

**CITY OF RIFLE, COLORADO**  
**BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**CITY OF RIFLE, COLORADO**  
**ROSTER OF CITY OFFICIALS**  
**DECEMBER 31, 2009**

**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, 2009

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, 2009. 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 2009 by \$105,672 (net assets). Of this amount, \$25,916 may be used to meet the government's ongoing obligations.
- Total net assets, city-wide, increased by \$6,341 or 6%.
- The General Fund received an energy impact severance tax payment of \$968 in 2009, a decrease from the \$1,083 received in 2008. These funds are intended to help the City deal with impacts of the energy industry.
- As of December 31, 2009, combined governmental fund balances totaled \$18,348, a decrease of \$3,480 from the prior year.
- General fund unreserved, undesignated fund balance at December 31, 2009 was \$4,562 or 57% of total general fund expenditures.
- The business-type activities net assets increased \$2,572 to \$45,298 during the year.
- Unrestricted net assets for the business-type activities decreased \$1,686; Water Fund decreased \$205; Sewer Fund decreased \$1,591; and Sanitation Fund increased \$110.

### **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 six non-major funds into a single, aggregated presentation. The City's major governmental funds are the General, Street Improvement, Capital Improvement, and Parks and Recreation. The non-major funds are 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 3-9 of this report. The basic governmental financial statements for the non-major funds are found on pages 36-44.

**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 an internal service fund to account for its fleet maintenance operations. Additionally, at the end of 2009 a new internal service fund was created to account for its 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 an internal service Fleet Maintenance Fund 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 10-12 of this report. The changes in net assets – budget and actual reports are shown on pages 45-47.

**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 13-14.

**Notes to the Financial Statements** – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-35 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 36-44 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 53-54.

**Federal Compliance (Single Audit)** – Also included in this year’s audit is the Federal Compliance (Single Audit) Report which is shown on pages 55-56.

### 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 2009 as compared to 2008.

<b>SUMMARY OF NET ASSETS</b>						
<b>December 31, 2009 and 2008</b>						
<b>In Thousands of Dollars</b>						
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Current and other assets	\$ 21,333	\$ 24,745	\$ 10,682	\$ 21,691	\$ 32,015	\$ 46,436
Capital assets (net)	48,573	43,363	57,386	46,381	105,959	89,744
<b>Total assets</b>	<b>69,906</b>	<b>68,108</b>	<b>68,068</b>	<b>68,072</b>	<b>137,974</b>	<b>136,180</b>
Other liabilities	3,204	4,490	3,259	4,304	6,463	8,793
Long-term liabilities	6,327	7,012	19,511	21,290	25,838	28,302
<b>Total liabilities</b>	<b>9,532</b>	<b>11,502</b>	<b>22,770</b>	<b>25,593</b>	<b>32,302</b>	<b>37,095</b>
Net assets:						
Invested in capital assets net of related debt	41,993	36,105	36,900	32,640	78,892	68,745
Restricted	865	1,098	-	-	865	1,098
Unrestricted	17,517	19,404	8,398	10,085	25,916	29,489
<b>Total net assets</b>	<b>\$ 60,375</b>	<b>\$ 56,606</b>	<b>\$ 45,298</b>	<b>\$ 42,725</b>	<b>\$ 105,672</b>	<b>\$ 99,332</b>

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 2009 by \$105,672.

At the end of 2009, 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.

As mentioned earlier, total net assets for the City as a whole increased by \$6,341 or 6%.

The largest portion of the City's net assets (75%) 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 \$5,888 or 16%. This increase was primarily due to construction of a Parks Maintenance building and Centennial Park Improvements, land development, street overlays, drainage improvements, and equipment purchases during 2009.

Business-type activities investment in capital assets net of related debt increased \$4,506 or 14%. This increase was a result of water and sewer infrastructure improvements. Additionally, the City of Rifle continued construction of a new Wastewater Treatment Facility Plant which was started in 2007.

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 \$233 or 21% 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 2009.

The remaining balance of net assets (unrestricted net assets) totals \$25,916. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

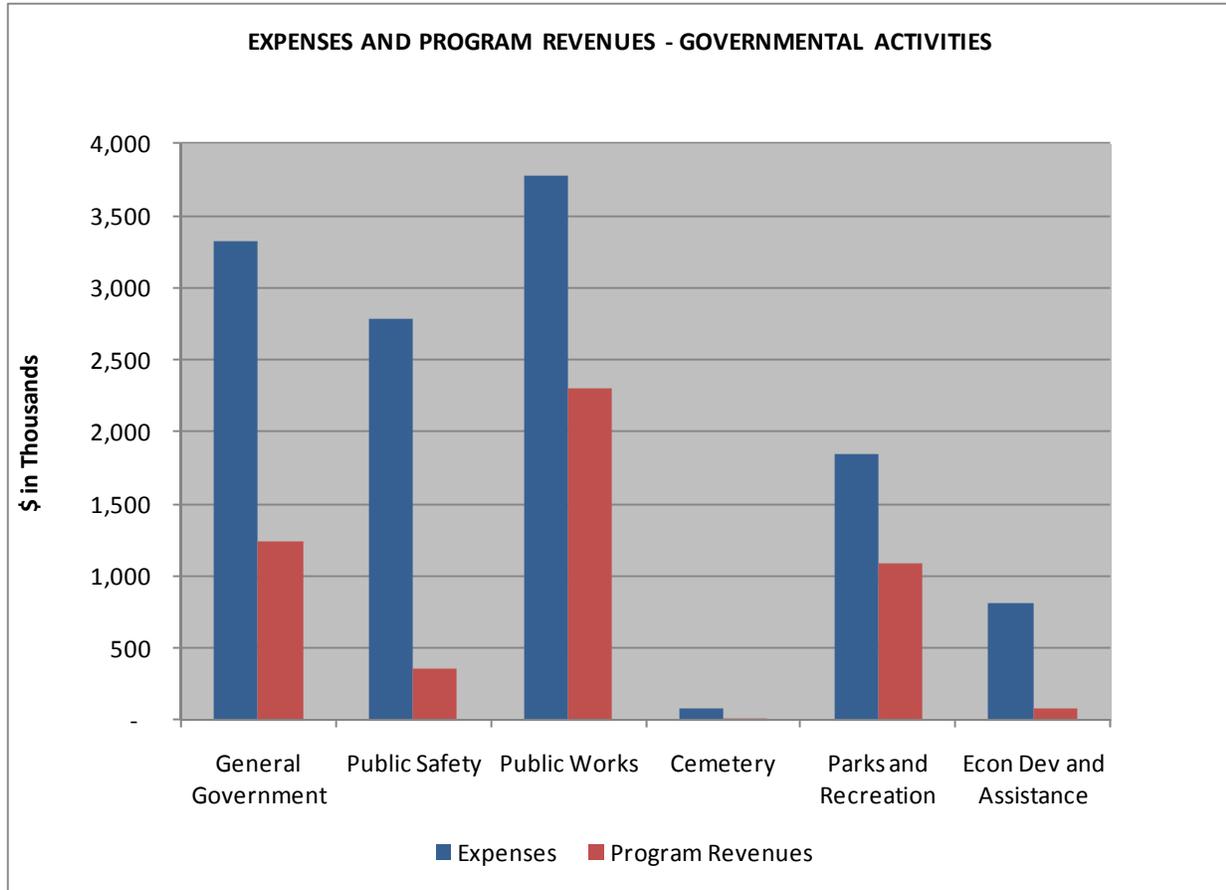
Unrestricted net assets for the governmental activities decreased \$1,886 or 10%. This decrease was primarily due to the economic downturn or recession the City experienced during the year. As a result, there was a reduction in sales tax revenues and building related revenues. Unrestricted Net Assets in business-type activities decreased \$1,687 or 17%. The primary reason for this decrease is because of the Wastewater Treatment Facility Plant construction project costs incurred during the year.

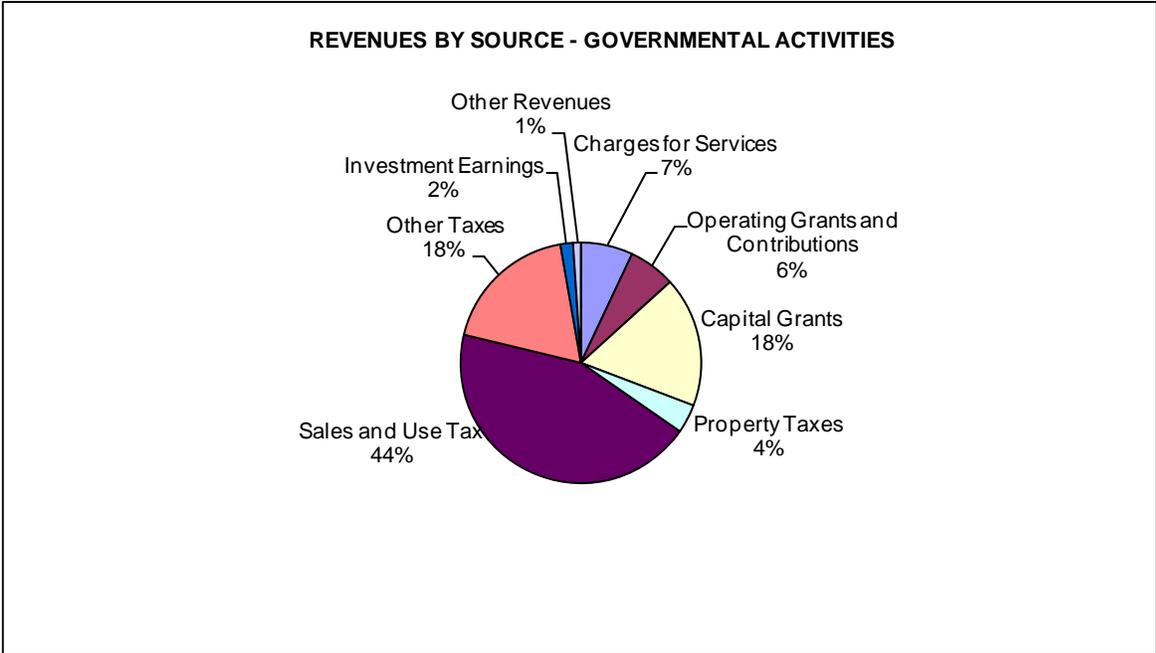
## Changes in Net Assets

The following shows the detail of the City's changes in net assets for the year ended December 31, 2009.

	SUMMARY OF CHANGES IN NET ASSETS					
	For Years Ended December 31, 2009 and 2008					
	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 1,155,098	\$ 1,708,348	\$ 5,202,133	\$ 5,549,876	\$ 6,357,231	\$ 7,258,224
Operating grants and contributions	1,031,605	1,368,479	-	-	1,031,605	1,368,479
Capital grants and contributions	2,883,235	5,506,595	3,326,280	6,090,576	6,209,515	11,597,171
General Revenues:						
Property taxes	639,484	591,290	-	-	639,484	591,290
Sales and use taxes	7,267,335	10,267,956	-	-	7,267,335	10,267,956
Other taxes	3,046,632	2,133,186	-	-	3,046,632	2,133,186
Investment earnings	278,510	751,272	126,378	317,072	404,888	1,068,344
Other revenues	174,012	(1,794)	78,634	(213,644)	252,646	(215,438)
Total revenues	<u>16,475,911</u>	<u>22,325,332</u>	<u>8,733,425</u>	<u>11,743,880</u>	<u>25,209,336</u>	<u>34,069,212</u>
<b>EXPENSES</b>						
General government	3,320,874	3,491,166	-	-	3,320,874	3,491,166
Public Safety	2,780,524	2,731,400	-	-	2,780,524	2,731,400
Public Works	3,772,576	2,644,399	-	-	3,772,576	2,644,399
Cemetery	74,246	85,182	-	-	74,246	85,182
Parks and recreation	1,845,145	1,759,994	-	-	1,845,145	1,759,994
Economic development and assistance	816,803	797,790	-	-	816,803	797,790
Interest Expense	-	52,105	-	-	-	-
Water operations	-	-	3,253,387	2,849,576	3,253,387	2,849,576
Sewer operations	-	-	2,477,714	1,550,091	2,477,714	1,550,091
Sanitation operations	-	-	527,452	564,522	527,452	564,522
Total expenses	<u>12,610,168</u>	<u>11,562,036</u>	<u>6,258,553</u>	<u>4,964,189</u>	<u>18,868,721</u>	<u>16,474,120</u>
Increase in net assets before transfers	3,865,743	10,763,296	2,474,872	6,779,691	6,340,615	17,595,092
Transfers	(97,302)	(31,252)	97,302	31,252	-	-
Increase in net assets	<u>3,768,441</u>	<u>10,732,044</u>	<u>2,572,174</u>	<u>6,810,943</u>	<u>6,340,615</u>	<u>17,595,092</u>
Net assets, Beginning of year	<u>56,606,360</u>	<u>45,874,316</u>	<u>42,725,438</u>	<u>35,914,495</u>	<u>99,331,798</u>	<u>81,788,811</u>
Net assets, end of year	<u>\$ 60,374,801</u>	<u>\$ 56,606,360</u>	<u>\$ 45,297,612</u>	<u>\$ 42,725,438</u>	<u>\$ 105,672,413</u>	<u>\$ 99,383,903</u>

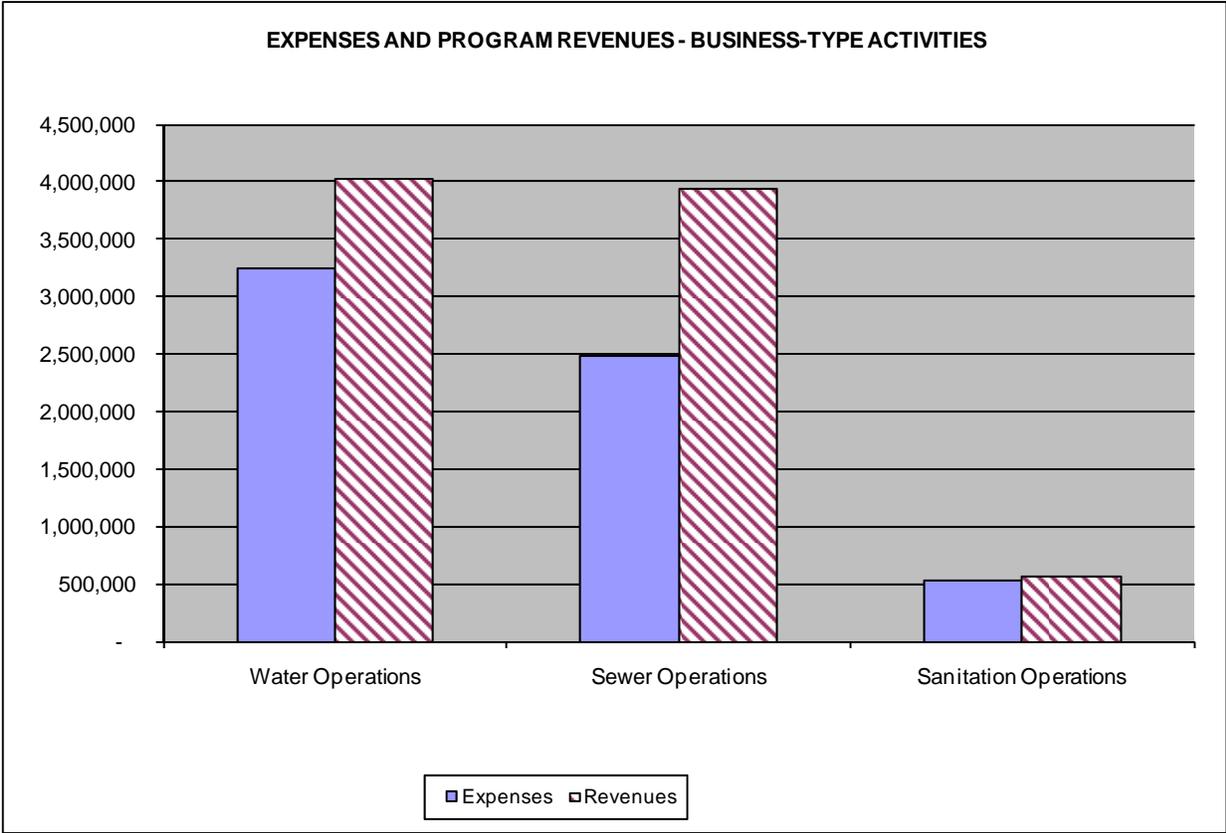
## Governmental Activities



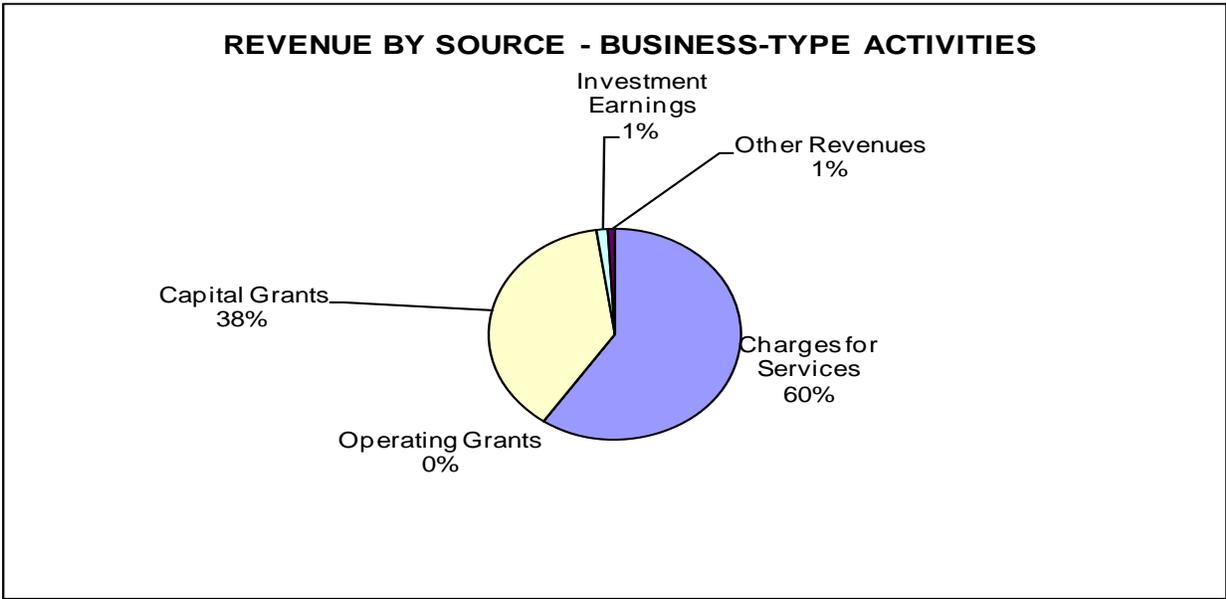


**Business-Type Activities**

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 and Sewer Fund. However, the Sanitation Fund program revenues slightly exceeded program expenses. This shows that two of the three funds are supporting themselves. 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: sixty percent (60%) of collected revenues are from service related charges.



## 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 \$6,540 for capital assets acquired in 2009 (page 4) are not reflected in the *Statement of Activities*.

At year-end 2009, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 3) reported a combined fund balance of \$18,348, a decrease of \$2,173 or 11% from the prior year. The General Fund balance increased \$111 or 2%. The Street Improvement Fund balance increased \$402 or 12%. The Parks and Recreation Fund balance decreased \$3,421 or 58%. The Parks and Recreation Fund decreased due to major park improvements, as well as the Parks Maintenance Building construction project.

The General Fund unreserved, undesignated fund balance at December 31, 2009 was \$4,562 or 57% of annual expenditures. Undesignated fund balance increased \$384,000. 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 \$794 or 9%.

General Fund revenues decreased by \$1,828 or 16% primarily due to reduced sales taxes, building and motor vehicle use taxes, and license and permit revenues.

General Fund expenditures decreased \$794 or 9% in 2009 primarily due to reduced capital outlay costs and operating transfers.

The Street Improvement Fund revenues decreased \$1,320 or 42% in 2009 primarily due to sales and use tax revenue and transfers in from other funds decreased.

The Street Improvement Fund's expenditures vary depending on planned public work projects. In 2009, the City completed major street overlays (\$373), sidewalk and concrete repairs (\$7), 4<sup>th</sup> street and Railroad Crossing traffic walkway and light (\$62), and the Fairway Ave design project (\$60).

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 2009, the Sanitation fund revenues exceeded the expenditures by \$109,221. 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 \$2,573 to \$45,298 for all proprietary funds. Investment in capital assets net of related debt represents 81% of total net assets.

**ENTERPRISE FUND NET ASSETS**  
**December 31, 2009 and 2008**  
**In Thousands of Dollars**

	<u>Water</u>		<u>Sewer</u>		<u>Sanitation</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Investment in capital assets net of related debt	\$ 19,165	\$ 18,000	\$ 17,431	\$ 14,261	\$ 303	\$ 379	\$ 36,899	32,640
Unrestricted	6,194	6,399	1,896	3,487	309	199	8,399	10,085
<b>Total net assets</b>	<b>\$ 25,359</b>	<b>\$ 24,399</b>	<b>\$ 19,327</b>	<b>\$ 17,748</b>	<b>\$ 612</b>	<b>\$ 578</b>	<b>\$ 45,298</b>	<b>\$ 42,725</b>

In the Wastewater Fund, a new treatment plant construction project was started in 2007 and is near completion. City Council increased sewer user fees in 2007 to help fund the debt needed to pay for the new wastewater treatment plant. During 2009 costs incurred in the wastewater treatment plant construction was \$9,911. A Water Treatment plant will be needed within the next 3-9 years.

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 the 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 2009, the Water and Sewer funds received \$276 and \$300 respectively in grant funds for infrastructure replacements.

In 2009, the Water, Wastewater, and Sanitation funds had a positive net income. The Water Fund had net income of \$960. The Sewer Fund had net income of \$1,579. Sanitation Fund had net income of \$33.

Total unrestricted net assets decreased \$1,687 during 2009. The Water Fund's unrestricted net assets decreased \$205; Sewer Fund decreased \$1,592; and the Sanitation Fund increased \$109.

**General Fund Budgetary Highlights**

Overall General Fund Revenues about broke even for the year. However, the national recession had an impact on Rifle during the year. Fortunately, the City has been building up its reserves for several years in preparation for a possible economic downturn. Overall, total revenues were within \$681 of budget due to additional funds received to help offset the oil and gas industry impacts to the community. However, Sales Tax revenues were lower than budget by 23% and expenditures were under budget by 5%. Management and City Council had to take some proactive steps to ensure the City ended the year on a good note. During June 2009, the General Fund operating expenses were reduced by approximately \$1.3 million dollars. Additionally, there were Severance Tax and Federal Mineral Lease revenues received of approximately \$2.5 million. Of this amount approximately \$1 million was transferred to the Capital Fund for future construction

and infrastructure projects. As a result, the General Fund unreserved fund balance increased to \$4,562 or approximately 57% of expenditures.

## Grant/Loan Commitments

The City had commitments of \$4,095,123 for capital projects in governmental fund types and \$524,779 in proprietary fund types at December 31, 2009. Future expenditures related to these commitments are expected to be financed through available resources and future revenues.

### Grant Projects as of 12/31/2009

Project Name	EIAF #	Total Project Amt	Grant Award	Grant \$ Recd	A/R at 12/31/09	Grant \$ o/s	Total City Amt	City Amt Spent	Remaining City Amt
<b>DOLA GRANTS:</b>									
Fairway Avenue and 24th Street	5416	1,000,000	500,000	257,024	0	242,976	500,000	309,729	190,271
Grant Project Coordinator	5754	140,000	70,000	62,828	5,971	1,201	70,000	70,000	0
Rifle Centennial Park	5879	3,230,697	500,000	450,000	0	50,000	2,730,697	1,169,336	1,561,361
Rifle Parks Dept Maintenance Facility	5950	3,350,000	750,000	675,000	75,000	0	2,600,000	2,600,000	0
Rifle Arterial Road Improvements (Design)	6166	1,000,000	500,000	301,901	127,835	70,264	500,000	0	500,000
Rifle Downtown Rezoning	6375	75,000	40,750	36,675	0	4,075	34,250	34,250	0
Rifle Biomass Energy Systems - Phase III	6376	47,765	35,765	0	0	35,765	12,000	0	12,000
Garfield Cty New Energy Communities Initiative	6472	729,840	330,840	30,000	0	300,840	399,000	65,573	333,427
Rifle GIS Mapping Infrastructure Upgrades	6537	180,000	120,000	0	108,000	12,000	60,000	40,368	19,632
Rifle Downtown Civic Plaza	6721	1,700,000	1,700,000	169,515	72,053	1,458,432	1,700,000	241,568	1,458,432
<b>Total Governmental Funds</b>		<b>11,453,302</b>	<b>4,547,355</b>	<b>1,982,943</b>	<b>388,859</b>	<b>2,175,554</b>	<b>8,605,947</b>	<b>4,530,824</b>	<b>4,075,123</b>
Regional Wastewater Reclamation Facility	5753	23,277,724	1,000,000	900,000	0	100,000	22,277,724	21,894,279	383,445
Rifle Wastewater Reclamation Facility	6011	1,044,440	1,000,000	900,001	0	99,999	44,281	44,281	0
Rifle Water Treatment Plant Design	6544	1,498,818	600,000	178,048	58,368	363,584	383,000	241,666	141,334
<b>Total Proprietary Funds</b>		<b>25,820,982</b>	<b>2,600,000</b>	<b>1,978,049</b>	<b>58,368</b>	<b>563,583</b>	<b>22,705,005</b>	<b>22,180,226</b>	<b>524,779</b>
<b>OTHER GRANTS:</b>									
GOCO - Centennial Park	8126	3,480,697	750,000	0	0	750,000	0	0	0
Rifle- West Garfield Co. Employee Housing		40,000	20,000	0	0	20,000	20,000	0	20,000
SSTTA Grant (CDPHE)		25,000	25,000	0	0	25,000	0	0	0
<b>Totals</b>		<b>40,794,981</b>	<b>7,917,355</b>	<b>3,960,991</b>	<b>447,227</b>	<b>3,509,137</b>	<b>31,330,952</b>	<b>26,711,050</b>	<b>4,619,902</b>

<b>Summary:</b>									
Governmental Funds		14,973,999	5,317,355	1,982,943	388,859	2,945,554	8,625,947	4,530,824	4,095,123
Proprietary Funds		25,845,982	2,625,000	1,978,049	58,368	588,583	22,705,005	22,180,226	524,779
<b>Total</b>		<b>40,819,981</b>	<b>7,942,355</b>	<b>3,960,991</b>	<b>447,227</b>	<b>3,534,137</b>	<b>31,330,952</b>	<b>26,711,050</b>	<b>4,619,902</b>

## Capital Asset and Debt Administration

Capital assets – At the end of 2009, the City had \$106,453 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 18% - a 12% increase for governmental activities and a 24% increase in business-type activities respectively.

**CAPITAL ASSETS AT YEAR-END**  
**(Net of Depreciation)**  
**As of December 31, 2009 and 2008**  
**In Thousands of Dollars**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land & Rights	\$ 2,866	\$ 2,866	\$ 1,706	\$ 1,706	\$ 4,572	\$ 4,572
Buildings	10,998	7,541	30,682	20,952	41,680	28,493
Improvements	32,939	31,069	24,230	22,666	57,169	53,735
Equipment	1,771	1,886	1,261	1,303	3,032	3,189
<b>Total</b>	<b>\$ 48,574</b>	<b>\$ 43,362</b>	<b>\$ 57,879</b>	<b>\$ 46,627</b>	<b>\$ 106,453</b>	<b>\$ 89,989</b>

Major changes in the capital assets activity include:

- Parks and equipment improvements at \$506
- Parks Maintenance Building Construction \$3,526
- Centennial Park Phase I Improvements \$1,169
- Wastewater Treatment Plant Construction \$11,155
- Water infrastructure improvements and equipment at \$1,491
- Capital purchases replacing and/or improving furniture and equipment.

**Debt administration** – At the end of 2009, the City of Rifle had a balance of \$26,818 outstanding in revenue bonds, revenue notes payable, notes payable and capital leases. The City repaid \$1,631 of its outstanding obligations.

The City has no general obligation debt at this time.

**OUTSTANDING DEBT**  
**Years Ended December 31, 2009 and 2008**  
**In Thousands of Dollars**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Revenue bonds and notes payable	\$ 2,830	\$ 3,095	\$ 19,193	\$ 20,045	\$ 22,023	\$ 23,140
Capital leases	4,163	4,559	632	750	4,795	5,309
<b>Total</b>	<b>\$ 6,993</b>	<b>\$ 7,654</b>	<b>\$ 19,825</b>	<b>\$ 20,795</b>	<b>\$ 26,818</b>	<b>\$ 28,449</b>

## **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 must also be ready to deal with oil shale, if that should occur.

The economic downturn continued to impact the City of Rifle during 2009. The 2009 budget was prepared with an assumption of a 5% growth in the area; unfortunately, the economy began struggling towards the end of 2008 which continued through 2009. As a result, revenues did not come in as anticipated (as seen by the 23% decrease in sales tax revenues compared to budget). The first quarter of 2010 shows sales tax revenues are still lagging and coming in at approximately 17% less than the first quarter of 2009. The oil and gas industry has significantly reduced their staff on the Western Slope. Furthermore, the building industry has dramatically decreased development during 2009. 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, 2009 the audited General Fund unreserved fund balance is approximately \$4.6 million. Therefore, there are adequate funds to weather a short economic downturn. Additionally, management is reviewing costs daily and/or weekly and is proactively identify 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. In fact, June 2009, City Council reduced discretionary spending by approximately \$1.3 million.

However, in 2009 there were also major projects underway which continued throughout the year. These included the Centennial Park construction project, the Parks Maintenance building construction project, completion of the new Wastewater Treatment Plant, Library construction project, and several smaller capital improvements. The City also continues its planning efforts for future projects such as a new water treatment plant.

Overall City growth slowed dramatically in 2009 and with that, the plethora of development review that had consumed much of staff and Council time subsided dramatically.

2010 will be a year of challenges for the City as we adjust to our new financial realities. We have made significant budget adjustments, and continue to explore ways to provide services at reduced costs.

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 a 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.

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## **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, 2009, 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, 2009, 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 13, 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 13, 2010

## ***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, 2009.

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CITY OF RIFLE, COLORADO

**STATEMENT OF NET ASSETS**

December 31, 2009

	<b>2009</b>		
	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 15,978,335	\$ 4,706,838	\$ 20,685,173
Property Taxes Receivable	864,341	-	864,341
Special Assessments Receivable	207,181	-	207,181
Other Receivable	954,844	709,093	1,663,937
Interest Receivable	68,084	-	68,084
Prepaid Expenses	400	33,530	33,930
Due from Other Governments	623,521	58,368	681,889
Inventory	26,396	103,067	129,463
<b>TOTAL CURRENT ASSETS</b>	<b>18,723,102</b>	<b>5,610,896</b>	<b>24,333,998</b>
<b>NONCURRENT ASSETS</b>			
Capital Assets, net	48,573,366	57,386,090	105,959,456
Restricted Cash	2,513,233	5,047,915	7,561,148
Debt Issuance Costs	96,662	22,715	119,377
<b>TOTAL NONCURRENT ASSETS</b>	<b>51,183,261</b>	<b>62,456,720</b>	<b>113,639,981</b>
<b>TOTAL ASSETS</b>	<b>69,906,363</b>	<b>68,067,616</b>	<b>137,973,979</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	854,251	1,806,040	2,660,291
Accrued Wages & Comp. Absences	359,817	62,251	422,068
Accrued Interest Payable	23,855	285,079	308,934
Deposits	212,081	10,000	222,081
Deferred Revenue	1,071,522	120,057	1,191,579
Current Portion - Long Term Debt	682,568	975,729	1,658,297
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,204,094</b>	<b>3,259,156</b>	<b>6,463,250</b>
<b>NONCURRENT LIABILITIES</b>			
Bonds Payable	2,560,000	-	2,560,000
Bond Premiums	16,684	-	16,684
Notes Payable	-	18,958,227	18,958,227
Capital Leases Payable	3,750,784	552,621	4,303,405
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>6,327,468</b>	<b>19,510,848</b>	<b>25,838,316</b>
<b>TOTAL LIABILITIES</b>	<b>9,531,562</b>	<b>22,770,004</b>	<b>32,301,566</b>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	41,992,582	36,899,513	78,892,095
Restricted:			
by Statute	864,782	-	864,782
Unrestricted	17,517,437	8,398,099	25,915,536
<b>TOTAL NET ASSETS</b>	<b>\$ 60,374,801</b>	<b>\$ 45,297,612</b>	<b>\$ 105,672,413</b>

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

CITY OF RIFLE, COLORADO

**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
Governmental Activities				
Current:				
General Government	\$ 3,320,874	\$ 822,227	\$ 421,302	\$ -
Public Safety	2,780,524	37,282	76,689	241,568
Public Works	3,772,576	29,057	426,190	1,840,512
Cemetery	74,246	9,158	-	-
Parks and Recreation	1,845,145	179,383	100,513	801,155
Economic Development and Assistance	816,803	77,991	6,911	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>12,610,168</u>	<u>1,155,098</u>	<u>1,031,605</u>	<u>2,883,235</u>
Business - Type Activities				
Current:				
Water Operations	3,253,387	2,147,740	-	1,880,372
Sewer Operations	2,477,714	2,487,875	-	1,445,908
Sanitation Operations	527,452	566,518	-	-
TOTAL BUSINESS - TYPE ACTIVITIES	<u>6,258,553</u>	<u>5,202,133</u>	<u>-</u>	<u>3,326,280</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 18,868,721</u>	<u>\$ 6,357,231</u>	<u>\$ 1,031,605</u>	<u>\$ 6,209,515</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**

<b>PRIMARY GOVERNMENT</b>		
<b>GOVERNMENT ACTIVITIES</b>	<b>BUSINESS - TYPE ACTIVITES</b>	<b>TOTAL</b>
\$ (2,077,345)	\$ -	\$ (2,077,345)
(2,424,985)	-	(2,424,985)
(1,476,817)	-	(1,476,817)
(65,088)	-	(65,088)
(764,094)	-	(764,094)
(731,901)	-	(731,901)
<u>(7,540,230)</u>	<u>-</u>	<u>(7,540,230)</u>
-	774,725	774,725
-	1,456,069	1,456,069
-	39,066	39,066
<u>-</u>	<u>2,269,860</u>	<u>2,269,860</u>
<u>(7,540,230)</u>	<u>2,269,860</u>	<u>(5,270,370)</u>
639,484	-	639,484
7,267,335	-	7,267,335
3,046,632	-	3,046,632
278,510	126,378	404,888
174,012	78,634	252,646
(97,302)	97,302	-
<u>11,308,671</u>	<u>302,314</u>	<u>11,610,985</u>
3,768,441	2,572,174	6,340,615
<u>56,606,360</u>	<u>42,725,438</u>	<u>99,331,798</u>
<u>\$ 60,374,801</u>	<u>\$ 45,297,612</u>	<u>\$ 105,672,413</u>

CITY OF RIFLE, COLORADO

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 December 31, 2009  
 With Comparative Totals for December 31, 2008

	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>CAPITAL</u>	<u>PARKS &amp; RECREATION</u>
<b>ASSETS</b>				
Cash and Investments	\$ 4,313,135	\$ 2,616,547	\$ 5,476,192	\$ 2,193,385
Cash with Fiscal Agent	-	-	-	-
Property Taxes Receivable	805,972	-	-	-
Special Assessments Receivable	-	207,181	-	-
Other Receivable	627,549	108,608	-	194,960
Interest Receivable	68,084	-	-	-
Prepaid Expenses	400	-	-	-
Advance to Other Funds	145,422	-	112,500	-
Due from Other Governments	174,817	127,835	241,568	75,000
Restricted Cash and Investments	597,482	1,331,417	-	315,079
<b>TOTAL ASSETS</b>	<u>\$ 6,732,861</u>	<u>\$ 4,391,588</u>	<u>\$ 5,830,260</u>	<u>\$ 2,778,424</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 255,694	\$ 81,454	\$ 241,568	\$ 237,310
Accrued Wages & Comp. Absences	300,519	799	-	55,904
Deposits	211,306	-	-	775
Advances from Other Funds	-	251,500	-	-
Deferred Revenue	805,972	207,181	-	-
<b>TOTAL LIABILITIES</b>	<u>1,573,491</u>	<u>540,934</u>	<u>241,568</u>	<u>293,989</u>
<b>FUND BALANCE</b>				
Reserved for:				
Interfund Advances	145,422	-	112,500	-
Prepays	400	-	-	-
Impact Fees	-	412,782	-	-
Emergencies	452,000	-	-	-
Unreserved reported in				
General Fund				
Undesignated	4,561,548	-	-	-
Special Revenue Funds	-	3,437,872	5,476,192	2,484,435
<b>TOTAL FUND BALANCE</b>	<u>5,159,370</u>	<u>3,850,654</u>	<u>5,588,692</u>	<u>2,484,435</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 6,732,861</u>	<u>\$ 4,391,588</u>	<u>\$ 5,830,260</u>	<u>\$ 2,778,424</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.

OTHER GOVERNMENTAL FUNDS	TOTALS	
	2009	2008
\$ 1,239,274	\$ 15,838,533	\$ 18,162,208
-	-	524,160
58,369	864,341	644,401
-	207,181	259,630
23,727	954,844	1,241,948
-	68,084	75,683
-	400	74,193
139,000	396,922	431,617
4,301	623,521	1,128,200
12,319	2,256,297	2,148,482
<u>\$ 1,476,990</u>	<u>\$ 21,210,123</u>	<u>\$ 24,690,522</u>
\$ 8,823	\$ 824,849	\$ 2,061,902
-	357,222	492,579
-	212,081	279,484
145,422	396,922	431,617
58,369	1,071,522	904,031
<u>212,614</u>	<u>2,862,596</u>	<u>4,169,613</u>
139,000	396,922	431,617
-	400	74,193
-	412,782	412,782
-	452,000	685,000
-	4,561,548	10,067,181
<u>1,125,376</u>	<u>12,523,875</u>	<u>8,850,136</u>
<u>1,264,376</u>	<u>18,347,527</u>	<u>20,520,909</u>
<u>\$ 1,476,990</u>	<u>\$ 21,210,123</u>	<u>\$ 24,690,522</u>
	\$ 18,347,527	
	67,917,587	
	(19,717,627)	
	(2,830,000)	
	(4,163,352)	
	(16,684)	
	96,662	
	(23,855)	
	764,543	
	<u>\$ 60,374,801</u>	

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	<b>GENERAL</b>	<b>STREET IMPROVEMENT</b>	<b>CAPITAL</b>	<b>PARKS &amp; RECREATION</b>
<b>REVENUES</b>				
Taxes	\$ 4,781,774	\$ 996,681	\$ -	\$ 1,996,182
Special Assessments	-	70,515	-	-
Licenses and Permits	122,242	-	-	-
Intergovernmental	3,796,729	617,038	241,568	790,164
Charges for Services	387,260	27,614	-	176,283
Fines and Forfeitures	141,084	-	-	-
Miscellaneous	388,036	84,212	65,206	156,112
<b>TOTAL REVENUES</b>	<b>9,617,125</b>	<b>1,796,060</b>	<b>306,774</b>	<b>3,118,741</b>
<b>EXPENDITURES</b>				
General Government	3,218,009	-	-	7,293
Public Safety	2,586,115	-	-	-
Public Works	1,198,808	478,224	-	-
Cemetery	62,236	-	-	-
Parks and Recreation	-	-	-	1,446,216
Economic Development and Assistance	427,954	-	-	-
Capital Outlay	251,204	534,698	819,238	4,917,103
Debt Service	270,146	379,751	-	322,328
<b>TOTAL EXPENDITURES</b>	<b>8,014,472</b>	<b>1,392,673</b>	<b>819,238</b>	<b>6,692,940</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>1,602,653</b>	<b>403,387</b>	<b>(512,464)</b>	<b>(3,574,199)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Long Term Debt	-	-	-	-
Transfer In	168,489	23,762	1,189,000	220,545
Transfer Out	(1,660,545)	(25,374)	-	(66,917)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,492,056)</b>	<b>(1,612)</b>	<b>1,189,000</b>	<b>153,628</b>
<b>CHANGE IN FUND BALANCES</b>	<b>110,597</b>	<b>401,775</b>	<b>676,536</b>	<b>(3,420,571)</b>
<b>FUND BALANCE, Beginning</b>	<b>5,048,773</b>	<b>3,448,879</b>	<b>4,912,156</b>	<b>5,905,006</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 5,159,370</b>	<b>\$ 3,850,654</b>	<b>\$ 5,588,692</b>	<b>\$ 2,484,435</b>

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

OTHER GOVERNMENTAL FUNDS	TOTALS	
	2009	2008
\$ 387,134	\$ 8,161,771	\$ 11,087,885
-	70,515	68,672
-	122,242	281,487
92,494	5,537,993	6,493,660
-	591,157	1,006,957
-	141,084	142,616
16,002	709,568	1,285,305
<u>495,630</u>	<u>15,334,330</u>	<u>20,366,582</u>
-	3,225,302	3,203,314
-	2,586,115	2,704,544
-	1,677,032	1,384,948
-	62,236	75,524
-	1,446,216	1,470,776
372,548	800,502	785,000
17,744	6,539,987	11,595,441
795	973,020	670,584
<u>391,087</u>	<u>17,310,410</u>	<u>21,890,131</u>
<u>104,543</u>	<u>(1,976,080)</u>	<u>(1,523,549)</u>
-	-	2,600,000
109,000	1,710,796	3,250,701
(155,262)	(1,908,098)	(3,281,952)
<u>(46,262)</u>	<u>(197,302)</u>	<u>2,568,749</u>
58,281	(2,173,382)	1,045,200
<u>1,206,095</u>	<u>20,520,909</u>	<u>19,475,709</u>
<u>\$ 1,264,376</u>	<u>\$ 18,347,527</u>	<u>\$ 20,520,909</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, 2009

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

Net Change in Fund Balances - Total Governmental Funds	\$ (2,173,382)
Principal payments on debt are reported as expenditures in the funds:	
Principal Payments on Outstanding Debt:	
Revenue Bonds Payable	265,000
Capital Leases Payable	395,319
Interest, issuance costs and bond premiums are reported on the cash basis in the funds:	
Change in Accrued Interest Payable	2,289
Amortization of Premiums	1,880
Amortization of Issuance Costs	(10,892)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Purchased Capitalized Assets	6,526,343
Dedicated Capitalized Assets	1,141,645
Loss on Asset Disposals	(64)
Depreciation Expense	(2,349,423)
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance Fund Change in Net Assets	(30,274)
Change in Net Assets - Governmental Activities	<u>\$ 3,768,441</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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009				2008 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES					
Taxes	\$ 6,140,546	\$ 6,140,546	\$ 4,781,774	\$ (1,358,772)	\$ 6,368,065
Licenses and Permits	147,695	147,695	122,242	(25,453)	281,487
Intergovernmental	2,076,847	2,076,847	3,796,729	1,719,882	3,383,733
Charges for Services	469,273	469,273	387,260	(82,013)	556,280
Fines and Forfeitures	137,543	137,543	141,084	3,541	142,616
Miscellaneous	637,645	637,645	388,036	(249,609)	713,124
TOTAL REVENUES	<u>9,609,549</u>	<u>9,609,549</u>	<u>9,617,125</u>	<u>7,576</u>	<u>11,445,305</u>
EXPENDITURES					
General Government	3,990,704	4,190,704	3,218,009	972,695	3,203,314
Public Safety	2,923,926	2,923,926	2,586,115	337,811	2,704,544
Public Works	1,459,791	1,459,791	1,198,808	260,983	1,312,002
Cemetery	94,523	94,523	62,236	32,287	75,524
Economic Development and Assistance	521,946	521,946	427,954	93,992	395,422
Capital Outlay	197,000	197,000	251,204	(54,204)	856,514
Debt Service	270,146	270,146	270,146	-	262,027
TOTAL EXPENDITURES	<u>9,458,036</u>	<u>9,658,036</u>	<u>8,014,472</u>	<u>1,643,564</u>	<u>8,809,347</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>151,513</u>	<u>(48,487)</u>	<u>1,602,653</u>	<u>1,651,140</u>	<u>2,635,958</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Long Term Debt	14,395	14,395	-	(14,395)	-
Transfers In	160,989	160,989	168,489	7,500	146,431
Transfers Out	(550,000)	(550,000)	(1,660,545)	(1,110,545)	(1,880,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(374,616)</u>	<u>(374,616)</u>	<u>(1,492,056)</u>	<u>(1,117,440)</u>	<u>(1,733,569)</u>
CHANGE IN FUND BALANCE	(223,103)	(423,103)	110,597	533,700	902,389
FUND BALANCE, Beginning	<u>5,048,773</u>	<u>5,048,773</u>	<u>5,048,773</u>	<u>-</u>	<u>4,146,384</u>
FUND BALANCE, Ending	<u>\$ 4,825,670</u>	<u>\$ 4,625,670</u>	<u>\$ 5,159,370</u>	<u>\$ 533,700</u>	<u>\$ 5,048,773</u>

The accompanying notes are an integral part of the financial statements

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			2008 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 1,422,742	\$ 996,681	\$ (426,061)	\$ 1,419,187
Special Assessments	78,906	70,515	(8,391)	68,672
Intergovernmental	648,043	617,038	(31,005)	1,175,506
Charges for Services	155,744	27,614	(128,130)	251,144
Miscellaneous	230,699	84,212	(146,487)	201,632
TOTAL REVENUES	<u>2,536,134</u>	<u>1,796,060</u>	<u>(740,074)</u>	<u>3,116,141</u>
EXPENDITURES				
Public Works	960,488	478,224	482,264	72,946
Capital Outlay	1,670,000	534,698	1,135,302	5,994,738
Debt Service	379,601	379,751	(150)	378,676
TOTAL EXPENDITURES	<u>3,010,089</u>	<u>1,392,673</u>	<u>1,617,416</u>	<u>6,446,360</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(473,955)	403,387	877,342	(3,330,219)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	23,762	23,762	1,314,000
Transfers Out	(75,674)	(25,374)	50,300	(625,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(75,674)</u>	<u>(1,612)</u>	<u>74,062</u>	<u>689,000</u>
CHANGE IN FUND BALANCE	(549,629)	401,775	951,404	(2,641,219)
FUND BALANCE, Beginning	<u>3,448,879</u>	<u>3,448,879</u>	<u>-</u>	<u>6,090,098</u>
FUND BALANCE, Ending	<u>\$ 2,899,250</u>	<u>\$ 3,850,654</u>	<u>\$ 951,404</u>	<u>\$ 3,448,879</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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2008 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 241,568	\$ 241,568	\$ 685,642
Miscellaneous	122,500	122,500	65,206	(57,294)	192,703
TOTAL REVENUES	<u>122,500</u>	<u>122,500</u>	<u>306,774</u>	<u>184,274</u>	<u>878,345</u>
EXPENDITURES					
Capital Outlay	500,000	1,145,376	819,238	326,138	3,578,004
TOTAL EXPENDITURES	<u>500,000</u>	<u>1,145,376</u>	<u>819,238</u>	<u>326,138</u>	<u>3,578,004</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(377,500)	(1,022,876)	(512,464)	510,412	(2,699,659)
OTHER FINANCING SOURCES (USES)					
Transfers In	200,000	200,000	1,189,000	989,000	1,700,000
Transfers Out	-	-	-	-	(700,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>200,000</u>	<u>1,189,000</u>	<u>989,000</u>	<u>1,000,000</u>
CHANGE IN FUND BALANCE	(177,500)	(822,876)	676,536	1,499,412	(1,699,659)
FUND BALANCE, Beginning	<u>4,912,156</u>	<u>4,912,156</u>	<u>4,912,156</u>	<u>-</u>	<u>6,611,815</u>
FUND BALANCE, Ending	<u>\$ 4,734,656</u>	<u>\$ 4,089,280</u>	<u>\$ 5,588,692</u>	<u>\$ 1,499,412</u>	<u>\$ 4,912,156</u>

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

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CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2008 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 2,700,064	\$ 2,700,064	\$ 1,996,182	\$ (703,882)	\$ 2,832,901
Intergovernmental	2,255,000	2,255,000	790,164	(1,464,836)	1,109,836
Charges for Services	194,795	194,795	176,283	(18,512)	196,463
Miscellaneous	45,350	45,350	156,112	110,762	137,570
TOTAL REVENUES	<u>5,195,209</u>	<u>5,195,209</u>	<u>3,118,741</u>	<u>(2,076,468)</u>	<u>4,276,770</u>
EXPENDITURES					
General Government	20,000	20,000	7,293	12,707	-
Parks and Recreation	1,644,778	1,644,778	1,446,216	198,562	1,470,776
Capital Outlay	6,900,300	7,900,300	4,917,103	2,983,197	1,155,917
Debt Service	322,328	322,328	322,328	-	28,747
Contingency Reserve	500,000	500,000	-	500,000	-
TOTAL EXPENDITURES	<u>9,387,406</u>	<u>10,387,406</u>	<u>6,692,940</u>	<u>3,694,466</u>	<u>2,655,440</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(4,192,197)	(5,192,197)	(3,574,199)	1,617,998	1,621,330
OTHER FINANCING SOURCES (USES)					
Proceeds from Long Term Debt	-	-	-	-	2,600,000
Transfers In	260,000	260,000	220,545	(39,455)	-
Transfers Out	(66,917)	(66,917)	(66,917)	-	(58,772)
TOTAL OTHER FINANCING SOURCES (USES)	<u>193,083</u>	<u>193,083</u>	<u>153,628</u>	<u>(39,455)</u>	<u>2,541,228</u>
CHANGE IN FUND BALANCE	(3,999,114)	(4,999,114)	(3,420,571)	1,578,543	4,162,558
FUND BALANCE, Beginning	<u>5,905,006</u>	<u>5,905,006</u>	<u>5,905,006</u>	<u>-</u>	<u>1,742,448</u>
FUND BALANCE, Ending	<u>\$ 1,905,892</u>	<u>\$ 905,892</u>	<u>\$ 2,484,435</u>	<u>\$ 1,578,543</u>	<u>\$ 5,905,006</u>

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

CITY OF RIFLE, COLORADO

**STATEMENT OF NET ASSETS -  
PROPRIETARY FUNDS**

December 31, 2009

With Comparative Totals for December 31, 2008

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 2,737,200	\$ 1,685,290	\$ 284,348	\$ 4,706,838
Cash with Fiscal Agent	-	-	-	-
Other Receivable	272,293	373,618	63,182	709,093
Prepaid Expenses	26,753	6,279	498	33,530
Due from Other Governments	58,368	-	-	58,368
Inventory	97,724	5,343	-	103,067
<b>TOTAL CURRENT ASSETS</b>	<b>3,192,338</b>	<b>2,070,530</b>	<b>348,028</b>	<b>5,610,896</b>
<b>PROPERTY AND EQUIPMENT</b>	<b>30,251,575</b>	<b>41,422,487</b>	<b>447,415</b>	<b>72,121,477</b>
Less Accumulated Depreciation	(8,728,838)	(5,862,210)	(144,339)	(14,735,387)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>21,522,737</b>	<b>35,560,277</b>	<b>303,076</b>	<b>57,386,090</b>
<b>OTHER ASSETS</b>				
Restricted Cash and Investments	3,184,928	1,862,987	-	5,047,915
Loan Costs	5,017	17,698	-	22,715
<b>TOTAL OTHER ASSETS</b>	<b>3,189,945</b>	<b>1,880,685</b>	<b>-</b>	<b>5,070,630</b>
<b>TOTAL ASSETS</b>	<b>27,905,020</b>	<b>39,511,492</b>	<b>651,104</b>	<b>68,067,616</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	87,129	1,687,070	31,841	1,806,040
Accrued Wages & Comp. Absences	37,381	17,207	7,663	62,251
Accrued Interest Payable	5,464	279,615	-	285,079
Deposits	10,000	-	-	10,000
Deferred Revenue	48,339	71,718	-	120,057
Current Portion - Long Term Debt	234,776	740,953	-	975,729
<b>TOTAL CURRENT LIABILITIES</b>	<b>423,089</b>	<b>2,796,563</b>	<b>39,504</b>	<b>3,259,156</b>
<b>LONG-TERM LIABILITIES</b>				
Notes Payable	1,570,277	17,387,950	-	18,958,227
Capital Leases Payable	552,621	-	-	552,621
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>2,122,898</b>	<b>17,387,950</b>	<b>-</b>	<b>19,510,848</b>
<b>TOTAL LIABILITIES</b>	<b>2,545,987</b>	<b>20,184,513</b>	<b>39,504</b>	<b>22,770,004</b>
<b>NET ASSETS</b>				
Invested in Capital Assets Net of Related Debt	19,165,063	17,431,374	303,076	36,899,513
Unrestricted	6,193,970	1,895,605	308,524	8,398,099
<b>TOTAL NET ASSETS</b>	<b>\$ 25,359,033</b>	<b>\$ 19,326,979</b>	<b>\$ 611,600</b>	<b>\$ 45,297,612</b>

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

**GOVERNMENTAL  
ACTIVITIES**

<b>INTERNAL SERVICE</b>	<b>TOTALS</b>	
	<b>2009</b>	<b>RESTATED 2008</b>
\$ 139,802	\$ 4,846,640	\$ 3,323,358
-	-	11,436,093
-	709,093	978,136
-	33,530	22,427
-	58,368	105,423
26,396	129,463	153,966
<u>166,198</u>	<u>5,777,094</u>	<u>16,019,403</u>
775,865	72,897,342	60,413,630
(402,459)	(15,137,846)	(13,304,156)
<u>373,406</u>	<u>57,759,496</u>	<u>47,109,474</u>
256,936	5,304,851	6,025,220
-	22,715	24,706
<u>256,936</u>	<u>5,327,566</u>	<u>6,049,926</u>
<u>796,540</u>	<u>68,864,156</u>	<u>69,178,803</u>
29,402	1,835,442	3,326,071
2,595	64,846	85,746
-	285,079	251,210
-	10,000	10,000
-	120,057	492,267
-	975,729	203,670
<u>31,997</u>	<u>3,291,153</u>	<u>4,368,964</u>
-	18,958,227	20,576,857
-	552,621	712,727
<u>-</u>	<u>19,510,848</u>	<u>21,289,584</u>
<u>31,997</u>	<u>22,802,001</u>	<u>25,658,548</u>
373,406	37,272,919	33,121,812
391,137	8,789,236	10,398,443
<u>\$ 764,543</u>	<u>\$ 46,062,155</u>	<u>\$ 43,520,255</u>

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

**BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

	<u>WATER</u>	<u>SEWER</u>	<u>SANITATION</u>	<u>TOTAL</u>
OPERATING REVENUES				
Charges for Services	\$ 2,017,033	\$ 2,410,090	\$ 563,976	\$ 4,991,099
Sale of Materials	5,657	-	210	5,867
Reimbursed Expenditures	37,187	-	-	37,187
Other Revenue	87,863	77,785	2,332	167,980
TOTAL OPERATING REVENUES	<u>2,147,740</u>	<u>2,487,875</u>	<u>566,518</u>	<u>5,202,133</u>
OPERATING EXPENSES				
Personal Services	626,021	445,809	140,277	1,212,107
Supplies	193,457	119,066	4,416	316,939
Purchased Services	1,349,302	312,539	225,342	1,887,183
Other Expenses	11	28	28	67
Management Fees	150,712	105,311	40,000	296,023
Fleet Maintenance	43,279	9,835	41,164	94,278
Small Equipment Purchases	(654)	(28,712)	-	(29,366)
Depreciation	778,840	837,017	76,225	1,692,082
TOTAL OPERATING EXPENSES	<u>3,140,968</u>	<u>1,800,893</u>	<u>527,452</u>	<u>5,469,313</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(993,228)</u>	<u>686,982</u>	<u>39,066</u>	<u>(267,180)</u>
OTHER INCOME (EXPENSE)				
System Improvement Fees	405,794	382,931	-	788,725
Dedicated Infrastructure	1,196,960	762,713	-	1,959,673
Investment Earnings	82,611	40,719	3,048	126,378
Gain (Loss) on Disposal of Fixed Assets	-	-	-	-
Cash in Lieu of Fees	1,202	-	-	1,202
State Grants	276,416	300,264	-	576,680
Other Revenues	-	43,973	-	43,973
Amortization of Bond Premiums and Costs	-	34,661	-	34,661
Interest Expense	(111,381)	(676,821)	-	(788,202)
Other Expenses	(1,038)	-	-	(1,038)
OTHER INCOME (EXPENSE)	<u>1,850,564</u>	<u>888,440</u>	<u>3,048</u>	<u>2,742,052</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>857,336</u>	<u>1,575,422</u>	<u>42,114</u>	<u>2,474,872</u>
TRANSFERS				
Transfers In	135,000	35,000	-	170,000
Transfers Out	(31,790)	(31,790)	(9,118)	(72,698)
NET TRANSFERS	<u>103,210</u>	<u>3,210</u>	<u>(9,118)</u>	<u>97,302</u>
NET INCOME (LOSS)	<u>960,546</u>	<u>1,578,632</u>	<u>32,996</u>	<u>2,572,174</u>
NET ASSETS, Beginning	<u>24,398,487</u>	<u>17,748,347</u>	<u>578,604</u>	<u>42,725,438</u>
NET ASSETS, Ending	<u>\$ 25,359,033</u>	<u>\$ 19,326,979</u>	<u>\$ 611,600</u>	<u>\$ 45,297,612</u>

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

**GOVERNMENTAL  
ACTIVITIES**

<b>INTERNAL SERVICE</b>	<b>TOTALS</b>	
	<b>2009</b>	<b>RESTATED 2008</b>
\$ 297,249	\$ 5,288,348	\$ 5,873,409
-	5,867	56,463
-	37,187	47,331
-	167,980	98,470
<u>297,249</u>	<u>5,499,382</u>	<u>6,075,673</u>
85,788	1,297,895	1,214,308
184,065	501,004	502,452
12,637	1,899,820	1,223,229
-	67	7,610
-	296,023	280,448
7,369	101,647	128,257
-	(29,366)	374,042
141,608	1,833,690	1,109,452
<u>431,467</u>	<u>5,900,780</u>	<u>4,839,798</u>
<u>(134,218)</u>	<u>(401,398)</u>	<u>1,235,875</u>
-	788,725	2,145,374
-	1,959,673	2,811,928
3,944	130,322	326,949
-	-	(255,305)
-	1,202	106,499
-	576,680	1,026,775
-	43,973	7,000
-	34,661	34,661
-	(788,202)	(558,298)
-	(1,038)	(1,038)
<u>3,944</u>	<u>2,745,996</u>	<u>5,644,545</u>
<u>(130,274)</u>	<u>2,344,598</u>	<u>6,880,420</u>
100,000	270,000	1,100,000
-	(72,698)	(1,068,748)
<u>100,000</u>	<u>197,302</u>	<u>31,252</u>
<u>(30,274)</u>	<u>2,541,900</u>	<u>6,911,672</u>
<u>794,817</u>	<u>43,520,255</u>	<u>36,608,583</u>
<u>\$ 764,543</u>	<u>\$ 46,062,155</u>	<u>\$ 43,520,255</u>

CITY OF RIFLE, COLORADO

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

Increase (Decrease) in Cash and Cash Equivalents  
Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>SANITATION FUND</b>	<b>TOTAL</b>
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 2,137,907	\$ 13,836,642	\$ 559,377	\$ 16,533,926
Cash Payments to Suppliers and Employees	(2,587,112)	(1,989,058)	(668,080)	(5,244,250)
Net Cash Provided by Operating Activities	<u>(449,205)</u>	<u>11,847,584</u>	<u>(108,703)</u>	<u>11,289,676</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(478,035)	(10,012,552)	-	(10,490,587)
Proceeds From System Improvement Fees	405,794	382,931	-	788,725
Proceeds From Cash in Lieu of Fees	1,202	-	-	1,202
Proceeds From Grants	218,048	405,687	-	623,735
Principal Payments on Debt	(269,164)	(702,852)	-	(972,016)
Interest Payments on Debt	(111,983)	(642,350)	-	(754,333)
Loan Fees and Unamortized Bond Issue Costs	-	952	-	952
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(234,138)</u>	<u>(10,568,184)</u>	<u>-</u>	<u>(10,802,322)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	-	43,973	-	43,973
Transfers - Net	103,210	3,210	(9,118)	97,302
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>103,210</u>	<u>47,183</u>	<u>(9,118)</u>	<u>141,275</u>
Cash Flows From Investing Activities:				
Investment Income	82,611	40,719	3,048	126,378
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(497,522)</u>	<u>1,367,302</u>	<u>(114,773)</u>	<u>755,007</u>
CASH AND INVESTMENTS, Beginning	<u>6,419,650</u>	<u>2,180,975</u>	<u>399,121</u>	<u>8,999,746</u>
CASH AND INVESTMENTS, Ending	<u>\$ 5,922,128</u>	<u>\$ 3,548,277</u>	<u>\$ 284,348</u>	<u>\$ 9,754,753</u>
Cash and Investments	\$ 2,737,200	\$ 1,685,290	\$ 284,348	\$ 4,706,838
Restricted Cash and Investments	3,184,928	1,862,987	-	5,047,915
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 5,922,128</u>	<u>\$ 3,548,277</u>	<u>\$ 284,348</u>	<u>\$ 9,754,753</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (993,228)	\$ 686,982	\$ 39,066	\$ (267,180)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	778,840	837,017	76,225	1,692,082
(Increase) Decrease in:				
Cash with Fiscal Agent	-	11,436,093	-	11,436,093
Other Receivable	175,007	100,044	(7,141)	267,910
Prepaid Expenses	(14,595)	(499)	2,347	(12,747)
Inventory	26,165	(2,043)	-	24,122
Increase (Decrease) in:				
Accounts Payable	(224,578)	(1,022,110)	(212,408)	(1,459,096)
Accrued Wages & Comp. Absences	(11,976)	(530)	(6,792)	(19,298)
Deferred Revenue	(184,840)	(187,370)	-	(372,210)
Total Adjustments	<u>544,023</u>	<u>11,160,602</u>	<u>(147,769)</u>	<u>11,556,856</u>
Net Cash Provided by Operating Activities	<u>\$ (449,205)</u>	<u>\$ 11,847,584</u>	<u>\$ (108,703)</u>	<u>\$ 11,289,676</u>

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

GOVERNMENTAL ACTIVITIES	TOTAL	
	INTERNAL SERVICE FUNDS	RESTATED 2008
	2009	
\$ 298,382	\$ 16,832,308	\$ 12,934,379
(320,968)	(5,565,218)	(3,037,421)
<u>(22,586)</u>	<u>11,267,090</u>	<u>9,896,958</u>
(33,452)	(10,524,039)	(14,805,720)
-	788,725	2,145,374
-	1,202	106,499
-	623,735	1,836,854
-	(972,016)	(315,979)
3,944	(750,389)	(385,294)
-	952	952
<u>(29,508)</u>	<u>(10,831,830)</u>	<u>(11,417,314)</u>
-	43,973	7,000
100,000	197,302	31,252
<u>100,000</u>	<u>241,275</u>	<u>38,252</u>
3,944	130,322	326,949
51,850	806,857	(1,155,155)
<u>348,832</u>	<u>9,348,578</u>	<u>10,012,599</u>
\$ 400,682	\$ 10,155,435	\$ 8,857,444
\$ 139,802	\$ 4,846,640	\$ 3,323,358
256,936	5,304,851	6,025,220
<u>\$ 396,738</u>	<u>\$ 10,151,491</u>	<u>\$ 9,348,578</u>
\$ (134,218)	\$ (401,398)	\$ 1,235,875
141,608	1,833,690	1,109,452
-	11,436,093	7,163,907
1,133	269,043	(305,201)
1,644	(11,103)	59,222
382	24,504	(35,104)
(31,535)	(1,490,631)	1,895,689
(1,600)	(20,898)	34,227
-	(372,210)	-
<u>111,632</u>	<u>11,668,488</u>	<u>9,922,192</u>
<u>\$ (22,586)</u>	<u>\$ 11,267,090</u>	<u>\$ 11,158,067</u>

CITY OF RIFLE, COLORADO

**STATEMENT OF FIDUCIARY NET ASSETS -**  
**FIDUCIARY FUND**  
**December 31, 2009**  
**With Comparative Totals for December 31, 2008**

	<u>PERPETUAL CARE</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	<u>\$ 200,415</u>	<u>\$ 192,363</u>
NET ASSETS		
Held In Trust for Cemetery Maintenance	<u>\$ 200,415</u>	<u>\$ 192,363</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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	<u>PERPETUAL CARE</u>	
	<u>2009</u>	<u>2008</u>
ADDITIONS:		
Charges for Services	\$ 8,052	\$ -
NET ASSETS - Beginning	<u>192,363</u>	<u>192,363</u>
NET ASSETS - Ending	<u>\$ 200,415</u>	<u>\$ 192,363</u>

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

## CITY OF RIFLE, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

#### **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, 2009**

**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, 2009

**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, 2009**

**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.

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

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, Wastewater and Sanitation 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, 2009**

**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, 2009**

**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 \$422,068 at December 31, 2009, \$300,519 of which was recorded in the General Fund, \$62,251 in the Enterprise Funds, \$56,703 in the Special Revenue Funds and \$2,595 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.

**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	\$ 15,978,335
Business-type - Unrestricted	4,706,838
Governmental - Restricted	2,513,233
Business-type - Restricted	5,047,915
Fiduciary	<u>200,415</u>
Total Cash and Investments	<u>\$ 28,446,736</u>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

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

Cash and Deposits	\$ 11,222,224
Investments	<u>17,224,512</u>
Total Cash and Investments	<u>\$ 28,446,736</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, 2009, 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	\$ 2,519,301	\$ 2,519,301
PDPA Collateralized	8,860,738	8,701,948
Petty Cash	-	975
Total Cash and Deposits	<u>\$ 11,380,039</u>	<u>\$ 11,222,224</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, 2009**

**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, 2009, the City's investments consisted of the following:

	Fair Value	Weighted Avg. Maturity In Years	% of Portfolio	Rating
U.S. Instrumentalities:				
Farm Credit Notes	\$ 1,002,190	3.12	5.8%	AAA
FNMA	2,970,847	4.18	17.2%	AAA
FHLB	3,071,705	2.88	17.8%	AAA
Local Investment Pools	7,639,897	0.00	44.4%	AAAm
Mutual Funds	2,486,304	0.00	14.43%	AAA
GE Capital Corp	53,569	0.00	0.31%	AAA
Total Investments held by City	<u>\$ 17,224,512</u>	0.70	<u>100.0%</u>	

During the year ended December 31, 2009, 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, 2009**

**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 17.8%, and 17.2%, 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, 2009, 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, 2009:

General Fund

Restricted for Senior Center Improvements	\$	38,495
Restricted for Senior Center Meals		22,038
Restricted for Road Improvements		228,199
Restricted for Parkland Dedication		276,388
Restricted for Police Expenditures		1,563
Restricted for Regional Drainage		<u>30,800</u>
Total General Fund		<u>597,483</u>

Street Improvement Fund

Restricted for Street Improvements from Bond Proceeds		950,466
Restricted for Bond Principal and Interest Payments		<u>380,951</u>
Total Street Improvement Fund		<u>1,331,417</u>

Downtown Development Agency

Restricted for Parking Projects		<u>12,319</u>
---------------------------------	--	---------------

Parks & Recreation Fund

Restricted for Rifle Mountain Park		15,079
Restricted from RE-2 School District		<u>300,000</u>
Total Parks & Recreation Fund		<u>315,079</u>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 3: RESTRICTED CASH (Continued)**

<u>Fleet Maintenance Fund</u>	
Fleet Loan Funding	<u>256,936</u>
 <u>Water Fund</u>	
Restricted for Infrastructure Improvements	2,408,154
Restricted for Water Rights	170,784
Restricted for Operations and Maintenance Reserve	<u>605,991</u>
Total Water Fund	<u>3,184,929</u>
 <u>Sewer Fund</u>	
Restricted for Retainage Payments	1,172,674
Restricted for Operations and Maintenance Reserve	<u>690,311</u>
Total Sewer Fund	<u>1,862,985</u>
<b>Total Restricted Cash</b>	<b><u>\$ 7,561,148</u></b>

**NOTE 4: CHANGES IN CAPITAL ASSETS**

The following schedule presents changes in governmental activities capital assets during 2009:

	<b><u>Balance</u></b>			<b><u>Balance</u></b>
	<b><u>12/31/2008</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>12/31/2009</u></b>
<b>Governmental Activities:</b>				
Non-depreciable Capital Assets:				
Land	\$ 2,866,491	\$ -	\$ -	\$ 2,866,491
Depreciable Capital Assets:				
Buildings	10,434,724	3,673,222	-	14,107,946
Improvements	44,215,069	3,725,204	-	47,940,273
Equipment	2,815,925	269,562	82,610	3,002,877
Int Svc Equipment & Vehicles	<u>742,413</u>	<u>33,452</u>	-	<u>775,865</u>
Total Capital Assets	<u>61,074,622</u>	<u>7,701,440</u>	<u>82,610</u>	<u>68,693,452</u>
Less: Accumulated Depreciation				
Buildings	2,893,662	216,622	-	3,110,284
Improvements	13,145,763	1,856,001	-	15,001,764
Equipment	1,411,325	276,800	82,546	1,605,579
Int Svc Equipment & Vehicles	<u>260,851</u>	<u>141,608</u>	-	<u>402,459</u>
Total Accumulated Depreciation	<u>17,711,601</u>	<u>2,491,031</u>	<u>82,546</u>	<u>20,120,086</u>
<b>Net Capital Assets</b>	<b><u>\$ 43,363,021</u></b>	<b><u>\$ 5,210,409</u></b>	<b><u>\$ 64</u></b>	<b><u>\$ 48,573,366</u></b>

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 4: CHANGES IN CAPITAL ASSETS (Continued)**

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

	Governmental Activities
General Government	\$ 95,572
Public Safety	111,077
Public Works	1,830,321
Cemetery	12,010
Parks & Recreation	295,326
Economic Development	5,117
Deprec. Govt. Funds	2,349,423
Fleet Maintenance	141,608
Total Depreciation	\$ 2,491,031

The following schedule presents business-type activities capital assets at December 31, 2009:

	<b>Balance 12/31/2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2009</b>
<b>Business-Type Activities:</b>				
Non-depreciable Capital Assets:				
Land	\$ 1,211,378	\$ -	\$ -	\$ 1,211,378
Water Rights	495,000	-	-	495,000
Depreciable Capital Assets:				
Buildings	27,508,311	10,707,618	-	38,215,929
Improvements	28,291,397	2,073,350	-	30,364,747
Equipment	2,165,131	162,358	-	2,327,489
Total Capital Assets	59,424,684	12,943,326	-	72,614,543
Less: Accumulated Depreciation				
Buildings	6,555,055	979,102	-	7,534,157
Improvements	5,625,715	509,691	-	6,135,406
Equipment	862,535	203,289	-	1,065,824
Total Accumulated Depreciation	13,043,305	1,692,082	-	14,735,387
<b>Net Capital Assets</b>	<b>\$ 46,381,379</b>	<b>\$ 11,251,244</b>	<b>\$ -</b>	<b>\$ 57,879,156</b>

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 4: CHANGES IN CAPITAL ASSETS (Continued)**

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

	Business-type <u>Activities</u>
Water Operations	\$ 778,840
Sewer Operations	837,017
Sanitation Operations	<u>76,225</u>
Total Depreciation	<u>\$ 1,692,082</u>

During the year the City determined that \$246,533 of 2008 expenses in the Sewer Fund should have been capitalized as of December 31, 2008. The City has restated the prior year balances to increase both the building and net asset balances in the Sewer Fund by that amount.

**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 \$380,951 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**

During 2004, the City entered into a capital lease for the purchase of a vehicle. Assets worth \$13,449 were acquired and capitalized. The lease requires twelve quarterly payments which began in April, 2004. The lease bears interest at 4.5% per annum with \$1,191 principal and interest payments. Lease payments are made by the General Fund.

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, 2009**

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

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

	<b>Balance 12/31/08</b>	<b>Advances</b>	<b>Repayments</b>	<b>Balance 12/31/09</b>	<b>Current Portion</b>
2003 Revenue Bonds	\$ 3,095,000	\$ -	\$ 265,000	\$ 2,830,000	\$ 270,000
Police Facility Capital Lease	1,958,671	-	182,013	1,776,658	190,035
Parks Facility Capital Lease	2,600,000	-	213,306	2,386,694	222,533
<b>Total Obligations</b>	<b>\$ 7,653,671</b>	<b>\$ -</b>	<b>\$ 660,319</b>	<b>\$ 6,993,352</b>	<b>\$ 682,568</b>

Scheduled payments on the bonds are due as follows:

<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2010	\$ 270,000	\$ 106,651	\$ 376,651
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
2015-2018	1,375,000	140,173	1,515,173
<b>Total</b>	<b>\$ 2,830,000</b>	<b>\$ 575,928</b>	<b>\$ 3,405,928</b>

Scheduled payments on the capital lease are as follows:

<b><u>Year</u></b>	<b><u>Police Facility Payment</u></b>	<b><u>Parks Facility Payment</u></b>	<b><u>Total Payment</u></b>
2010	\$ 265,448	\$ 322,328	\$ 587,776
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
2015-2018	1,061,793	1,289,310	2,351,103
Total Payments	2,389,033	2,900,950	5,289,983
4.36%/4.28% Interest	(612,375)	(514,256)	(1,126,631)
<b>Present Value of Payments</b>	<b>\$ 1,776,658</b>	<b>\$ 2,386,694</b>	<b>\$ 4,163,352</b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

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

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

	<b>Balance 12/31/08</b>	<b>Advances</b>	<b>Repayments</b>	<b>Balance 12/31/09</b>	<b>Current Portion</b>
1982 CWCB Note - Water	\$ 151,347	\$ -	\$ 9,103	\$ 142,244	\$ 9,467
1994 CWRPDA Loan - Water	516,250	-	76,250	440,000	80,000
2003 CWRPDA Loan - Water	1,208,750	-	65,000	1,143,750	66,250
2004 DOLA Note - Sewer	327,281	-	48,116	279,165	50,521
2004 Capital Lease - Water	43,070	-	43,070	-	-
2006 Capital Lease - Water	707,421	-	75,741	631,680	79,059
2007 CWRPDA Loan - Sewer	17,841,700	-	653,784	17,187,916	690,432
<b>Total Obligations</b>	<b>\$ 20,795,819</b>	<b>\$ -</b>	<b>\$ 971,064</b>	<b>\$ 19,824,755</b>	<b>\$ 975,729</b>

**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. The City has funded this reserve through the restriction of its cash balances in the Water Fund (Note 3). The City is in compliance with all required covenants and obligations called for by the loan agreement. Debt service requirements to maturity are as follows:

<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2010	\$ 80,000	\$ 23,506	\$ 103,506
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
<b>Total</b>	<b>\$ 440,000</b>	<b>\$ 64,672</b>	<b>\$ 504,672</b>

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. The City has funded this reserve through the restriction of its cash balances in the Water Fund (Note 3). The City 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, 2009**

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

**NOTES PAYABLE (Continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 60,416	\$ 40,906	\$ 101,322
2011	70,000	42,773	112,773
2012	70,000	40,580	110,580
2013	70,833	38,247	109,080
2014	75,000	35,755	110,755
2015-2019	418,333	134,388	552,721
2020-2023	379,168	41,393	420,561
<b>Total</b>	<b><u>\$ 1,143,750</u></b>	<b><u>\$ 374,042</u></b>	<b><u>\$ 1,517,792</u></b>

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>
2010	\$ 9,467	\$ 5,689	\$ 15,156
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
<b>Total</b>	<b><u>\$ 142,244</u></b>	<b><u>\$ 39,627</u></b>	<b><u>\$ 181,871</u></b>

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>
2010	\$ 50,522	\$ 13,958	\$ 64,480
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
<b>Total</b>	<b><u>\$ 279,165</u></b>	<b><u>\$ 43,236</u></b>	<b><u>\$ 322,401</u></b>

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**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.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 690,432	\$ 661,317	\$ 1,351,749
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
2015-2019	4,159,240	2,497,134	6,656,374
2020-2024	4,838,436	1,807,852	6,646,288
2025-2028	4,610,664	719,539	5,330,203
<b>Total</b>	<b><u>\$ 17,187,916</u></b>	<b><u>\$ 8,113,671</u></b>	<b><u>\$ 25,301,587</u></b>

**CAPITAL LEASES PAYABLE**

During 2004, the City entered into a capital lease for the purchase of a Vactor sewer cleaner. Assets worth \$206,515 were acquired and capitalized. The lease requires five annual payments which began in June, 2004. The lease bears interest at 4.48% per annum with \$45,000 principal and interest payments. The lease is being repaid by the Water Fund. Final payment was made during 2009.

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

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

**CAPITAL LEASES PAYABLE (Continued)**

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>
2010	\$ 105,018
2011	105,018
2012	105,018
2013	105,018
2014	105,018
2015-2017	<u>262,545</u>
Total Payments	787,635
4.3% Interest	<u>(155,955)</u>
<b>Present Value of Payments</b>	<b><u>\$ 631,680</u></b>

**NOTE 7: INTERFUND TRANSACTIONS**

Following is a summary of advances to and from other funds at December 31, 2009:

	<u>Advance To Other Fund</u>	<u>Advance From Other Funds</u>
General Fund	\$ 145,422	\$ -
Economic Development Fund	139,000	-
Capital Fund	112,500	-
Street Improvement Fund	-	251,500
Rifle Information Center Fund	-	25,422
Urban Renewal Authority Fund	-	<u>120,000</u>
<b>Totals</b>	<b><u>\$ 396,922</u></b>	<b><u>\$ 396,922</u></b>

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 7: INTERFUND TRANSACTIONS** (Continued)

The City has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 168,489	\$ 1,660,545
Street Improvement Fund	23,762	25,374
Visitor Improvement Fund	-	30,756
Downtown Development Fund	9,000	124,506
Energy Efficiency Fund	100,000	-
Capital Fund	1,189,000	-
Parks Fund	220,545	66,917
Water Fund	135,000	31,790
Sewer Fund	35,000	31,790
Sanitation Fund	-	9,118
Information Technology Fund	100,000	-
<b>Totals</b>	<b><u>\$ 1,980,796</u></b>	<b><u>\$ 1,980,796</u></b>

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

	<u>Internal Service Charges</u>
General Fund	\$ 155,849
Parks Fund	39,753
Water Fund	43,279
Wastewater Fund	9,835
Sanitation Fund	41,164
Fleet Maintenance Fund	7,369
<b>Total</b>	<b><u>\$ 297,249</u></b>

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, 2009, the Fleet Maintenance Fund has \$256,936 of funds available under this program.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 7: INTERFUND TRANSACTIONS** (Continued)

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

	<b><u>Mgmt Fees</u></b>
Water Fund	\$ 150,712
Wastewater Fund	105,311
Sanitation Fund	<u>40,000</u>
<b>Total</b>	<b><u>\$ 296,023</u></b>

**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 \$1,379,978. During the year ended December 31, 2009, the City contributed \$172,635, and the employees contributed \$105,907.

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 \$5,396,511 and covered payroll was \$4,022,300 for this plan. For the year ended December 31, 2009, the City contributed \$201,115 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, 2009**

**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:

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Fleet Maintenance Fund</b>
Total Revenues -				
GAAP Basis	\$ 4,245,723	\$ 4,053,475	\$ 569,566	\$ 301,299
Dedicated Infrastructure	(1,196,960)	(762,713)	-	-
<b>Total Revenues - Budget Basis</b>	<b>\$ 3,048,763</b>	<b>\$ 3,290,762</b>	<b>\$ 569,566</b>	<b>\$ 301,299</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Fleet Maintenance Fund</b>
Total Expenditures -				
GAAP Basis	\$ 3,285,177	\$ 2,474,843	\$ 536,570	\$ 431,467
Depreciation	(778,840)	(837,017)	(76,225)	(141,608)
Debt Service Principal	269,164	702,852	-	-
Amortization	-	34,661	-	-
Capital Asset Acquisition	478,035	10,012,552	-	33,452
<b>Total Expenditures - Budget Basis</b>	<b>\$ 3,253,536</b>	<b>\$ 12,387,891</b>	<b>\$ 460,345</b>	<b>\$ 323,311</b>

**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, 2009**

**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 CONTIGENCIES**

**Grant & Loan Construction Commitments**

The City had commitments of \$4,095,123 for capital projects in governmental fund types and \$524,779 in proprietary fund types at December 31, 2009. Future expenditures related to these commitments are expected to be financed through available resources and future revenues.

**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, 2009, the emergency reserve of \$452,000 was recorded in the General Fund.

**OTHER SUPPLEMENTARY INFORMATION**

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## **SPECIAL REVENUE FUNDS**

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

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

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

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2009

With Comparative Totals for December 31, 2008

	<u>CONSERVATION TRUST</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>VISITOR IMPROVEMENT</u>	<u>DOWNTOWN DEVELOPMENT</u>
<b>ASSETS</b>				
Cash and Investments	\$ 361,006	\$ 251,178	\$ 169,560	\$ 90,984
Property Taxes Receivable	-	-	-	58,369
Other Receivable	-	-	7,880	-
Prepaid Expenses	-	-	-	-
Advance to Other Funds	-	139,000	-	-
Due from Other Governments	-	-	-	4,301
Restricted Cash and Investments	-	-	-	12,319
<b>TOTAL ASSETS</b>	<u>\$ 361,006</u>	<u>\$ 390,178</u>	<u>\$ 177,440</u>	<u>\$ 165,973</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 2,206	\$ -	\$ 6,136
Advances from Other Funds	-	-	-	-
Deferred Revenue	-	-	-	58,369
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>2,206</u>	<u>-</u>	<u>64,505</u>
<b>FUND BALANCE</b>				
Reserved for:				
Interfund Advances	-	139,000	-	-
Prepays	-	-	-	-
Unreserved reported in				
Special Revenue Funds	361,006	248,972	177,440	101,468
<b>TOTAL FUND BALANCE</b>	<u>361,006</u>	<u>387,972</u>	<u>177,440</u>	<u>101,468</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 361,006</u>	<u>\$ 390,178</u>	<u>\$ 177,440</u>	<u>\$ 165,973</u>

See the accompanying Independent Auditors' Report.

RIFLE INFORMATION CENTER	ENERGY EFFICIENCY	URBAN RENEWAL AUTHORITY	TOTALS	
			2009	2008
\$ 243,940	\$ 101,307	\$ 21,299	\$ 1,239,274	\$ 1,091,682
-	-	-	58,369	46,915
15,847	-	-	23,727	68,631
-	-	-	-	1,896
-	-	-	139,000	166,800
-	-	-	4,301	308
-	-	-	12,319	12,319
<u>\$ 259,787</u>	<u>\$ 101,307</u>	<u>\$ 21,299</u>	<u>\$ 1,476,990</u>	<u>\$ 1,388,551</u>
\$ -	\$ -	\$ 481	\$ 8,823	\$ 5,724
25,422	-	120,000	145,422	129,817
-	-	-	58,369	46,915
<u>25,422</u>	<u>-</u>	<u>120,481</u>	<u>212,614</u>	<u>182,456</u>
-	-	-	139,000	166,800
-	-	-	-	1,896
<u>234,365</u>	<u>101,307</u>	<u>(99,182)</u>	<u>1,125,376</u>	<u>1,037,399</u>
<u>234,365</u>	<u>101,307</u>	<u>(99,182)</u>	<u>1,264,376</u>	<u>1,206,095</u>
<u>\$ 259,787</u>	<u>\$ 101,307</u>	<u>\$ 21,299</u>	<u>\$ 1,476,990</u>	<u>\$ 1,388,551</u>

CITY OF RIFLE, COLORADO

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

**NONMAJOR GOVERNMENTAL FUNDS**

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	<u>CONSERVATION TRUST</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>VISITOR IMPROVEMENT</u>	<u>DOWNTOWN DEVELOPMENT</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 173,303	\$ 48,946
Intergovernmental	85,583	-	-	6,911
Charges for Services	-	-	-	-
Miscellaneous	4,023	3,220	1,647	2,304
<b>TOTAL REVENUES</b>	<b>89,606</b>	<b>3,220</b>	<b>174,950</b>	<b>58,161</b>
EXPENDITURES				
Economic Development and Assistance	-	44,453	115,466	51,847
Capital Outlay	-	7,144	-	10,600
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>51,597</b>	<b>115,466</b>	<b>62,447</b>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	89,606	(48,377)	59,484	(4,286)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	9,000
Transfers Out	-	-	(30,756)	(124,506)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(30,756)</b>	<b>(115,506)</b>
CHANGE IN FUND BALANCES	89,606	(48,377)	28,728	(119,792)
FUND BALANCE (DEFICIT), Beginning	271,400	436,349	148,712	221,260
FUND BALANCE (DEFICIT), Ending	<u>\$ 361,006</u>	<u>\$ 387,972</u>	<u>\$ 177,440</u>	<u>\$ 101,468</u>

See the accompanying Independent Auditors' Report.

RIFLE INFORMATION CENTER	ENERGY EFFICIENCY	URBAN RENEWAL AUTHORITY	TOTALS	
			2009	2008
\$ 164,885	\$ -	\$ -	\$ 387,134	\$ 467,732
-	-	-	92,494	138,943
-	-	-	-	3,070
<u>3,265</u>	<u>1,307</u>	<u>236</u>	<u>16,002</u>	<u>40,276</u>
<u>168,150</u>	<u>1,307</u>	<u>236</u>	<u>495,630</u>	<u>650,021</u>
137,493	-	23,289	372,548	389,578
-	-	-	17,744	10,268
<u>795</u>	<u>-</u>	<u>-</u>	<u>795</u>	<u>1,134</u>
<u>138,288</u>	<u>-</u>	<u>23,289</u>	<u>391,087</u>	<u>400,980</u>
<u>29,862</u>	<u>1,307</u>	<u>(23,053)</u>	<u>104,543</u>	<u>249,041</u>
-	100,000	-	109,000	90,270
<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,262)</u>	<u>(18,180)</u>
<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(46,262)</u>	<u>72,090</u>
29,862	101,307	(23,053)	58,281	321,131
<u>204,503</u>	<u>-</u>	<u>(76,129)</u>	<u>1,206,095</u>	<u>884,964</u>
<u>\$ 234,365</u>	<u>\$ 101,307</u>	<u>\$ (99,182)</u>	<u>\$ 1,264,376</u>	<u>\$ 1,206,095</u>

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			2008 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ 66,000	\$ 85,583	\$ 19,583	\$ 88,943
Miscellaneous	5,141	4,023	(1,118)	7,526
TOTAL REVENUES	71,141	89,606	18,465	96,469
EXPENDITURES				
Capital Outlay	-	-	-	8,000
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	71,141	89,606	18,465	88,469
OTHER FINANCING SOURCES (USES)				
Transfers Out	(260,000)	-	260,000	-
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(188,859)	89,606	278,465	88,469
FUND BALANCE, Beginning	271,400	271,400	-	182,931
FUND BALANCE, Ending	\$ 82,541	\$ 361,006	\$ 278,465	\$ 271,400

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			2008 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ 35,764	\$ -	\$ (35,764)	\$ 50,000
Miscellaneous	31,600	3,220	(28,380)	16,868
TOTAL REVENUES	67,364	3,220	(64,144)	66,868
EXPENDITURES				
Economic Development and Assistance	227,764	44,453	183,311	84,870
Capital Outlay	-	7,144	(7,144)	-
Contingency Reserve	150,000	-	150,000	-
TOTAL EXPENDITURES	377,764	51,597	326,167	84,870
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(310,400)	(48,377)	262,023	(18,002)
OTHER FINANCING SOURCES (USES)				
Transfers In	75,000	-	(75,000)	75,000
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(235,400)	(48,377)	187,023	56,998
FUND BALANCE, Beginning	436,349	436,349	-	379,351
FUND BALANCE, Ending	\$ 200,949	\$ 387,972	\$ 187,023	\$ 436,349

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 297,308	\$ 173,303	\$ (124,005)	\$ 185,938
Miscellaneous	2,693	1,647	(1,046)	2,594
TOTAL REVENUES	300,001	174,950	(125,051)	188,532
EXPENDITURES				
Economic Development and Assistance	259,650	115,466	144,184	21,640
Capital Outlay	45,000	-	45,000	-
Contingency Reserve	100,000	-	100,000	-
TOTAL EXPENDITURES	404,650	115,466	289,184	21,640
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(104,649)	59,484	164,133	166,892
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(30,756)	(30,756)	(18,180)
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(104,649)	28,728	133,377	148,712
FUND BALANCE, Beginning	148,712	148,712	-	-
FUND BALANCE, Ending	\$ 44,063	\$ 177,440	\$ 133,377	\$ 148,712

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			2008 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 49,651	\$ 48,946	\$ (705)	\$ 48,125
Intergovernmental	-	6,911	6,911	-
Charges for Services	-	-	-	3,070
Miscellaneous	3,421	2,304	(1,117)	7,359
TOTAL REVENUES	53,072	58,161	5,089	58,554
EXPENDITURES				
Economic Development and Assistance	46,888	51,847	(4,959)	52,346
Capital Outlay	213,500	10,600	202,900	2,268
TOTAL EXPENDITURES	260,388	62,447	197,941	54,614
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(207,316)	(4,286)	203,030	3,940
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	-	-	-	-
Transfers In	9,000	9,000	-	15,270
Transfers Out	-	(124,506)	(124,506)	-
TOTAL OTHER FINANCING SOURCES (USES)	9,000	(115,506)	(124,506)	15,270
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(198,316)	(119,792)	78,524	19,210
FUND BALANCE, Beginning	221,260	221,260	-	202,050
FUND BALANCE, Ending	\$ 22,944	\$ 101,468	\$ 78,524	\$ 221,260

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			2008 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 220,623	\$ 164,885	\$ (55,738)	\$ 233,669
Miscellaneous	5,800	3,265	(2,535)	6,719
TOTAL REVENUES	<u>226,423</u>	<u>168,150</u>	<u>(58,273)</u>	<u>240,388</u>
EXPENDITURES				
Economic Development and Assistance	163,242	137,493	25,749	155,383
Debt Service	15,190	795	14,395	1,134
TOTAL EXPENDITURES	<u>178,432</u>	<u>138,288</u>	<u>40,144</u>	<u>156,517</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	47,991	29,862	(18,129)	83,871
FUND BALANCE (DEFICIT), Beginning	<u>35,385</u>	<u>204,503</u>	<u>169,118</u>	<u>120,632</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 83,376</u>	<u>\$ 234,365</u>	<u>\$ 150,989</u>	<u>\$ 204,503</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE**  
**ENERGY EFFICIENCY FUND**  
 Year Ended December 31, 2009

	<b>2009</b>		<b>VARIANCE WITH FINAL BUDGET FAV (UNFAV)</b>
	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	
REVENUES			
Miscellaneous	\$ -	\$ 1,307	\$ 1,307
OTHER FINANCING SOURCES (USES)			
Transfers In	-	100,000	100,000
CHANGE IN FUND BALANCE	-	101,307	101,307
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 101,307</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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			2008 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Miscellaneous	\$ -	\$ 236	\$ 236	\$ (790)
EXPENDITURES				
Economic Development and Assistance	40,000	23,289	16,711	75,339
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(40,000)	(23,053)	16,947	(76,129)
OTHER FINANCING SOURCES (USES)				
Transfers In	50,000	-	(50,000)	-
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	10,000	(23,053)	(33,053)	(76,129)
FUND BALANCE, Beginning	-	(76,129)	(76,129)	-
FUND BALANCE, Ending	<u>\$ 10,000</u>	<u>\$ (99,182)</u>	<u>\$ (109,182)</u>	<u>\$ (76,129)</u>

See the accompanying Independent Auditors' Report.

## **ENTERPRISE FUNDS**

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

The following are the Enterprise Funds of the City:

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

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

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

CITY OF RIFLE, COLORADO

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

**WATER FUND**

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
<b>REVENUES</b>				
Charges for Services	\$ 2,209,517	\$ 2,017,033	\$ (192,484)	\$ 2,262,709
Sale of Materials	41,326	5,657	(35,669)	56,463
Reimbursed Expenditures	30,000	37,187	7,187	47,331
Other Revenue	52,534	87,863	35,329	88,316
System Improvement Fees	538,293	405,794	(132,499)	1,057,193
Investment Earnings	88,955	82,611	(6,344)	176,932
Cash in Lieu of Fees	30,000	1,202	(28,798)	106,499
State Grants	367,204	276,416	(90,788)	376,161
Other Revenues	1,000	-	(1,000)	-
Transfers In	160,000	135,000	(25,000)	100,000
<b>TOTAL REVENUES</b>	<b>3,518,829</b>	<b>3,048,763</b>	<b>(470,066)</b>	<b>4,271,604</b>
<b>EXPENDITURES</b>				
Personal Services	708,072	626,021	82,051	633,468
Supplies	252,500	193,457	59,043	215,967
Purchased Services	1,608,562	1,349,302	259,260	620,421
Other Operating Expenses	50,000	11	49,989	7,500
Management Fees	150,712	150,712	-	144,223
Fleet Maintenance	65,779	43,279	22,500	47,663
Acquisition of Capital Assets	701,300	477,381	223,919	1,004,467
Debt Principal	269,165	269,164	1	258,789
Interest Expense	115,547	111,381	4,166	123,195
Transfers Out	31,790	31,790	-	29,874
Other Expenses	1,038	1,038	-	1,038
<b>TOTAL EXPENDITURES</b>	<b>3,954,465</b>	<b>3,253,536</b>	<b>700,929</b>	<b>3,086,605</b>
<b>NET INCOME - Budgetary Basis</b>	<b>\$ (435,636)</b>	<b>(204,773)</b>	<b>\$ 230,863</b>	<b>1,184,999</b>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital Outlay		478,035		648,646
Dedicated Infrastructure		1,196,960		2,811,928
Gain (Loss) on Disposal of Fixed Assets		-		(196,882)
Debt Principal		269,164		258,789
Depreciation Expense		(778,840)		(700,280)
<b>NET INCOME - GAAP Basis</b>		<b>960,546</b>		<b>4,007,200</b>
<b>NET ASSETS, Beginning</b>		<b>24,398,487</b>		<b>20,391,287</b>
<b>NET ASSETS, Ending</b>		<b>\$ 25,359,033</b>		<b>\$ 24,398,487</b>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

**SEWER FUND**

Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 2,506,356	\$ 2,410,090	\$ (96,266)	\$ 2,544,894
Other Operating Revenues	21,906	77,785	55,879	8,333
System Improvement Fees	554,931	382,931	(172,000)	1,088,181
Investment Earnings	62,500	40,719	(21,781)	127,568
State Grants	155,000	300,264	145,264	650,614
Transfers In	60,000	35,000	(25,000)	1,000,000
Other Revenues	-	43,973	43,973	7,000
TOTAL REVENUES	<u>3,360,693</u>	<u>3,290,762</u>	<u>(69,931)</u>	<u>5,426,590</u>
EXPENDITURES				
Personal Services	459,925	445,809	14,116	335,817
Supplies	148,000	119,066	28,934	66,590
Purchased Services	446,060	312,539	133,521	322,607
Other Operating Expenses	25,000	28	24,972	-
Management Fees	105,311	105,311	-	100,295
Fleet Maintenance	8,485	9,835	(1,350)	21,562
Acquisition of Capital Assets	11,800,965	9,983,840	1,817,125	15,040,274
Debt Principal	701,900	702,852	(952)	56,794
Interest Expense	642,349	676,821	(34,472)	435,103
Transfers Out	31,790	31,790	-	1,029,874
Other Expenses	20,000	-	20,000	-
TOTAL EXPENDITURES	<u>14,389,785</u>	<u>12,387,891</u>	<u>2,001,894</u>	<u>17,408,916</u>
NET INCOME - Budgetary Basis	<u>\$ (11,029,092)</u>	<u>(9,097,129)</u>	<u>\$ 1,931,963</u>	<u>(11,982,326)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		10,012,552		15,022,393
Dedicated Infrastructure		762,713		-
Debt Principal		702,852		56,794
Gain (Loss) on Disposal of Fixed Assets		-		(58,423)
Amortization of Bond Premium & Costs		34,661		34,661
Depreciation Expense		(837,017)		(250,236)
NET INCOME - GAAP Basis		1,578,632		2,822,863
NET ASSETS, Beginning		<u>17,748,347</u>		<u>14,925,484</u>
NET ASSETS, Ending		<u>\$ 19,326,979</u>		<u>\$ 17,748,347</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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2008 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 530,500	\$ 563,976	\$ 33,476	\$ 540,009
Sale of Materials	-	210	210	-
Other Revenue	2,000	2,332	332	1,821
Investment Earnings	10,000	3,048	(6,952)	12,572
TOTAL REVENUES	<u>542,500</u>	<u>569,566</u>	<u>27,066</u>	<u>554,402</u>
EXPENDITURES				
Personal Services	165,700	140,277	25,423	158,197
Supplies	19,675	4,416	15,259	20,249
Purchased Services	248,777	225,342	23,435	259,899
Other Operating Expenses	500	28	472	110
Management Fees	40,000	40,000	-	35,930
Fleet Maintenance	45,000	41,164	3,836	52,403
Acquisition of Capital Assets	-	-	-	195,878
Transfers Out	9,118	9,118	-	9,000
Contingency Reserve	25,000	-	25,000	-
TOTAL EXPENDITURES	<u>553,770</u>	<u>460,345</u>	<u>93,425</u>	<u>731,666</u>
NET INCOME - Budgetary Basis	<u>\$ (11,270)</u>	109,221	<u>\$ 120,491</u>	(177,264)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		-		195,538
Depreciation Expense		(76,225)		(37,394)
NET INCOME - GAAP Basis		32,996		(19,120)
NET ASSETS, Beginning		<u>578,604</u>		<u>597,724</u>
NET ASSETS, Ending		<u>\$ 611,600</u>		<u>\$ 578,604</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, 2009

With Comparative Totals for December 31, 2008

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2009	2008
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 39,908	\$ 99,894	\$ 139,802	\$ 62,699
Inventory	26,396	-	26,396	26,777
<b>TOTAL CURRENT ASSETS</b>	<b>66,304</b>	<b>99,894</b>	<b>166,198</b>	<b>92,253</b>
<b>PROPERTY AND EQUIPMENT</b>				
Less Accumulated Depreciation	775,865	-	775,865	742,413
	(402,459)	-	(402,459)	(260,851)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>373,406</b>	<b>-</b>	<b>373,406</b>	<b>481,562</b>
<b>OTHER ASSETS</b>				
Restricted Cash and Investments	256,936	-	256,936	286,134
<b>TOTAL ASSETS</b>	<b>696,646</b>	<b>99,894</b>	<b>796,540</b>	<b>859,949</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	29,402	-	29,402	60,936
Accrued Wages & Comp. Absences	2,595	-	2,595	4,196
<b>TOTAL LIABILITIES</b>	<b>31,997</b>	<b>-</b>	<b>31,997</b>	<b>65,132</b>
<b>NET ASSETS</b>				
Invested in Capital Assets Net of Related Debt	373,406	-	373,406	481,562
Unrestricted	291,243	99,894	391,137	313,255
<b>TOTAL NET ASSETS</b>	<b>\$ 664,649</b>	<b>\$ 99,894</b>	<b>\$ 764,543</b>	<b>\$ 794,817</b>

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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2009	2008
OPERATING REVENUES				
Charges for Services	\$ 297,249	\$ -	\$ 297,249	\$ 525,797
OPERATING EXPENSES				
Personal Services	85,788	-	85,788	86,826
Supplies	184,065	-	184,065	199,646
Purchased Services	12,637	-	12,637	20,302
Fleet Maintenance	7,369	-	7,369	6,629
Depreciation	141,608	-	141,608	121,542
TOTAL OPERATING EXPENSES	431,467	-	431,467	434,945
NET INCOME (LOSS) FROM OPERATIONS	(134,218)	-	(134,218)	90,852
OTHER INCOME (EXPENSE)				
Investment Earnings	4,050	(106)	3,944	9,877
NET INCOME (LOSS) BEFORE TRANSFERS	(130,168)	(106)	(130,274)	100,729
OPERATING TRANSFERS				
Operating Transfers In	-	100,000	100,000	-
NET INCOME (LOSS)	(130,168)	99,894	(30,274)	100,729
NET ASSETS, Beginning	794,817	-	794,817	694,088
NET ASSETS, Ending	\$ 664,649	\$ 99,894	\$ 764,543	\$ 794,817

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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTAL	
			2009	2008
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 298,382	\$ -	\$ 298,382	\$ 525,797
Cash Payments to Suppliers and Employees	(320,968)	-	(320,968)	(279,225)
Net Cash Provided by Operating Activities	<u>(22,586)</u>	<u>-</u>	<u>(22,586)</u>	<u>246,572</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(33,452)	-	(33,452)	(200,252)
Interest Payments on Debt	4,050	(106)	3,944	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(29,402)</u>	<u>(106)</u>	<u>(29,508)</u>	<u>(200,252)</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers - Net	-	100,000	100,000	-
Cash Flows From Investing Activities:				
Investment Income	4,050	(106)	3,944	9,877
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,938)	99,788	51,850	56,197
CASH AND INVESTMENTS, Beginning	348,832	-	348,832	293,769
CASH AND INVESTMENTS, Ending	<u>\$ 300,894</u>	<u>\$ 99,788</u>	<u>\$ 400,682</u>	<u>\$ 349,966</u>
Cash and Investments	\$ 39,908	\$ 99,894	\$ 139,802	\$ 62,699
Restricted Cash and Investments	256,936	-	256,936	286,134
TOTAL CASH AND INVESTMENTS	<u>\$ 296,844</u>	<u>\$ 99,894</u>	<u>\$ 396,738</u>	<u>\$ 348,833</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (134,218)	\$ -	\$ (134,218)	\$ 90,852
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	141,608	-	141,608	121,542
(Increase) Decrease in:				
Other Receivable	1,133	-	1,133	-
Prepaid Expenses	1,644	-	1,644	(379)
Inventory	382	-	382	(2,763)
Increase (Decrease) in:				
Accounts Payable	(31,535)	-	(31,535)	35,107
Accrued Wages & Comp. Absences	(1,600)	-	(1,600)	2,213
Total Adjustments	<u>111,632</u>	<u>-</u>	<u>111,632</u>	<u>155,720</u>
Net Cash Provided by Operating Activities	<u>\$ (22,586)</u>	<u>\$ -</u>	<u>\$ (22,586)</u>	<u>\$ 246,572</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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	2009			2008 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 178,633	\$ 297,249	\$ 118,616	\$ -
Investment Earnings	7,062	4,050	(3,012)	-
TOTAL REVENUES	185,695	301,299	115,604	-
EXPENDITURES				
Personal Services	94,396	85,788	8,608	-
Supplies	219,350	184,065	35,285	-
Purchased Services	17,050	12,637	4,413	-
Fleet Maintenance	6,000	7,369	(1,369)	-
Acquisition of Capital Assets	215,000	33,452	181,548	200,252
TOTAL EXPENDITURES	551,796	323,311	228,485	200,252
NET INCOME - Budgetary Basis	<u>\$ (366,101)</u>	(22,012)	<u>\$ 344,089</u>	(200,252)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		33,452		200,252
Depreciation Expense		(141,608)		-
NET INCOME - GAAP Basis		(130,168)		-
NET ASSETS, Beginning		-		-
NET ASSETS, Ending		<u>\$ (130,168)</u>		<u>\$ -</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, 2009

	<b>2009</b>		<b>VARIANCE WITH FINAL BUDGET FAV (UNFAV)</b>
	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	
REVENUES			
Investment Earnings	\$ -	\$ (106)	\$ (106)
Transfers In	-	100,000	100,000
	<u>\$ -</u>		<u>\$ 99,894</u>
NET INCOME - Budgetary Basis	<u>\$ -</u>	99,894	<u>\$ 99,894</u>
NET ASSETS, Beginning		-	
NET ASSETS, Ending		<u>\$ 99,894</u>	

See the accompanying Independent Auditors' Report.

## COMPLIANCE SECTION

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## **State Compliance**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>CITY OF RIFLE</b>
	YEAR ENDING : December 2009
This Information From The Records Of (example - City of _ or County of _) Prepared By: Charles Kelty, Finance Director Phone: 970.625.6449	

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,094,990
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	566,808
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	9,255
2. General fund appropriations	1,528,213	b. Snow and ice removal	41,923
3. Other local imposts (from page 2)	1,563,609	c. Other	137,844
4. Miscellaneous local receipts (from page 2)	204,704	d. Total (a. through c.)	189,022
5. Transfers from toll facilities	0	4. General administration & miscellaneous	168,204
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	836,205
a. Bonds - Original Issues	0	6. Total (1 through 5)	3,855,229
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	114,751
7. Total (1 through 6)	3,296,526	b. Redemption	265,000
<b>B. Private Contributions</b>	420,319	c. Total (a. + b.)	379,751
<b>C. Receipts from State government (from page 2)</b>	917,015	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	4,633,860	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	379,751
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	4,234,980

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	3,095,000		265,000	2,830,000
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,451,774	4,633,860	4,234,980	3,850,654	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2009

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	69,104	a. Interest on investments	63,770
b. Other local imposts:		b. Traffic Fines & Penalties	140,934
1. Sales Taxes	998,091	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	27,614	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	468,800	g. Other Misc. Receipts	0
6. Total (1. through 5.)	1,494,505	h. Other	0
c. Total (a. + b.)	1,563,609	i. Total (a. through h.)	204,704
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	261,771	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	38,206	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	617,038	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	655,244	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	917,015	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		478,224	478,224
c. Construction:			
(1). New Facilities		1,141,645	1,141,645
(2). Capacity Improvements		34,285	34,285
(3). System Preservation		380,482	380,482
(4). System Enhancement & Operation		60,354	60,354
(5). Total Construction (1) + (2) + (3) + (4)	0	1,616,766	1,616,766
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,094,990	2,094,990
			(Carry forward to page 1)

Notes and Comments:

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## **Federal Compliance (Single Audit)**

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

To the City Council  
City of Rifle, Colorado

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, 2009, which collectively comprise the City of Rifle, Colorado's basic financial statements and have issued our report thereon dated May 13, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Rifle's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rifle's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rifle's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Rifle's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City of Rifle's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Rifle's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Rifle, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Johnson, Holman & Company, P.C.*

Centennial, Colorado  
May 13, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the City Council  
City of Rifle, Colorado

**Compliance**

We have audited the compliance of the City of Rifle, Colorado, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City of Rifle, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Rifle, Colorado's management. Our responsibility is to express an opinion on the City of Rifle, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rifle, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Rifle, Colorado's compliance with those requirements.

In our opinion, the City of Rifle, Colorado, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

**Internal Control Over Compliance**

The management of the City of Rifle, Colorado, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Rifle, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a significant deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the 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 City of Rifle, Colorado, as of and for the year ended December 31, 2009, and have issued our report thereon dated May 13, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Rifle, Colorado's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Johnson, Holman & Company, P.C.*

Centennial, Colorado  
May 13, 2010

CITY OF RIFLE, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2009

Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes  no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  no

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes  no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  no

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes  no

Identification of major program:

66.458 Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  no

**Findings Related to Financial Statements**

The audit of the financial statements did not disclose any significant deficiencies in internal controls that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those financial statements.

**Findings and Questioned Costs for Federal Awards**

The audit of federal awards did not disclose any significant deficiencies in internal controls that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those federal awards.

**CITY OF RIFLE, COLORADO  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2009**

Grantor and Program Title	Federal CFDA Number	Pass-Through Grantors Number	Expenditures
<b><u>U.S. Environmental Protection Agency</u></b>			
<u>Office Of Water</u>			
Pass Through: Colorado Water Resources & Power Development Authority (CWR&PDA) - Capitalization Grants for Clean Water State Revolving Fund	66.458	WPCRF Loan No. W07A14	\$ 2,819,403
<b><u>U.S. Department of Justice</u></b>			
<u>Office of Justice Programs, Bureau of Justice Assistance</u>			
Bullet Proof Vest Partnership Program	16.607		-
<b>Total Federal Grants</b>			<b><u>\$ 2,819,403</u></b>

**Note 1: Basis of Presentation**

This schedule is prepared in accordance with U.S. generally accepted accounting principles. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

See the Accompanying Independent Auditors' Report.