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**CITY OF RIFLE, COLORADO**  
**BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007**

**CITY OF RIFLE, COLORADO**  
**ROSTER OF CITY OFFICIALS**  
**DECEMBER 31, 2007**

**CITY COUNCIL**

Keith Lambert – Mayor

Alan Lambert – Mayor Pro Tem

Beth Bascom – Councilmember

Jay Miller – Councilmember

Jonathon Rice – Councilmember

Jennifer Sanborn – Councilmember

Jeanette Thompson – Councilmember

**ADMINISTRATION**

John Hier – City Manager

Charles Kelty – Finance Director

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City of Rifle, Colorado

Management's Discussion and Analysis  
December 31, 2007

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, 2007. 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 new 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.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Financial Highlights**

- City of Rifle's assets exceeded its liabilities at the close of 2007 by \$81,789 (net assets). Of this amount, \$29,429 may be used to meet the government's ongoing obligations.
- Total net assets increased by \$15,523 or 23.4%.
- The general fund received an energy impact severance tax payment of \$406 in 2007, a decrease from the \$576 received in 2006. These funds are intended to help the City deal with the impacts of the energy industry.
- As of December 31, 2007, combined governmental fund balances totaled \$19,476, an increase of \$7,177 from the prior year. The General Fund balance was \$4,146, up \$147 from the prior year.
- General fund unreserved, undesignated fund balance at December 31, 2007 was \$3,481 or 48% of total general fund expenditures.
- The business-type activities net assets increased \$6,941 to \$35,914.
- Unrestricted net assets for the business-type activities increased \$8,542; Water Fund increased \$4,251; Sewer Fund increased \$4,217; and Sanitation Fund increased \$74.

### **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 tax base, sales tax base and condition of the City’s roads 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, and DDA. 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 that 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 five non-major funds combined into a single, aggregated presentation. The City's major governmental funds are the General Fund, the Street Improvement Fund, the Capital Improvement Fund and the Parks and Recreation Fund. The non-major funds are Conservation Trust Fund, Economic Development Fund, Downtown Development Fund (DDA), and Rifle Information Center Fund. Individual fund data for each of the non-major governmental funds is provided in the form of combining statement elsewhere in this report.

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 fund financial statements can be found on pages 3-9 of this report.

**Proprietary funds** – The City of Rifle maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Rifle uses an internal service fund to account for its fleet maintenance operations. The fleet maintenance 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, though; 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 General Fund, Water Fund, Sewer Fund, and Sanitation Fund fleet. 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.

**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 separate *Statement of Fiduciary Net Assets* and *Statement of Changes in Fiduciary Net Assets* 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 combining statements referred to earlier in connection with non-major governmental funds and the individual fund statements can be found on pages 36-45 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also includes the Local Highway Finance Report. This information is presented on pages 46-47.

### 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 2007 as compared to 2006.

<b>SUMMARY OF NET ASSETS</b>						
<b>December 31, 2007 and 2006</b>						
<b>In Thousands of Dollars</b>						
	<b>Governmental</b>		<b>Business Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 17,544	\$ 15,049	\$ 25,232	\$ 6,610	\$ 42,776	\$ 21,659
Capital assets (net)	36,171	28,337	34,069	26,517	70,240	54,853
<b>Total assets</b>	<u>53,716</u>	<u>43,386</u>	<u>59,301</u>	<u>33,127</u>	<u>113,016</u>	<u>76,512</u>
Other liabilities	2,767	2,721	1,756	813	4,523	3,533
Long-term liabilities	5,074	3,372	21,630	3,341	26,704	6,713
<b>Total liabilities</b>	<u>7,841</u>	<u>6,093</u>	<u>23,386</u>	<u>4,154</u>	<u>31,227</u>	<u>10,246</u>
Net assets:						
Invested in capital assets						
net of related debt	26,194	24,737	25,201	22,972	51,395	47,709
Restricted	965	1,157	-	3,829	965	4,986
Unrestricted	18,716	11,399	10,714	2,172	29,429	13,571
<b>Total net assets</b>	<u>\$ 45,874</u>	<u>\$ 37,293</u>	<u>\$ 35,914</u>	<u>\$ 28,973</u>	<u>\$ 81,789</u>	<u>\$ 66,266</u>

Net assets may serve over time as a useful indicator of the City's financial position. The City of Rifle's assets exceeded its liabilities (net assets) at the close of 2007 by \$81,789.

At the end of 2006, the City of Rifle had positive balances in all three categories of net assets, both for the City as a whole and as for its separate governmental and business-type activities.

As stated earlier, total net assets increased by \$15,523 or 23.4%.

The largest portion of the City's net assets (63%) 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 capital assets net of related debt increased \$1,457 or 6%. The major increase was due to the Public works operation center building construction completion; costs incurred for the start of the new Justice Center construction project; land development, parkland improvements, and equipment purchases in 2007.

Business-type activities capital assets net of related debt increased \$2,229 or 10%. This increase was a result of water and sewer infrastructure improvements. Additionally, the City of Rifle started construction of a new Wastewater Treatment Facility Plant. This will be the largest project the City has done in recent history and is scheduled to be completed in 2009.

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 increased \$87 or 10% mainly as a result of an increase in accumulated parkland dedication fees and a Garfield County contribution for Whiteriver Ave reconstruction project. There were no Restricted Net Assets in Business-type activities at the end of 2007.

The remaining balance of net assets, unrestricted net assets, totals \$29,429. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

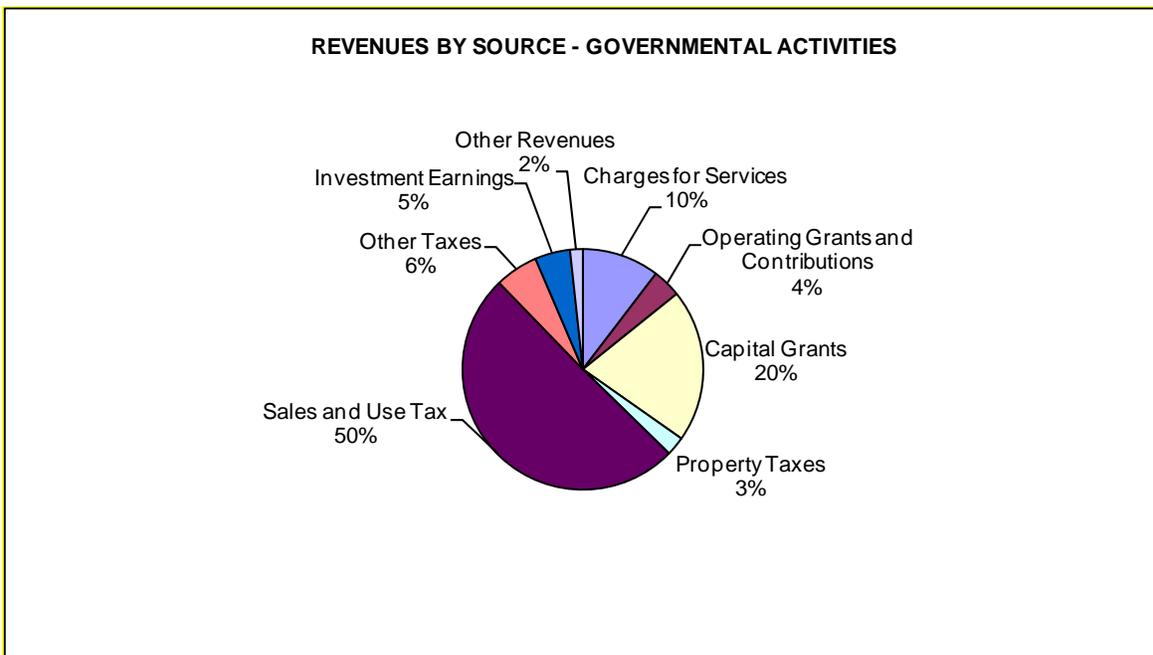
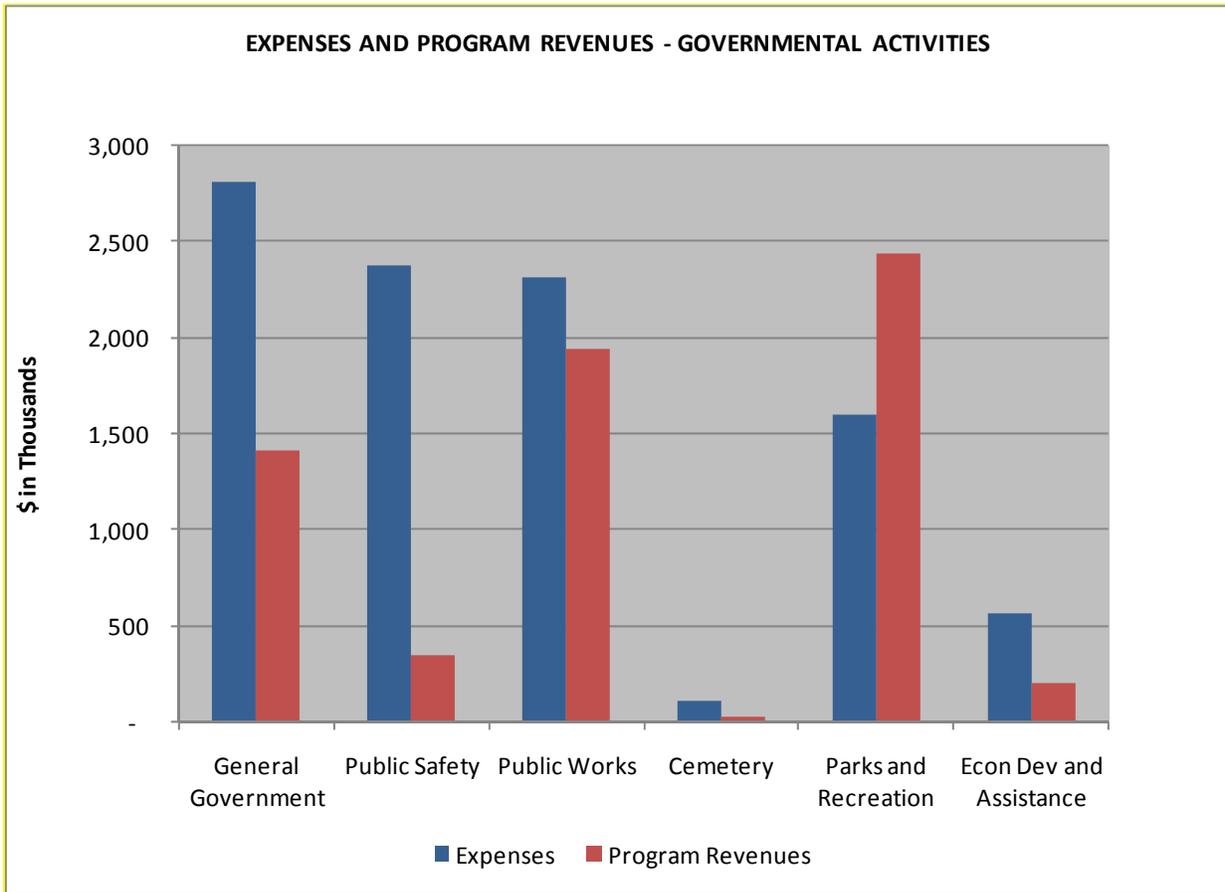
Unrestricted net assets for the governmental activities increased \$7,316 or 64%. The majority of this increase was due to increased sales tax revenues due to expanded retail base and the additional revenues generated from the construction industry due to population growth. Unrestricted Net Assets in business-type activities increased \$8,542 or 393%. The primary reason for this increase is a 105% sewer user fee increase effective April 2007 to help fund the debt service for the new wastewater treatment construction project. Additionally, user fees and tap fees were higher due to new development starting and/or completed during 2007.

## Changes in Net Assets

The following shows the detail of the City's changes in net assets for the year ended December 31, 2007.

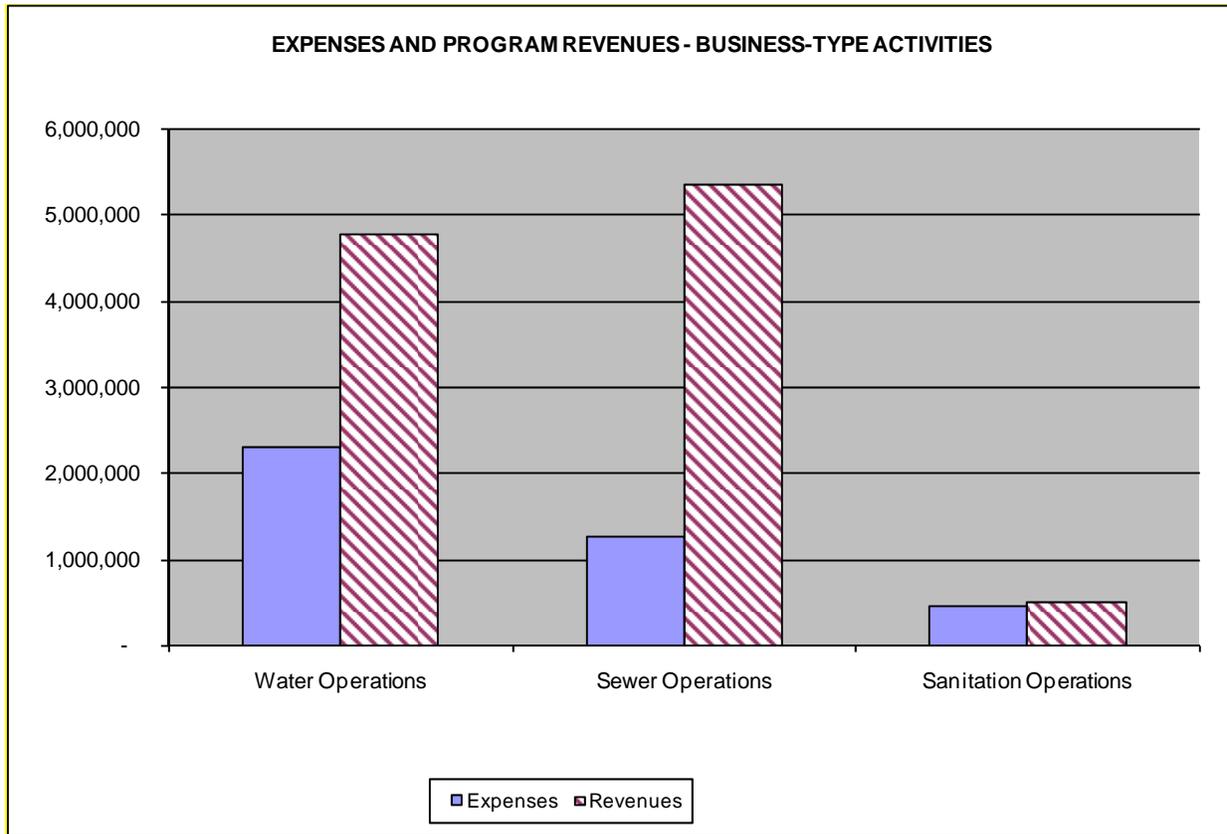
	<b>SUMMARY OF CHANGES IN NET ASSETS</b>					
	<b>For Years Ended December 31, 2007 and 2006</b>					
	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 1,906,806	\$ 1,706,106	\$ 5,035,757	\$ 4,263,957	\$ 6,942,563	\$ 5,970,063
Operating grants and contributions	705,009	751,334	-	-	705,009	751,334
Capital grants and contributions	3,775,963	1,898,298	5,576,363	2,230,732	9,352,326	4,129,030
General Revenues:						
Property taxes	471,164	448,321	-	-	471,164	448,321
Sales and use taxes	9,278,596	8,235,345	-	-	9,278,596	8,235,345
Other taxes	1,064,482	1,263,173	-	-	1,064,482	1,263,173
Investment earnings	868,166	542,024	342,310	271,932	1,210,476	813,956
Other revenues	316,119	319,892	26,623	16,066	342,742	335,958
Total revenues	<u>18,386,305</u>	<u>15,164,493</u>	<u>10,981,053</u>	<u>6,782,687</u>	<u>29,367,358</u>	<u>21,947,180</u>
<b>EXPENSES</b>						
General government	2,809,573	2,069,614	-	-	2,809,573	2,069,614
Public Safety	2,379,501	2,091,242	-	-	2,379,501	2,091,242
Public Works	2,313,205	2,221,406	-	-	2,313,205	2,221,406
Cemetery	117,198	71,484	-	-	117,198	71,484
Parks and recreation	1,599,055	1,362,688	-	-	1,599,055	1,362,688
Economic development and assistance	565,018	561,285	-	-	565,018	561,285
Water operations	-	-	2,318,951	2,167,842	2,318,951	2,167,842
Sewer operations	-	-	1,270,389	1,005,625	1,270,389	1,005,625
Sanitation operations	-	-	471,498	380,642	471,498	380,642
Total expenses	<u>9,783,550</u>	<u>8,377,719</u>	<u>4,060,838</u>	<u>3,554,109</u>	<u>13,844,388</u>	<u>11,931,828</u>
Increase in net assets before transfers	8,602,755	6,786,774	6,920,215	3,228,578	15,522,970	10,015,352
Transfers	<u>(21,154)</u>	<u>-</u>	<u>21,154</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net assets	8,581,601	6,786,774	6,941,369	3,228,578	15,522,970	10,015,352
Net assets, Beginning of year	<u>37,292,716</u>	<u>30,505,942</u>	<u>28,973,126</u>	<u>25,744,548</u>	<u>66,265,842</u>	<u>56,250,490</u>
Net assets, end of year	<u>\$ 45,874,317</u>	<u>\$ 37,292,716</u>	<u>\$ 35,914,495</u>	<u>\$ 28,973,126</u>	<u>\$ 81,788,812</u>	<u>\$ 66,265,842</u>

Governmental Activities

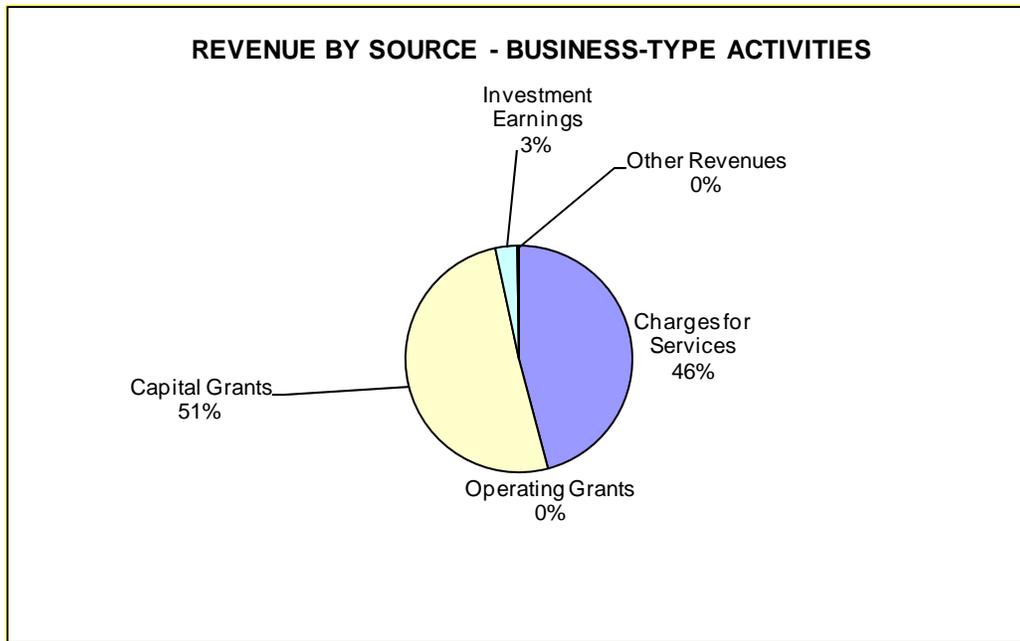


## Business-Type Activities

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 do cover program expenses. It is nice to note during 2007 Charges for Services exceeded provided program expenses. This shows the funds are supporting themselves and did not rely on operating grants and/or contributions to fund on-going operating expenses.



Below is a graph illustrating revenues by source for the business-type activities: forty-six percent (46%) of collected revenues are from service related charges.



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, 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 \$2,696 for capital assets acquired in 2007 are not reflected in the *Statement of Activities*.

At year-end 2007, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 3) reported a combined fund balance of \$19,476, an increase of \$7,177 from the prior year. The General Fund balance increased \$147 or 4%. The Street Improvement Fund balance increased \$1,499 or 33%. The Parks and Recreation Fund balance increased \$839 or 93%. However, the Parks and Recreation Fund will be expending some of the increase during 2008 for major park improvements.

The General Fund unreserved, undesignated fund balance at December 31, 2007 was \$3,481 or 48% of annual expenditures. This is an increase of \$157 from the prior year. The increase in fund balance was primarily due to increased revenues from economic growth and management monitoring and maintaining expenditures during the year.

General Fund revenues increased by a net amount of \$1,248 primarily due to increased sales taxes, building and motor vehicle use taxes, and license and permit revenues.

General Fund expenditures increased \$456 in 2007 largely because of increased salary and benefit costs and capital outlay.

The Street Improvement Fund revenues increased \$558 in 2007 primarily due to sales and use tax revenue, special assessment, and street impact fee increases.

The Street Improvement Fund's expenditures vary depending on planned public work projects. In 2007, the City completed traffic signal upgrades (\$169); sidewalk and concrete repairs (\$19); 3<sup>rd</sup> street bridge re-design (\$340), and design of the I-70 HWY 13 intersection roundabout project (\$12).

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets increased \$6,941 for all proprietary funds. The majority of net assets (70%) are invested in capital assets.

**ENTERPRISE FUND NET ASSETS**  
**December 31, 2007 and 2006**  
**In Thousands of Dollars**

	<u>Water</u>		<u>Sewer</u>		<u>Sanitation</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Investment in capital assets								
net of related debt	\$ 15,178	\$ 14,726	\$ 9,802	\$ 8,007	\$ 221	\$ 239	\$ 25,201	\$ 22,972
Unrestricted	5,213	3,020	5,123	2,679	377	302	10,713	6,001
<b>Total net assets</b>	<b>\$ 20,391</b>	<b>\$ 17,746</b>	<b>\$ 14,925</b>	<b>\$ 10,686</b>	<b>\$ 598</b>	<b>\$ 541</b>	<b>\$ 35,914</b>	<b>\$ 28,973</b>

In the Wastewater Fund, a new treatment plant construction project was started. Anticipated completion is in 2009. City Council increased sewer user fees in 2007 to help fund the debt needed pay for the new wastewater treatment plant. A Water Treatment plant is planned in the next 5-10 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, including collection and distribution lines. Water and Sewer funds are gaining significant income from System Improvement Fees due to high rates of new construction in the City (\$1,517 in Water and \$1,500 in Sewer). Both funds also received funding from energy impact grants from the State of Colorado Division of Local Government. In 2007, the Water and Sewer funds received \$76 and \$1,415 respectively in grant funds for infrastructure replacements.

In 2007, all of the proprietary funds had a positive net income. The Water Fund had net income of \$2,645. The Sewer Fund had net income of \$4,240. Sanitation net income was \$56.

Total unrestricted net assets increased \$8,542 in 2007. The Water Fund's unrestricted net assets increased \$4,251. The Sewer Fund's unrestricted net assets increased \$4,217. The Sanitation Fund's unrestricted net assets increased \$74.

### General Fund Budgetary Highlights

General Fund Revenues were strong in 2007, primarily due to a larger than projected increase in sales taxes and fees associated with the construction industry. Total actual revenues were 10% higher than the final budgeted amount. Expenditures were under the final budget, by about 9%. This left additional monies available, and the Council decided to transfer some of those excess funds to the Capital Fund, to be used for future large projects. The budget was amended to transfer \$2,250 from the General Fund to the Capital Fund. This leaves a healthy fund balance of approximately 57% of expenditures, and provides much needed funding for infrastructure projects.

### Grant/Loan Commitments

The City had commitments of \$7,199,616 for capital projects that are partially grant funded in governmental fund types and \$22,287,015 in proprietary fund types at December 31, 2007. Future expenditures related to these commitments are expected to be financed through available resources and future revenues. Below is a table showing detail of the various grants the city has received.

<b>Grant Projects as of 12/31/2007</b>								
		<b>Total Project</b>	<b>Grant</b>	<b>Grant</b>	<b>Grant \$</b>	<b>Total</b>	<b>City Amt</b>	<b>Remaining</b>
<b>Project Name</b>	<b>EIAF #</b>	<b>Amt</b>	<b>Award</b>	<b>\$ Recd</b>	<b>o/s</b>	<b>City Amt</b>	<b>Spent</b>	<b>City Amt</b>
<b>DOLA GRANTS:</b>								
Industrial Park Master Plan (Airpark)	4834	20,000	10,000	1,000	9,000	10,000	45,500	0
Comp Plan Re-write	5074	150,000	50,000	45,000	5,000	100,000	69,090	30,910
Fairway Avenue and 24th Street	5416	1,000,000	500,000	43,914	456,086	500,000	43,914	456,086
Regional Wastewater Treatment Plant Design	5634	900,000	450,000	405,000	45,000	450,000	515,705	0
Police Station/Court Building	5636	4,078,518	1,000,000	314,358	685,642	3,078,518	314,358	2,764,160
3rd Street Bridge Rehabilitation	5726	970,000	485,000	199,697	285,303	485,000	65,250	419,750
Regional Wastewater Reclamation Facility	5753	23,277,724	1,000,000	900,000	100,000	22,277,724	1,749	22,275,975
Grant Project Coordinator	5754	140,000	70,000	19,750	50,250	70,000	19,750	50,250
Gateway (Roundabouts)	6039	4,366,000	900,000	0	900,000	3,466,000	12,306	3,453,694
<b>OTHER GRANTS:</b>								
USDA - Feedstock Study Grant		74,766	50,000	0	50,000	24,766	0	24,766
Colorado Water Conservation Board	07-008	42,705	31,665	15,504	16,161	11,040	0	11,040
<b>Totals</b>		<b>35,019,713</b>	<b>4,546,665</b>	<b>1,944,223</b>	<b>2,602,442</b>	<b>30,473,048</b>	<b>1,087,622</b>	<b>29,486,631</b>
Governmental Funds		10,799,284	3,065,000	623,719	2,441,281	7,734,284	570,168	7,199,616
Propriety Funds		24,220,429	1,481,665	1,320,504	161,161	22,738,764	517,454	22,287,015
Total's		35,019,713	4,546,665	1,944,223	2,602,442	30,473,048	1,087,622	29,486,631

### Capital Asset and Debt Administration

Capital assets – At the end of 2007, the City had \$60,695 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 11% - an 11% increase for governmental activities and a 10% increase in business-type activities.

CAPITAL ASSETS AT YEAR-END (Net of Depreciation) As of December 31, 2007 and 2006 In Thousands of Dollars						
	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land & Rights	\$ 2,806	\$ 2,806	\$ 1,706	\$ 1,706	\$ 4,512	\$ 4,512
Buildings	3,419	2,504	8,155	5,003	11,574	7,507
Improvements	24,083	22,060	18,080	18,462	42,163	40,522
Equipment	1,195	967	1,252	1,346	2,447	2,313
Total	<u>\$ 31,503</u>	<u>\$ 28,337</u>	<u>\$ 29,193</u>	<u>\$ 26,517</u>	<u>\$ 60,696</u>	<u>\$ 54,854</u>

The major changes in the capital assets activity include:

- Parks and equipment improvements at \$716.
- Public Works Operation Safety Center completion \$71
- Police Justice Center construction project \$810
- Wastewater Treatment Plant Construction \$1,013
- Wastewater infrastructure improvements and equipment \$1,774
- Water infrastructure improvements and equipment at \$792
- Capital purchases replacing and/or improving furniture and equipment.

**Debt administration** – At the end of 2007, the City of Rifle had a balance of \$26,594 outstanding in revenue bonds, revenue notes payable, notes payable and capital leases. The City issued \$2,133 of new capital leases for the Police Facility Justice Center construction project. The Sewer Fund issued \$17,852 debt through the Colorado Water Resource and Power Development Authority for the Wastewater Treatment Plant Construction project. The City repaid \$537 of its outstanding obligations.

The City has no general obligation debt at this time.

OUTSTANDING DEBT Years Ended December 31, 2007 and 2006 In Thousands of Dollars						
	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue bonds and notes payable	\$ 3,350	\$ 2,708	\$ 20,247	\$ 2,986	\$ 23,597	\$ 5,694
Capital leases	2,133	-	864	-	2,997	-
Total	<u>\$ 5,483</u>	<u>\$ 2,708</u>	<u>\$ 21,111</u>	<u>\$ 2,986</u>	<u>\$ 26,594</u>	<u>\$ 5,694</u>

## **Economic Factors and Next Year's Budget and Rates**

The demand on City services has kept pace with recent growth trends. Many City department budgets have grown by double digits the past five years and therefore, increased revenues continue to be needed to support this growth.

Capital project demands have been and will continue to remain at an all time high as the City grapples with the need to address many lean years of deferred maintenance with more recent growth years and the needs that have resulted.

The City will need to focus on capital and service needs in the near future and must position itself to contend with the impacts of energy development and especially oil shale, if that should occur.

Sales and Use tax revenues showed strong growth in 2007. Sales tax revenue grew by about 12% in 2007, compared to the prior year. During the first four months in 2008, sales tax revenues are up about 19% over the same period in 2007.

There are a number of large capital projects budgeted or under development in 2007. A new Police Justice Center to house Police and Courts started construction in 2007 an estimated cost of \$4.3 million. In the Parks and Recreation fund 2007 capital projects are estimated at \$6.2 million.

In the proprietary funds, Wastewater started construction of a new treatment plant. Estimated costs for this project are \$25.3 million.

In 2008 two new departments were added in the General Fund. The first is the Government Affairs department which its primary function will be to act as a liaison between the City of Rifle and the Energy industry's major players and State legislators. The second department is the Grounds and Facility Maintenance department which will be responsible for all grounds and facility maintenance for the City of Rifle's buildings.

Two new funds were also created in 2008: The Visitor Improvement Fund and the Urban Renewal Authority. The Visitor Improvement Fund will track the 2.5% voter approved lodging tax revenues and expenditures. The Urban Renewal Authority is a fund that will generate revenues and expenditures to improve parts of downtown Rifle.

## **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, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements of the City, as listed in the table of contents. These financial statements are the responsibility of the City'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. 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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial 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, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the general, street improvement, parks and recreation and capital funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 combining and individual fund statements and schedules and state compliance listed in the table of contents are presented for purposes of additional analysis and are not required parts 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.

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

April 03, 2008

## ***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, 2007.

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CITY OF RIFLE, COLORADO

**STATEMENT OF NET ASSETS**

December 31, 2007

	2007		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Investments	\$ 14,475,166	\$ 4,869,286	\$ 19,344,452
Cash with Fiscal Agent	515,769	18,600,000	19,115,769
Property Taxes Receivable	603,392	-	603,392
Special Assessments Receivable	307,006	-	307,006
Other Receivable	1,263,670	671,802	1,935,472
Interest Receivable	62,928	-	62,928
Prepaid Expenses	67,380	80,384	147,764
Due from Other Governments	225,107	915,503	1,140,610
Inventory	24,014	94,848	118,862
<b>TOTAL CURRENT ASSETS</b>	<b>17,544,432</b>	<b>25,231,823</b>	<b>42,776,255</b>
<b>NONCURRENT ASSETS</b>			
Capital Assets, net	31,502,662	29,192,620	60,695,282
Restricted Cash	4,549,993	4,849,543	9,399,536
Debt Issuance Costs	118,446	26,696	145,142
<b>TOTAL NONCURRENT ASSETS</b>	<b>36,171,101</b>	<b>34,068,859</b>	<b>70,239,960</b>
<b>TOTAL ASSETS</b>	<b>53,715,533</b>	<b>59,300,682</b>	<b>113,016,215</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	800,341	1,404,552	2,204,893
Accrued Wages & Comp. Absences	341,527	49,535	391,062
Accrued Interest Payable	18,044	78,206	96,250
Deposits	269,550	10,000	279,550
Deferred Revenue	908,310	-	908,310
Current Portion - Long Term Debt	429,329	214,082	643,411
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,767,101</b>	<b>1,756,375</b>	<b>4,523,476</b>
<b>NONCURRENT LIABILITIES</b>			
Bonds Payable	3,095,000	18,574,749	21,669,749
Bond Premiums	20,444	-	20,444
Notes Payable	-	2,228,549	2,228,549
Capital Leases Payable	1,958,671	826,514	2,785,185
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>5,074,115</b>	<b>21,629,812</b>	<b>26,703,927</b>
<b>TOTAL LIABILITIES</b>	<b>7,841,216</b>	<b>23,386,187</b>	<b>31,227,403</b>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	26,193,991	25,200,838	51,394,829
Restricted:			
by Statute	964,782	-	964,782
Unrestricted	18,715,544	10,713,657	29,429,201
<b>TOTAL NET ASSETS</b>	<b>\$ 45,874,317</b>	<b>\$ 35,914,495</b>	<b>\$ 81,788,812</b>

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

CITY OF RIFLE, COLORADO

**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
Governmental Activities				
Current:				
General Government	\$ 2,809,574	\$ 1,281,135	\$ 138,399	\$ -
Public Safety	2,379,501	321,587	25,582	-
Public Works	2,313,205	3,811	429,510	1,505,665
Cemetery	117,198	26,862	7,625	-
Parks and Recreation	1,599,055	196,144	91,640	2,152,306
Economic Development and Assistance	565,018	77,267	12,253	117,992
TOTAL GOVERNMENTAL ACTIVITIES	<u>9,783,550</u>	<u>1,906,806</u>	<u>705,009</u>	<u>3,775,963</u>
Business - Type Activities				
Current:				
Water Operations	2,318,951	2,603,778	-	2,172,443
Sewer Operations	1,270,389	1,946,894	-	3,403,920
Sanitation Operations	471,498	485,085	-	-
TOTAL BUSINESS - TYPE ACTIVITIES	<u>4,060,838</u>	<u>5,035,757</u>	<u>-</u>	<u>5,576,363</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 13,844,388</u>	<u>\$ 6,942,563</u>	<u>\$ 705,009</u>	<u>\$ 9,352,326</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>
\$ (1,390,040)	\$ -	\$ (1,390,040)
(2,032,332)	-	(2,032,332)
(374,219)	-	(374,219)
(82,711)	-	(82,711)
841,035	-	841,035
(357,506)	-	(357,506)
<u>(3,395,772)</u>	<u>-</u>	<u>(3,395,772)</u>
-	2,457,270	2,457,270
-	4,080,425	4,080,425
-	13,587	13,587
<u>-</u>	<u>6,551,282</u>	<u>6,551,282</u>
<u>(3,395,772)</u>	<u>6,551,282</u>	<u>3,155,510</u>
471,164	-	471,164
9,278,596	-	9,278,596
1,064,482	-	1,064,482
868,166	342,310	1,210,476
316,119	26,623	342,742
(21,154)	21,154	-
<u>11,977,373</u>	<u>390,087</u>	<u>12,367,460</u>
8,581,601	6,941,369	15,522,970
<u>37,292,716</u>	<u>28,973,126</u>	<u>66,265,842</u>
<u>\$ 45,874,317</u>	<u>\$ 35,914,495</u>	<u>\$ 81,788,812</u>

CITY OF RIFLE, COLORADO

**BALANCE SHEET - GOVERNMENTAL FUNDS**

December 31, 2007

With Comparative Totals for December 31, 2006

	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>CAPITAL</u>	<u>PARKS &amp; RECREATION</u>
<b>ASSETS</b>				
Cash and Investments	\$ 3,221,760	\$ 2,673,062	\$ 6,123,559	\$ 1,674,777
Cash with Fiscal Agent	-	-	515,769	-
Property Taxes Receivable	552,015	2,073	-	15
Special Assessments Receivable	-	307,006	-	-
Other Receivable	791,806	202,628	-	250,771
Interest Receivable	62,928	-	-	-
Prepaid Expenses	59,126	-	-	6,989
Advance to Other Funds	53,873	-	157,500	-
Due from Other Governments	90,387	134,447	-	-
Restricted Cash and Investments	783,287	3,472,398	-	-
<b>TOTAL ASSETS</b>	<u>\$ 5,615,182</u>	<u>\$ 6,791,614</u>	<u>\$ 6,796,828</u>	<u>\$ 1,932,552</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 346,324	\$ 42,164	\$ 185,013	\$ 143,962
Accrued Wages & Comp. Absences	293,157	246	-	46,142
Accrued Interest Payable	7,750	-	-	-
Deposits	269,550	-	-	-
Advances from Other Funds	-	352,100	-	-
Deferred Revenue	552,015	307,006	-	-
<b>TOTAL LIABILITIES</b>	<u>1,468,796</u>	<u>701,516</u>	<u>185,013</u>	<u>190,104</u>
<b>FUND BALANCE</b>				
Reserved for:				
Interfund Advances	53,873	-	157,500	-
Prepays	59,126	-	-	6,989
Impact Fees	-	412,782	-	-
Seizure Expenditures	-	-	-	-
Emergencies	552,000	-	-	-
Unreserved reported in				
General Fund				
Undesignated	3,481,387	-	-	-
Special Revenue Funds	-	5,677,316	6,454,315	1,735,459
<b>TOTAL FUND BALANCE</b>	<u>4,146,386</u>	<u>6,090,098</u>	<u>6,611,815</u>	<u>1,742,448</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 5,615,182</u>	<u>\$ 6,791,614</u>	<u>\$ 6,796,828</u>	<u>\$ 1,932,552</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:

Fleet Maintenance Fund Net Assets

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES

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

OTHER GOVERNMENTAL FUNDS	TOTALS	
	2007	2006
\$ 770,228	\$ 14,463,386	\$ 7,980,924
-	515,769	-
49,289	603,392	470,226
-	307,006	371,132
18,465	1,263,670	1,105,541
-	62,928	28,464
-	66,115	63,761
194,600	405,973	469,997
273	225,107	879,449
12,319	4,268,004	3,841,296
<u>\$ 1,045,174</u>	<u>\$ 22,181,350</u>	<u>\$ 15,210,790</u>

\$ 57,048	\$ 774,511	\$ 1,014,565
-	339,545	299,527
-	7,750	-
-	269,550	286,728
53,873	405,973	469,997
49,289	908,310	841,358
<u>160,210</u>	<u>2,705,639</u>	<u>2,912,175</u>

194,600	405,973	469,997
-	66,115	63,761
-	412,782	412,782
-	-	3,026
-	552,000	279,363
-	3,481,387	4,489,377
690,364	14,557,454	6,580,309
<u>884,964</u>	<u>19,475,711</u>	<u>12,298,615</u>

<u>\$ 1,045,174</u>	<u>\$ 22,181,350</u>	<u>\$ 15,210,790</u>
---------------------	----------------------	----------------------

\$ 19,475,711

47,032,733  
(15,932,923)

(3,350,000)  
(2,133,000)  
(20,444)  
118,446  
(10,294)

694,088

\$ 45,874,317

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>CAPITAL</u>	<u>PARKS &amp; RECREATION</u>
REVENUES				
Taxes	\$ 5,740,864	\$ 1,286,791	\$ -	\$ 2,585,467
Special Assessments	3,442	86,436	-	-
Licenses and Permits	407,787	-	-	-
Intergovernmental	1,895,459	193,574	314,358	10,000
Charges for Services	762,565	613,088	-	196,144
Fines and Forfeitures	149,955	-	-	-
Miscellaneous	895,183	261,007	382,657	70,903
TOTAL REVENUES	<u>9,855,255</u>	<u>2,440,896</u>	<u>697,015</u>	<u>2,862,514</u>
EXPENDITURES				
General Government	2,703,126	-	-	-
Public Safety	2,353,390	-	-	-
Public Works	1,133,555	11,842	-	-
Cemetery	75,582	-	-	-
Parks and Recreation	-	-	-	1,307,661
Economic Development and Assistance	314,557	-	-	-
Capital Outlay	545,077	544,192	891,062	715,779
Debt Service	53,319	385,543	-	-
TOTAL EXPENDITURES	<u>7,178,606</u>	<u>941,577</u>	<u>891,062</u>	<u>2,023,440</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>2,676,649</u>	<u>1,499,319</u>	<u>(194,047)</u>	<u>839,074</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long Term Debt	-	-	2,133,000	-
Transfer In	30,000	-	2,450,000	-
Transfer Out	(2,560,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,530,000)</u>	<u>-</u>	<u>4,583,000</u>	<u>-</u>
CHANGE IN FUND BALANCES	146,649	1,499,319	4,388,953	839,074
FUND BALANCE, Beginning	<u>3,999,737</u>	<u>4,590,779</u>	<u>2,222,862</u>	<u>903,374</u>
FUND BALANCE, Ending	<u>\$ 4,146,386</u>	<u>\$ 6,090,098</u>	<u>\$ 6,611,815</u>	<u>\$ 1,742,448</u>

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

OTHER GOVERNMENTAL FUNDS	TOTALS	
	2007	2006
\$ 242,392	\$ 9,855,514	\$ 8,791,012
-	89,878	77,644
-	407,787	339,489
84,015	2,497,406	3,027,718
804	1,572,601	1,178,066
-	149,955	153,388
158,508	1,768,258	1,123,642
<u>485,719</u>	<u>16,341,399</u>	<u>14,690,959</u>
-	2,703,126	2,036,462
-	2,353,390	2,055,428
-	1,145,397	972,190
-	75,582	67,979
-	1,307,661	1,157,627
261,152	575,709	544,051
-	2,696,110	4,296,764
1,466	440,328	394,366
<u>262,618</u>	<u>11,297,303</u>	<u>11,524,867</u>
<u>223,101</u>	<u>5,044,096</u>	<u>3,166,092</u>
-	2,133,000	-
110,000	2,590,000	1,032,957
(30,000)	(2,590,000)	(1,032,957)
<u>80,000</u>	<u>2,133,000</u>	<u>-</u>
303,101	7,177,096	3,166,092
581,863	12,298,615	9,132,523
<u>\$ 884,964</u>	<u>\$ 19,475,711</u>	<u>\$ 12,298,615</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, 2007

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

Net Change in Fund Balances - Total Governmental Funds	\$ 7,177,096
Principal payments on debt are reported as expenditures in the funds:	
Principal Payments on Outstanding Debt:	
Revenue Bonds Payable	250,000
Capital Leases Payable	1,178
Debt Proceeds	(2,133,000)
Interest, issuance costs and bond premiums are reported on the cash basis in the funds:	
Change in Accrued Interest Payable	469
Amortization of Premiums	1,880
Amortization of Issuance Costs	(10,891)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Purchased Capitalized Assets	2,713,187
Dedicated Capitalized Assets	1,952,997
Loss on Asset Disposals	(5,799)
Depreciation Expense	(1,442,070)
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance Fund Change in Net Assets	76,554
Change in Net Assets - Governmental Activities	<u>\$ 8,581,601</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007				2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES					
Taxes	\$ 4,596,900	\$ 5,586,194	\$ 5,740,864	\$ 154,670	\$ 5,148,882
Special Assessments	4,400	4,400	3,442	(958)	4,388
Licenses and Permits	190,800	370,800	407,787	36,987	339,489
Intergovernmental	1,468,405	1,754,373	1,895,459	141,086	1,831,767
Charges for Services	496,152	720,173	762,565	42,392	587,937
Fines and Forfeitures	124,000	154,000	149,955	(4,045)	153,388
Miscellaneous	329,091	384,595	895,183	510,588	541,049
TOTAL REVENUES	<u>7,209,748</u>	<u>8,974,535</u>	<u>9,855,255</u>	<u>880,720</u>	<u>8,606,900</u>
EXPENDITURES					
General Government	2,803,365	2,898,753	2,703,126	195,627	2,036,462
Public Safety	2,134,272	2,210,272	2,353,390	(143,118)	2,055,428
Public Works	1,146,269	1,146,269	1,133,555	12,714	960,778
Cemetery	70,842	70,842	75,582	(4,740)	67,979
Parks and Recreation	-	-	-	-	-
Economic Development and Assistance	455,773	455,773	314,557	141,216	296,477
Capital Outlay	582,052	863,474	545,077	318,397	1,300,336
Debt Service	273,178	273,178	53,319	219,859	4,764
TOTAL EXPENDITURES	<u>7,465,751</u>	<u>7,918,561</u>	<u>7,178,606</u>	<u>739,955</u>	<u>6,722,224</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(256,003)</u>	<u>1,055,974</u>	<u>2,676,649</u>	<u>1,620,675</u>	<u>1,884,676</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Long Term Debt	15,000	15,000	-	(15,000)	-
Transfers In	30,000	30,000	30,000	-	162,957
Transfers Out	(305,000)	(2,560,000)	(2,560,000)	-	(720,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(260,000)</u>	<u>(2,515,000)</u>	<u>(2,530,000)</u>	<u>(15,000)</u>	<u>(557,043)</u>
CHANGE IN FUND BALANCE	(516,003)	(1,459,026)	146,649	1,605,675	1,327,633
FUND BALANCE, Beginning	<u>3,999,737</u>	<u>3,999,737</u>	<u>3,999,737</u>	<u>-</u>	<u>2,672,104</u>
FUND BALANCE, Ending	<u>\$ 3,483,734</u>	<u>\$ 2,540,711</u>	<u>\$ 4,146,386</u>	<u>\$ 1,605,675</u>	<u>\$ 3,999,737</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			2006 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 989,600	\$ 1,286,791	\$ 297,191	\$ 1,143,745
Special Assessments	65,800	86,436	20,636	73,256
Intergovernmental	1,310,000	193,574	(1,116,426)	41,967
Charges for Services	100,000	613,088	513,088	406,178
Miscellaneous	117,800	261,007	143,207	217,398
TOTAL REVENUES	<u>2,583,200</u>	<u>2,440,896</u>	<u>(142,304)</u>	<u>1,882,544</u>
EXPENDITURES				
Public Works	173,496	11,842	161,654	11,412
Capital Outlay	5,255,000	544,192	4,710,808	645,958
Debt Service	379,151	385,543	(6,392)	387,812
TOTAL EXPENDITURES	<u>5,807,647</u>	<u>941,577</u>	<u>4,866,070</u>	<u>1,045,182</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(3,224,447)	1,499,319	4,723,766	837,362
OTHER FINANCING SOURCES (USES)				
Transfers Out	(50,300)	-	50,300	-
CHANGE IN FUND BALANCE	(3,274,747)	1,499,319	4,774,066	837,362
FUND BALANCE, Beginning	<u>4,590,779</u>	<u>4,590,779</u>	<u>-</u>	<u>3,753,417</u>
FUND BALANCE, Ending	<u>\$ 1,316,032</u>	<u>\$ 6,090,098</u>	<u>\$ 4,774,066</u>	<u>\$ 4,590,779</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 314,358	\$ (685,642)	\$ 792,000
Miscellaneous	1,062,500	1,062,500	382,657	(679,843)	285,927
TOTAL REVENUES	<u>2,062,500</u>	<u>2,062,500</u>	<u>697,015</u>	<u>(1,365,485)</u>	<u>1,077,927</u>
EXPENDITURES					
Capital Outlay	<u>5,200,000</u>	<u>5,200,000</u>	<u>891,062</u>	<u>4,308,938</u>	<u>1,766,570</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(3,137,500)	(3,137,500)	(194,047)	2,943,453	(688,643)
OTHER FINANCING SOURCES (USES)					
Proceeds from Long Term Debt	1,500,000	1,500,000	2,133,000	633,000	-
Transfers In	<u>200,000</u>	<u>200,000</u>	<u>2,450,000</u>	<u>2,250,000</u>	<u>675,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,700,000</u>	<u>1,700,000</u>	<u>4,583,000</u>	<u>2,883,000</u>	<u>675,000</u>
CHANGE IN FUND BALANCE	(1,437,500)	(1,437,500)	4,388,953	5,826,453	(13,643)
FUND BALANCE, Beginning	<u>2,222,862</u>	<u>2,222,862</u>	<u>2,222,862</u>	<u>-</u>	<u>2,236,505</u>
FUND BALANCE, Ending	<u>\$ 785,362</u>	<u>\$ 785,362</u>	<u>\$ 6,611,815</u>	<u>\$ 5,826,453</u>	<u>\$ 2,222,862</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2006 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 1,900,250	\$ 1,900,250	\$ 2,585,467	\$ 685,217	\$ 2,272,502
Intergovernmental	485,000	485,000	10,000	(475,000)	141,892
Charges for Services	177,110	177,110	196,144	19,034	183,651
Miscellaneous	10,742	10,742	70,903	60,161	53,220
TOTAL REVENUES	<u>2,573,102</u>	<u>2,573,102</u>	<u>2,862,514</u>	<u>289,412</u>	<u>2,651,265</u>
EXPENDITURES					
Parks and Recreation	1,265,186	1,265,186	1,307,661	(42,475)	1,157,627
Capital Outlay	1,416,538	1,416,538	715,779	700,759	577,307
TOTAL EXPENDITURES	<u>2,681,724</u>	<u>2,681,724</u>	<u>2,023,440</u>	<u>658,284</u>	<u>1,734,934</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(108,622)	(108,622)	839,074	(368,872)	916,331
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	150,000
Transfers Out	-	-	-	-	(162,957)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,957)</u>
CHANGE IN FUND BALANCE	(108,622)	(108,622)	839,074	(368,872)	903,374
FUND BALANCE, Beginning	<u>903,374</u>	<u>903,374</u>	<u>903,374</u>	-	-
FUND BALANCE, Ending	<u>\$ 794,752</u>	<u>\$ 794,752</u>	<u>\$ 1,742,448</u>	<u>\$ (368,872)</u>	<u>\$ 903,374</u>

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

CITY OF RIFLE, COLORADO

**STATEMENT OF NET ASSETS -  
PROPRIETARY FUNDS**

December 31, 2007

With Comparative Totals for December 31, 2006

	<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	\$ 1,596,860	\$ 2,901,867	\$ 370,559	\$ 4,869,286
Cash with Fiscal Agent	-	18,600,000	-	18,600,000
Other Receivable	305,888	322,476	43,438	671,802
Prepaid Expenses	78,288	1,292	804	80,384
Due from Other Governments	15,503	900,000	-	915,503
Inventory	89,622	5,226	-	94,848
<b>TOTAL CURRENT ASSETS</b>	<b>2,086,161</b>	<b>22,730,861</b>	<b>414,801</b>	<b>25,231,823</b>
<b>PROPERTY AND EQUIPMENT</b>	<b>25,369,056</b>	<b>15,694,943</b>	<b>402,268</b>	<b>41,466,267</b>
Less Accumulated Depreciation	(7,305,886)	(4,786,649)	(181,112)	(12,273,647)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>18,063,170</b>	<b>10,908,294</b>	<b>221,156</b>	<b>29,192,620</b>
<b>OTHER ASSETS</b>				
Restricted Cash and Investments	3,318,791	1,530,752	-	4,849,543
Loan Costs	7,093	19,603	-	26,696
<b>TOTAL OTHER ASSETS</b>	<b>3,325,884</b>	<b>1,550,355</b>	<b>-</b>	<b>4,876,239</b>
<b>TOTAL ASSETS</b>	<b>23,475,215</b>	<b>35,189,510</b>	<b>635,957</b>	<b>59,300,682</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	150,282	1,226,440	27,830	1,404,552
Accrued Wages & Comp. Absences	31,375	7,757	10,403	49,535
Accrued Interest Payable	6,643	71,563	-	78,206
Deposits	10,000	-	-	10,000
Current Portion - Long Term Debt	162,106	51,976	-	214,082
<b>TOTAL CURRENT LIABILITIES</b>	<b>360,406</b>	<b>1,357,736</b>	<b>38,233</b>	<b>1,756,375</b>
<b>LONG-TERM LIABILITIES</b>				
Bonds Payable	-	18,574,749	-	18,574,749
Notes Payable	1,897,008	331,541	-	2,228,549
Capital Leases Payable	826,514	-	-	826,514
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>2,723,522</b>	<b>18,906,290</b>	<b>-</b>	<b>21,629,812</b>
<b>TOTAL LIABILITIES</b>	<b>3,083,928</b>	<b>20,264,026</b>	<b>38,233</b>	<b>23,386,187</b>
<b>NET ASSETS</b>				
Invested in Capital Assets Net of Related Debt	15,177,542	9,802,140	221,156	25,200,838
Unrestricted	5,213,745	5,123,344	376,568	10,713,657
<b>TOTAL NET ASSETS</b>	<b>\$ 20,391,287</b>	<b>\$ 14,925,484</b>	<b>\$ 597,724</b>	<b>\$ 35,914,495</b>

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

GOVERNMENTAL ACTIVITIES INT. SERVICE FLEET MAINTENANCE	TOTALS	
	2007	2006
\$ 11,780	\$ 23,481,066	\$ 1,647,938
-	18,600,000	-
-	671,802	352,316
1,265	81,649	96,311
-	915,503	500,000
24,014	118,862	175,652
<u>37,059</u>	<u>43,868,882</u>	<u>2,772,217</u>
542,161	42,008,428	38,369,877
(139,309)	(12,412,956)	(11,398,142)
<u>402,852</u>	<u>29,595,472</u>	<u>26,971,735</u>
281,989	5,131,532	4,008,541
-	26,696	8,131
<u>281,989</u>	<u>5,158,228</u>	<u>4,016,672</u>
<u>721,900</u>	<u>78,622,582</u>	<u>33,760,624</u>
25,830	1,430,382	419,288
1,982	51,517	65,814
-	78,206	32,970
-	10,000	107,471
-	214,082	179,559
<u>27,812</u>	<u>1,784,187</u>	<u>805,102</u>
-	18,574,749	-
-	2,228,549	2,404,871
-	826,514	959,991
<u>-</u>	<u>21,629,812</u>	<u>3,364,862</u>
<u>27,812</u>	<u>23,413,999</u>	<u>4,169,964</u>
402,852	25,603,690	23,427,314
291,236	11,004,893	6,163,346
<u>\$ 694,088</u>	<u>\$ 36,608,583</u>	<u>\$ 29,590,660</u>

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 2,207,200	\$ 1,925,803	\$ 480,737	\$ 4,613,740
Sale of Materials	200,387	-	2,700	203,087
Reimbursed Expenditures	50,413	-	-	50,413
Other Revenue	145,778	21,091	1,648	168,517
<b>TOTAL OPERATING REVENUES</b>	<b>2,603,778</b>	<b>1,946,894</b>	<b>485,085</b>	<b>5,035,757</b>
<b>OPERATING EXPENSES</b>				
Personal Services	596,264	338,289	107,182	1,041,735
Supplies	404,066	93,548	15,583	513,197
Purchased Services	387,768	229,088	210,236	827,092
Other Expenses	-	-	4,000	4,000
Management Fees	130,791	88,767	34,292	253,850
Fleet Maintenance	44,676	19,958	35,434	100,068
Depreciation	618,279	305,982	64,771	989,032
<b>TOTAL OPERATING EXPENSES</b>	<b>2,181,844</b>	<b>1,075,632</b>	<b>471,498</b>	<b>3,728,974</b>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<b>421,934</b>	<b>871,262</b>	<b>13,587</b>	<b>1,306,783</b>
<b>OTHER INCOME (EXPENSE)</b>				
System Improvement Fees	1,517,362	1,499,700	-	3,017,062
Dedicated Infrastructure	543,348	489,599	-	1,032,947
Investment Earnings	182,792	144,968	14,550	342,310
Gain (Loss) on Disposal of Fixed Assets	-	(58)	6,946	6,888
Cash in Lieu of Fees	35,505	-	-	35,505
State Grants	76,228	1,414,621	-	1,490,849
Other Revenues	5,286	7	-	5,293
Amortization of Bond Premiums and Costs	-	14,442	-	14,442
Interest Expense	(136,069)	(194,757)	-	(330,826)
Other Expenses	(1,038)	-	-	(1,038)
<b>OTHER INCOME (EXPENSE)</b>	<b>2,223,414</b>	<b>3,368,522</b>	<b>21,496</b>	<b>5,613,432</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>2,645,348</b>	<b>4,239,784</b>	<b>35,083</b>	<b>6,920,215</b>
<b>TRANSFERS</b>				
Transfers In	-	-	21,154	21,154
Transfers Out	-	-	-	-
<b>NET TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>21,154</b>	<b>21,154</b>
<b>NET INCOME (LOSS)</b>	<b>2,645,348</b>	<b>4,239,784</b>	<b>56,237</b>	<b>6,941,369</b>
<b>NET ASSETS, Beginning</b>	<b>17,745,939</b>	<b>10,685,700</b>	<b>541,487</b>	<b>28,973,126</b>
<b>NET ASSETS, Ending</b>	<b>\$ 20,391,287</b>	<b>\$ 14,925,484</b>	<b>\$ 597,724</b>	<b>\$ 35,914,495</b>

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

GOVERNMENTAL ACTIVITIES	TOTALS	
	2007	2006
INT. SERVICE		
FLEET		
MAINTENANCE		
\$ 466,588	\$ 5,080,328	\$ 3,633,284
-	203,087	136,803
-	50,413	816,024
-	168,517	112,137
<u>466,588</u>	<u>5,502,345</u>	<u>4,698,248</u>
63,404	1,105,139	1,088,818
177,881	691,078	451,240
32,589	859,681	962,232
-	4,000	4,715
-	253,850	241,763
3,392	103,460	84,065
99,636	1,088,668	871,933
<u>376,902</u>	<u>4,105,876</u>	<u>3,704,766</u>
<u>89,686</u>	<u>1,396,469</u>	<u>993,482</u>
-	3,017,062	1,512,136
-	1,032,947	-
9,205	351,515	279,943
(1,183)	5,705	(19)
-	35,505	39,714
-	1,490,849	678,882
-	5,293	16,085
-	14,442	-
-	(330,826)	(140,817)
-	(1,038)	(2,255)
<u>8,022</u>	<u>5,621,454</u>	<u>2,383,669</u>
97,708	7,017,923	3,377,151
-	21,154	-
(21,154)	(21,154)	-
<u>(21,154)</u>	<u>-</u>	<u>-</u>
76,554	7,017,923	3,377,151
617,534	29,590,660	26,213,509
<u>\$ 694,088</u>	<u>\$ 36,608,583</u>	<u>\$ 29,590,660</u>

CITY OF RIFLE, COLORADO

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

Increase (Decrease) in Cash and Cash Equivalents  
Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	<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	\$ 2,443,685	\$ (16,913,443)	\$ 488,558	\$ (13,981,200)
Cash Payments to Suppliers and Employees	(1,464,481)	177,101	(391,677)	(1,679,057)
Net Cash Provided by Operating Activities	<u>979,204</u>	<u>(16,736,342)</u>	<u>96,881</u>	<u>(15,660,257)</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(284,208)	(2,301,769)	(25,425)	(2,611,402)
Proceeds From Sale of Capital Assets	-	-	6,946	6,946
Proceeds From System Improvement Fees	1,517,362	1,499,700	-	3,017,062
Proceeds From Cash in Lieu of Fees	35,505	-	-	35,505
Proceeds From Debt Issuance	-	18,600,000	-	18,600,000
Proceeds From Grants	60,724	1,014,621	-	1,075,345
Principal Payments on Debt	(242,046)	(43,644)	-	(285,690)
Interest Payments on Debt	(155,450)	(130,140)	-	(285,590)
Loan Fees and Unamortized Bond Issue Costs	-	(19,603)	-	(19,603)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>931,887</u>	<u>18,619,165</u>	<u>(18,479)</u>	<u>19,532,573</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	5,286	7	-	5,293
Cash Flows From Investing Activities:				
Investment Income	182,792	144,968	14,550	342,310
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,099,169</b>	<b>2,027,798</b>	<b>92,952</b>	<b>4,219,919</b>
CASH AND INVESTMENTS, Beginning	<u>2,816,482</u>	<u>2,404,821</u>	<u>277,607</u>	<u>5,498,910</u>
CASH AND INVESTMENTS, Ending	<u>\$ 4,915,651</u>	<u>\$ 4,432,619</u>	<u>\$ 370,559</u>	<u>\$ 9,718,829</u>
Cash and Investments	\$ 1,596,860	\$ 2,901,867	\$ 370,559	\$ 4,869,286
Restricted Cash and Investments	3,318,791	1,530,752	-	4,849,543
<b>TOTAL CASH AND INVESTMENTS</b>	<u>\$ 4,915,651</u>	<u>\$ 4,432,619</u>	<u>\$ 370,559</u>	<u>\$ 9,718,829</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 421,934	\$ 871,262	\$ 13,587	\$ 1,306,783
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	618,279	305,982	64,771	989,032
(Increase) Decrease in:				
Other Receivable	(88,399)	(234,560)	3,473	(319,486)
Prepaid Expenses	11,807	2,539	226	14,572
Due from Other Governments	-	-	-	-
Inventory	53,714	7,179	-	60,893
Increase (Decrease) in:				
Accounts Payable	46,387	940,593	13,223	1,000,203
Accrued Wages & Comp. Absences	(12,824)	(3,560)	1,601	(14,783)
Deposits	(71,694)	(25,777)	-	(97,471)
Total Adjustments	<u>557,270</u>	<u>(17,607,604)</u>	<u>83,294</u>	<u>(16,967,040)</u>
Net Cash Provided by Operating Activities	<u>\$ 979,204</u>	<u>\$ (16,736,342)</u>	<u>\$ 96,881</u>	<u>\$ (15,660,257)</u>

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

GOVERNMENTAL ACTIVITIES		
INT. SERVICE		
FLEET MAINTENANCE	TOTAL	
	2007	2006
\$ 466,588	\$ (13,514,612)	\$ 4,645,680
(269,895)	(1,948,952)	(2,744,050)
<u>196,693</u>	<u>(15,463,564)</u>	<u>1,901,630</u>
(69,697)	(2,681,099)	(4,575,452)
-	6,946	-
-	3,017,062	1,512,136
-	35,505	39,714
-	18,600,000	-
-	1,075,345	678,882
-	(285,690)	557,987
-	(285,590)	(124,950)
-	(19,603)	-
<u>(69,697)</u>	<u>19,462,876</u>	<u>(1,911,683)</u>
-	5,293	16,085
9,205	351,515	279,943
136,201	4,356,120	285,975
157,568	5,656,478	5,370,504
<u>\$ 293,769</u>	<u>\$ 10,012,598</u>	<u>\$ 5,656,479</u>
\$ 11,780	\$ 4,881,066	\$ 1,647,938
281,989	5,131,532	4,008,541
<u>\$ 293,769</u>	<u>\$ 10,012,598</u>	<u>\$ 5,656,479</u>
\$ 89,686	\$ 1,396,469	\$ 993,482
99,636	1,088,668	871,933
-	(319,486)	101,018
91	14,663	(3,567)
-	-	(153,586)
(4,102)	56,791	(54,342)
10,896	1,011,099	134,934
486	(14,297)	11,758
-	(97,471)	-
<u>107,007</u>	<u>(16,860,033)</u>	<u>908,148</u>
<u>\$ 196,693</u>	<u>\$ (15,463,564)</u>	<u>\$ 1,901,630</u>

CITY OF RIFLE, COLORADO

**STATEMENT OF FIDUCIARY NET ASSETS -**  
**FIDUCIARY FUND**  
**December 31, 2007**  
**With Comparative Totals for December 31, 2006**

	<u>PERPETUAL CARE</u>	
	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and Investments	<u>\$ 192,363</u>	<u>\$ 191,063</u>
NET ASSETS		
Held In Trust for Cemetery Maintenance	<u>\$ 192,363</u>	<u>\$ 191,063</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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	<u>PERPETUAL CARE</u>	
	<u>2007</u>	<u>2006</u>
ADDITIONS:		
Charges for Services	\$ 1,300	\$ 4,603
NET ASSETS - Beginning	<u>191,063</u>	<u>186,460</u>
NET ASSETS - Ending	<u>\$ 192,363</u>	<u>\$ 191,063</u>

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

## CITY OF RIFLE, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

#### **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-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 Unit**

The Downtown Development Agency (DDA) was created as a separate legal entity by an act of the state legislature and "activated" by action of the City Council to plan and develop the downtown area of the City and to attract new businesses and residents. The governing board of the Agency 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 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.

## CITY OF RIFLE, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2007

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Blended Component Unit** (Continued)

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

**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.

**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.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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.

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 operating 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.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to or by the first Council meeting in December, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager reports monthly to the City Council explaining any variance from the approved budget.
- (5) The City Charter requires the adoption of a budget for proprietary funds. Depreciation expense is not a budgeted item.
- (6) Appropriations lapse at the end of each year.
- (7) The City does not utilize encumbrance accounting.

**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.

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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.

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 \$391,062 at December 31, 2007, \$293,157 of which was recorded in the General Fund, \$49,535 in the Enterprise Funds, \$46,388 in the Special Revenue Funds and \$1,982 in the Internal Service Fund.

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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	\$ 14,475,168
Business-type - Unrestricted	4,869,286
Governmental - Restricted	4,549,992
Business-type - Restricted	4,849,544
Fiduciary	<u>192,363</u>
Total Cash and Investments	<u>\$ 28,936,353</u>

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

Cash and Deposits	\$ 1,753,755
Investments	<u>27,182,598</u>
Total Cash and Investments	<u>\$ 28,936,353</u>

CITY OF RIFLE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

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

**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 (\$100,000) 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, 2007, 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.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 200,000	\$ 200,000
PDPA Collateralized	1,460,920	1,553,409
Petty Cash	-	346
Total Cash and Deposits	<u>\$ 1,660,920</u>	<u>\$ 1,753,755</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, 2007**

**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, 2007, the City's investments consisted of the following:

	Fair Value	Weighted Avg. Maturity In Years	% of Portfolio	Rating
U.S. Instrumentalities:				
Farm Credit Notes	\$ 2,001,880	4.07	7.4%	AAA
FHLB	992,810	0.48	3.7%	AAA
FHLMC	1,991,340	0.77	7.3%	AAA
Local Investment Pools	19,818,440	0.00	72.9%	AAAm
Mutual Funds	<u>2,378,128</u>	<u>0.00</u>	<u>8.75%</u>	AAA
Total Investments held by City	<u>\$ 27,182,598</u>	0.37	<u>100.0%</u>	

During the year ended December 31, 2007, 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, 2007**

**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 Farm Credit and FHLMC securities. These investments are 7.4%, and 7.3%, 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, 2007, the City's U.S. Instrumentality securities were held by Wells Fargo Brokerage Services, LLC in the name of the City.

**NOTE 3: RESTRICTED CASH**

The City has recorded the following cash restrictions at December 31, 2007:

General Fund

Restricted for Senior Center Improvements	\$ 46,702
Restricted for Road Improvements	202,181
Restricted for Rifle Mountain Park	14,443
Restricted for Parkland Dedication	409,678
Restricted for Police Expenditures	1,046
Restricted for Pension Matching	86,487
Restricted for Regional Drainage	22,750
Total General Fund	<u>783,287</u>

Street Improvement Fund

Restricted for Street Improvements from Bond Proceeds	2,712,920
Restricted for Bond Reserve	380,951
Restricted for Bond Principal and Interest Payments	378,527
Total Street Improvement Fund	<u>3,472,398</u>

Downtown Development Agency

Restricted for Parking Projects	<u>12,319</u>
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Fleet Maintenance Fund

Fleet Loan Funding	<u>281,989</u>
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**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

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

<u>Water Fund</u>	
Restricted for Infrastructure Improvements	2,361,836
Restricted for Water Rights	296,193
Restricted for Operations and Maintenance Reserve	<u>660,762</u>
Total Water Fund	<u>3,318,791</u>
<u>Sewer Fund</u>	
Restricted for Infrastructure Improvements	<u>1,530,752</u>
<b>Total Restricted Cash</b>	<b><u>\$ 9,399,536</u></b>

**NOTE 4: CHANGES IN CAPITAL ASSETS**

The following schedule presents changes in governmental activities capital assets during 2007:

	<b><u>Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b>
	<b><u>12/31/2006</u></b>			<b><u>12/31/2007</u></b>
<b>Governmental Activities:</b>				
Non-depreciable Capital Assets:				
Land	\$ 2,806,245	\$ -	\$ -	\$ 2,806,245
Depreciable Capital Assets:				
Buildings	5,202,569	1,057,174	(87,833)	6,171,910
Improvements	32,792,534	3,165,134	-	35,957,668
Equipment	<u>2,330,476</u>	<u>513,413</u>	<u>(204,819)</u>	<u>2,639,070</u>
Total Capital Assets	<u>43,131,824</u>	<u>4,735,721</u>	<u>(292,652)</u>	<u>47,574,893</u>
Less: Accum. Depreciation				
Buildings	(2,698,653)	(135,581)	81,454	(2,752,780)
Improvements	(10,732,515)	(1,142,591)	-	(11,875,106)
Equipment	<u>(1,363,854)</u>	<u>(262,974)</u>	<u>182,483</u>	<u>(1,444,345)</u>
Total Accum. Depreciation	<u>(14,795,022)</u>	<u>(1,541,146)</u>	<u>263,937</u>	<u>(16,072,231)</u>
<b>Net Capital Assets</b>	<b><u>\$ 28,336,802</u></b>	<b><u>\$ 3,194,575</u></b>	<b><u>\$ (28,715)</u></b>	<b><u>\$ 31,502,662</u></b>

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

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

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

	Governmental Activities
General Government	\$ 63,595
Public Safety	26,156
Public Works	1,061,519
Cemetery	7,182
Parks & Recreation	273,096
Economic Development	10,522
Deprec. Govt. Funds	1,442,070
Fleet Maintenance	99,076
Total Depreciation	\$ 1,541,146

The following schedule presents business-type activities capital assets at December 31, 2007:

	<b>Balance 12/31/2006</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2007</b>
<b>Business-Type Activities:</b>				
Non-depreciable Capital Assets:				
Land	\$ 1,211,044	\$ 334	\$ -	\$ 1,211,378
Water Rights	495,000	-	-	495,000
Depreciable Capital Assets:				
Buildings	12,084,342	2,187,835	-	14,272,177
Improvements	22,012,343	1,392,589	(18,575)	23,386,357
Equipment	2,049,326	96,117	(44,087)	2,101,356
Total Capital Assets	37,852,055	3,676,875	(62,662)	41,466,268
Less: Accum. Depreciation				
Buildings	(5,685,926)	(432,061)	-	(6,117,987)
Improvements	(4,945,372)	(367,702)	6,753	(5,306,321)
Equipment	(704,149)	(189,278)	44,087	(849,340)
Total Accum. Depreciation	(11,335,447)	(989,041)	50,840	(12,273,648)
<b>Net Capital Assets</b>	<b>\$ 26,516,608</b>	<b>\$ 2,687,834</b>	<b>\$ (11,822)</b>	<b>\$ 29,192,620</b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

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

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

	<u>Business-type</u>	
	<u>Activities</u>	
Water Operations	\$	618,288
Sewer Operations		305,982
Sanitation Operations		<u>64,771</u>
Total Depreciation	\$	<u>989,041</u>

**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.

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

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>12/31/06</u>	<u>Advances</u>	<u>Repayments</u>	<u>12/31/07</u>	<u>Portion</u>
2003 Revenue Bonds	\$ 3,600,000	\$ -	\$ 250,000	\$ 3,350,000	\$ 255,000
Police Facility Capital Lease	-	2,133,000	-	2,133,000	174,329
Capital Lease Payable	<u>1,178</u>	-	<u>1,178</u>	-	-
<b>Total Obligations</b>	<b><u>\$ 3,601,178</u></b>	<b><u>\$ 2,133,000</u></b>	<b><u>\$ 251,178</u></b>	<b><u>\$ 5,483,000</u></b>	<b><u>\$ 429,329</u></b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

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

Scheduled payments on the bonds are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 255,000	\$ 123,526	\$ 378,526
2009	265,000	114,601	379,601
2010	270,000	106,651	376,651
2011	280,000	97,876	377,876
2012	290,000	88,076	378,076
2013-2017	1,625,000	268,360	1,893,360
2018	365,000	14,965	379,965
<b>Total</b>	<b>\$ 3,350,000</b>	<b>\$ 814,055</b>	<b>\$ 4,164,055</b>

Scheduled payments on the capital lease are as follows:

<u>Year</u>	<u>Payment</u>
2008	\$ 265,448
2009	265,448
2010	265,448
2011	265,448
2012	265,448
2013-2017	1,327,242
Total Payments	2,654,482
4.36% Interest	(521,482)
<b>Present Value of Payments</b>	<b>\$ 2,133,000</b>

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

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

	<u>Balance</u> <u>12/31/06</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>12/31/07</u>	<u>Current</u> <u>Portion</u>
1982 CWCB Note - Water	\$ 168,516	\$ -	\$ 8,416	\$ 160,100	\$ 8,753
1994 CWRPDA Loan - Water	659,167	-	71,667	587,500	71,250
2003 CWRPDA Loan - Water	1,340,000	-	66,250	1,273,750	65,000
2004 DOLA Note - Sewer	416,748	-	43,643	373,105	45,825
2004 Capital Lease - Water	123,750	-	39,456	84,294	41,224
2006 Capital Lease - Water	836,241	-	56,257	779,984	72,563
2007 DOLA Note - Sewer	-	17,852,112	-	17,852,112	10,412
<b>Total Obligations</b>	<b>\$ 3,544,422</b>	<b>\$ 17,852,112</b>	<b>\$ 285,689</b>	<b>\$ 21,110,845</b>	<b>\$ 315,027</b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

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

**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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 71,250	\$ 33,339	\$ 104,589
2009	76,250	28,288	104,538
2010	80,000	23,506	103,506
2011	83,750	18,535	102,285
2012	96,250	13,168	109,418
2013-2014	180,000	9,463	189,463
<b>Total</b>	<b><u>\$ 587,500</u></b>	<b><u>\$ 126,299</u></b>	<b><u>\$ 713,799</u></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, 2007**

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

**NOTES PAYABLE (Continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 59,583	\$ 43,769	\$ 103,352
2009	65,000	47,935	112,935
2010	65,833	46,311	112,144
2011	70,000	44,652	114,652
2012	70,000	42,773	112,773
2013-2017	387,500	164,391	551,891
2018-2022	468,333	81,454	549,787
2023	87,501	3,937	91,438
<b>Total</b>	<b>\$ 1,273,750</b>	<b>\$ 475,222</b>	<b>\$ 1,748,972</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>
2008	\$ 8,753	\$ 6,403	\$ 15,156
2009	9,103	6,053	15,156
2010	9,467	5,689	15,156
2011	9,846	5,310	15,156
2012	10,239	4,917	15,156
2013-2017	57,677	18,103	75,780
2018-2022	55,015	5,608	60,623
<b>Total</b>	<b>\$ 160,100</b>	<b>\$ 52,083</b>	<b>\$ 212,183</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>
2008	\$ 45,825	\$ 18,655	\$ 64,480
2009	48,116	16,364	64,480
2010	50,522	13,958	64,480
2011	53,048	11,432	64,480
2012	55,700	8,780	64,480
2013-2014	119,894	9,065	128,959
<b>Total</b>	<b>\$ 373,105</b>	<b>\$ 78,254</b>	<b>\$ 451,359</b>

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**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 will be recognized over the life of the bonds. 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>
2008	\$ 10,412	\$ 242,867	\$ 253,279
2009	653,784	625,985	1,279,769
2010	690,432	661,317	1,351,749
2011	685,432	639,788	1,325,220
2012	711,668	618,421	1,330,089
2013-2017	3,911,880	2,744,982	6,656,862
2018-2022	4,554,016	2,096,119	6,650,135
2023-2027	5,369,804	1,286,900	6,656,704
2028	1,264,684	66,145	1,330,829
<b>Total</b>	<b><u>\$ 17,852,112</u></b>	<b><u>\$ 8,982,524</u></b>	<b><u>\$ 26,834,636</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.

<u>Year</u>	<u>Payment</u>
2008	\$ 45,000
2009	45,000
Total Payments	90,000
4.48% Interest	(5,706)
<b>Present Value of Payments</b>	<b><u>\$ 84,294</u></b>

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**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>
2008	\$ 105,018
2009	105,018
2010	105,018
2011	105,018
2012	105,018
2013-2017	<u>472,580</u>
Total Payments	997,670
4.3% Interest	<u>(217,686)</u>
<b>Present Value of Payments</b>	<b><u>\$ 779,984</u></b>

**NOTE 7: INTERFUND TRANSACTIONS**

Following is a summary of advances to and from other funds at December 31, 2007:

	<u>Advance To Other Fund</u>	<u>Advance From Other Funds</u>
General Fund	\$ 53,873	\$ -
Economic Development Fund	194,600	-
Capital Fund	157,500	-
Street Improvement Fund	-	352,100
Rifle Information Center Fund	-	<u>53,873</u>
<b>Totals</b>	<b><u>\$ 405,973</u></b>	<b><u>\$ 405,973</u></b>

The City has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 30,000	\$ 2,560,000
Conservation Trust Fund	-	30,000
Economic Development Fund	75,000	-
Downtown Development Fund	35,000	-
Capital Fund	2,450,000	-
Parks Fund	-	-
<b>Totals</b>	<b><u>\$ 2,590,000</u></b>	<b><u>\$ 2,590,000</u></b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

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

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

	<b>Internal Service Charges</b>
General Fund	\$ 274,727
Parks Fund	88,402
Water Fund	44,676
Wastewater Fund	19,958
Sanitation Fund	35,434
Fleet Maintenance Fund	3,392
<b>Total</b>	<b>\$ 466,589</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, 2007, the Fleet Maintenance Fund has \$281,989 of funds available under this program.

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

	<b>Mgmt Fees</b>
Water Fund	\$ 130,791
Wastewater Fund	88,767
Sanitation Fund	34,292
<b>Total</b>	<b>\$ 253,850</b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**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 \$1,108,123. During the year ended December 31, 2007, the City contributed \$138,626, and the employees contributed \$99,161.

All other full-time employees of the City are eligible to participate in a defined contribution pension plan established under the provisions of Section 401(k) of the Internal Revenue Code. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers all full-time employees with at least one year of service and who have attained the age of twenty-one. The City contributes 5% of compensation to the plan on behalf of each qualified employee. Employees may not make contributions to this plan. Employees vest at the rate of 20% per year in contributions made by the City so that, by the fifth year of participation, they are 100% vested in all contributions made to the plan. The City's total payroll was \$4,275,398 and covered payroll was \$3,082,651 for this plan. For the year ended December 31, 2007, the City contributed \$154,133 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.

**NOTE 9: RECONCILIATION OF BUDGETED REVENUE AND EXPENDITURES TO ACTUALS**

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total Enterprise Funds</u>	<u>Fleet Maintenance Fund</u>
Total Expenditures -					
GAAP Basis	\$ 2,318,951	\$ 1,270,389	\$ 471,498	\$ 4,060,838	\$ 376,902
Depreciation	(618,279)	(305,982)	(64,771)	(989,032)	-
Debt Service Principal	242,046	43,644	-	285,690	-
Capital Asset Acquisition	<u>284,208</u>	<u>2,301,769</u>	<u>25,425</u>	<u>2,611,402</u>	<u>69,697</u>
<b>Total Expenditures - Budget Basis</b>	<b><u>\$ 2,226,926</u></b>	<b><u>\$ 3,309,820</u></b>	<b><u>\$ 432,152</u></b>	<b><u>\$ 5,968,898</u></b>	<b><u>\$ 446,599</u></b>

**CITY OF RIFLE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2007**

**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.

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.

**CITY OF RIFLE, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2007**

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**Grant/Loan Commitments**

The City had commitments of \$7,199,616 for capital projects in governmental fund types and \$22,287,015 in proprietary fund types at December 31, 2007. 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, 2007, the emergency reserve of \$552,000 was recorded in the General Fund.

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF RIFLE, COLORADO

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2007

With Comparative Totals for December 31, 2006

	<u>CONSERVATION TRUST</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>DOWNTOWN DEVELOPMENT</u>	<u>RIFLE INFORMATION CENTER</u>
<b>ASSETS</b>				
Cash and Investments	\$ 182,931	\$ 204,970	\$ 190,388	\$ 191,939
Property Taxes Receivable	-	-	49,289	-
Other Receivable	-	1,500	-	16,965
Prepaid Expenses	-	-	-	-
Advance to Other Funds	-	194,600	-	-
Due from Other Governments	-	-	273	-
Restricted Cash and Investments	-	-	12,319	-
<b>TOTAL ASSETS</b>	<u>\$ 182,931</u>	<u>\$ 401,070</u>	<u>\$ 252,269</u>	<u>\$ 208,904</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 21,719	\$ 930	\$ 34,399
Advances from Other Funds	-	-	-	53,873
Deferred Revenue	-	-	49,289	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>21,719</u>	<u>50,219</u>	<u>88,272</u>
<b>FUND BALANCE</b>				
Reserved for:				
Interfund Advances	-	194,600	-	-
Prepays	-	-	-	-
Unreserved reported in Special Revenue Funds	<u>182,931</u>	<u>184,751</u>	<u>202,050</u>	<u>120,632</u>
<b>TOTAL FUND BALANCE</b>	<u>182,931</u>	<u>379,351</u>	<u>202,050</u>	<u>120,632</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 182,931</u>	<u>\$ 401,070</u>	<u>\$ 252,269</u>	<u>\$ 208,904</u>

See the accompanying Independent Auditors' Report.

**TOTALS**

<u>2007</u>	<u>2006</u>
\$ 770,228	\$ 409,865
49,289	34,138
18,465	23,195
-	4
194,600	222,400
273	256
12,319	12,319
<u>\$ 1,045,174</u>	<u>\$ 702,177</u>

\$ 57,048	\$ 18,579
53,873	67,597
49,289	34,138
<u>160,210</u>	<u>120,314</u>

194,600	222,400
-	4
<u>690,364</u>	<u>359,459</u>
<u>884,964</u>	<u>581,863</u>
<u>\$ 1,045,174</u>	<u>\$ 702,177</u>

CITY OF RIFLE, COLORADO

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	<u>CONSERVATION TRUST</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>DOWNTOWN DEVELOPMENT</u>	<u>RIFLE INFORMATION CENTER</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 36,423	\$ 205,969
Intergovernmental	84,015	-	-	-
Charges for Services	-	-	804	-
Miscellaneous	7,192	14,665	127,187	9,464
TOTAL REVENUES	<u>91,207</u>	<u>14,665</u>	<u>164,414</u>	<u>215,433</u>
EXPENDITURES				
Economic Development and Assistance	-	80,504	43,519	137,129
Capital Outlay	-	-	-	-
Debt Service	-	-	-	1,466
TOTAL EXPENDITURES	<u>-</u>	<u>80,504</u>	<u>43,519</u>	<u>138,595</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>91,207</u>	<u>(65,839)</u>	<u>120,895</u>	<u>76,838</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	75,000	35,000	-
Transfers Out	(30,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>75,000</u>	<u>35,000</u>	<u>-</u>
CHANGE IN FUND BALANCES	61,207	9,161	155,895	76,838
FUND BALANCE (DEFICIT), Beginning	<u>121,724</u>	<u>370,190</u>	<u>46,155</u>	<u>43,794</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 182,931</u>	<u>\$ 379,351</u>	<u>\$ 202,050</u>	<u>\$ 120,632</u>

See the accompanying Independent Auditors' Report.

**TOTALS**

<u>2007</u>	<u>2006</u>
\$ 242,392	\$ 225,883
84,015	220,092
804	300
<u>158,508</u>	<u>26,048</u>
<u>485,719</u>	<u>472,323</u>
261,152	247,574
-	6,593
<u>1,466</u>	<u>1,790</u>
<u>262,618</u>	<u>255,957</u>
<u>223,101</u>	<u>216,366</u>
110,000	45,000
<u>(30,000)</u>	<u>(150,000)</u>
<u>80,000</u>	<u>(105,000)</u>
303,101	111,366
<u>581,863</u>	<u>470,497</u>
<u>\$ 884,964</u>	<u>\$ 581,863</u>

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## **SPECIAL REVENUE FUNDS**

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

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

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

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.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2006 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 66,000	\$ 84,015	\$ 18,015	\$ 220,092
Miscellaneous	6,800	7,192	392	6,510
TOTAL REVENUES	72,800	91,207	18,407	226,602
EXPENDITURES				
Capital Outlay	139,020	-	139,020	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(66,220)	91,207	157,427	226,602
OTHER FINANCING SOURCES (USES)				
Transfers Out	(30,000)	(30,000)	-	(150,000)
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(96,220)	61,207	157,427	76,602
FUND BALANCE, Beginning	121,724	121,724	-	45,122
FUND BALANCE, Ending	\$ 25,504	\$ 182,931	\$ 157,427	\$ 121,724

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2006 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Miscellaneous	\$ 33,800	\$ 14,665	\$ (19,135)	\$ 11,743
EXPENDITURES				
Economic Development and Assistance	90,000	80,504	9,496	94,096
Capital Outlay	50,000	-	50,000	-
Contingency Reserve	100,000	-	100,000	-
TOTAL EXPENDITURES	240,000	80,504	159,496	94,096
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(206,200)	(65,839)	140,361	(82,353)
OTHER FINANCING SOURCES (USES)				
Transfers In	75,000	75,000	-	25,000
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(131,200)	9,161	140,361	(57,353)
FUND BALANCE, Beginning	370,190	370,190	-	427,543
FUND BALANCE, Ending	\$ 238,990	\$ 379,351	\$ 140,361	\$ 370,190

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2006 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 37,000	\$ 36,423	\$ (577)	\$ 37,275
Charges for Services	9,300	804	(8,496)	300
Miscellaneous	5,000	127,187	122,187	5,315
TOTAL REVENUES	51,300	164,414	113,114	42,890
EXPENDITURES				
Economic Development and Assistance	34,100	43,519	(9,419)	34,035
Capital Outlay	57,500	-	57,500	6,593
TOTAL EXPENDITURES	91,600	43,519	48,081	40,628
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(40,300)	120,895	161,195	2,262
OTHER FINANCING SOURCES (USES)				
Transfers In	30,000	35,000	5,000	20,000
REVENUES AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	(10,300)	155,895	166,195	22,262
FUND BALANCE, Beginning	46,155	46,155	-	23,893
FUND BALANCE, Ending	\$ 35,855	\$ 202,050	\$ 166,195	\$ 46,155

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			2006 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 156,802	\$ 205,969	\$ 49,167	\$ 188,608
Miscellaneous	1,000	9,464	8,464	2,480
TOTAL REVENUES	157,802	215,433	57,631	191,088
EXPENDITURES				
Economic Development and Assistance	136,021	137,129	(1,108)	119,443
Debt Service	15,190	1,466	13,724	1,790
TOTAL EXPENDITURES	151,211	138,595	12,616	121,233
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	6,591	76,838	70,247	69,855
FUND BALANCE (DEFICIT), Beginning	35,385	43,794	8,409	(26,061)
FUND BALANCE (DEFICIT), Ending	\$ 41,976	\$ 120,632	\$ 78,656	\$ 43,794

See the accompanying Independent Auditors' Report.

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## **ENTERPRISE FUNDS**

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

The following are the Enterprise Funds of the City:

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

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

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

CITY OF RIFLE, COLORADO

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

**WATER FUND**

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			2006 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 1,711,000	\$ 2,207,200	\$ 496,200	\$ 1,817,173
Sale of Materials	133,000	200,387	67,387	136,803
Reimbursed Expenditures	45,000	50,413	5,413	816,024
Other Revenue	73,000	145,778	72,778	92,421
System Improvement Fees	727,050	1,517,362	790,312	766,700
Investment Earnings	89,000	182,792	93,792	143,741
Cash in Lieu of Fees	20,000	35,505	15,505	39,714
State Grants	-	76,228	76,228	162,891
Other Revenues	2,500	5,286	2,786	15,926
TOTAL REVENUES	<u>2,800,550</u>	<u>4,420,951</u>	<u>1,620,401</u>	<u>3,991,393</u>
EXPENDITURES				
Personal Services	627,721	596,264	31,457	624,796
Supplies	331,560	404,066	(72,506)	259,874
Purchased Services	601,752	387,768	213,984	509,174
Other Operating Expenses	400,000	-	400,000	444
Management Fees	130,791	130,791	-	124,563
Fleet Maintenance	39,891	44,676	(4,785)	27,455
Acquisition of Capital Assets	540,000	284,208	255,792	2,833,615
Debt Principal	235,271	242,046	(6,775)	(679,551)
Interest Expense	159,562	136,069	23,493	116,090
Other Expenses	1,038	1,038	-	1,038
TOTAL EXPENDITURES	<u>3,067,586</u>	<u>2,226,926</u>	<u>840,660</u>	<u>3,817,498</u>
NET INCOME - Budgetary Basis	<u>\$ (267,036)</u>	2,194,025	<u>\$ 2,461,061</u>	173,895
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		284,208		2,833,615
Dedicated Infrastructure		543,348		-
Debt Principal		242,046		(679,551)
Depreciation Expense		(618,279)		(504,408)
NET INCOME - GAAP Basis		2,645,348		1,823,551
NET ASSETS, Beginning		<u>17,745,939</u>		<u>15,922,388</u>
NET ASSETS, Ending		<u>\$ 20,391,287</u>		<u>\$ 17,745,939</u>

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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2006 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 960,000	\$ 1,925,803	\$ 965,803	\$ 931,243
Other Operating Revenues	22,100	21,091	(1,009)	18,038
System Improvement Fees	724,500	1,499,700	775,200	745,436
Investment Earnings	85,300	144,968	59,668	112,262
Gain (Loss) on Disposal of Fixed Assets	-	(58)	(58)	(19)
State Grants	2,300,000	1,414,621	(885,379)	515,991
Proceeds from Long Term Debt	15,000,000	18,600,000	3,600,000	-
Other Revenues	-	7	7	159
<b>TOTAL REVENUES</b>	<b>19,091,900</b>	<b>23,606,132</b>	<b>4,514,232</b>	<b>2,323,110</b>
EXPENDITURES				
Personal Services	355,467	338,289	17,178	314,358
Supplies	50,000	93,548	(43,548)	19,873
Purchased Services	303,995	229,088	74,907	238,522
Other Operating Expenses	25,000	-	25,000	240
Management Fees	88,767	88,767	-	84,541
Fleet Maintenance	18,254	19,958	(1,704)	22,994
Acquisition of Capital Assets	17,994,300	2,301,769	15,692,531	1,226,847
Debt Principal	871,740	43,644	828,096	121,564
Interest Expense	477,626	194,757	282,869	24,323
Other Expenses	63,083	-	63,083	1,217
<b>TOTAL EXPENDITURES</b>	<b>20,248,232</b>	<b>3,309,820</b>	<b>16,938,412</b>	<b>2,054,479</b>
<b>NET INCOME - Budgetary Basis</b>	<b>\$ (1,156,332)</b>	<b>20,296,312</b>	<b>\$ 21,452,644</b>	<b>268,631</b>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		2,301,769		1,226,847
Dedicated Infrastructure		489,599		-
Debt Principal		43,644		121,564
Debt Proceeds		(18,600,000)		-
Amortization of Bond Premium & Costs		14,442		-
Depreciation Expense		(305,982)		(299,557)
<b>NET INCOME - GAAP Basis</b>		<b>4,239,784</b>		<b>1,317,485</b>
<b>NET ASSETS, Beginning</b>		<b>10,685,700</b>		<b>9,368,215</b>
<b>NET ASSETS, Ending</b>		<b>\$ 14,925,484</b>		<b>\$ 10,685,700</b>

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, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007			2006 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 455,300	\$ 480,737	\$ 25,437	\$ 450,577
Sale of Materials	-	2,700	2,700	-
Other Revenue	2,000	1,648	(352)	1,678
Investment Earnings	8,000	14,550	6,550	15,929
Gain (Loss) on Disposal of Fixed Assets	-	6,946	6,946	-
Transfers In	-	21,154	21,154	-
TOTAL REVENUES	465,300	527,735	62,435	468,184
EXPENDITURES				
Personal Services	118,525	107,182	11,343	77,929
Supplies	16,000	15,583	417	8,737
Purchased Services	231,554	210,236	21,318	191,746
Other Operating Expenses	4,400	4,000	400	4,031
Management Fees	34,292	34,292	-	32,659
Fleet Maintenance	43,722	35,434	8,288	31,489
Acquisition of Capital Assets	29,927	25,425	4,502	185,435
TOTAL EXPENDITURES	478,420	432,152	46,268	532,026
NET INCOME - Budgetary Basis	\$ (13,120)	95,583	\$ 108,703	(63,842)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		25,425		185,435
Depreciation Expense		(64,771)		(34,051)
NET INCOME - GAAP Basis		56,237		87,542
NET ASSETS, Beginning		541,487		453,945
NET ASSETS, Ending		\$ 597,724		\$ 541,487

See the accompanying Independent Auditors' Report.

## **INTERNAL SERVICE FUND**

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.

CITY OF RIFLE, COLORADO

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

**FLEET MAINTENANCE FUND**

Year Ended December 31, 2007

With Comparative Totals for the Year Ended December 31, 2006

	2007		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2006 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 522,716	\$ 466,588	\$ (56,128)	\$ 434,291
Investment Earnings	6,000	9,205	3,205	8,011
Gain (Loss) on Disposal of Fixed Assets	-	(1,183)	(1,183)	-
TOTAL REVENUES	<u>528,716</u>	<u>474,610</u>	<u>(54,106)</u>	<u>442,302</u>
EXPENDITURES				
Personal Services	80,774	63,404	17,370	71,735
Supplies	180,350	177,881	2,469	162,756
Purchased Services	36,119	32,589	3,530	22,790
Fleet Maintenance	-	3,392	(3,392)	2,127
Acquisition of Capital Assets	115,500	69,697	45,803	334,072
Depreciation	2,900	99,636	(96,736)	33,917
Debt Principal	-	-	-	(6,960)
Interest Expense	300	-	300	404
Transfers Out	-	21,154	(21,154)	-
TOTAL EXPENDITURES	<u>415,943</u>	<u>467,753</u>	<u>(51,810)</u>	<u>620,841</u>
NET INCOME - Budgetary Basis	<u>\$ 112,773</u>	6,857	<u>\$ (105,916)</u>	(178,539)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		69,697		334,072
Debt Principal		-		(6,960)
NET INCOME - GAAP Basis		<u>76,554</u>		<u>148,573</u>
NET ASSETS, Beginning		<u>617,534</u>		<u>468,961</u>
NET ASSETS, Ending		<u>\$ 694,088</u>		<u>\$ 617,534</u>

See the accompanying Independent Auditors' Report.

## **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 2007

This Information From The Records Of (example - City of \_ or County of \_ ) Prepared By: CHARLES KELTY, FINANCE DIRECTOR  
CITY OF RIFLE Phone: 970.625.6240

**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)	2,494,659
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	716,974
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	3,141
2. General fund appropriations	259,190	b. Snow and ice removal	23,069
3. Other local imposts (from page 2)	4,363,769	c. Other	127,594
4. Miscellaneous local receipts (from page 2)	406,415	d. Total (a. through c.)	153,804
5. Transfers from toll facilities		4. General administration & miscellaneous	173,489
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	805,984
a. Bonds - Original Issues		6. Total (1 through 5)	4,344,910
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	129,301
7. Total (1 through 6)	5,029,374	b. Redemption	250,000
<b>B. Private Contributions</b>	613,088	c. Total (a. + b.)	379,301
<b>C. Receipts from State government (from page 2)</b>	450,402	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>	6,092,864	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	379,301
		<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>	4,724,211

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	3,600,000		250,000	3,350,000
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
	4,590,779	6,092,864	4,724,211	5,959,431	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2007

**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	89,878	a. Interest on investments	256,460
b. Other local imposts:		b. Traffic Fines & Penalties	149,955
1. Sales Taxes	1,288,527	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	2,551,410	d. Parking Meter Fees	0
3. Liens	37,680	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	396,274	g. Other Misc. Receipts	0
6. Total (1. through 5.)	4,273,891	h. Other	0
c. Total (a. + b.)	4,363,769	i. Total (a. through h.)	406,415
	(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	219,456	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	37,373	d. Federal Transit Admin	0
d. Other (CDOT)	39,962	e. U.S. Corps of Engineers	0
e. Other (DOLA)	153,611	f. Other Federal	0
f. Total (a. through e.)	230,946	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	450,402	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.I. Capital outlay:</b>			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		24,148	24,148
c. Construction:			
(1). New Facilities		1,938,445	1,938,445
(2). Capacity Improvements		302	302
(3). System Preservation		362,718	362,718
(4). System Enhancement & Operation		169,046	169,046
(5). Total Construction (1) + (2) + (3) + (4)	0	2,470,511	2,470,511
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,494,659	2,494,659
			(Carry forward to page 1)

Notes and Comments: