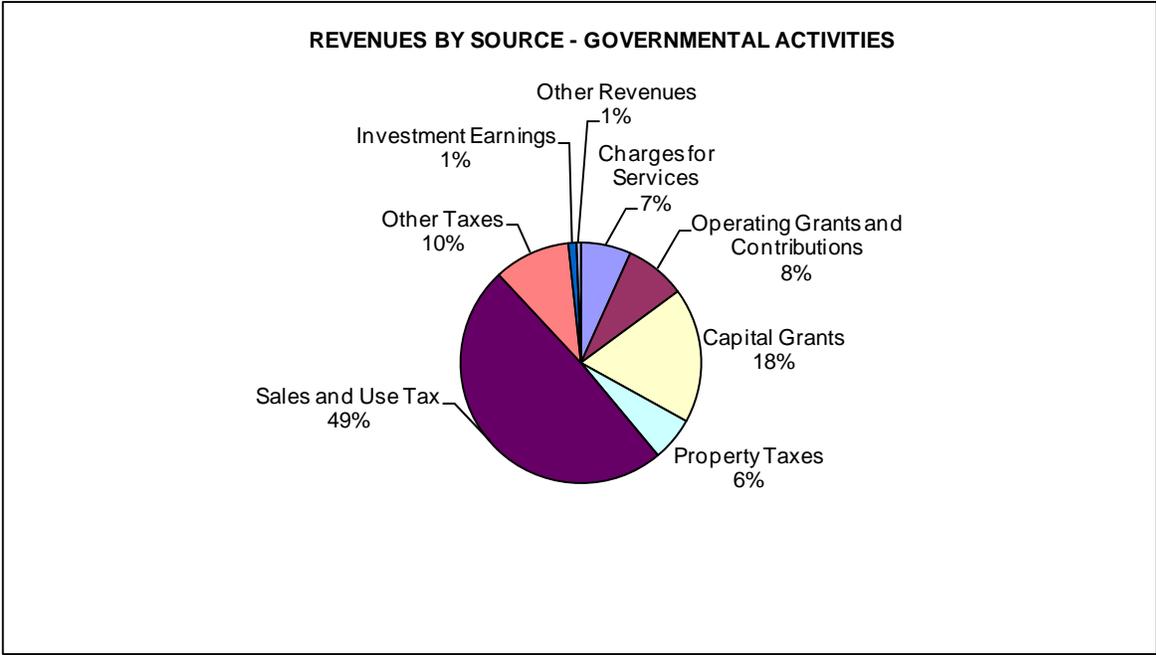
Changes in Net Assets

The following shows the detail of the City's changes in net assets for the year ended December 31, 2010.

	SUMMARY OF CHANGES IN NET ASSETS					
	For Years Ended December 31, 2010 and 2009					
	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program Revenues:						
Charges for services	\$ 995,712	\$ 1,155,098	\$ 5,502,332	\$ 5,202,133	\$ 6,498,044	\$ 6,357,231
Operating grants and contributions	1,202,489	1,031,605	-	-	1,202,489	1,031,605
Capital grants and contributions	2,684,037	2,883,235	913,587	3,326,280	3,597,624	6,209,515
General Revenues:						
Property taxes	872,389	639,484	-	-	872,389	639,484
Sales and use taxes	7,254,568	7,267,335	-	-	7,254,568	7,267,335
Other taxes	1,515,229	3,046,632	-	-	1,515,229	3,046,632
Investment earnings	163,625	278,510	68,941	126,378	232,566	404,888
Other revenues	84,295	174,012	84,764	78,634	169,059	252,646
Total revenues	<u>14,772,344</u>	<u>16,475,911</u>	<u>6,569,624</u>	<u>8,733,425</u>	<u>21,341,968</u>	<u>25,209,336</u>
EXPENSES						
General government	2,604,504	3,320,874	-	-	2,604,504	3,320,874
Public Safety	2,627,783	2,780,524	-	-	2,627,783	2,780,524
Public Works	3,325,613	3,772,576	-	-	3,325,613	3,772,576
Cemetery	67,600	74,246	-	-	67,600	74,246
Parks and recreation	2,269,465	1,845,145	-	-	2,269,465	1,845,145
Economic development and assistance	1,083,415	816,803	-	-	1,083,415	816,803
Interest Expense	(402,000)	-	-	-	(402,000)	-
Water operations	-	-	2,661,270	3,253,387	2,661,270	3,253,387
Sewer operations	-	-	2,658,304	2,477,714	2,658,304	2,477,714
Sanitation operations	-	-	534,698	527,452	534,698	527,452
Total expenses	<u>11,576,380</u>	<u>12,610,168</u>	<u>5,854,272</u>	<u>6,258,553</u>	<u>17,430,652</u>	<u>18,868,721</u>
Increase in net assets before transfers	3,195,964	3,865,743	715,352	2,474,872	3,911,316	6,340,615
Transfers	(62,302)	(97,302)	62,302	97,302	-	-
Increase in net assets	<u>3,133,662</u>	<u>3,768,441</u>	<u>777,654</u>	<u>2,572,174</u>	<u>3,911,316</u>	<u>6,340,615</u>
Net assets, Beginning of year	<u>60,374,800</u>	<u>56,606,360</u>	<u>45,297,612</u>	<u>42,725,438</u>	<u>105,672,412</u>	<u>99,331,798</u>
Net assets, end of year	<u>\$ 63,508,462</u>	<u>\$ 60,374,801</u>	<u>\$ 46,075,266</u>	<u>\$ 45,297,612</u>	<u>\$ 109,583,728</u>	<u>\$ 105,672,413</u>

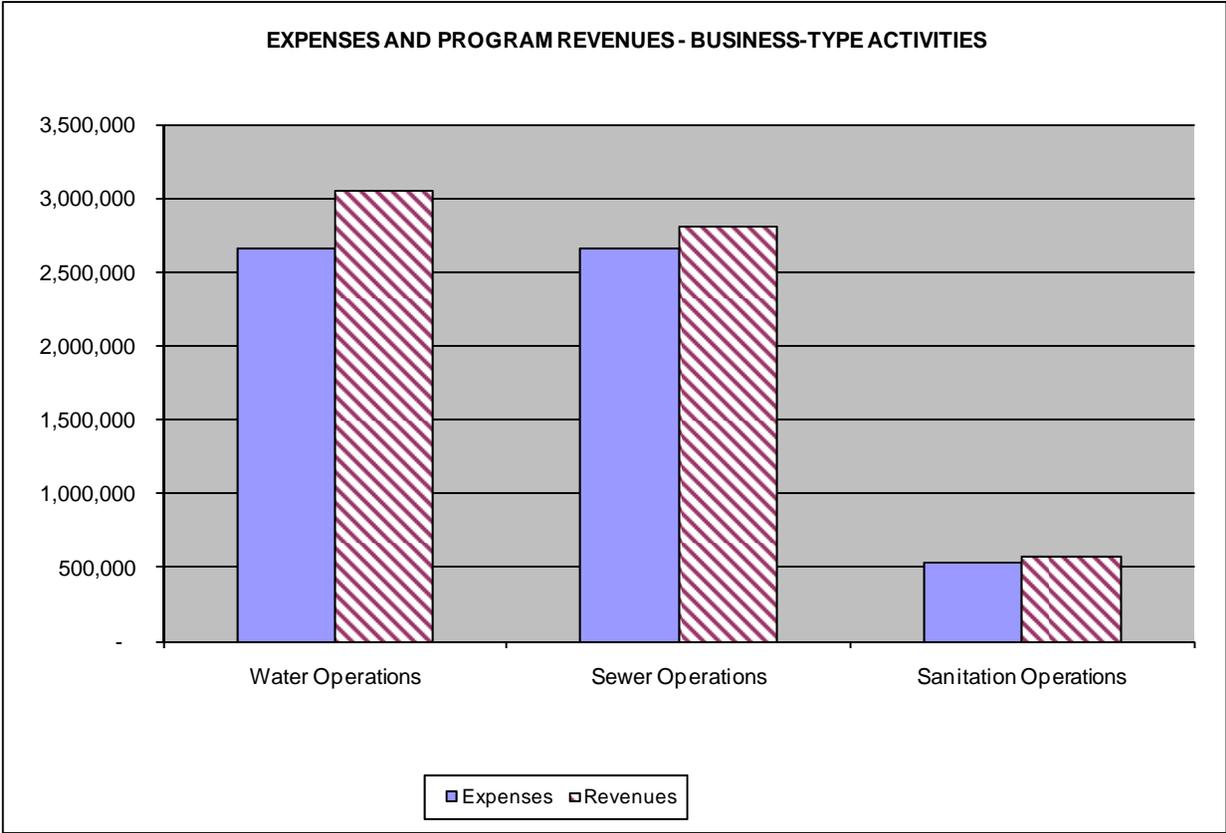
Governmental Activities



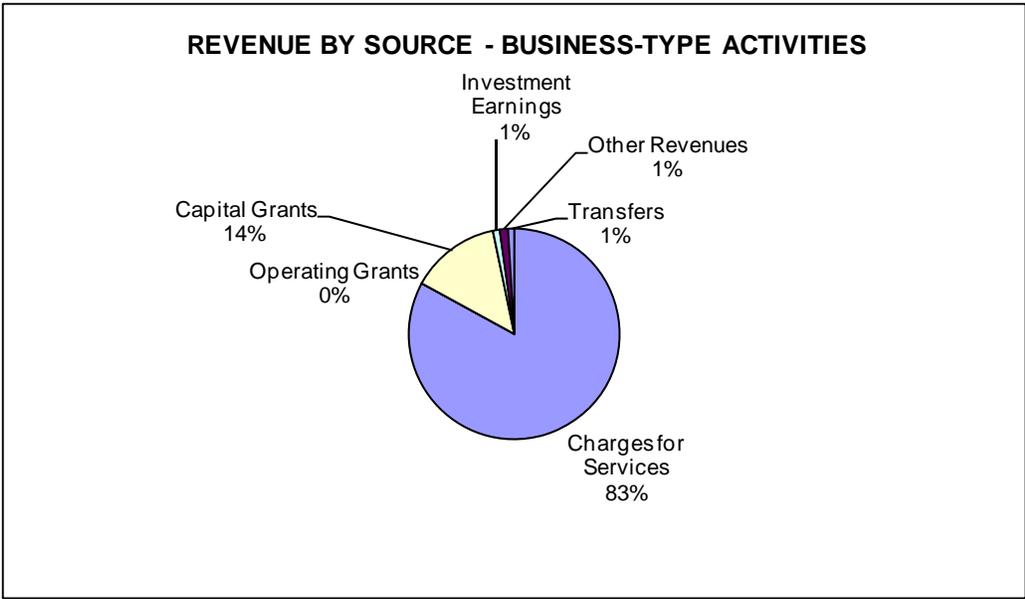


Business-Type Activities

Below is a graph of the business-type activities expenses and related program revenues. As illustrated below and in the Statement of Activities, charges for services, operating grants and contributions, and capital grants received for the services provided cover program expenses in the Water, Sewer, and Sanitation funds. The Water Fund is in need of a new treatment plant, Therefore, this fund will need to be reviewed to see where funding might come to finance a new plant. The Sanitation Fund will need to be monitored and/or evaluated in future years to determine how it might become more efficient.



Below is a graph illustrating revenues by source for the business-type activities: eighty-three percent (83%) of collected revenues are from service related fees.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

One of the differences between the governmental activities as reported in the government-wide *Statement of Activities* and the individual governmental fund financial statements is the reporting of capital asset acquisitions. For the government-wide financial statements, any new assets are capitalized and only depreciation expense for those assets is reported in the *Statement of Activities*. In the individual governmental fund financial statements, the expenditure for the capital asset acquisitions is reported in the *Statement of Revenues, Expenditures, and Changes in Fund Equity*. Therefore, governmental fund capital outlay expenditures of \$6,561 for capital assets acquired in 2010 (page 4) are not reflected in the *Statement of Activities*.

At year-end 2010, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 3) reported a combined fund balance of \$16,763, a decrease of \$1,585 or 9% from the prior year. The General Fund balance increased \$974 or 19%. The Capital Fund balance decreased \$379 or 7%. The Parks and Recreation Fund balance decreased \$1,546 or 63%. The Parks and Recreation Fund decreased due to major park improvements, specifically Centennial Park phase 1.

The General Fund unreserved, undesignated fund balance at December 31, 2010 was \$4,973 or 70% of annual expenditures. Undesignated fund balance increased \$881. The increase in fund balance was primarily due to management monitoring and reducing expenditures throughout the year. General fund expenditures were lower than the previous year by \$912 or 12%.

General Fund revenues decreased by \$1,568 or 17% primarily due to: building and motor vehicle use taxes, building related revenues, license and permit revenues, and severance and mineral lease.

General Fund expenditures decreased \$912 or 12% in 2010 primarily due to reduced capital outlay costs and operating transfers.

The Street Improvement Fund revenues decreased \$660 or 37% in 2010 primarily due the lack of intergovernmental fund payments.

The Street Improvement Fund's expenditures vary depending on planned public work projects. In 2010, the City completed major street overlays (\$969), sidewalk and concrete repairs (\$8), traffic signals (\$85), and the Fairway Ave project (\$3).

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Proprietary Funds include the Water, Wastewater (Sewer), and Sanitation Funds. In the Sanitation Fund, revenues are not keeping up with expenditures. During 2010 the Sanitation fund revenues exceeded the expenditures by \$26. However, typically a replacement sanitation truck needs to be purchased every other year. Unfortunately, this fund is not replenishing its fund balance quickly enough to

purchase replacement trucks when needed. This problem may worsen in future years. The City must either implement a rate increase or consider privatizing the sanitation utility.

Net assets increased \$777 to \$46,075 for all proprietary funds. Investment in capital assets net of related debt represents 83% of total net assets.

ENTERPRISE FUND NET ASSETS
December 31, 2010 and 2009
In Thousands of Dollars

	<u>Water</u>		<u>Sewer</u>		<u>Sanitation</u>		<u>Total</u>	
	<u>2,010</u>	<u>2009</u>	<u>2,010</u>	<u>2009</u>	<u>2,010</u>	<u>2009</u>	<u>2,010</u>	<u>2009</u>
Investment in capital assets net of related debt	\$ 19,950	\$ 19,165	\$ 17,868	\$ 17,431	\$ 227	\$ 303	\$ 38,045	36,899
Unrestricted	5,999	6,194	1,620	1,896	411	309	8,030	8,399
Total net assets	<u>\$ 25,949</u>	<u>\$ 25,359</u>	<u>\$ 19,488</u>	<u>\$ 19,327</u>	<u>\$ 638</u>	<u>\$ 612</u>	<u>\$ 46,075</u>	<u>\$ 45,298</u>

In the Wastewater Fund, a new treatment plant construction project was started in 2007 and completed in late 2009 and early 2010. City Council increased sewer user fees in 2007 to help fund the debt needed to pay for the new wastewater treatment plant. During 2010 costs incurred for the wastewater treatment plant construction was \$286. Additionally, \$403 was incurred to start de-commissioning the old north wastewater treatment plant. The North plant should be fully de-commissioned by the 2011 year-end. A Water Treatment plant will be needed within the next 2-8 years. Water Treatment design was started during 2010 with \$671 paid. Design is expected to be completed by 2011 year-end. Furthermore equipment and land was purchased for a future water treatment plant: \$290 and \$279 respectively.

Unrestricted net assets are reserves for the operation and maintenance component of all the proprietary funds. Again, both the Water Fund and Sewer Fund have been increasing user fees annually to meet increasing costs of operation and to replace decaying infrastructure, which includes collection and distribution lines. Both funds also received monies from energy impact grants distributed by the State of Colorado Division of Local Government. In 2010, the Water and Sewer funds received \$289 and \$200 respectively in grant funds for infrastructure replacements and/or water plant design.

In 2010, the Water, Wastewater, and Sanitation funds had positive net profits. The Water Fund had net income of \$591; Sewer Fund \$161, and Sanitation Fund \$26.

Total unrestricted net assets decreased \$369 during 2010. The Water Fund's unrestricted net assets decreased \$195; Sewer Fund decreased \$276; and the Sanitation Fund increased \$102.

General Fund Budgetary Highlights

Overall the General Fund saw a decrease in revenues from 2009. The national recession continues to impact Rifle. Fortunately, the City has been building up its reserves for several years in preparation for a possible economic downturn. Overall, total revenues actually exceeded budget by \$349. However, Sales Tax revenues were lower than budget by 6%; and Severance/Mineral Lease dollars exceeded budget by \$693. Expenditures were under budget by 13%. Management and City Council took proactive steps early in 2010 to ensure the City would end the year on a

good note. During the year three positions were eliminated while other staff positions were absorbed through attrition.

Severance Tax and Federal Mineral Lease revenues received approximated \$993 thousand. This was a significant reduction from the \$2.5 million received in 2009. The General Fund unreserved and undesignated fund balance increased to \$4,973 or approximately 70% of expenditures.

Capital Asset and Debt Administration

Capital assets – At the end of 2010, the City had \$110,022 invested in capital assets. The investment in capital assets included land, buildings, improvements, machinery and equipment, park facilities, roads, bridges, and trails. Total investment in capital assets for the current year increased 4% - an 8% increase for governmental activities and a 0.2% increase in business-type activities respectively.

**CAPITAL ASSETS AT YEAR-END
(Net of Depreciation)
As of December 31, 2010 and 2009
In Thousands of Dollars**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land & Rights	\$ 3,146	\$ 2,866	\$ 2,109	\$ 1,706	\$ 5,255	\$ 4,572
Buildings	10,786	10,998	29,956	30,189	40,742	41,187
Improvements	36,907	32,939	24,090	24,230	60,997	57,169
Equipment	1,663	1,771	1,365	1,261	3,028	3,032
Total	<u>\$ 52,502</u>	<u>\$ 48,574</u>	<u>\$ 57,520</u>	<u>\$ 57,386</u>	<u>\$ 110,022</u>	<u>\$ 105,960</u>

Major changes in the capital assets activity include:

- Parks, trails, and equipment improvements at \$429
- Centennial Park Phase I Improvements \$2,663
- Wastewater Treatment Plant Construction \$286
- North Wastewater Treatment Plant de-commission \$403
- Water infrastructure improvements and equipment at \$410
- Water treatment plant design \$671
- New Water treatment plant equipment \$290
- New Water Treatment plant land \$279
- Capital purchases replacing and/or improving furniture and equipment.

Debt administration – At the end of 2010, the City of Rifle had a balance of \$25,160 outstanding in revenue bonds, revenue notes payable, notes payable and capital leases. The City repaid \$1,658 of its outstanding obligations.

The City has no general obligation debt at this time.

OUTSTANDING DEBT
Years Ended December 31, 2010 and 2009
In Thousands of Dollars

	Governmental Activities		Business Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue bonds and notes payable	\$ 2,560	\$ 2,830	\$ 18,296	\$ 19,193	\$ 20,856	\$ 22,023
Capital leases	3,751	4,163	553	632	4,304	4,795
Total	<u>\$ 6,311</u>	<u>\$ 6,993</u>	<u>\$ 18,849</u>	<u>\$ 19,825</u>	<u>\$ 25,160</u>	<u>\$ 26,818</u>

Economic Factors and Next Year's Budget

The City will need to focus on capital and service needs in the near future and must position itself to contend with the possible continued downturn of gas-related energy development, but it must also be ready to deal with oil shale, if that should occur.

The economic downturn continued to impact the City of Rifle during 2010. The 2010 budget was prepared with an assumption of a 0% growth in the area; unfortunately, the economy began struggling towards the end of 2008 which has continued through 2010. As a result, revenues did not come in as anticipated. Sales tax revenues did experience a 3% increase from 2009, however other revenues saw a decrease. Severance and Mineral lease payments received in 2010 were lower than 2009 by \$1.5 million. The first quarter of 2011 shows sales tax revenues are starting to see a slight increase and are coming in at approximately 9% higher than the first quarter of 2010. The oil and gas industry has significantly reduced their staff on the Western Slope. Furthermore, the building industry has dramatically decreased development during 2009 and 2010. These items have a significant impact on the City of Rifle finances.

Fortunately, the City of Rifle, as a result of prudent management in prior years, has built up the reserves in its general fund. As of December 31, 2010 the audited General Fund unreserved and undesignated fund balance is approximately \$5.0 million. Therefore, there are adequate funds to weather a short economic downturn. Additionally, management is reviewing costs daily and/or weekly and is proactively identifying discretionary costs that may be deferred in the short-term.

While the economy is struggling, the City of Rifle has positioned itself for just such a period. Management and City Council will make necessary changes as needed to the budget to make sure future services will continue to meet the public's needs.

However, in 2010 there were also major projects underway which continued throughout the year. These included the Centennial Park construction project, Deerfield Park design, and a design of a new Water Treatment Plant Facility, as well as several smaller capital improvements.

Overall City growth slowed dramatically in 2010 and with that, the plethora of development review that consumed much of staff and Council time was reduced.

2011 will continue to be a year of challenges for the City as we continue adjusting to our new financial reality. We have made significant budget adjustments, and continue to explore ways to provide services at reduced costs.

Early in 2011 the City of Rifle entered into an agreement to redevelop the old Valley Lumber site on West 2nd street into a seven screen movie theatre. It is anticipated this project will be completed by 2011 year-end.

Finally, we have been fortunate to have set aside significant reserves during the past five years and those reserves will be of major significance to the City as it moves out of the recession and into recovery.

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 Director's office at the City of Rifle, 202 Railroad Ave, Rifle, CO 81650.

FINANCIAL SECTION

City Council
City of Rifle
Rifle, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rifle, Colorado's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of December 31, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2010, on our consideration of the City of Rifle, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rifle, Colorado's basic financial statements. The combining and individual fund financial statements and schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Centennial, CO
May 18, 2011

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2010.

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CITY OF RIFLE, COLORADO

STATEMENT OF NET ASSETS

December 31, 2010

	2010		Total
	Governmental Activities	Business - Type Activities	
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 13,339,615	\$ 5,384,574	\$ 18,724,189
Property Taxes Receivable	891,379	-	891,379
Special Assessments Receivable	164,541	-	164,541
Other Receivable	1,156,519	636,891	1,793,410
Interest Receivable	39,771	-	39,771
Prepaid Expenses	158,262	44,860	203,122
Due from Other Governments	1,238,244	-	1,238,244
Inventory	26,894	93,625	120,519
TOTAL CURRENT ASSETS	17,015,225	6,159,950	23,175,175
NONCURRENT ASSETS			
Capital Assets, net	52,501,379	57,520,566	110,021,945
Restricted Cash	2,727,957	2,686,185	5,414,142
Debt Issuance Costs	85,771	20,725	106,496
TOTAL NONCURRENT ASSETS	55,315,107	60,227,476	115,542,583
TOTAL ASSETS	72,330,332	66,387,426	138,717,758
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	865,090	391,635	1,256,725
Accrued Wages & Comp. Absences	346,299	66,488	412,787
Accrued Interest Payable	21,640	274,656	296,296
Deposits	207,332	10,000	217,332
Deferred Revenue	1,055,920	94,148	1,150,068
Current Portion - Long Term Debt	710,570	984,598	1,695,168
TOTAL CURRENT LIABILITIES	3,206,851	1,821,525	5,028,376
NONCURRENT LIABILITIES			
Bonds Payable	2,280,000	-	2,280,000
Bond Premiums	14,805	-	14,805
Notes Payable	-	18,020,536	18,020,536
Capital Leases Payable	3,320,214	470,099	3,790,313
TOTAL NONCURRENT LIABILITIES	5,615,019	18,490,635	24,105,654
TOTAL LIABILITIES	8,821,870	20,312,160	29,134,030
NET ASSETS			
Invested in Capital Assets Net of Related Debt	46,621,165	38,045,333	84,666,498
Restricted:			
by Statute	857,168	-	857,168
Unrestricted	16,030,129	8,029,933	24,060,062
TOTAL NET ASSETS	\$ 63,508,462	\$ 46,075,266	\$ 109,583,728

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

CITY OF RIFLE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
Governmental Activities				
Current:				
General Government	\$ 2,604,504	\$ 588,251	\$ 203,690	\$ 47,931
Public Safety	2,627,783	31,691	87,729	1,458,432
Public Works	3,325,613	56,129	550,081	121,659
Cemetery	67,600	27,815	-	-
Parks and Recreation	2,269,465	190,949	160,989	1,056,015
Economic Development and Assistance	1,083,415	100,877	200,000	-
Interest Expense	(402,000)	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>11,576,380</u>	<u>995,712</u>	<u>1,202,489</u>	<u>2,684,037</u>
Business - Type Activities				
Current:				
Water Operations	2,661,270	2,473,044	-	575,694
Sewer Operations	2,658,304	2,463,169	-	337,893
Sanitation Operations	534,698	566,119	-	-
TOTAL BUSINESS - TYPE ACTIVITIES	<u>5,854,272</u>	<u>5,502,332</u>	<u>-</u>	<u>913,587</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 17,430,652</u>	<u>\$ 6,498,044</u>	<u>\$ 1,202,489</u>	<u>\$ 3,597,624</u>
GENERAL REVENUES				
Property Taxes				
Sales and Use Taxes				
Other Taxes				
Investment Earnings				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET ASSETS				
NET ASSETS - Beginning of Year				
NET ASSETS - End of Year				

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

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

PRIMARY GOVERNMENT		
GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (1,764,632)	\$ -	\$ (1,764,632)
(1,049,931)	-	(1,049,931)
(2,597,744)	-	(2,597,744)
(39,785)	-	(39,785)
(861,512)	-	(861,512)
(782,538)	-	(782,538)
402,000	-	402,000
<u>(6,694,142)</u>	<u>-</u>	<u>(6,694,142)</u>
-	387,468	387,468
-	142,758	142,758
-	31,421	31,421
<u>-</u>	<u>561,647</u>	<u>561,647</u>
<u>(6,694,142)</u>	<u>561,647</u>	<u>(6,132,495)</u>
872,389	-	872,389
7,254,568	-	7,254,568
1,515,229	-	1,515,229
163,625	68,941	232,566
84,295	84,764	169,059
(62,302)	62,302	-
<u>9,827,804</u>	<u>216,007</u>	<u>10,043,811</u>
3,133,662	777,654	3,911,316
<u>60,374,800</u>	<u>45,297,612</u>	<u>105,672,412</u>
<u>\$ 63,508,462</u>	<u>\$ 46,075,266</u>	<u>\$ 109,583,728</u>

CITY OF RIFLE, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2010
 With Comparative Totals for December 31, 2009

	<u>GENERAL</u>	<u>CAPITAL</u>	<u>PARKS & RECREATION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Investments	\$ 5,108,166	\$ 5,126,740	\$ (373,196)	\$ 3,350,080
Property Taxes Receivable	831,729	-	-	59,650
Special Assessments Receivable	-	-	-	164,541
Other Receivable	725,752	-	264,643	166,124
Interest Receivable	39,771	-	-	-
Prepaid Expenses	120,989	-	30,331	220
Advance to Other Funds	130,679	90,000	-	111,200
Due from Other Governments	78,020	170,000	961,702	28,522
Restricted Cash and Investments	659,603	-	315,241	1,342,750
TOTAL ASSETS	<u>\$ 7,694,709</u>	<u>\$ 5,386,740</u>	<u>\$ 1,198,721</u>	<u>\$ 5,223,087</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 240,662	\$ 176,872	\$ 207,322	\$ 184,949
Accrued Wages & Comp. Absences	282,805	-	51,923	641
Deposits	206,557	-	775	-
Advances from Other Funds	-	-	-	331,879
Deferred Revenue	831,729	-	-	224,191
TOTAL LIABILITIES	<u>1,561,753</u>	<u>176,872</u>	<u>260,020</u>	<u>741,660</u>
FUND BALANCE				
Reserved for:				
Interfund Advances	130,679	90,000	-	111,200
Prepays	120,989	-	30,331	220
Street Improvements (Impact Fees)	-	-	-	418,168
Emergencies	439,000	-	-	-
Unreserved reported in				
General Fund				
Designated for Subsequent Year's Expenditures	469,496	-	-	-
Undesignated	4,972,792	-	-	-
Special Revenue Funds				
Designated for Subsequent Year's Expenditures	-	1,924,044	-	2,763,075
Undesignated	-	3,195,824	908,370	1,188,764
TOTAL FUND BALANCE	<u>6,132,956</u>	<u>5,209,868</u>	<u>938,701</u>	<u>4,481,427</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,694,709</u>	<u>\$ 5,386,740</u>	<u>\$ 1,198,721</u>	<u>\$ 5,223,087</u>

FUND BALANCE - GOVERNMENTAL FUNDS

Capital assets used in governmental activities are not resources and are not reported in the funds:

Capital Assets
 Accumulated Depreciation

Long-term liabilities are not due and payable in the current period

Revenue Bonds Payable
 Capital Leases Payable
 Bond Premiums
 Bond Issuance Costs
 Accrued Interest Payable

Internal Service Funds are blended into Governmental Activities:
 Internal Service Net Assets

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES

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

TOTALS

<u>2010</u>	<u>2009</u>
\$ 13,211,790	\$ 15,838,534
891,379	864,341
164,541	207,181
1,156,519	954,841
39,771	68,084
151,540	400
331,879	396,922
1,238,244	623,521
<u>2,317,594</u>	<u>2,256,297</u>
<u>\$ 19,503,257</u>	<u>\$ 21,210,121</u>

\$ 809,805	\$ 824,848
335,369	357,222
207,332	212,081
331,879	396,922
<u>1,055,920</u>	<u>1,071,522</u>
<u>2,740,305</u>	<u>2,862,595</u>

331,879	396,922
151,540	400
418,168	418,168
439,000	452,000

469,496	-
4,972,792	4,561,548
4,687,119	-
<u>5,292,958</u>	<u>12,518,488</u>
<u>16,762,952</u>	<u>18,347,526</u>

<u>\$ 19,503,257</u>	<u>\$ 21,210,121</u>
----------------------	----------------------

\$ 16,762,952

74,455,319
(22,253,839)

(2,560,000)
(3,750,784)
(14,805)
85,771
(21,640)

805,488

\$ 63,508,462

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	<u>GENERAL</u>	<u>CAPITAL</u>	<u>PARKS & RECREATION</u>	<u>OTHER GOVERNMENTAL FUNDS</u>
REVENUES				
Taxes	\$ 4,993,381	\$ -	\$ 2,033,420	\$ 1,375,565
Special Assessments	-	-	-	56,122
Licenses and Permits	136,369	-	-	-
Intergovernmental	2,156,110	1,538,772	1,038,350	130,620
Charges for Services	345,681	-	187,849	32,556
Fines and Forfeitures	152,281	-	-	-
Miscellaneous	265,489	46,223	32,959	250,598
TOTAL REVENUES	<u>8,049,311</u>	<u>1,584,995</u>	<u>3,292,578</u>	<u>1,845,461</u>
EXPENDITURES				
General Government	2,590,262	-	11,288	-
Public Safety	2,448,156	-	-	-
Public Works	1,262,387	-	-	101,411
Cemetery	55,799	-	-	-
Parks and Recreation	-	-	1,610,512	-
Economic Development and Assistance	419,735	-	-	264,788
Capital Outlay	56,426	1,963,819	3,091,070	1,449,242
Debt Service	270,146	-	322,328	377,248
TOTAL EXPENDITURES	<u>7,102,911</u>	<u>1,963,819</u>	<u>5,035,198</u>	<u>2,192,689</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>946,400</u>	<u>(378,824)</u>	<u>(1,742,620)</u>	<u>(347,228)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	167,186	-	263,803	9,000
Transfer Out	(140,000)	-	(66,917)	(295,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>27,186</u>	<u>-</u>	<u>196,886</u>	<u>(286,374)</u>
CHANGE IN FUND BALANCES	973,586	(378,824)	(1,545,734)	(633,602)
FUND BALANCE, Beginning	<u>5,159,370</u>	<u>5,588,692</u>	<u>2,484,435</u>	<u>5,115,029</u>
FUND BALANCE, Ending	<u>\$ 6,132,956</u>	<u>\$ 5,209,868</u>	<u>\$ 938,701</u>	<u>\$ 4,481,427</u>

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

TOTALS

<u>2010</u>	<u>2009</u>
\$ 8,402,366	\$ 8,161,771
56,122	70,515
136,369	122,242
4,863,852	5,537,993
566,086	591,157
152,281	141,084
<u>595,269</u>	<u>709,567</u>
<u>14,772,345</u>	<u>15,334,329</u>
2,601,550	3,225,302
2,448,156	2,586,115
1,363,798	1,677,032
55,799	62,236
1,610,512	1,446,216
684,523	800,502
6,560,557	6,539,987
<u>969,722</u>	<u>973,020</u>
<u>16,294,617</u>	<u>17,310,410</u>
<u>(1,522,272)</u>	<u>(1,976,081)</u>
439,989	1,710,796
<u>(502,291)</u>	<u>(1,908,098)</u>
<u>(62,302)</u>	<u>(197,302)</u>
(1,584,574)	(2,173,383)
<u>18,347,526</u>	<u>20,520,909</u>
<u>\$ 16,762,952</u>	<u>\$ 18,347,526</u>

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,584,574)
Principal payments on debt are reported as expenditures in the funds:	
Principal Payments on Outstanding Debt:	
Revenue Bonds Payable	270,000
Capital Leases Payable	412,568
Interest, issuance costs and bond premiums are reported on the cash basis in the funds:	
Change in Accrued Interest Payable	2,215
Amortization of Premiums	1,879
Amortization of Issuance Costs	(10,891)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Purchased Capitalized Assets	6,537,732
Depreciation Expense	(2,536,212)
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance Fund Change in Net Assets	40,945
Change in Net Assets - Governmental Activities	<u>\$ 3,133,662</u>

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

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
GENERAL FUND**

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			2009 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 5,407,697	\$ 4,993,381	\$ (414,316)	\$ 4,781,774
Licenses and Permits	88,229	136,369	48,140	122,242
Intergovernmental	1,427,466	2,156,110	728,644	3,796,729
Charges for Services	310,694	345,681	34,987	387,260
Fines and Forfeitures	141,478	152,281	10,803	141,084
Miscellaneous	324,281	265,489	(58,792)	388,036
TOTAL REVENUES	<u>7,699,845</u>	<u>8,049,311</u>	<u>349,466</u>	<u>9,617,125</u>
EXPENDITURES				
General Government	2,972,815	2,590,262	382,553	3,218,009
Public Safety	2,745,623	2,448,156	297,467	2,586,115
Public Works	1,328,921	1,262,387	66,534	1,198,808
Cemetery	68,828	55,799	13,029	62,236
Economic Development and Assistance	479,088	419,735	59,353	427,954
Capital Outlay	37,500	56,426	(18,926)	251,204
Debt Service	270,146	270,146	-	270,146
Contingency Reserve	200,000	-	200,000	-
TOTAL EXPENDITURES	<u>8,102,921</u>	<u>7,102,911</u>	<u>1,000,010</u>	<u>8,014,472</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(403,076)</u>	<u>946,400</u>	<u>1,349,476</u>	<u>1,602,653</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	14,743	-	(14,743)	-
Transfers In	160,989	167,186	6,197	168,489
Transfers Out	(175,000)	(140,000)	35,000	(1,660,545)
TOTAL OTHER FINANCING SOURCES (USES)	<u>732</u>	<u>27,186</u>	<u>26,454</u>	<u>(1,492,056)</u>
CHANGE IN FUND BALANCE	(402,344)	973,586	1,375,930	110,597
FUND BALANCE, Beginning	<u>5,000,115</u>	<u>5,159,370</u>	<u>159,255</u>	<u>5,048,773</u>
FUND BALANCE, Ending	<u>\$ 4,597,771</u>	<u>\$ 6,132,956</u>	<u>\$ 1,535,185</u>	<u>\$ 5,159,370</u>

The accompanying notes are an integral part of the financial statements

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE
CAPITAL FUND**

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			2009 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ 1,854,000	\$ 1,538,772	\$ (315,228)	\$ 241,568
Miscellaneous	85,156	46,223	(38,933)	65,206
TOTAL REVENUES	<u>1,939,156</u>	<u>1,584,995</u>	<u>(354,161)</u>	<u>306,774</u>
EXPENDITURES				
Capital Outlay	<u>2,014,000</u>	<u>1,963,819</u>	<u>50,181</u>	<u>819,238</u>
TOTAL EXPENDITURES	<u>2,014,000</u>	<u>1,963,819</u>	<u>50,181</u>	<u>819,238</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(74,844)	(378,824)	(303,980)	(512,464)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	1,189,000
Transfers Out	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>	<u>1,189,000</u>
CHANGE IN FUND BALANCE	(574,844)	(378,824)	196,020	676,536
FUND BALANCE, Beginning	<u>5,535,765</u>	<u>5,588,692</u>	<u>52,927</u>	<u>4,912,156</u>
FUND BALANCE, Ending	<u>\$ 4,960,921</u>	<u>\$ 5,209,868</u>	<u>\$ 248,947</u>	<u>\$ 5,588,692</u>

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 2,212,228	\$ 2,212,228	\$ 2,033,420	\$ (178,808)	\$ 1,996,182
Intergovernmental	1,095,000	1,095,000	1,038,350	(56,650)	790,164
Charges for Services	168,900	168,900	187,849	18,949	176,283
Miscellaneous	77,200	77,200	32,959	(44,241)	156,112
TOTAL REVENUES	<u>3,553,328</u>	<u>3,553,328</u>	<u>3,292,578</u>	<u>(260,750)</u>	<u>3,118,741</u>
EXPENDITURES					
General Government	20,000	20,000	11,288	8,712	7,293
Parks and Recreation	1,763,197	1,763,197	1,610,512	152,685	1,446,216
Capital Outlay	2,901,060	3,151,060	3,091,070	59,990	4,917,103
Debt Service	322,328	322,328	322,328	-	322,328
TOTAL EXPENDITURES	<u>5,006,585</u>	<u>5,256,585</u>	<u>5,035,198</u>	<u>221,387</u>	<u>6,692,940</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(1,453,257)	(1,703,257)	(1,742,620)	(39,363)	(3,574,199)
OTHER FINANCING SOURCES (USES)					
Transfers In	266,000	266,000	263,803	(2,197)	220,545
Transfers Out	(66,917)	(66,917)	(66,917)	-	(66,917)
TOTAL OTHER FINANCING SOURCES (USES)	<u>199,083</u>	<u>199,083</u>	<u>196,886</u>	<u>(2,197)</u>	<u>153,628</u>
CHANGE IN FUND BALANCE	(1,254,174)	(1,504,174)	(1,545,734)	(41,560)	(3,420,571)
FUND BALANCE, Beginning	<u>2,096,403</u>	<u>2,096,403</u>	<u>2,484,435</u>	<u>388,032</u>	<u>5,905,006</u>
FUND BALANCE, Ending	<u>\$ 842,229</u>	<u>\$ 592,229</u>	<u>\$ 938,701</u>	<u>\$ 346,472</u>	<u>\$ 2,484,435</u>

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

CITY OF RIFLE, COLORADO

**STATEMENT OF NET ASSETS -
PROPRIETARY FUNDS**

December 31, 2010

With Comparative Totals for December 31, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	NON-MAJOR			TOTAL
	WATER	WASTEWATER	SANITATION	
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 3,617,917	\$ 1,377,098	\$ 389,559	\$ 5,384,574
Other Receivable	268,893	307,698	60,300	636,891
Prepaid Expenses	30,252	10,240	4,368	44,860
Due from Other Governments	-	-	-	-
Inventory	90,159	3,466	-	93,625
TOTAL CURRENT ASSETS	4,007,221	1,698,502	454,227	6,159,950
PROPERTY AND EQUIPMENT	31,622,213	42,118,423	447,415	74,188,051
Less Accumulated Depreciation	(9,549,184)	(6,897,737)	(220,564)	(16,667,485)
NET PROPERTY AND EQUIPMENT	22,073,029	35,220,686	226,851	57,520,566
OTHER ASSETS				
Restricted Cash and Investments	2,308,505	377,680	-	2,686,185
Loan Costs	3,979	16,746	-	20,725
TOTAL OTHER ASSETS	2,312,484	394,426	-	2,706,910
TOTAL ASSETS	28,392,734	37,313,614	681,078	66,387,426
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	234,750	120,644	36,241	391,635
Accrued Wages & Comp. Absences	37,235	21,813	7,440	66,488
Accrued Interest Payable	4,836	269,820	-	274,656
Deposits	10,000	-	-	10,000
Deferred Revenue	33,455	60,693	-	94,148
Current Portion - Long Term Debt	246,118	738,480	-	984,598
TOTAL CURRENT LIABILITIES	566,394	1,211,450	43,681	1,821,525
LONG-TERM LIABILITIES				
Notes Payable	1,406,681	16,613,855	-	18,020,536
Capital Leases Payable	470,099	-	-	470,099
TOTAL LONG-TERM LIABILITIES	1,876,780	16,613,855	-	18,490,635
TOTAL LIABILITIES	2,443,174	17,825,305	43,681	20,312,160
NET ASSETS				
Invested in Capital Assets Net of Related Debt	19,950,131	17,868,351	226,851	38,045,333
Unrestricted	5,999,429	1,619,958	410,546	8,029,933
TOTAL NET ASSETS	\$ 25,949,560	\$ 19,488,309	\$ 637,397	\$ 46,075,266

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

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2010	2009
\$ 127,825	\$ 5,512,399	\$ 4,846,640
-	636,891	709,093
6,722	51,582	33,530
-	-	58,368
26,894	120,519	129,463
<u>161,441</u>	<u>6,321,391</u>	<u>5,777,094</u>
841,049	75,029,100	72,897,342
(541,150)	(17,208,635)	(15,137,846)
<u>299,899</u>	<u>57,820,465</u>	<u>57,759,496</u>
410,363	3,096,548	5,304,851
-	20,725	22,715
<u>410,363</u>	<u>3,117,273</u>	<u>5,327,566</u>
<u>871,703</u>	<u>67,259,129</u>	<u>68,864,156</u>
55,285	446,920	1,835,442
10,930	77,418	64,846
-	274,656	285,079
-	10,000	10,000
-	94,148	120,057
-	984,598	975,729
<u>66,215</u>	<u>1,887,740</u>	<u>3,291,153</u>
-	18,020,536	18,958,227
-	470,099	552,621
-	18,490,635	19,510,848
<u>66,215</u>	<u>20,378,375</u>	<u>22,802,001</u>
299,899	38,345,232	33,342,418
505,589	8,535,522	12,719,737
<u>\$ 805,488</u>	<u>\$ 46,880,754</u>	<u>\$ 46,062,155</u>

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	WASTEWATER	NON-MAJOR SANITATION	TOTAL
OPERATING REVENUES				
Charges for Services	\$ 2,247,803	\$ 2,411,271	\$ 563,804	\$ 5,222,878
Sale of Materials	3,722	-	-	3,722
Reimbursed Expenditures	68,825	-	-	68,825
Other Revenue	152,694	51,898	2,315	206,907
TOTAL OPERATING REVENUES	2,473,044	2,463,169	566,119	5,502,332
OPERATING EXPENSES				
Personal Services	706,203	444,427	94,308	1,244,938
Supplies	261,408	165,325	13,597	440,330
Purchased Services	581,808	617,436	272,848	1,472,092
Other Expenses	-	-	-	-
Management Fees	104,949	104,949	27,481	237,379
Fleet Maintenance	56,172	20,115	47,736	124,023
Info Tech Maintenance	10,012	15,019	2,503	27,534
Small Equipment Purchases	21,347	-	-	21,347
Depreciation	820,345	1,035,527	76,225	1,932,097
TOTAL OPERATING EXPENSES	2,562,244	2,402,798	534,698	5,499,740
NET INCOME (LOSS) FROM OPERATIONS	(89,200)	60,371	31,421	2,592
OTHER INCOME (EXPENSE)				
System Improvement Fees	200,006	137,893	-	337,899
Dedicated Infrastructure	86,654	-	-	86,654
Investment Earnings	52,483	13,759	2,699	68,941
Gain (Loss) on Disposal of Fixed Assets	2,700	1,500	-	4,200
Cash in Lieu of Fees	450	-	-	450
State Grants	288,584	200,000	-	488,584
Other Revenues	80,704	1,055	795	82,554
Amortization of Bond Premiums and Costs	(1,038)	(952)	-	(1,990)
Interest Expense	(99,026)	(255,506)	-	(354,532)
OTHER INCOME (EXPENSE)	611,517	97,749	3,494	712,760
NET INCOME (LOSS) BEFORE TRANSFERS	522,317	158,120	34,915	715,352
TRANSFERS				
Transfers In	100,000	35,000	-	135,000
Transfers Out	(31,790)	(31,790)	(9,118)	(72,698)
NET TRANSFERS	68,210	3,210	(9,118)	62,302
NET INCOME (LOSS)	590,527	161,330	25,797	777,654
NET ASSETS, Beginning	25,359,033	19,326,979	611,600	45,297,612
NET ASSETS, Ending	\$ 25,949,560	\$ 19,488,309	\$ 637,397	\$ 46,075,266

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

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2010	2009
\$ 699,385	\$ 5,922,263	\$ 5,288,348
-	3,722	5,867
-	68,825	37,187
-	206,907	167,980
<hr/>	<hr/>	<hr/>
699,385	6,201,717	5,499,382
224,220	1,469,158	1,297,896
237,971	678,301	501,004
43,961	1,516,053	1,899,820
14,505	14,505	67
-	237,379	296,023
100	124,123	101,647
2,503	30,037	-
-	21,347	(29,366)
138,692	2,070,789	1,833,690
<hr/>	<hr/>	<hr/>
661,952	6,161,692	5,900,781
37,433	40,025	(401,399)
-	337,899	788,725
-	86,654	1,959,673
3,216	72,157	130,322
-	4,200	-
-	450	1,202
-	488,584	576,680
296	82,850	43,973
-	(1,990)	(1,990)
-	(354,532)	(752,588)
<hr/>	<hr/>	<hr/>
3,512	716,272	2,745,997
40,945	756,297	2,344,598
-	135,000	270,000
-	(72,698)	(72,698)
<hr/>	<hr/>	<hr/>
-	62,302	197,302
40,945	818,599	2,541,900
764,543	46,062,155	43,520,255
<hr/>	<hr/>	<hr/>
\$ 805,488	\$ 46,880,754	\$ 46,062,155

CITY OF RIFLE, COLORADO

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	WATER FUND	SEWER FUND	NON-MAJOR SANITATION FUND	
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 2,461,559	\$ 2,518,064	\$ 569,001	\$ 5,548,624
Cash Payments to Suppliers and Employees	(1,590,356)	(2,931,175)	(458,166)	(4,979,697)
Net Cash Provided by Operating Activities	871,203	(413,111)	110,835	568,927
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(1,283,984)	(695,936)	-	(1,979,920)
Proceeds From Sale of Capital Assets	2,700	1,500	-	4,200
Proceeds From System Improvement Fees	200,006	137,893	-	337,899
Proceeds From Cash in Lieu of Fees	450	-	-	450
Proceeds From Grants	346,952	200,000	-	546,952
Principal Payments on Debt	(234,776)	(776,568)	-	(1,011,344)
Interest Payments on Debt	(99,654)	(265,301)	-	(364,955)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,068,306)	(1,398,412)	-	(2,466,718)
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	80,704	1,055	795	82,554
Transfers - Net	68,210	3,210	(9,118)	62,302
Net Cash Provided (Used) by Non-Capital Financing Activities	148,914	4,265	(8,323)	144,856
Cash Flows From Investing Activities:				
Investment Income	52,483	13,759	2,699	68,941
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,294	(1,793,499)	105,211	(1,683,994)
CASH AND INVESTMENTS, Beginning	5,922,128	3,548,277	284,348	9,754,753
CASH AND INVESTMENTS, Ending	\$ 5,926,422	\$ 1,754,778	\$ 389,559	\$ 8,070,759
Cash and Investments	\$ 3,617,917	\$ 1,377,098	\$ 389,559	\$ 5,384,574
Restricted Cash and Investments	2,308,505	377,680	-	2,686,185
TOTAL CASH AND INVESTMENTS	\$ 5,926,422	\$ 1,754,778	\$ 389,559	\$ 8,070,759
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (89,200)	\$ 60,371	\$ 31,421	\$ 2,592
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	820,345	1,035,527	76,225	1,932,097
(Increase) Decrease in:				
Cash with Fiscal Agent	-	-	-	-
Other Receivable	3,399	65,920	2,882	72,201
Prepaid Expenses	(3,498)	(3,961)	(3,870)	(11,329)
Inventory	7,565	1,877	-	9,442
Increase (Decrease) in:				
Accounts Payable	147,622	(1,566,427)	4,400	(1,414,405)
Accrued Wages & Comp. Absences	(146)	4,607	(223)	4,238
Deferred Revenue	(14,884)	(11,025)	-	(25,909)
Total Adjustments	960,403	(473,482)	79,414	566,335
Net Cash Provided by Operating Activities	\$ 871,203	\$ (413,111)	\$ 110,835	\$ 568,927

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

GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	TOTAL	
	2010	2009
	\$ 699,385 (496,262) <u>203,123</u>	\$ 6,248,009 (5,475,959) <u>772,050</u>
(65,185)	(2,045,105)	(10,524,039)
-	4,200	-
-	337,899	788,725
-	450	1,202
-	546,952	623,735
-	(1,011,344)	(1,006,677)
-	(364,955)	(718,719)
<u>(65,185)</u>	<u>(2,531,903)</u>	<u>(10,835,773)</u>
296	82,850	43,973
-	62,302	197,302
<u>296</u>	<u>145,152</u>	<u>241,275</u>
3,216	72,157	130,322
141,450	(1,542,544)	802,913
396,738	10,151,491	9,348,578
<u>\$ 538,188</u>	<u>\$ 8,608,947</u>	<u>\$ 10,151,491</u>
\$ 127,825	\$ 5,512,399	\$ 4,846,640
410,363	3,096,548	5,304,851
<u>\$ 538,188</u>	<u>\$ 8,608,947</u>	<u>\$ 10,151,491</u>
\$ 37,433	\$ 40,025	\$ (401,399)
138,692	2,070,789	1,833,690
-	-	11,436,093
-	72,201	269,043
(6,722)	(18,051)	(11,103)
(499)	8,943	24,504
25,884	(1,388,521)	(1,490,631)
8,335	12,573	(20,898)
-	(25,909)	(372,210)
<u>165,690</u>	<u>732,025</u>	<u>11,668,488</u>
<u>\$ 203,123</u>	<u>\$ 772,050</u>	<u>\$ 11,267,089</u>

CITY OF RIFLE, COLORADO

STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUND
December 31, 2010
With Comparative Totals for December 31, 2009

	<u>PERPETUAL CARE</u>	
	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and Investments	<u>\$ 204,040</u>	<u>\$ 200,415</u>
NET ASSETS		
Held In Trust for Cemetery Maintenance	<u>\$ 204,040</u>	<u>\$ 200,415</u>

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

CITY OF RIFLE, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUND

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	PERPETUAL CARE	
	<u>2010</u>	<u>2009</u>
ADDITIONS:		
Charges for Services	\$ 3,625	\$ 8,052
NET ASSETS - Beginning	<u>200,415</u>	<u>192,363</u>
NET ASSETS - Ending	<u>\$ 204,040</u>	<u>\$ 200,415</u>

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Reporting Entity

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

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

Blended Component Units

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary (enterprise) fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The City also reports the following major proprietary funds:

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

Additionally, the City reports the following fiduciary fund:

Perpetual Care Fund – The Perpetual Care Fund is used to account for assets held by the City in a trustee capacity for the future maintenance of the City's cemetery.

Budgets

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

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Property, Plant and Equipment

Capital Assets

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

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

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

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

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

Compensated Absences

Employees earn one day of sick-leave per month. Upon accrual of 480 hours of sick-leave, employees begin accruing three hours of vacation per month in lieu of additional sick-leave.

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

The City's policy is to record a liability and a related charge to expenditures for compensated absences for employees in the appropriate funds. The City has elected this conservative method to more closely monitor its financial position. Current accrued compensated absences including accrued payroll was \$412,787 at December 31, 2010, \$282,805 of which was recorded in the General Fund, \$66,488 in the Enterprise Funds, \$52,564 in the Special Revenue Funds and \$10,930 in the Internal Service Funds.

Net Assets/Fund Equity

Reserved fund balances/restricted net assets report the portion of fund balance or net assets that are not appropriable for expenditure or are legally segregated for a specific future use. Designated fund balances of governmental funds represent tentative plans for financial resource utilization in a future period. The Urban Renewal Authority Fund has a deficit fund balance of \$101,106 which is expected to be recovered through future property tax revenues.

Inventory

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

Comparative Data

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

Cash Flow Statement

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

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Governmental - Unrestricted	\$ 13,339,615
Business-type - Unrestricted	5,384,574
Governmental - Restricted	2,727,957
Business-type - Restricted	2,686,185
Fiduciary	204,040
Total Cash and Investments	<u>\$ 24,342,371</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

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

Cash and Deposits	\$ 8,115,900
Investments	<u>16,226,471</u>
Total Cash and Investments	<u>\$ 24,342,371</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2010, all of the City's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

	Bank Balance	Carrying Balance
FDIC Insured	\$ 2,454,532	\$ 2,454,532
PDPA Collateralized	5,826,574	5,660,154
Petty Cash	-	1,214
Total Cash and Deposits	<u>\$ 8,281,106</u>	<u>\$ 8,115,900</u>

Investments

Credit Risk

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

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

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

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

As of December 31, 2010, the City's investments consisted of the following:

	Fair Value	Weighted Avg. Maturity In Years	% of Portfolio	Rating
U.S. Instrumentalities:				
Farm Credit Notes	\$ 1,014,313	4.30	6.3%	AAA
FNMA	2,955,667	3.71	18.2%	AAA
FHLB	2,072,011	1.48	12.8%	AAA
United States Treasury Note	1,002,852	0.41	6.2%	AAA
Local Investment Pools	7,761,460	0.00	47.8%	AAAm
Mutual Funds	1,274,837	0.00	7.86%	AAA
Commercial Paper	<u>145,331</u>	<u>1.67</u>	<u>0.90%</u>	AAA
Total Investments held by City	<u>\$ 16,226,471</u>	0.50	<u>100.0%</u>	

During the year ended December 31, 2010, the City invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colotrust. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAM by the Standard and Poor's Corporation.

Interest Rate Risk

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Federal Home Loan Bank and Federal National Mortgage Association securities. These investments are 12.8%, and 18.2%, respectively, of the City's total investments.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2010, the City's U.S. Instrumentality securities were held by Wells Fargo Brokerage Services, LLC, or AXA Advisors, LLC in the name of the City.

NOTE 3: RESTRICTED CASH

The City has recorded the following cash restrictions at December 31, 2010:

General Fund

Restricted for Senior Center Improvements	\$	31,611
Restricted for Senior Center Meals		74,675
Restricted for Road Improvements		246,912
Restricted for Rifle Mountain Park		15,241
Restricted for Parkland Dedication		285,399
Restricted for Regional Drainage		<u>21,006</u>
Total General Fund		<u>674,844</u>

Street Improvement Fund

Restricted for Street Improvements from Bond Proceeds		950,466
Restricted for Bond Principal and Interest Payments		<u>379,965</u>
Total Street Improvement Fund		<u>1,330,431</u>

Downtown Development Agency

Restricted for Parking Projects		<u>12,319</u>
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Parks & Recreation Fund

Restricted for Rifle Mountain Park		15,241
Restricted from RE-2 School District		<u>300,000</u>
Total Parks & Recreation Fund		<u>315,241</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 3: RESTRICTED CASH (Continued)

<u>Fleet Maintenance Fund</u>		
Fleet Loan Funding		410,363
<u>Water Fund</u>		
Restricted for Infrastructure Improvements		1,554,247
Restricted for Water Rights		83,858
Restricted for Operations and Maintenance Reserve		670,400
Total Water Fund		2,308,505
<u>Sewer Fund</u>		
Restricted for Operations and Maintenance Reserve		377,680
Total Restricted Cash		\$ 5,429,383

NOTE 4: CHANGES IN CAPITAL ASSETS

The following schedule presents changes in governmental activities capital assets during 2010:

	<u>Balance</u> <u>12/31/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2010</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 2,866,491	\$ 279,140	\$ -	\$ 3,145,631
Depreciable Capital Assets:				
Buildings	14,107,946	145,674	-	14,253,620
Improvements	47,940,273	5,864,602	-	53,804,875
Equipment	3,002,877	248,316	-	3,251,193
Int Svc Equipment & Vehicles	775,865	65,184	-	841,049
 Total Capital Assets	 68,693,452	 6,602,916	 -	 75,296,368
 Less: Accumulated Depreciation				
Buildings	3,110,284	357,330	-	3,467,614
Improvements	15,001,764	1,896,168	-	16,897,932
Equipment	1,605,579	282,714	-	1,888,293
Int Svc Equipment & Vehicles	402,459	138,691	-	541,150
Total Accumulated Depreciation	20,120,086	2,674,903	-	22,794,989
 Net Capital Assets	 \$ 48,573,366	 \$ 3,928,013	 \$ -	 \$ 52,501,379

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 4: CHANGES IN CAPITAL ASSETS (Continued)

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

	Governmental Activities
General Government	\$ 105,782
Public Safety	96,882
Public Works	1,875,030
Cemetery	11,801
Parks & Recreation	439,414
Economic Development	7,303
Deprec. Govt. Funds	2,536,212
Fleet Maintenance	138,691
Total Depreciation	\$ 2,674,903

The following schedule presents business-type activities capital assets at December 31, 2010:

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
Business-Type Activities:				
Non-depreciable Capital Assets:				
Land	\$ 1,211,378	\$ 402,739	\$ -	\$ 1,614,117
Water Rights	495,000	-	-	495,000
Depreciable Capital Assets:				
Buildings	37,722,862	956,921	-	38,679,783
Improvements	30,364,747	384,309	-	30,749,056
Equipment	2,327,490	322,605	-	2,650,095
Total Capital Assets	72,121,477	2,066,574	-	74,188,051
Less: Accumulated Depreciation				
Buildings	7,534,157	1,189,400	-	8,723,557
Improvements	6,135,407	523,851	-	6,659,258
Equipment	1,065,823	218,847	-	1,284,670
Total Accumulated Depreciation	14,735,387	1,932,098	-	16,667,485
Net Capital Assets	\$ 57,386,090	\$ 134,476	\$ -	\$ 57,520,566

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 4: CHANGES IN CAPITAL ASSETS (Continued)

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

	Business-type Activities
Water Operations	\$ 820,345
Sewer Operations	1,035,527
Sanitation Operations	76,225
Total Depreciation	\$ 1,932,097

NOTE 5: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

BONDS PAYABLE

In November, 2003, the City issued \$4,155,000 of Sales and Use Tax Revenue Bonds for street improvements. These bonds are secured by a pledge of the City’s sales tax revenue. The bonds mature serially beginning in 2004 through 2018. Bond principal payments are due annually on December 1, and interest is due semi-annually on June 1 and December 1. The bonds bear interest at rates ranging from 2.0% to 4.10%. The bonds require a \$379,965 reserve. The City is also required to fund 1/6 of the next semiannual interest payment and 1/12 of the next annual principal payment monthly. The City has established the required reserves (Note 3). These bonds are repaid through the Street Improvement Fund.

CAPITAL LEASE PAYABLE

In June 2007, the City entered into a lease purchase agreement for the construction of a new police and court facility. The lease requires semi-annual base rentals of \$132,724 consisting of both principal and interest at 4.36% on June 1 and December 1 of each year after an initial interest payment of \$41,531 in December 2007. Payments continue through December 2017. The initial lease proceeds were \$2,133,000.

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

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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

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

	<u>Balance</u> <u>12/31/09</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/10</u>	<u>Current</u> <u>Portion</u>
2003 Revenue Bonds	\$ 2,830,000	\$ -	\$ 270,000	\$ 2,560,000	\$ 280,000
Police Facility Capital Lease	1,776,658	-	190,035	1,586,623	198,411
Parks Facility Capital Lease	2,386,694	-	222,533	2,164,161	232,159
Total Obligations	<u>\$ 6,993,352</u>	<u>\$ -</u>	<u>\$ 682,568</u>	<u>\$ 6,310,784</u>	<u>\$ 710,570</u>

Scheduled payments on the bonds are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 280,000	\$ 97,876	\$ 377,876
2012	290,000	88,076	378,076
2013	300,000	77,201	377,201
2014	315,000	65,951	380,951
2015	325,000	54,296	379,296
2016-2018	1,050,000	85,876	1,135,876
Total	<u>\$ 2,560,000</u>	<u>\$ 469,276</u>	<u>\$ 3,029,276</u>

Scheduled payments on the capital lease are as follows:

<u>Year</u>	<u>Police</u> <u>Facility</u> <u>Payment</u>	<u>Parks</u> <u>Facility</u> <u>Payment</u>	<u>Total</u> <u>Payment</u>
2011	\$ 265,448	\$ 322,328	\$ 587,776
2012	265,448	322,328	587,776
2013	265,448	322,328	587,776
2014	265,448	322,328	587,776
2015	265,448	322,328	587,776
2016-2018	530,897	966,983	1,497,880
Total Payments	1,858,137	2,578,623	4,436,760
4.36%/4.28% Interest	(271,514)	(414,462)	(685,976)
Present Value of Payments	<u>\$ 1,586,623</u>	<u>\$ 2,164,161</u>	<u>\$ 3,750,784</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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

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

	<u>Balance</u> <u>12/31/09</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/10</u>	<u>Current</u> <u>Portion</u>
1982 CWCB Note - Water	\$ 142,244	\$ -	\$ 9,467	\$ 132,777	\$ 9,846
1994 CWRPDA Loan - Water	440,000	-	80,000	360,000	83,750
2003 CWRPDA Loan - Water	1,143,750	-	66,250	1,077,500	70,000
2004 DOLA Note - Sewer	279,165	-	50,521	228,644	53,048
2006 Capital Lease - Water	631,680	-	79,059	552,621	82,522
2007 CWRPDA Loan - Sewer	17,187,916	-	690,432	16,497,484	685,432
2007 CWRPDA Premium - Sewer	661,822	-	35,615	626,207	-
Total Obligations	\$ 20,486,577	\$ -	\$ 1,011,344	\$ 19,475,233	\$ 984,598

NOTES PAYABLE

On October 19, 1994, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority for \$1,295,000. The loan carries an average interest rate of 6.1% and was issued to advance refund \$320,000 of outstanding 1986 General Obligation Water Bonds with an average interest rate of 7.9%, and to fund water plant improvements. The loan was subsequently refinanced in 1998 via a new Colorado Water Resource and Power Development bond issuance. This note will mature in October, 2014. 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 \$670,400. The City has funded this reserve through the restriction of its cash balances in the Water Fund (Note 3). The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 83,750	\$ 18,535	\$ 102,285
2012	96,250	13,168	109,418
2013	101,250	7,491	108,741
2014	78,750	1,972	80,722
Total	\$ 360,000	\$ 41,166	\$ 401,166

In 2003, the City obtained permanent financing from the Colorado Water Resource and Power Development Authority ("CWRPDA") of \$1,525,000 to fund system improvements. This permanent financing was used to repay the interim borrowing from CWRPDA that occurred in 2002. The new 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 \$670,400. The City has funded this reserve through the restriction of its cash balances in the Water Fund (Note 3). The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Debt service requirements to maturity are as follows:

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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

NOTES PAYABLE (Continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 64,166	\$ 42,773	\$ 106,939
2012	70,000	40,580	110,580
2013	70,833	38,247	109,080
2014	75,000	35,755	110,755
2015	75,833	33,043	108,876
2016-2020	437,500	117,880	555,380
2021-2023	284,168	24,858	309,026
Total	<u>\$ 1,077,500</u>	<u>\$ 333,136</u>	<u>\$ 1,410,636</u>

In 1981, the City entered into a loan agreement with the Colorado Water Conservation Board for system improvements. The loan was for \$300,000 and bears interest at 4%. Loan payments are due annually in the amount of \$15,156 through November 1, 2021. Payments are made by the Water Fund. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 9,846	\$ 5,310	\$ 15,156
2012	10,239	4,917	15,156
2013	10,649	4,507	15,156
2014	11,075	4,081	15,156
2015-2019	62,383	13,397	75,780
2020-2021	28,585	1,726	30,311
Total	<u>\$ 132,777</u>	<u>\$ 33,938</u>	<u>\$ 166,715</u>

In 2004, the City entered into a loan agreement with the Colorado Department of Local Affairs for sewer system improvements. The loan was for \$500,000 and bears interest at 5%. Loan payments are due annually in the amount of \$64,480 through September 1, 2014. Payments are made by the Wastewater Fund. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 53,048	\$ 11,432	\$ 64,480
2012	55,700	8,780	64,480
2013	58,485	5,995	64,480
2014	61,410	3,071	64,481
Total	<u>\$ 228,643</u>	<u>\$ 29,278</u>	<u>\$ 257,921</u>

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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

NOTES PAYABLE (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 are to be used to complete sewer improvements. The City has also recorded \$747,848 of premiums and \$20,000 of issuance costs that are being recognized over the life of the note, with the remaining unamortized portion included in the note payable balance in the financial statements. The loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2028. The loan bears interest at 3.5% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$377,680. The City has funded this reserve through the restriction of its cash balances in the Wastewater Fund (Note 3). The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 685,432	\$ 639,788	\$ 1,325,220
2012	711,668	618,421	1,330,089
2013	732,904	596,233	1,329,137
2014	759,140	573,387	1,332,527
2015	780,376	549,720	1,330,096
2016-2020	4,285,420	2,367,460	6,652,880
2021-2025	4,996,264	1,656,982	6,653,246
2026-2028	3,546,280	450,364	3,996,644
Total	\$ 16,497,484	\$ 7,452,355	\$ 23,949,839

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

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

CAPITAL LEASES PAYABLE

During 2006, the City entered into a capital lease for the retrofitting of the City's water meters. Assets worth \$836,241 were acquired and capitalized. The lease requires forty quarterly payments of \$26,254 beginning February 2007. The lease bears interest at 4.3% per annum. The lease is being repaid by the Water Fund.

<u>Year</u>	<u>Payment</u>
2011	\$ 105,018
2012	105,018
2013	105,018
2014	105,018
2015	105,018
2016-2017	<u>105,018</u>
Total Payments	630,108
4.3% Interest	<u>(77,487)</u>
Present Value of Payments	<u>\$ 552,621</u>

NOTE 7: INTERFUND TRANSACTIONS

Following is a summary of advances to and from other funds at December 31, 2010:

	<u>Advance To Other Fund</u>	<u>Advance From Other Funds</u>
General Fund	\$ 130,679	\$ -
Economic Development Fund	111,200	-
Capital Fund	90,000	-
Street Improvement Fund	-	201,200
Rifle Information Center Fund	-	10,679
Urban Renewal Authority Fund	-	<u>120,000</u>
Totals	<u>\$ 331,879</u>	<u>\$ 331,879</u>

CITY OF RIFLE, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 7: INTERFUND TRANSACTIONS (Continued)

The City has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 167,186	\$ 140,000
Conservation Trust Fund	-	260,000
Street Improvement Fund	-	25,374
Visitor Improvement Fund	-	10,000
Downtown Development Fund	9,000	-
Parks Fund	263,803	66,917
Water Fund	100,000	31,790
Sewer Fund	35,000	31,790
Sanitation Fund	-	9,118
Information Technology Fund	-	-
Totals	<u>\$ 574,989</u>	<u>\$ 574,989</u>

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

	<u>Internal Service Charges</u>
General Fund	\$ 424,850
Parks Fund	120,375
Water Fund	66,184
Wastewater Fund	35,133
Sanitation Fund	50,239
Fleet Maintenance Fund	2,603
Total	<u>\$ 699,384</u>

In 2005, the General Fund made a \$400,000 transfer to the Fleet Maintenance Fund to provide resources for fleet acquisitions. The Fleet Maintenance Fund acquires assets on behalf of other operating departments. These assets are capitalized in the fund and then allocated to the activities and functions as required for the government-wide presentation. The Fleet Maintenance Fund will recover the original acquisition costs over a period of three years in the form of increased user charges to the benefiting department. These recoveries will assist in maintaining cash resources for future fleet purchases. At December 31, 2010, the Fleet Maintenance Fund has \$410,363 of funds available under this program.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 7: INTERFUND TRANSACTIONS (Continued)

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

	<u>Mgmt Fees</u>
Water Fund	\$ 104,949
Wastewater Fund	104,949
Sanitation Fund	<u>27,481</u>
Total	<u>\$ 237,379</u>

NOTE 8: EMPLOYEE BENEFIT PLANS

The City provides pension benefits for all of its full-time police officers through a defined contribution plan. The police officers contribute 8% of their compensation to the plan, which the City matches with a 12.51% contribution. The City's contributions for each employee (and interest allocated thereon) vest at the rate of 20% per year. The City's contributions were calculated using the base salary amount of \$1,229,468. During the year ended December 31, 2010, the City contributed \$153,806, and the employees contributed \$104,033.

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 with at least one year of service and who have attained the age of twenty-one. The City contributes 5% of compensation to the plan on behalf of each qualified employee. Employees may not make contributions to this plan. Employees vest at the rate of 20% per year in contributions made by the City so that, by the fifth year of participation, they are 100% vested in all contributions made to the plan. The City's total payroll was \$4,904,401 and covered payroll was \$3,662,985 for this plan. For the year ended December 31, 2010, the City contributed \$183,149 to the plan.

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 9: RECONCILIATION OF BUDGETED REVENUE AND EXPENDITURES TO ACTUALS

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Maintenance Fund</u>	<u>Systems Fund</u>
Total Revenues -					
GAAP Basis	\$ 3,284,625	\$ 2,852,376	\$ 569,613	\$ 497,819	\$ 205,078
Dedicated Infrastructure	(86,654)	-	-	-	-
Total Revenues -					
Budget Basis	<u>\$ 3,195,271</u>	<u>\$ 2,850,876</u>	<u>\$ 569,613</u>	<u>\$ 497,819</u>	<u>\$ 205,078</u>

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Fleet Maintenance Fund</u>	<u>Information Systems Fund</u>
Total Revenues -					
GAAP Basis	\$ 3,284,625	\$ 2,852,376	\$ 569,613	\$ 497,819	\$ 205,078
Dedicated Infrastructure	(86,654)	-	-	-	-
Total Revenues -					
Budget Basis	<u>\$ 3,195,271</u>	<u>\$ 2,850,876</u>	<u>\$ 569,613</u>	<u>\$ 497,819</u>	<u>\$ 205,078</u>

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 10: RISK MANAGEMENT (Continued)

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

The City carries commercial insurance for workers compensation claims.

NOTE 11: COMMITMENTS AND CONTINGENCIES

TABOR Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2010, the emergency reserve of \$439,000 was recorded in the General Fund.

2011 Budget Designations

Through the adoption of the 2011 budget, the City has committed the following resources:

General Fund	\$ 469,496
Street Improvement Fund	2,555,018
Conservation Trust Fund	124,721
Visitor Improvement Fund	174,766
Downtown Development Authority Fund	98,701
Capital Fund	1,924,044
Energy Efficiency Fund	97,869
Water Fund	1,944,692
Wastewater Fund	828,265
Sanitation Fund	156,222
Information Technology Fund	19,234

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 12: RATE MAINTENANCE

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

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

	Water Fund	Wastewater Fund
<u>Revenues</u>		
Operating Revenues	\$ 2,473,044	\$ 2,463,169
System Improvement Fees	200,006	137,893
(Water Improvement not to exceed 15% of total revenues)		
Investment Earnings	52,483	13,759
Cash in Lieu of Fees	450	-
State Grants	288,584	200,000
Other Revenues	80,704	1,055
Total Revenues	3,095,271	2,815,876
<u>Expenses</u>		
Operating Expenses	(2,562,244)	(2,402,798)
Less: Discretionary Internal Charges		
(Management Fees, Fleet Maintenance, Information Systems)	171,133	140,083
Less: Depreciation	820,345	1,035,527
Net Expenses	(1,570,766)	(1,227,188)
Net Revenues	1,524,505	1,588,688
<u>Debt Service Requirements (Parity and Subordinate)</u>		
2004 DOLA Note Payable	-	64,480
2007 CWRPDA Note Payable	-	1,351,749
1994 CWRPDA Note Payable	103,506	-
2003 CWRPDA Note Payable	110,902	-
1982 CWCB Note Payable	15,156	-
Meter Retrofit Lease Payable	105,018	-
Total Debt Service	334,582	1,416,229
Required Coverage	110%	110%
(Water 100% without System Improvement Fees)		
Debt Service Coverage Amount	368,040	1,557,852
Net Revenue Excess (Shortfall)	\$ 1,156,465	\$ 30,836

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OTHER SUPPLEMENTARY INFORMATION

CITY OF RIFLE, COLORADO

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

With Comparative Totals for December 31, 2009

	<u>STREET IMPROVEMENT</u>	<u>CONSERVATION TRUST</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>VISITOR IMPROVEMENT</u>	<u>DOWNTOWN DEVELOPMENT</u>
ASSETS					
Cash and Investments	\$ 2,315,001	\$ 187,610	\$ 151,857	\$ 204,986	\$ 92,305
Cash with Fiscal Agent	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	59,650
Special Assessments Receivable	164,541	-	-	-	-
Other Receivable	138,072	-	-	7,337	-
Prepaid Expenses	220	-	-	-	-
Advance to Other Funds	-	-	111,200	-	-
Due from Other Governments	19,245	-	-	-	145
Restricted Cash and Investments	1,330,431	-	-	-	12,319
TOTAL ASSETS	\$ 3,967,510	\$ 187,610	\$ 263,057	\$ 212,323	\$ 164,419
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 183,878	\$ -	\$ -	\$ 967	\$ 104
Accrued Wages & Comp. Absences	641	-	-	-	-
Advances from Other Funds	201,200	-	-	-	-
Deferred Revenue	164,541	-	-	-	59,650
TOTAL LIABILITIES	550,260	-	-	967	59,754
FUND BALANCE					
Reserved for:					
Interfund Advances	-	-	111,200	-	-
Prepays	220	-	-	-	-
Unreserved reported in					
Special Revenue Funds	-				
Designated for Sub. Year's Expenditures	2,555,018	124,721	-	174,766	98,701
Undesignated	862,012	62,889	151,857	36,590	5,964
TOTAL FUND BALANCE	3,417,250	187,610	263,057	211,356	104,665
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,967,510	\$ 187,610	\$ 263,057	\$ 212,323	\$ 164,419

See the accompanying Independent Auditors' Report

RIFLE INFORMATION CENTER	ENERGY EFFICIENCY	URBAN RENEWAL AUTHORITY	TOTALS	
			2010	2009
\$ 290,690	\$ 88,737	\$ 18,894	\$ 3,350,080	\$ 3,855,821
-	-	-	-	-
-	-	-	59,650	58,369
-	-	-	164,541	207,181
20,715	-	-	166,124	132,334
-	-	-	220	-
-	-	-	111,200	139,000
-	9,132	-	28,522	132,136
-	-	-	1,342,750	1,343,736
<u>\$ 311,405</u>	<u>\$ 97,869</u>	<u>\$ 18,894</u>	<u>\$ 5,223,087</u>	<u>\$ 5,868,577</u>
\$ -	\$ -	\$ -	\$ 184,949	\$ 90,277
-	-	-	641	799
10,679	-	120,000	331,879	396,922
-	-	-	224,191	265,550
<u>10,679</u>	<u>-</u>	<u>120,000</u>	<u>741,660</u>	<u>753,548</u>
-	-	-	111,200	139,000
-	-	-	220	-
-	97,869	-	3,051,075	-
<u>300,726</u>	<u>-</u>	<u>(101,106)</u>	<u>1,318,932</u>	<u>4,976,029</u>
<u>300,726</u>	<u>97,869</u>	<u>(101,106)</u>	<u>4,481,427</u>	<u>5,115,029</u>
<u>\$ 311,405</u>	<u>\$ 97,869</u>	<u>\$ 18,894</u>	<u>\$ 5,223,087</u>	<u>\$ 5,868,577</u>

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2010
 With Comparative Totals for the Year Ended December 31, 2009

	<u>STREET IMPROVEMENT</u>	<u>CONSERVATION TRUST</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>VISITOR IMPROVEMENT</u>	<u>DOWNTOWN DEVELOPMENT</u>
REVENUES					
Taxes	\$ 1,015,723	\$ -	\$ -	\$ 132,574	\$ 59,434
Special Assessments	56,122	-	-	-	-
Intergovernmental	-	82,689	-	-	-
Charges for Services	25,056	-	-	-	7,500
Miscellaneous	38,437	3,915	202,649	1,350	1,086
TOTAL REVENUES	1,135,338	86,604	202,649	133,924	68,020
EXPENDITURES					
Public Works	101,411	-	-	-	-
Economic Development and Assistance	-	-	24,965	90,007	44,567
Capital Outlay	1,065,156	-	302,599	-	29,256
Debt Service	376,801	-	-	-	-
TOTAL EXPENDITURES	1,543,368	-	327,564	90,007	73,823
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(408,030)</u>	<u>86,604</u>	<u>(124,915)</u>	<u>43,917</u>	<u>(5,803)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	9,000
Transfers Out	(25,374)	(260,000)	-	(10,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,374)</u>	<u>(260,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>9,000</u>
CHANGE IN FUND BALANCES	(433,404)	(173,396)	(124,915)	33,917	3,197
FUND BALANCE (DEFICIT), Beginning	3,850,654	361,006	387,972	177,439	101,468
FUND BALANCE (DEFICIT), Ending	<u>\$ 3,417,250</u>	<u>\$ 187,610</u>	<u>\$ 263,057</u>	<u>\$ 211,356</u>	<u>\$ 104,665</u>

See the accompanying Independent Auditors' Report.

RIFLE INFORMATION CENTER	ENERGY EFFICIENCY	URBAN RENEWAL AUTHORITY	TOTALS	
			2010	2009
\$ 167,834	\$ -	\$ -	\$ 1,375,565	\$ 1,383,815
-	-	-	56,122	70,515
-	47,931	-	130,620	709,532
-	-	-	32,556	27,614
<u>2,137</u>	<u>862</u>	<u>162</u>	<u>250,598</u>	<u>100,213</u>
169,971	48,793	162	1,845,461	2,291,689
-	-	-	101,411	478,224
103,163	-	2,086	264,788	372,548
-	52,231	-	1,449,242	552,442
<u>447</u>	<u>-</u>	<u>-</u>	<u>377,248</u>	<u>380,546</u>
103,610	52,231	2,086	2,192,689	1,783,760
<u>66,361</u>	<u>(3,438)</u>	<u>(1,924)</u>	<u>(347,228)</u>	<u>507,929</u>
-	-	-	9,000	132,762
-	-	-	(295,374)	(180,636)
-	-	-	(286,374)	(47,874)
66,361	(3,438)	(1,924)	(633,602)	460,055
<u>234,365</u>	<u>101,307</u>	<u>(99,182)</u>	<u>5,115,029</u>	<u>4,654,974</u>
<u>\$ 300,726</u>	<u>\$ 97,869</u>	<u>\$ (101,106)</u>	<u>\$ 4,481,427</u>	<u>\$ 5,115,029</u>

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SPECIAL REVENUE FUNDS

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

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

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

Economic Development Fund -- This fund receives sewer line recovery fees and other designated income to be used for economic development.

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

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

Rifle Information Center Fund -- This fund accounts for the operations of the City information center.

Energy Efficiency Fund -- This fund accounts for the activity of any Energy Efficiency Grants awarded the City.

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			2009 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 1,104,733	\$ 1,015,723	\$ (89,010)	\$ 996,681
Special Assessments	69,000	56,122	(12,878)	70,515
Intergovernmental	342,976	-	(342,976)	617,038
Charges for Services	27,000	25,056	(1,944)	27,614
Miscellaneous	69,825	38,437	(31,388)	84,212
TOTAL REVENUES	<u>1,613,534</u>	<u>1,135,338</u>	<u>(478,196)</u>	<u>1,796,060</u>
EXPENDITURES				
Public Works	1,139,873	101,411	1,038,462	478,224
Capital Outlay	2,304,500	1,065,156	1,239,344	534,698
Debt Service	376,651	376,801	(150)	379,751
TOTAL EXPENDITURES	<u>3,821,024</u>	<u>1,543,368</u>	<u>2,277,656</u>	<u>1,392,673</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(2,207,490)	(408,030)	1,799,460	403,387
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	23,762
Transfers Out	(75,674)	(25,374)	50,300	(25,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(75,674)</u>	<u>(25,374)</u>	<u>50,300</u>	<u>(1,612)</u>
CHANGE IN FUND BALANCE	(2,283,164)	(433,404)	1,849,760	401,775
FUND BALANCE, Beginning	<u>3,944,690</u>	<u>3,850,654</u>	<u>(94,036)</u>	<u>3,448,879</u>
FUND BALANCE, Ending	<u>\$ 1,661,526</u>	<u>\$ 3,417,250</u>	<u>\$ 1,755,724</u>	<u>\$ 3,850,654</u>

The accompanying notes are an integral part of the financial statements

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 85,000	\$ 82,689	\$ (2,311)	\$ 85,583
Miscellaneous	4,176	3,915	(261)	4,023
TOTAL REVENUES	89,176	86,604	(2,572)	89,606
OTHER FINANCING SOURCES (USES)				
Transfers Out	(260,000)	(260,000)	-	-
CHANGE IN FUND BALANCE	(170,824)	(173,396)	(2,572)	89,606
FUND BALANCE, Beginning	359,591	361,006	1,415	271,400
FUND BALANCE, Ending	<u>\$ 188,767</u>	<u>\$ 187,610</u>	<u>\$ (1,157)</u>	<u>\$ 361,006</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 2,035,765	\$ -	\$ (2,035,765)	\$ -
Miscellaneous	1,530,911	202,649	(1,328,262)	3,220
TOTAL REVENUES	3,566,676	202,649	(3,364,027)	3,220
EXPENDITURES				
Economic Development and Assistance	449,000	24,965	424,035	44,453
Capital Outlay	3,625,000	302,599	3,322,401	7,144
Contingency Reserve	150,000	-	150,000	-
TOTAL EXPENDITURES	4,224,000	327,564	3,896,436	51,597
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(657,324)	(124,915)	532,409	(48,377)
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	-	(500,000)	-
CHANGE IN FUND BALANCE	(157,324)	(124,915)	32,409	(48,377)
FUND BALANCE, Beginning	529,121	387,972	(141,149)	436,349
FUND BALANCE, Ending	\$ 371,797	\$ 263,057	\$ (108,740)	\$ 387,972

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

BUDGETARY COMPARISON SCHEDULE FOR THE
VISITOR IMPROVEMENT FUND

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 170,000	\$ 132,574	\$ (37,426)	\$ 173,303
Miscellaneous	1,151	1,350	199	1,646
TOTAL REVENUES	171,151	133,924	(37,227)	174,949
EXPENDITURES				
Economic Development and Assistance	182,500	90,007	92,493	115,466
Contingency Reserve	155,755	-	155,755	-
TOTAL EXPENDITURES	338,255	90,007	248,248	115,466
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(167,104)	43,917	211,021	59,483
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(10,000)	(10,000)	(30,756)
CHANGE IN FUND BALANCE	(167,104)	33,917	201,021	28,727
FUND BALANCE, Beginning	172,239	177,439	5,200	148,712
FUND BALANCE, Ending	\$ 5,135	\$ 211,356	\$ 206,221	\$ 177,439

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			2009 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 62,145	\$ 59,434	\$ (2,711)	\$ 48,946
Intergovernmental	-	-	-	6,911
Charges for Services	-	7,500	7,500	-
Miscellaneous	3,742	1,086	(2,656)	2,304
TOTAL REVENUES	65,887	68,020	2,133	58,161
EXPENDITURES				
Economic Development and Assistance	46,738	44,567	2,171	51,847
Capital Outlay	88,000	29,256	58,744	10,600
Contingency Reserve	30,000	-	30,000	-
TOTAL EXPENDITURES	164,738	73,823	90,915	62,447
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(98,851)	(5,803)	93,048	(4,286)
OTHER FINANCING SOURCES (USES)				
Transfers In	9,000	9,000	-	9,000
Transfers Out	-	-	-	(124,506)
TOTAL OTHER FINANCING SOURCES (USES)	9,000	9,000	-	(115,506)
CHANGE IN FUND BALANCE	(89,851)	3,197	93,048	(119,792)
FUND BALANCE, Beginning	107,506	101,468	(6,038)	221,260
FUND BALANCE, Ending	\$ 17,655	\$ 104,665	\$ 87,010	\$ 101,468

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 185,827	\$ 167,834	\$ (17,993)	\$ 164,885
Miscellaneous	4,729	2,137	(2,592)	3,265
TOTAL REVENUES	190,556	169,971	(20,585)	168,150
EXPENDITURES				
Economic Development and Assistance	143,429	103,163	40,266	137,493
Debt Service	15,190	447	14,743	795
TOTAL EXPENDITURES	158,619	103,610	55,009	138,288
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	31,937	66,361	34,424	29,862
FUND BALANCE (DEFICIT), Beginning	242,104	234,365	(7,739)	204,503
FUND BALANCE (DEFICIT), Ending	\$ 274,041	\$ 300,726	\$ 26,685	\$ 234,365

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

BUDGETARY COMPARISON SCHEDULE FOR THE
ENERGY EFFICIENCY FUND
 Year Ended December 31, 2010

	2010			<u>2009</u> <u>ACTUAL</u>
	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>FAV (UNFAV)</u>	
REVENUES				
Intergovernmental	\$ 60,000	\$ 47,931	\$ (12,069)	\$ -
Miscellaneous	-	862	862	1,307
TOTAL REVENUES	60,000	48,793	(11,207)	1,307
EXPENDITURES				
Capital Outlay	60,000	52,231	7,769	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	(3,438)	(3,438)	1,307
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	100,000
CHANGE IN FUND BALANCE	-	(3,438)	(3,438)	101,307
FUND BALANCE, Beginning	-	101,307	101,307	-
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 97,869</u>	<u>\$ 97,869</u>	<u>\$ 101,307</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Miscellaneous	\$ 98	\$ 162	\$ 64	\$ 236
EXPENDITURES				
Economic Development and Assistance	15,000	2,086	12,914	23,289
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(14,902)	(1,924)	12,978	(23,053)
FUND BALANCE, Beginning	28,954	(99,182)	(128,136)	(76,129)
FUND BALANCE, Ending	<u>\$ 14,052</u>	<u>\$ (101,106)</u>	<u>\$ (115,158)</u>	<u>\$ (99,182)</u>

See the accompanying Independent Auditors' Report.

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ENTERPRISE FUNDS

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

The following are the Enterprise Funds of the City:

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

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

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

CITY OF RIFLE, COLORADO

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

WATER FUND

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 2,234,596	\$ 2,247,803	\$ 13,207	\$ 2,017,033
Sale of Materials	5,000	3,722	(1,278)	5,657
Reimbursed Expenditures	30,550	68,825	38,275	37,187
Other Revenue	49,565	152,694	103,129	87,863
System Improvement Fees	170,000	200,006	30,006	405,794
Investment Earnings	97,865	52,483	(45,382)	82,611
Cash in Lieu of Fees	4,328	450	(3,878)	1,202
Federal Grants	300,000	-	(300,000)	-
State Grants	400,000	288,584	(111,416)	276,416
Other Revenues	-	80,704	80,704	-
Transfers In	135,000	100,000	(35,000)	135,000
TOTAL REVENUES	<u>3,426,904</u>	<u>3,195,271</u>	<u>(231,633)</u>	<u>3,048,763</u>
EXPENDITURES				
Personal Services	819,835	706,203	113,632	626,021
Supplies	412,000	261,408	150,592	193,457
Purchased Services	763,344	581,808	181,536	1,349,302
Other Operating Expenses	30,000	-	30,000	11
Management Fees	104,949	104,949	-	150,712
Fleet Maintenance	44,919	56,172	(11,253)	43,279
Info Tech Maintenance	10,971	10,012	959	-
Acquisition of Capital Assets	1,153,840	1,305,331	(151,491)	730,431
Debt Principal	234,776	234,776	-	269,164
Amortization of Bond Issuance Costs	1,038	1,038	-	1,038
Interest Expense	99,090	99,026	64	111,381
Transfers Out	31,790	31,790	-	31,790
TOTAL EXPENDITURES	<u>3,706,552</u>	<u>3,392,513</u>	<u>314,039</u>	<u>3,506,586</u>
NET INCOME - Budgetary Basis	<u>\$ (279,648)</u>	<u>(197,242)</u>	<u>\$ 82,406</u>	<u>(457,823)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		1,283,984		731,085
Dedicated Infrastructure		86,654		1,196,960
Gain (Loss) on Disposal of Fixed Assets		2,700		-
Debt Principal		234,776		269,164
Depreciation Expense		(820,345)		(778,840)
NET INCOME - GAAP Basis		590,527		960,546
NET ASSETS, Beginning		<u>25,359,033</u>		<u>24,398,487</u>
NET ASSETS, Ending		<u>\$ 25,949,560</u>		<u>\$ 25,359,033</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

WASTEWATER FUND

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 2,386,353	\$ 2,411,271	\$ 24,918	\$ 2,410,090
Other Operating Revenues	55,908	51,898	(4,010)	77,785
System Improvement Fees	162,500	137,893	(24,607)	382,931
Investment Earnings	66,895	13,759	(53,136)	40,719
State Grants	-	200,000	200,000	300,264
Proceeds from Long Term Debt	35,614	-	(35,614)	-
Transfers In	35,000	35,000	-	35,000
Other Revenues	-	1,055	1,055	43,973
TOTAL REVENUES	<u>2,742,270</u>	<u>2,850,876</u>	<u>108,606</u>	<u>3,290,762</u>
EXPENDITURES				
Personal Services	472,426	444,427	27,999	445,810
Supplies	116,550	165,325	(48,775)	119,066
Purchased Services	479,732	617,436	(137,704)	312,539
Other Operating Expenses	140,600	-	140,600	28
Management Fees	104,949	104,949	-	105,311
Fleet Maintenance	12,008	20,115	(8,107)	9,835
Info Tech Maintenance	16,457	15,019	1,438	-
Acquisition of Capital Assets	777,400	695,936	81,464	9,983,840
Amortization of Bond Issuance Costs	952	952	-	952
Debt Principal	690,432	776,568	(86,136)	737,513
Interest Expense	652,347	255,506	396,841	641,207
Transfers Out	31,790	31,790	-	31,790
Other Expenses	20,000	-	20,000	-
TOTAL EXPENDITURES	<u>3,515,643</u>	<u>3,128,023</u>	<u>387,620</u>	<u>12,387,891</u>
NET INCOME - Budgetary Basis	<u>\$ (773,373)</u>	<u>(277,147)</u>	<u>\$ 496,226</u>	<u>(9,097,129)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		695,936		10,012,552
Dedicated Infrastructure		-		762,713
Debt Principal		776,568		737,513
Gain (Loss) on Disposal of Fixed Assets		1,500		-
Depreciation Expense		(1,035,527)		(837,017)
NET INCOME - GAAP Basis		161,330		1,578,632
NET ASSETS, Beginning		<u>19,326,979</u>		<u>17,748,347</u>
NET ASSETS, Ending		<u>\$ 19,488,309</u>		<u>\$ 19,326,979</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

SANITATION FUND

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 578,566	\$ 563,804	\$ (14,762)	\$ 563,976
Sale of Materials	-	-	-	210
Other Revenue	2,190	2,315	125	2,332
Investment Earnings	3,176	2,699	(477)	3,048
Other Revenues	-	795	795	-
TOTAL REVENUES	<u>583,932</u>	<u>569,613</u>	<u>(14,319)</u>	<u>569,566</u>
EXPENDITURES				
Personal Services	114,717	94,308	20,409	140,277
Supplies	16,000	13,597	2,403	4,416
Purchased Services	255,216	272,848	(17,632)	225,342
Other Operating Expenses	500	-	500	28
Management Fees	27,481	27,481	-	40,000
Fleet Maintenance	46,625	47,736	(1,111)	41,164
Info Tech Maintenance	2,743	2,503	240	-
Acquisition of Capital Assets	225,000	-	225,000	-
Transfers Out	9,118	9,118	-	9,118
TOTAL EXPENDITURES	<u>697,400</u>	<u>467,591</u>	<u>229,809</u>	<u>460,345</u>
NET INCOME - Budgetary Basis	<u>\$ (113,468)</u>	102,022	<u>\$ 215,490</u>	109,221
ADJUSTMENTS TO GAAP BASIS				
Depreciation Expense		<u>(76,225)</u>		<u>(76,225)</u>
NET INCOME - GAAP Basis		25,797		32,996
NET ASSETS, Beginning		<u>611,600</u>		<u>578,604</u>
NET ASSETS, Ending		<u>\$ 637,397</u>		<u>\$ 611,600</u>

See the accompanying Independent Auditors' Report.

INTERNAL SERVICE FUNDS

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

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

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

CITY OF RIFLE, COLORADO

**COMBINING STATEMENT OF NET ASSETS -
INTERNAL SERVICE FUNDS**

December 31, 2010

With Comparative Totals for December 31, 2009

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2010	2009
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 46,918	\$ 80,907	\$ 127,825	\$ 139,802
Prepaid Expenses	3,346	3,376	6,722	-
Inventory	26,894	-	26,894	26,396
TOTAL CURRENT ASSETS	77,158	84,283	161,441	166,198
PROPERTY AND EQUIPMENT	781,182	59,867	841,049	775,865
Less Accumulated Depreciation	(541,052)	(98)	(541,150)	(402,459)
NET PROPERTY AND EQUIPMENT	240,130	59,769	299,899	373,406
OTHER ASSETS				
Restricted Cash and Investments	410,363	-	410,363	256,936
TOTAL ASSETS	727,651	144,052	871,703	796,540
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	39,301	15,984	55,285	29,402
Accrued Wages & Comp. Absences	2,933	7,997	10,930	2,595
TOTAL LIABILITIES	42,234	23,981	66,215	31,997
NET ASSETS				
Invested in Capital Assets Net of Related Debt	240,130	59,769	299,899	373,406
Unrestricted	445,287	60,302	505,589	391,137
TOTAL NET ASSETS	\$ 685,417	\$ 120,071	\$ 805,488	\$ 764,543

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS**

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2010	2009
OPERATING REVENUES				
Charges for Services	\$ 495,302	\$ 204,083	\$ 699,385	\$ 297,249
TOTAL OPERATING REVENUES	495,302	204,083	699,385	297,249
OPERATING EXPENSES				
Personal Services	82,545	141,675	224,220	85,788
Supplies	235,230	2,741	237,971	184,065
Purchased Services	18,079	25,882	43,961	12,637
Other Expenses	-	14,505	14,505	-
Fleet Maintenance	100	-	100	7,369
Info Tech Maintenance	2,503	-	2,503	-
Depreciation	138,594	98	138,692	141,608
TOTAL OPERATING EXPENSES	477,051	184,901	661,952	431,467
NET INCOME (LOSS) FROM OPERATIONS	18,251	19,182	37,433	(134,218)
OTHER INCOME (EXPENSE)				
Investment Earnings	2,255	961	3,216	3,944
Other Revenues	262	34	296	-
OTHER INCOME (EXPENSE)	2,517	995	3,512	3,944
NET INCOME (LOSS) BEFORE TRANSFERS	20,768	20,177	40,945	(130,274)
TRANSFERS				
Transfers In	-	-	-	100,000
NET INCOME (LOSS)	20,768	20,177	40,945	(30,274)
NET ASSETS, Beginning	664,649	99,894	764,543	794,817
NET ASSETS, Ending	\$ 685,417	\$ 120,071	\$ 805,488	\$ 764,543

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS**

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTAL	
			2010	2009
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 495,302	\$ 204,083	\$ 699,385	\$ 298,382
Cash Payments to Suppliers and Employees	(332,064)	(164,198)	(496,262)	(320,968)
Net Cash Provided by Operating Activities	<u>163,238</u>	<u>39,885</u>	<u>203,123</u>	<u>(22,586)</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	<u>(5,318)</u>	<u>(59,867)</u>	<u>(65,185)</u>	<u>(33,452)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	262	34	296	-
Transfers - Net	-	-	-	100,000
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>262</u>	<u>34</u>	<u>296</u>	<u>100,000</u>
Cash Flows From Investing Activities:				
Investment Income	<u>2,255</u>	<u>961</u>	<u>3,216</u>	<u>3,944</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	160,437	(18,987)	141,450	47,906
CASH AND INVESTMENTS, Beginning	<u>296,844</u>	<u>99,894</u>	<u>396,738</u>	<u>348,832</u>
CASH AND INVESTMENTS, Ending	<u>\$ 457,281</u>	<u>\$ 80,907</u>	<u>\$ 538,188</u>	<u>\$ 396,738</u>
Cash and Investments	\$ 46,918	\$ 80,907	\$ 127,825	\$ 139,802
Restricted Cash and Investments	410,363	-	410,363	256,936
TOTAL CASH AND INVESTMENTS	<u>\$ 457,281</u>	<u>\$ 80,907</u>	<u>\$ 538,188</u>	<u>\$ 396,738</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	<u>\$ 18,251</u>	<u>\$ 19,182</u>	<u>\$ 37,433</u>	<u>\$ (134,218)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	138,594	98	138,692	141,608
(Increase) Decrease in:				
Other Receivable	-	-	-	1,133
Prepaid Expenses	(3,346)	(3,376)	(6,722)	1,644
Inventory	(499)	-	(499)	382
Increase (Decrease) in:				
Accounts Payable	9,900	15,984	25,884	(31,535)
Accrued Wages & Comp. Absences	338	7,997	8,335	(1,600)
Total Adjustments	<u>144,987</u>	<u>20,703</u>	<u>165,690</u>	<u>111,632</u>
Net Cash Provided by Operating Activities	<u>\$ 163,238</u>	<u>\$ 39,885</u>	<u>\$ 203,123</u>	<u>\$ (22,586)</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

FLEET MAINTENANCE FUND

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2009 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 546,874	\$ 495,302	\$ (51,572)	\$ 297,249
Investment Earnings	18,883	2,255	(16,628)	4,050
Other Revenues	-	262	262	-
TOTAL REVENUES	<u>565,757</u>	<u>497,819</u>	<u>(67,938)</u>	<u>301,299</u>
EXPENDITURES				
Personal Services	78,657	82,545	(3,888)	85,788
Supplies	213,500	235,230	(21,730)	184,065
Purchased Services	19,050	18,079	971	12,637
Fleet Maintenance	8,000	100	7,900	7,369
Info Tech Maintenance	2,743	2,503	240	-
Acquisition of Capital Assets	34,000	65,185	(31,185)	33,452
TOTAL EXPENDITURES	<u>355,950</u>	<u>403,642</u>	<u>(47,692)</u>	<u>323,311</u>
NET INCOME - Budgetary Basis	<u>\$ 209,807</u>	94,177	<u>\$ (115,630)</u>	(22,012)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		65,185		33,452
Depreciation Expense		(138,594)		(141,608)
NET INCOME - GAAP Basis		20,768		(130,168)
NET ASSETS, Beginning		<u>664,649</u>		<u>794,817</u>
NET ASSETS, Ending		<u>\$ 685,417</u>		<u>\$ 664,649</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	2010			2009 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 221,871	\$ 204,083	\$ (17,788)	\$ -
Investment Earnings	1,800	961	(839)	(106)
Other Revenues	-	34	34	-
Transfers In	-	-	-	100,000
TOTAL REVENUES	223,671	205,078	(18,593)	99,894
EXPENDITURES				
Personal Services	155,458	141,675	13,783	-
Supplies	11,000	2,741	8,259	-
Purchased Services	22,100	25,882	(3,782)	-
Other Expenses	13,900	14,505	(605)	-
Acquisition of Capital Assets	60,000	59,769	231	-
TOTAL EXPENDITURES	262,458	244,572	17,886	-
NET INCOME - Budgetary Basis	<u>\$ (38,787)</u>	(39,494)	<u>\$ (707)</u>	99,894
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		59,769		-
Depreciation Expense		(98)		-
NET INCOME - GAAP Basis		20,177		99,894
NET ASSETS, Beginning		99,894		-
NET ASSETS, Ending		<u>\$ 120,071</u>		<u>\$ 99,894</u>

See the accompanying Independent Auditors' Report.

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF RIFLE
		YEAR ENDING : December 2010
This Information From The Records Of:	City of Rifle	Prepared By: Charles Kelty, Finance Director Phone: 970.665.6449

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,166,667
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	636,944
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,829
2. General fund appropriations	697,476	b. Snow and ice removal	36,124
3. Other local imposts (from page 2)	1,547,579	c. Other	125,558
4. Miscellaneous local receipts (from page 2)	189,881	d. Total (a. through c.)	168,511
5. Transfers from toll facilities	0	4. General administration & miscellaneous	230,765
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	835,930
a. Bonds - Original Issues	0	6. Total (1 through 5)	3,038,817
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	106,801
7. Total (1 through 6)	2,434,936	b. Redemption	270,000
B. Private Contributions	212,687	c. Total (a. + b.)	376,801
C. Receipts from State government (from page 2)	334,491	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	2,982,114	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	376,801
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	3,415,618

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,830,000		270,000	2,560,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,850,654	2,982,114	3,415,618	3,417,150	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2010

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	55,193	a. Interest on investments	38,406
b. Other local imposts:		b. Traffic Fines & Penalties	151,443
1. Sales Taxes	1,016,652	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	25,056	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	450,678	g. Other Misc. Receipts	32
6. Total (1. through 5.)	1,492,386	h. Other	0
c. Total (a. + b.)	1,547,579	i. Total (a. through h.)	189,881
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	297,808	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	36,683	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	36,683	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	334,491	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		101,511	101,511
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		980,079	980,079
(4). System Enhancement & Operation		85,077	85,077
(5). Total Construction (1) + (2) + (3) + (4)	0	1,065,156	1,065,156
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,166,667	1,166,667
			(Carry forward to page 1)

Notes and Comments: