

**CITY OF RIFLE
RIFLE, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

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CITY OF RIFLE, COLORADO

ROSTER OF CITY OFFICIALS
DECEMBER 31, 2015

CITY COUNCIL

Randy Winkler – Mayor

Barbara Clifton – Mayor Pro Tem

Theresa Hamilton – Councilor

Ed Green – Councilor

Annick Pruett – Councilor

Dana Wood – Councilor

Joe Elliott – Councilor

ADMINISTRATION

Matt Sturgeon – City Manager

Marcia Arnhold – Finance Director

City of Rifle, Colorado

Management's Discussion and Analysis December 31, 2015

As management of the City of Rifle, Colorado, we offer readers of the City of Rifle financial statements, this narrative overview, and analysis of the financial activities of the City for the fiscal year ended December 31, 2015.

Financial Highlights

- The assets of the City of Rifle exceeded its liabilities at the close of 2015 by \$128,225,457 (net position). Of this amount; \$87,985,194 is capital assets, \$3,171,494 is restricted, and \$37,068,769 is unrestricted and may be used to meet the government's ongoing obligations.
- Total net position, city-wide, increased by \$9,983,342 or 8.4%
- As of December 31, 2015, combined governmental fund balances totaled \$21,382,772, an increase of \$7,261,588 or 51% from the prior year. This increase is mainly due to a devolution grant of \$5.6 million from Colorado Department of Transportation
- General fund unassigned fund balance at December 31, 2015 is \$4,308,060, 59% of 2015 total general fund expenditures.
- The business-type activities net position increased \$3,873,254 to \$50,357,499 during the year. The Water Fund increased \$3,939,186; Sewer Fund decreased \$92,288; and the Sanitation Fund increased \$26,356.

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 Positions* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City of Rifle is improving or deteriorating.

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, (e.g., uncollected taxes and earned but unused vacation leave).

The *Statement of Positions* and the *Statement of Activities* report City activities in two categories - *governmental activities* and *business-type activities*.

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

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

The government-wide financial statements can be found on pages 3-4 of this report.

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

Governmental funds – Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the *government-wide financial statements*, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. 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 governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rifle maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds which include the General Fund, Street Improvement Fund, and the Parks and Recreation Fund. Data from the other (non-major) funds are combined into a single, aggregated presentation with the column heading Other Governmental Funds. The non-major funds are Conservation Trust, Economic Development, Visitor Improvement, Downtown Development Authority, Rifle Information Center, Energy Efficiency Fund, Urban Renewal Authority, and Capital Fund.

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

The basic governmental financial statements for the major funds are found on pages 5-10 of this report. The basic governmental financial statements for the non-major funds are found on pages 38-47.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the proprietary funds. However, only the water and sewer funds are considered major funds.

The basic proprietary fund financial statements can be found on pages 12-14 of this report. The schedule of revenues, expenditures, and changes in net position – budget and actual reports are shown on pages 48-55.

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

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-37 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City Of Rifle. This information is presented in the State Compliance section on pages 56-59.

Government-wide Financial Analysis

As noted earlier, the City of Rifle's net position may serve over time as a useful indicator of the City's financial position. The City of Rifle's assets exceeded its liabilities (net position) at the close of 2015 by \$128,275,825.

The largest portion of the City's net position (68%) is the investment in capital assets (e.g. land, buildings, infrastructure, and equipment); less any related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens, and consequently are not

available for future spending. Although the City's investment in its capital assets is reported net of related debt, the related resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

The following table shows the City's net position for 2015 as compared to 2014.

STATEMENT OF NET POSITION December 31, 2015 and 2014

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 22,982,559	16,171,382	\$ 27,523,393	\$ 32,284,856	\$ 50,505,952	\$ 48,456,238
Capital assets (net)	<u>57,987,302</u>	<u>59,664,910</u>	<u>67,035,586</u>	<u>54,556,772</u>	<u>125,022,888</u>	<u>114,221,682</u>
Total assets	<u>80,969,861</u>	<u>75,836,292</u>	<u>94,558,979</u>	<u>86,841,628</u>	<u>175,528,840</u>	<u>162,677,920</u>
Deferred Outflows:						
Deferred Charge on Refunding	<u>14,406</u>	<u>19,013</u>	<u>-</u>	<u>-</u>	<u>14,406</u>	<u>19,013</u>
Other liabilities	1,290,966	1,730,820	4,041,117	3,026,916	5,332,083	4,757,736
Long-term liabilities	<u>1,208,582</u>	<u>1,783,694</u>	<u>40,090,466</u>	<u>37,260,570</u>	<u>41,299,048</u>	<u>39,044,264</u>
Total liabilities	<u>2,499,548</u>	<u>3,514,514</u>	<u>44,131,583</u>	<u>40,287,486</u>	<u>46,631,131</u>	<u>43,802,000</u>
Deferred Inflows:						
Unavailable Revenue - Property Taxes	<u>616,761</u>	<u>582,922</u>	<u>69,897</u>	<u>69,897</u>	<u>686,658</u>	<u>652,819</u>
Net position:						
Invested in capital assets net of related debt	52,545,958	54,089,221	35,439,236	36,922,406	87,985,194	91,011,627
Restricted:						
for Cemetery Perpetual Care	224,028	219,381	-	-	224,028	219,381
for Debt Service and O&M Reserves	22,661	-	1,764,454	1,651,378	1,787,115	1,651,378
for Emergencies	566,000	399,000	216,000	137,000	782,000	536,000
for Senior Center Meals and Capital	123,376	132,853	-	-	123,376	132,853
for Street and Drainage Improvements	-	566,353	-	-	-	566,353
for Police Expenitures	4,160	8,355	-	-	4,160	8,355
for Parks and Recreation	250,815	159,902	-	-	250,815	159,902
Unrestricted	<u>24,130,960</u>	<u>16,182,804</u>	<u>12,937,809</u>	<u>7,773,461</u>	<u>37,068,769</u>	<u>23,956,265</u>
Total Net Position	<u>\$ 77,867,958</u>	<u>\$ 71,757,869</u>	<u>\$ 50,357,499</u>	<u>\$ 46,484,245</u>	<u>\$ 128,225,457</u>	<u>\$ 118,242,114</u>

An additional portion of the City's net position balance (2.4%) represents resources that are subject to external restrictions on how they may be used. The remaining *unrestricted* balance of (28.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

Restricted net position is the portion of net position legally restricted less any non-capital-related liabilities payable from those resources. As of December 31, 2015, restricted net position in the governmental activities included the following: Cemetery Perpetual Care (\$224,028), Debt Service (\$22,661, TABOR Emergencies (\$566,000), Senior Center Meals and Capital (\$123,376), Police (\$4,160), and Parks and Recreation (\$250,815). The Business-Type Activities includes restricted net position of the following: Debt Service and O&M reserves (\$1,764,454), and TABOR Emergencies (\$216,000). The remaining balance of net position (unrestricted net position) totals \$37,068,769. These assets may be used to meet the City's ongoing obligations to citizens and creditors.

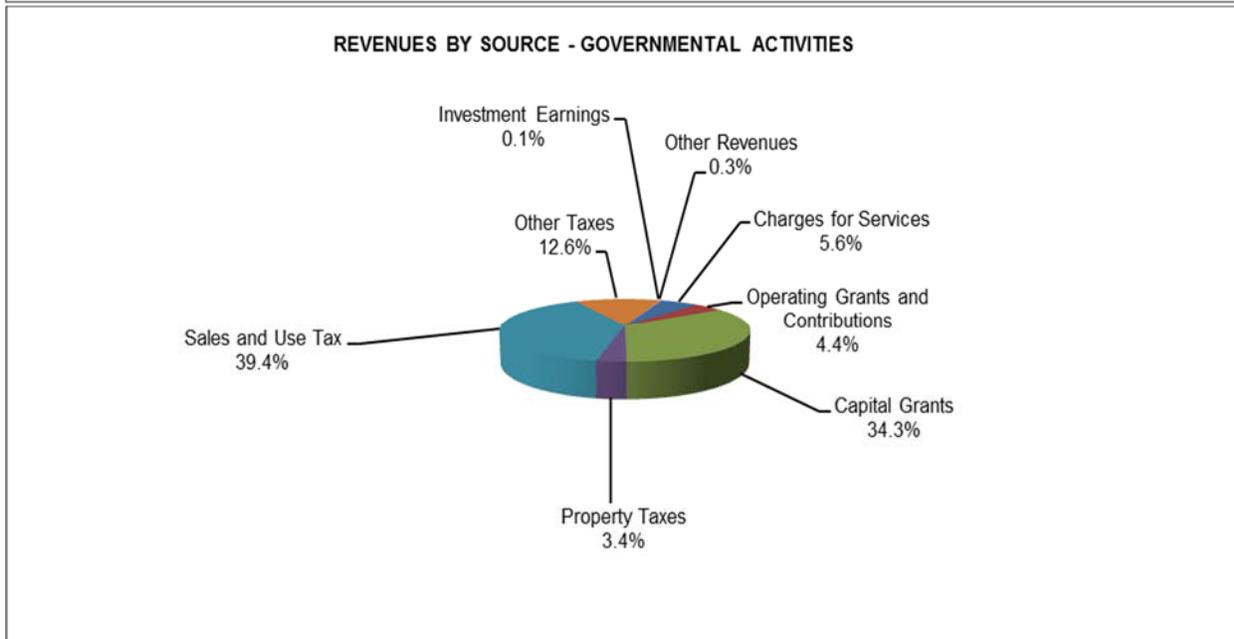
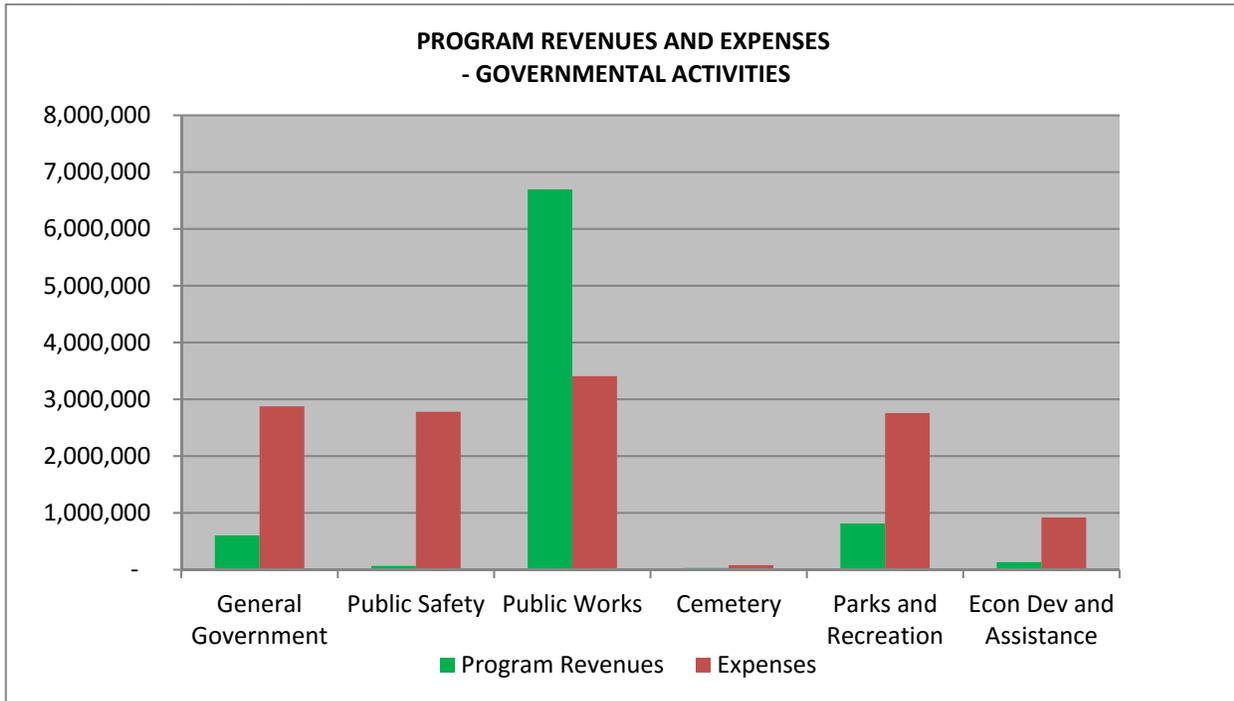
Changes in Net Position

The following shows the detail of the City's changes in net position for the year ended December 31, 2015.

	SUMMARY OF CHANGES IN NET POSITION					
	For Years Ended December 31, 2015 and 2014					
	Governmental Activities		Business Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
REVENUES						
Program Revenues:						
Charges for services	\$ 1,047,628	\$ 1,100,809	\$ 6,419,741	\$ 5,971,512	\$ 7,467,369	\$ 7,072,321
Operating grants and contributions	826,736	831,319	-	-	826,736	831,319
Capital grants and contributions	6,474,303	7,564,132	2,587,589	153,395	9,061,892	7,717,527
General Revenues:						
Property taxes	633,479	631,864	-	-	633,479	631,864
Sales and use taxes	7,440,916	7,517,851	1,551,797	1,570,864	8,992,713	9,088,715
Other taxes	2,374,726	2,934,708	-	-	2,374,726	2,934,708
Investment earnings	12,019	46,540	8,843	12,843	20,862	59,383
Other revenues	58,780	70,957	128,987	143,234	187,767	214,191
Total revenues	<u>18,868,587</u>	<u>20,698,180</u>	<u>10,696,957</u>	<u>7,851,848</u>	<u>29,565,544</u>	<u>28,550,028</u>
EXPENSES						
General government	2,874,402	3,002,022	-	-	2,874,402	3,002,022
Public Safety	2,781,546	2,746,815	-	-	2,781,546	2,746,815
Public Works	3,408,012	3,472,133	-	-	3,408,012	3,472,133
Cemetery	79,867	70,828	-	-	79,867	70,828
Parks and recreation	2,759,404	2,671,884	-	-	2,759,404	2,671,884
Economic development and assistance	920,873	898,270	-	-	920,873	898,270
Interest Expense	-	-	-	-	-	-
Water operations	-	-	3,280,943	4,334,245	3,280,943	4,334,245
Sewer operations	-	-	2,997,032	2,857,383	2,997,032	2,857,383
Sanitation operations	-	-	480,124	478,072	480,124	478,072
Total expenses	<u>12,824,104</u>	<u>12,861,952</u>	<u>6,758,099</u>	<u>7,669,700</u>	<u>19,582,203</u>	<u>20,531,652</u>
Increase in net assets before transfers	6,044,483	7,836,228	3,938,858	182,148	9,983,341	8,018,376
Transfers	65,604	65,580	(65,604)	(65,580)	-	-
Increase in net assets	6,110,087	7,901,808	3,873,254	116,568	9,983,341	8,018,376
Net Position, Beginning of year	71,757,871	63,641,803	46,484,245	46,367,677	118,242,116	110,009,480
Prior Period Restatement	-	214,258	-	-	-	214,258
Net Position, end of year	<u>\$ 77,867,958</u>	<u>\$ 71,757,869</u>	<u>\$ 50,357,499</u>	<u>\$ 46,484,245</u>	<u>\$ 128,225,457</u>	<u>\$ 118,242,114</u>

The following charts compare Expenses and Program Revenues, and reflect Revenues by Source. The column graph indicates program expenses exceed program revenues. The pie chart shows the break-down of revenue sources. The primary revenue sources for 2015 are Sales and Use Tax at 39.4% and Capital grants at 34.3%. These, along with the other revenue sources listed, support governmental services.

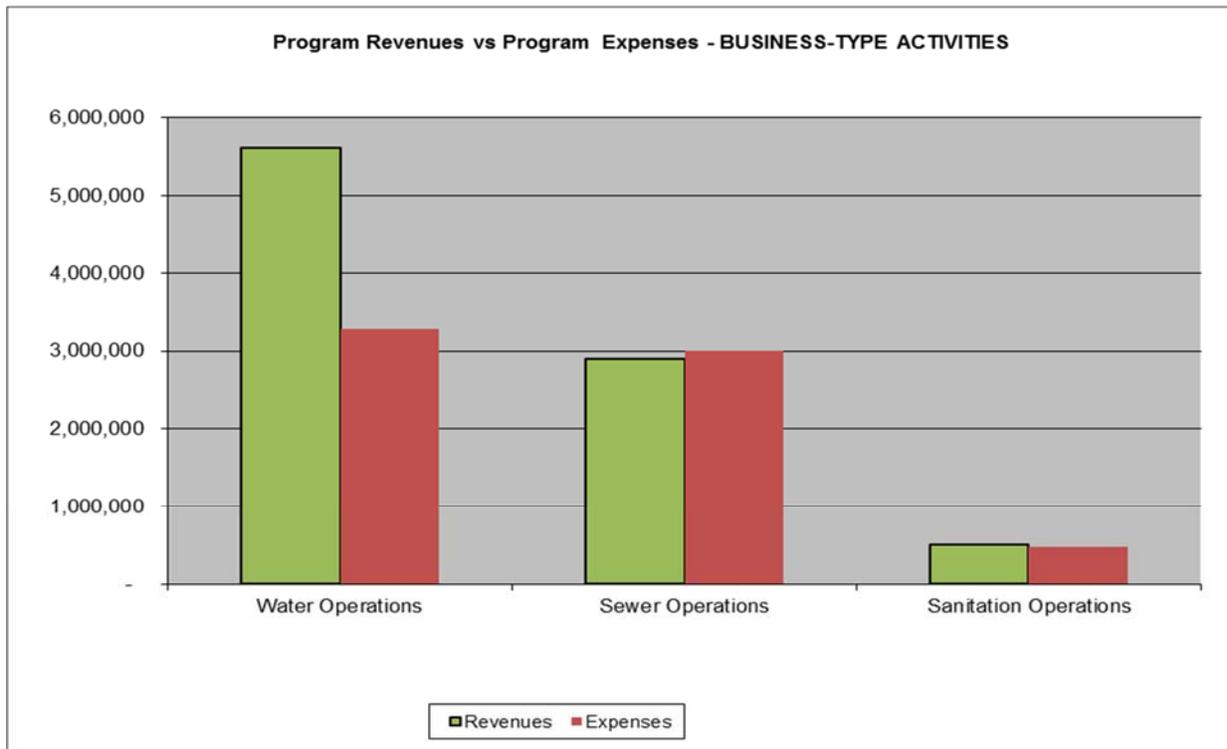
Governmental Activities



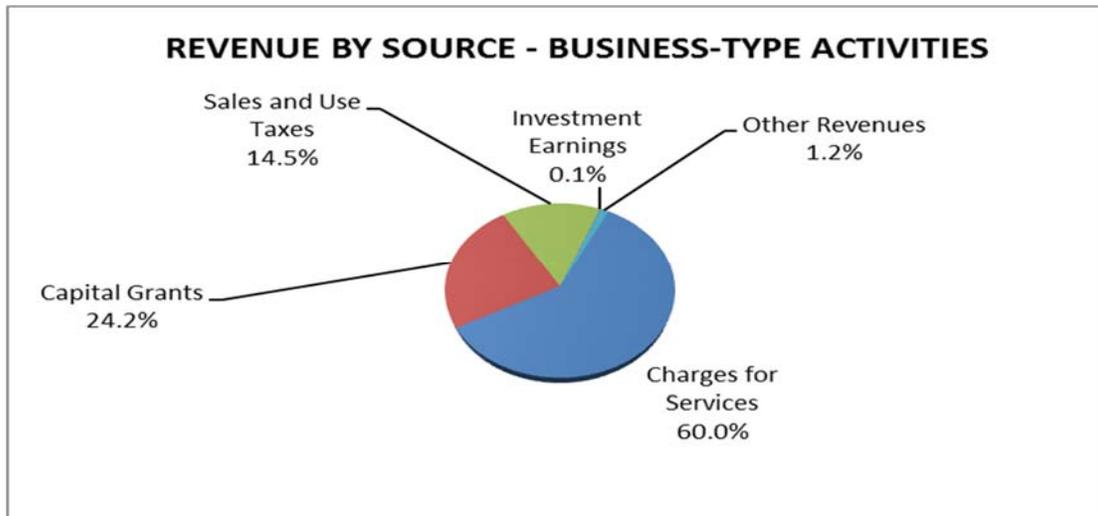
Business-Type Activities

As illustrated below and in the Statement of Activities, charges for services, operating grants and contributions, and capital grants received for the services provided covered program expenses in the Water and Sanitation funds. However, the Sewer fund has slightly more expenses than revenue.

The Water Fund is supporting a new treatment plant for the City and construction continues. In September 2012, taxpayers approved a .75% sales and use taxes to assist with funding the Water Treatment Plant annual debt service. The tax became effective on January 1, 2013. This tax will sunset once the loan is paid off in approximately 20 years.



As reflected in the pie chart below, 60% of collected revenues are from charges for services. During 2015, Sales and Use Taxes collected was approximately 14.5% of the total water fund's revenues. Capital Grants were 24.2%, other revenues were 1.2%.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

One of the differences between the governmental activities as reported in the government-wide *Statement of Activities* and the individual governmental fund financial statements is the reporting of capital asset acquisitions. For the government-wide financial statements, any new assets are capitalized and only depreciation expense for those assets is reported in the *Statement of Activities*. In the individual governmental fund financial statements, the expenditure for the capital asset acquisitions is reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*. Therefore, governmental fund capital outlay expenditures of \$1,570,451 acquired in 2015 (page 7) are not reflected in the *Statement of Activities*.

At year-end 2015, governmental funds as reported on the *Balance Sheet – Governmental Funds* (page 5) reported a combined fund balance of \$21,382,772, an increase of \$7,261,588 from the prior year. The General Fund balance increased \$1,274,198 or 18%. The Street Improvement Fund balance increased \$5,860,590 or 205% (due primarily to a \$5.6 million from Colorado Department of Transportation). The Parks and Recreation Fund balance increased \$365,766 or 76%.

The General Fund unassigned fund balance at December 31, 2015 was \$4,308,060 or 59% of annual expenditures. Unassigned fund balance decreased \$1,083,463 with revenues exceeding expenditures by \$1,036,803.

The Street Improvement Fund revenues increased by \$5,840,543 or 434% in 2015, again, primarily due to intergovernmental revenues. The Street Improvement Fund's expenditures vary depending on planned public work projects.

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

The Proprietary Fund Net Position increased \$3,923,624 to \$50,407,869. Investment in capital assets, net of related debt represents 70% of total net position.

ENTERPRISE FUND NET POSITION
December 31, 2015 and 2014

	Water		Wastewater		Sanitation		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Investment in capital assets net of related debt	\$ 18,039,965	\$ 19,374,332	\$ 17,399,271	\$ 17,548,074	\$ -	\$ -	\$ 35,439,236	36,922,406
Restricted:								
For Emergencies	216,000	137,000	-	-	-	-	216,000	137,000
For Debt Service from Sales Tax	886,139	771,568	-	-	-	-	886,139	771,568
For Operations and Maintenance Reserve	501,789	484,490	376,526	395,320	-	-	878,315	879,810
Unrestricted	11,843,718	6,781,035	268,417	193,108	825,674	799,318	12,937,809	7,773,461
Total net position	\$ 31,487,611	\$ 27,548,425	\$ 18,044,214	\$ 18,136,502	\$ 825,674	\$ 799,318	\$ 50,357,499	\$ 46,484,245

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

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

Unrestricted net position is reserves for the operation and maintenance component of all the proprietary funds. Both the Water Fund and Sewer Fund increase user fees annually to meet increasing costs of operation and to replace decaying infrastructure, which includes collection and distribution lines.

In 2015, the Water and Sanitation funds increased Net Position by \$3,939,186 and \$26,356 respectively, while the Wastewater funds incurred a net loss of \$92,288.

Total unrestricted net position increased \$5,164,348 during 2015. The Water Fund’s unrestricted net position increased by \$5,062,683; Wastewater Fund increased \$75,309; and the Sanitation Fund increased \$26,356.

General Fund Budgetary Highlights

The General Fund reflects a decrease in revenues of \$733,251 or 8% from 2014 yet exceeded budget by \$1,422,619. Most of the variance is due to intergovernmental revenue. Expenditures were under budget by \$436,524 or 5%. Management and City Council continue to budget conservatively to ensure the City has the flexibility to address community needs.

Capital Asset and Debt Administration

Capital assets – At the end of 2015, the City had \$125,073,259 invested in capital assets net of depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, bridges, and trails. Total investment in capital assets for the current year increased 9%.

CAPITAL ASSETS AT YEAR-END
(Net of Depreciation)
As of December 31, 2015 and 2014

	Governmental Activities		Business Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land & Rights	\$ 3,969,755	\$ 3,542,191	\$ 2,587,307	\$ 2,532,564	\$ 6,557,062	\$ 6,074,755
Construction in Process	-	-	13,003,724	1,189,478	13,003,724	1,189,478
Buildings	11,360,448	11,348,420	26,152,543	27,006,930	37,512,991	38,355,350
Improvements	41,147,581	43,152,871	24,708,800	23,178,953	65,856,381	66,331,824
Equipment	789,727	960,410	583,212	648,847	1,372,939	1,609,257
Int Svc Equipment & Vehicles	719,792	661,018	-	-	719,792	661,018
Total	<u>\$ 57,987,303</u>	<u>\$ 59,664,910</u>	<u>\$ 67,035,586</u>	<u>\$ 54,556,772</u>	<u>\$ 125,022,889</u>	<u>\$ 114,221,682</u>

Debt administration – At the end of 2015, the City of Rifle had a balance of \$44,034,857 outstanding in revenue bonds; revenue notes payable, notes payable and capital leases. Footnote disclosure number 5 on page 28 provides additional information regarding this advance refunding. The City has no general obligation debt.

OUTSTANDING DEBT
Years Ended December 31, 2015 and 2014

	Governmental Activities		Business Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue bonds and notes payable	\$ 885,196	\$ 1,168,253	\$ 42,148,914	\$ 39,071,036	\$ 43,034,110	\$ 40,239,289
Capital leases	898,498	1,177,426	102,249	200,207	1,000,747	1,377,633
Total	<u>\$ 1,783,694</u>	<u>\$ 2,345,679</u>	<u>\$ 42,251,163</u>	<u>\$ 39,271,243</u>	<u>\$ 44,034,857</u>	<u>\$ 41,616,922</u>

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

Economic Factors and Next Year's Budget

The general fund saw a decrease in 2015 sales and use tax revenues of 1% from 2014. The 2015 budget was prepared with an assumption of sales and use taxes remaining flat. It was believed that the oil and gas industry would continue to reduce staff on the Western Slope and the building industry would only start to recover with housing surplus declining. It was believed the building trades would struggle to ramp up because of workforce availability and continued conservative lending practices.

Fortunately, the City of Rifle, as a result of thoughtful leadership and prudent management, has built up the reserves in its general fund. While the economy continues to find some legs, the City of Rifle is positioned to continue to absorb sluggish economic growth. Management and City Council have become accustomed to being nimble and will make necessary changes as needed to the budget to make sure future services continue meeting public needs.

Overall, 2015 was a good year. The City successfully secured grants to assist with the shortfall in sales tax and accomplish some meaningful as well as necessary public improvements. To move the economy forward a municipality must show optimism and confidence in the future; Rifle accomplished this.

The City made significant budget adjustments again in 2015, and continues to explore ways to provide services at reduced costs. Possibly, the biggest challenge during 2015 was the construction of a new Water Treatment Plant to replace Graham Mesa and Beaver Creek plants. The primary reason for construction is health and safety issues. The Water Treatment Plant began in December 2014.

In conclusion, City Council had the foresight to set aside significant reserves over the past years and those reserves have assisted the City during the recession and as the City moves towards an economic recovery. The City hopes some of these reserves can be transitioned into a capital maintenance fund to provide on-going revenue for building and grounds maintenance. This will allow the City to stabilize expenditures on maintenance over time and discontinue the practice of deferred maintenance that has become customary since the oil shale bust in the early 1980s.

Request for Information

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

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

City Council
City of Rifle
Rifle, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rifle, Colorado, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows, thereof, and the respective budgetary comparison of the General, Street Improvement, and Parks and Recreation Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Rifle's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining and budgetary comparison statements and schedules listed as other supplementary information pages 37-54 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2016 on our consideration of the City of Rifle's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rifle's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules Required Pursuant to Bond Agreements pages 55-56 and *Local Highway Finance Report* pages 57-58 are presented for purposes of legal and debt compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
June 14, 2016

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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, 2015.

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CITY OF RIFLE, COLORADO

STATEMENT OF NET POSITION

December 31, 2015

	Governmental Activities	Business - Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 20,363,757	\$ 14,769,086	\$ 35,132,843
Property Taxes Receivable	616,761	-	616,761
Other Receivable	1,789,311	1,892,904	3,682,215
Interest Receivable	19,232	-	19,232
Prepaid Expenses	-	51,866	51,866
Due from Other Governments	57,737	-	57,737
Inventory	38,450	154,723	193,173
TOTAL CURRENT ASSETS	22,885,248	16,868,579	39,753,827
NONCURRENT ASSETS			
Capital Assets Not Being Depreciated	3,969,755	15,591,031	19,560,786
Capital Assets Being Depreciated, net	54,017,547	51,444,555	105,462,102
Restricted Cash and Investments	97,311	10,654,814	10,752,125
TOTAL NONCURRENT ASSETS	58,084,613	77,690,400	135,775,013
TOTAL ASSETS	80,969,861	94,558,979	175,528,840
DEFERRED OUTFLOWS			
Deferred Charge on Refunding	14,406	-	14,406
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	127,504	1,342,363	1,469,867
Accrued Wages & Comp. Absences	445,882	93,403	539,285
Accrued Interest Payable	4,740	434,653	439,393
Deposits	137,728	10,000	147,728
Current Portion of Long Term Debt	575,112	2,160,698	2,735,810
TOTAL CURRENT LIABILITIES	1,290,966	4,041,117	5,332,083
NONCURRENT LIABILITIES			
Bonds Payable	580,000	-	580,000
Bond Premiums	16,993	-	16,993
Notes Payable	-	35,295,466	35,295,466
Capital Leases Payable	611,589	4,795,000	5,406,589
TOTAL NONCURRENT LIABILITIES	1,208,582	40,090,466	41,299,048
TOTAL LIABILITIES	2,499,548	44,131,583	46,631,131
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	616,761	69,897	686,658
NET POSITION			
Net Investment in Capital Assets	52,545,958	35,439,236	87,985,194
Restricted:			
for Cemetery Perpetual Care - Nonspendable	224,028	-	224,028
for Channel 10	22,661	-	22,661
for Debt Service and O&M Reserves	-	1,764,454	1,764,454
for Emergencies	566,000	216,000	782,000
for Senior Center Meals and Capital	123,376	-	123,376
for Police Expenditures	4,160	-	4,160
for Parks and Recreation	250,815	-	250,815
Unrestricted	24,130,960	12,937,809	37,068,769
TOTAL NET POSITION	\$ 77,867,958	\$ 50,357,499	\$ 128,225,457

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

CITY OF RIFLE, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			CAPITAL GRANTS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Governmental Activities				
Current:				
General Government	\$ 2,874,402	\$ 507,531	\$ 95,920	\$ 444
Public Safety	2,781,545	45,843	22,315	-
Public Works	3,408,012	90,980	503,167	6,101,845
Cemetery	79,867	31,583	-	-
Parks and Recreation	2,759,404	285,724	156,584	372,014
Economic Development and Assistance	920,873	85,967	48,750	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>12,824,104</u>	<u>1,047,628</u>	<u>826,736</u>	<u>6,474,303</u>
Business - Type Activities				
Current:				
Water Operations	3,280,943	3,125,732	-	2,483,318
Sewer Operations	2,997,032	2,786,199	-	104,271
Sanitation Operations	480,124	507,810	-	-
TOTAL BUSINESS - TYPE ACTIVITIES	<u>6,758,099</u>	<u>6,419,741</u>	<u>-</u>	<u>2,587,589</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 19,582,203</u>	<u>\$ 7,467,369</u>	<u>\$ 826,736</u>	<u>\$ 9,061,892</u>
GENERAL REVENUES				
Property Taxes				
Sales and Use Taxes				
Other Taxes				
Investment Earnings				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning of Year				
NET POSITION - End of Year				

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

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

PRIMARY GOVERNMENT

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (2,270,507)	\$ -	\$ (2,270,507)
(2,713,387)	-	(2,713,387)
3,287,980	-	3,287,980
(48,284)	-	(48,284)
(1,945,082)	-	(1,945,082)
<u>(786,156)</u>	<u>-</u>	<u>(786,156)</u>
<u>(4,475,437)</u>	<u>-</u>	<u>(4,475,437)</u>
-	2,328,107	2,328,107
-	(106,562)	(106,562)
-	27,686	27,686
-	<u>2,249,231</u>	<u>2,249,231</u>
<u>(4,475,437)</u>	<u>2,249,231</u>	<u>(2,226,206)</u>
633,479	-	633,479
7,440,916	1,551,797	8,992,713
2,374,726	-	2,374,726
12,019	8,843	20,862
58,781	128,987	187,768
65,604	(65,604)	-
<u>10,585,525</u>	<u>1,624,023</u>	<u>12,209,548</u>
6,110,088	3,873,254	9,983,342
<u>71,757,869</u>	<u>46,484,245</u>	<u>118,242,114</u>
<u>\$ 77,867,957</u>	<u>\$ 50,357,499</u>	<u>\$ 128,225,456</u>

CITY OF RIFLE, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2015

With Comparative Totals for December 31, 2014

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>PARKS & RECREATION</u>
ASSETS			
Cash and Investments	\$ 6,748,057	\$ 8,712,487	\$ 871,326
Property Taxes Receivable	570,927	-	-
Special Assessments Receivable	-	-	-
Other Receivable	1,789,061	250	-
Interest Receivable	19,232	-	-
Due from Other Funds	-	-	-
Prepaid Expenses	-	-	-
Due from Other Governments	57,538	-	-
Restricted Cash and Investments	-	-	-
TOTAL ASSETS	<u>\$ 9,184,815</u>	<u>\$ 8,712,737</u>	<u>\$ 871,326</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 62,214	\$ 2,591	\$ 8,873
Accrued Wages & Comp. Absences	116,999	2,026	20,137
Due to Other Funds	-	-	-
Deposits	137,378	-	350
TOTAL LIABILITIES	<u>316,591</u>	<u>4,617</u>	<u>29,360</u>
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	570,927	-	-
FUND BALANCE			
Nonspendable:			
Prepays	-	-	-
Cemetery Perpetual Care	-	-	-
Restricted for:			
Channel 10	22,661	-	-
Street, Drainage & Parking Improvements	-	-	-
Senior Center Capital and Meals	123,376	-	-
Police Expenditures	4,160	-	-
Emergencies	566,000	-	-
Parks and Recreation	147,531	-	5,973
Committed for:			
Parks and Recreation	-	-	-
Assigned for:			
Subsequent Year's Expenditures	3,125,509	695,247	-
Economic Development	-	-	-
Street Improvements	-	8,012,873	-
Parks and Recreation	-	-	835,993
Capital Improvements	-	-	-
Unassigned	4,308,060	-	-
TOTAL FUND BALANCE	<u>8,297,297</u>	<u>8,708,120</u>	<u>841,966</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 9,184,815</u>	<u>\$ 8,712,737</u>	<u>\$ 871,326</u>

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

OTHER GOVERNMENTAL		TOTALS	
		FUNDS	2015
\$	3,440,517	\$ 19,772,387	\$ 12,836,043
	45,834	616,761	556,099
	-	-	26,823
	-	1,789,311	950,579
	-	19,232	31,470
	-	-	5,898
	-	-	141,559
	199	57,737	97,051
	97,311	97,311	874,102
<u>\$</u>	<u>3,583,861</u>	<u>\$ 22,352,739</u>	<u>\$ 15,519,624</u>
\$	2,638	\$ 76,316	\$ 604,232
	-	139,162	84,740
	-	-	5,898
	-	137,728	120,648
<u>\$</u>	<u>2,638</u>	<u>353,206</u>	<u>815,518</u>
	45,834	616,761	582,922
	-	-	141,559
	224,028	224,028	219,381
	-	22,661	-
	-	-	566,353
	-	123,376	132,853
	-	4,160	8,355
	-	566,000	399,000
	97,311	250,815	159,902
	-	-	6,640
	214,006	4,034,762	869,060
	1,052,188	1,052,188	813,912
	-	8,012,873	2,569,564
	-	835,993	469,560
	1,947,856	1,947,856	2,373,522
	-	4,308,060	5,391,523
<u>\$</u>	<u>3,535,389</u>	<u>21,382,772</u>	<u>14,121,184</u>
<u>\$</u>	<u>3,583,861</u>	<u>\$ 22,352,739</u>	<u>\$ 15,519,624</u>

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CITY OF RIFLE, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

December 31, 2015

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

FUND BALANCE - GOVERNMENTAL FUNDS	\$ 21,382,772
Capital assets used in governmental activities are not resources and are not reported in the funds:	
Capital Assets	94,132,011
Accumulated Depreciation	(36,864,500)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Accrued Compensated Absences	(286,971)
The Difference between the carrying value of the refinanced long-term debt and the amount placed in escrow is an amortizable inflow or outflow:	
Deferred Charge (Gain) on Refunding	14,406
Long-term liabilities are not due and payable in the current period	
Revenue Bonds Payable	(860,000)
Capital Leases Payable	(898,498)
Bond Premiums	(25,196)
Accrued Interest Payable	(4,740)
Internal Service Funds are blended into Governmental Activities:	
Internal Service Net Position	<u>1,278,674</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 77,867,958</u></u>

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>PARKS & RECREATION</u>
REVENUES			
Taxes	\$ 4,829,926	\$ 1,033,991	\$ 2,069,063
Special Assessments	-	27,025	-
Licenses and Permits	95,053	-	-
Intergovernmental	2,802,921	6,000,000	351,535
Charges for Services	418,244	99,345	228,365
Fines and Forfeitures	131,112	-	-
Miscellaneous	96,708	27,046	43,003
TOTAL REVENUES	<u>8,373,964</u>	<u>7,187,407</u>	<u>2,691,966</u>
EXPENDITURES			
General Government	2,640,508	-	3,172
Public Safety	2,689,470	-	-
Public Works	1,253,207	135,913	-
Cemetery	75,490	-	-
Parks and Recreation	159,946	-	1,797,873
Economic Development and Assistance	485,036	-	-
Capital Outlay	33,504	867,830	127,410
Debt Service	-	297,700	322,328
TOTAL EXPENDITURES	<u>7,337,161</u>	<u>1,301,443</u>	<u>2,250,783</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>1,036,803</u>	<u>5,885,964</u>	<u>441,183</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	242,395	-	19,000
Transfer Out	(5,000)	(25,374)	(94,417)
TOTAL OTHER FINANCING SOURCES (USES)	<u>237,395</u>	<u>(25,374)</u>	<u>(75,417)</u>
CHANGE IN FUND BALANCES	1,274,198	5,860,590	365,766
FUND BALANCE, Beginning	<u>7,023,099</u>	<u>2,847,530</u>	<u>476,200</u>
FUND BALANCE, Ending	<u>\$ 8,297,297</u>	<u>\$ 8,708,120</u>	<u>\$ 841,966</u>

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

OTHER GOVERNMENTAL FUNDS	TOTALS	
	2015	2014
\$ 435,065	\$ 8,368,045	\$ 8,474,311
-	27,025	30,747
-	95,053	284,753
138,030	9,292,486	3,790,054
4,647	750,601	546,296
-	131,112	137,223
37,511	204,268	208,814
<u>615,253</u>	<u>18,868,590</u>	<u>13,472,198</u>
-	2,643,680	2,748,682
-	2,689,470	2,665,489
-	1,389,120	1,486,728
-	75,490	66,206
-	1,957,819	1,800,568
241,512	726,548	787,550
541,707	1,570,451	2,819,166
-	620,028	620,428
<u>783,219</u>	<u>11,672,606</u>	<u>12,994,817</u>
<u>(167,966)</u>	<u>7,195,984</u>	<u>477,381</u>
37,000	298,395	632,561
(108,000)	(232,791)	(746,088)
<u>(71,000)</u>	<u>65,604</u>	<u>(113,527)</u>
(238,966)	7,261,588	363,854
3,774,355	14,121,184	13,757,330
<u>\$ 3,535,389</u>	<u>\$ 21,382,772</u>	<u>\$ 14,121,184</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, 2015

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

Net Change in Fund Balances - Total Governmental Funds	\$ 7,261,588
Principal payments on debt are reported as expenditures in the funds:	
Principal Payments on Outstanding Debt:	
Revenue Bonds Payable	275,000
Capital Leases Payable	278,928
Interest, issuance costs, bond premiums and deferred charges are reported on the cash basis in the funds	
Change in Accrued Interest Payable	1,507
Amortization of Premiums and Charge on Refunding	3,450
Earned but unpaid accumulated leave balances are not reported in the funds:	
Change in Accrued Compensated Absences	8,107
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Purchased Capitalized Assets	1,415,951
Loss on Asset Disposals	(79,814)
Depreciation Expense	(3,072,518)
Internal Service Funds are blended into Governmental Activities:	
Fleet Maintenance and Information Technology Funds Change in Net Position	17,890
Change in Net Position - Governmental Activities	<u>\$ 6,110,089</u>

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

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE
GENERAL FUND**

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015				2014 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES					
Taxes	\$ 4,889,908	\$ 4,889,908	\$ 4,829,926	\$ (59,982)	\$ 4,896,769
Licenses and Permits	108,250	108,250	95,053	(13,197)	284,753
Intergovernmental	1,330,105	1,330,105	2,802,921	1,472,816	3,394,996
Charges for Services	384,250	384,250	418,244	33,994	310,906
Fines and Forfeitures	134,500	134,500	131,112	(3,388)	137,223
Miscellaneous	104,332	104,332	96,708	(7,624)	82,568
TOTAL REVENUES	<u>6,951,345</u>	<u>6,951,345</u>	<u>8,373,964</u>	<u>1,422,619</u>	<u>9,107,215</u>
EXPENDITURES					
General Government	2,846,264	2,846,264	2,640,508	205,756	2,711,693
Public Safety	2,611,803	2,678,803	2,689,470	(10,667)	2,665,489
Public Works	1,395,106	1,395,106	1,253,207	141,899	1,352,751
Cemetery	77,051	77,051	75,490	1,561	66,206
Parks and Recreation	192,730	192,730	159,946	32,784	118,693
Economic Development and Assistance	504,731	504,731	485,036	19,695	510,180
Capital Outlay	49,000	49,000	33,504	15,496	71,212
Contingency Reserve	30,000	30,000	-	30,000	-
TOTAL EXPENDITURES	<u>7,706,685</u>	<u>7,773,685</u>	<u>7,337,161</u>	<u>436,524</u>	<u>7,496,224</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(755,340)</u>	<u>(822,340)</u>	<u>1,036,803</u>	<u>1,859,143</u>	<u>1,610,991</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	238,500	238,500	242,395	3,895	206,971
Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	-	<u>(434,107)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>233,500</u>	<u>233,500</u>	<u>237,395</u>	<u>3,895</u>	<u>(227,136)</u>
CHANGE IN FUND BALANCE	(521,840)	(588,840)	1,274,198	1,863,038	1,383,855
FUND BALANCE, Beginning	<u>6,006,193</u>	<u>6,006,193</u>	<u>7,023,099</u>	<u>1,016,906</u>	<u>5,639,244</u>
FUND BALANCE, Ending	<u>\$ 5,484,353</u>	<u>\$ 5,417,353</u>	<u>\$ 8,297,297</u>	<u>\$ 2,879,944</u>	<u>\$ 7,023,099</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, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 1,055,815	\$ 1,033,991	\$ (21,824)	\$ 1,046,199
Special Assessments	29,808	27,025	(2,783)	30,747
Intergovernmental	6,165,000	6,000,000	(165,000)	231,616
Charges for Services	25,583	99,345	73,762	27,487
Miscellaneous	17,858	27,046	9,188	10,815
TOTAL REVENUES	<u>7,294,064</u>	<u>7,187,407</u>	<u>(106,657)</u>	<u>1,346,864</u>
EXPENDITURES				
Public Works	621,784	135,913	485,871	133,977
Capital Outlay	1,903,000	867,830	1,035,170	785,219
Debt Service	297,700	297,700	-	298,100
TOTAL EXPENDITURES	<u>2,822,484</u>	<u>1,301,443</u>	<u>1,521,041</u>	<u>1,217,296</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>4,471,580</u>	<u>5,885,964</u>	<u>1,414,384</u>	<u>129,568</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	219,000	-	(219,000)	250,000
Transfers Out	(25,374)	(25,374)	-	(25,374)
TOTAL OTHER FINANCING SOURCES (USES)	<u>193,626</u>	<u>(25,374)</u>	<u>(219,000)</u>	<u>224,626</u>
CHANGE IN FUND BALANCE	4,665,206	5,860,590	1,195,384	354,194
FUND BALANCE, Beginning	<u>1,709,856</u>	<u>2,847,530</u>	<u>1,137,674</u>	<u>2,493,336</u>
FUND BALANCE, Ending	<u>\$ 6,375,062</u>	<u>\$ 8,708,120</u>	<u>\$ 2,333,058</u>	<u>\$ 2,847,530</u>

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015				2014 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES					
Taxes	\$ 2,093,934	\$ 2,093,934	\$ 2,069,063	\$ (24,871)	\$ 2,093,628
Intergovernmental	1,599	1,599	351,535	349,936	1,523
Charges for Services	187,400	187,400	228,365	40,965	202,780
Miscellaneous	21,349	21,349	43,003	21,654	62,709
TOTAL REVENUES	<u>2,304,282</u>	<u>2,304,282</u>	<u>2,691,966</u>	<u>387,684</u>	<u>2,360,640</u>
EXPENDITURES					
General Government	5,000	5,000	3,172	1,828	6,839
Parks and Recreation	1,831,559	1,850,595	1,797,873	52,722	1,681,875
Capital Outlay	-	176,367	127,410	48,957	1,174,613
Debt Service	322,328	322,328	322,328	-	322,328
TOTAL EXPENDITURES	<u>2,158,887</u>	<u>2,354,290</u>	<u>2,250,783</u>	<u>103,507</u>	<u>3,185,655</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>145,395</u>	<u>(50,008)</u>	<u>441,183</u>	<u>491,191</u>	<u>(825,015)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	19,000	19,000	19,000	-	163,590
Transfers Out	(94,417)	(94,417)	(94,417)	-	(94,417)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(75,417)</u>	<u>(75,417)</u>	<u>(75,417)</u>	<u>-</u>	<u>69,173</u>
CHANGE IN FUND BALANCE	69,978	(125,425)	365,766	491,191	(755,842)
FUND BALANCE, Beginning	539,122	539,122	476,200	(62,922)	1,232,042
FUND BALANCE, Ending	<u>\$ 609,100</u>	<u>\$ 413,697</u>	<u>\$ 841,966</u>	<u>\$ 428,269</u>	<u>\$ 476,200</u>

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

CITY OF RIFLE, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2015

With Comparative Totals for December 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	WASTEWATER	NON-MAJOR SANITATION	TOTAL
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 13,317,810	\$ 676,498	\$ 774,778	\$ 14,769,086
Other Receivable	1,548,203	293,870	50,831	1,892,904
Prepaid Expenses	50,869	499	498	51,866
Inventory	146,158	8,565	-	154,723
TOTAL CURRENT ASSETS	15,063,040	979,432	826,107	16,868,579
PROPERTY AND EQUIPMENT	50,094,898	42,889,045	-	92,983,943
Less Accumulated Depreciation	(13,734,686)	(12,213,671)	-	(25,948,357)
NET PROPERTY AND EQUIPMENT	36,360,212	30,675,374	-	67,035,586
OTHER ASSETS				
Restricted Cash and Investments	10,654,814	-	-	10,654,814
TOTAL ASSETS	62,078,066	31,654,806	826,107	94,558,979
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	1,315,636	26,614	113	1,342,363
Accrued Wages & Comp. Absences	51,574	41,509	320	93,403
Accrued Interest Payable	216,215	218,438	-	434,653
Deposits	10,000	-	-	10,000
Unearned Revenue	21,969	47,928	-	69,897
Current Portion of Long Term Debt	1,318,472	842,226	-	2,160,698
TOTAL CURRENT LIABILITIES	2,933,866	1,176,715	433	4,111,014
NONCURRENT LIABILITIES				
Notes Payable	22,861,589	12,433,877	-	35,295,466
Capital Leases Payable	4,795,000	-	-	4,795,000
TOTAL NONCURRENT LIABILITIES	27,656,589	12,433,877	-	40,090,466
TOTAL LIABILITIES	30,590,455	13,610,592	433	44,201,480
NET POSITION				
Net Investment in Capital Assets	18,039,965	17,399,271	-	35,439,236
Restricted				
For Emergencies	216,000	-	-	216,000
For Capital from Sales Tax	886,139	-	-	886,139
For Operations and Maintenance Reserve	501,789	376,526	-	878,315
Unrestricted	11,843,718	268,417	825,674	12,937,809
TOTAL NET POSITION	\$ 31,487,611	\$ 18,044,214	\$ 825,674	\$ 50,357,499

The accompanying notes are an integral part of the financial statements

GOVERNMENTAL ACTIVITIES		
INTERNAL SERVICE	TOTALS	
	2015	2014
\$ 591,370	\$ 15,360,456	\$ 7,969,016
-	1,892,904	683,706
-	51,866	56,839
38,450	193,173	178,722
<u>629,820</u>	<u>17,498,399</u>	<u>8,888,283</u>
1,905,470	94,889,413	80,472,305
(1,185,679)	(27,134,036)	(25,254,515)
<u>719,791</u>	<u>67,755,377</u>	<u>55,217,790</u>
-	10,654,814	24,054,229
<u>1,349,611</u>	<u>95,908,590</u>	<u>88,160,302</u>
51,188	1,393,551	533,278
19,749	113,152	88,214
-	434,653	442,640
-	10,000	10,000
-	69,897	69,897
-	2,160,698	2,010,674
<u>70,937</u>	<u>4,181,951</u>	<u>3,154,703</u>
-	35,295,466	37,158,321
-	4,795,000	102,249
-	40,090,466	37,260,570
<u>70,937</u>	<u>44,272,417</u>	<u>40,415,273</u>
719,791	36,159,027	37,583,424
-	216,000	137,000
-	886,139	771,568
-	878,315	879,810
558,883	13,496,692	8,373,227
<u>\$ 1,278,674</u>	<u>\$ 51,636,173</u>	<u>\$ 47,745,029</u>

CITY OF RIFLE, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	WASTEWATER	NON-MAJOR SANITATION	TOTAL
OPERATING REVENUES				
Charges for Services	\$ 2,857,609	\$ 2,778,046	\$ 506,539	\$ 6,142,194
Sale of Materials	15,065	-	-	15,065
Reimbursed Expenditures	22,279	-	-	22,279
Other Revenue	230,779	8,153	1,271	240,203
TOTAL OPERATING REVENUES	<u>3,125,732</u>	<u>2,786,199</u>	<u>507,810</u>	<u>6,419,741</u>
OPERATING EXPENSES				
Personal Services	769,181	523,680	15,144	1,308,005
Supplies	246,374	77,039	-	323,413
Purchased Services	730,302	563,613	455,791	1,749,706
Other Expenses	8,473	23,183	29	31,685
Management Fees	104,996	104,996	9,160	219,152
Fleet Maintenance	34,077	20,691	-	54,768
Info Tech Maintenance	31,258	41,676	-	72,934
Small Equipment Purchases	15,593	46,347	-	61,940
Depreciation	685,553	1,056,201	-	1,741,754
TOTAL OPERATING EXPENSES	<u>2,625,807</u>	<u>2,457,426</u>	<u>480,124</u>	<u>5,563,357</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>499,925</u>	<u>328,773</u>	<u>27,686</u>	<u>856,384</u>
NONOPERATING INCOME (EXPENSE)				
Debt Principal	-	-	-	-
System Improvement Fees	165,224	104,271	-	269,495
Investment Earnings	7,156	1,017	670	8,843
Sales and Use Taxes	1,551,797	-	-	1,551,797
Cash in Lieu of Fees	10,620	-	-	10,620
State Grants	2,307,474	-	-	2,307,474
Other Revenues	14,682	9,433	-	24,115
Amortization of Bond Premiums	69,258	35,614	-	104,872
Interest Expense	(655,136)	(539,606)	-	(1,194,742)
NONOPERATING INCOME (EXPENSE)	<u>3,471,075</u>	<u>(389,271)</u>	<u>670</u>	<u>3,082,474</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>3,971,000</u>	<u>(60,498)</u>	<u>28,356</u>	<u>3,938,858</u>
TRANSFERS				
Transfers In	-	-	-	-
Transfers Out	(31,814)	(31,790)	(2,000)	(65,604)
NET TRANSFERS	<u>(31,814)</u>	<u>(31,790)</u>	<u>(2,000)</u>	<u>(65,604)</u>
NET INCOME (LOSS)	<u>3,939,186</u>	<u>(92,288)</u>	<u>26,356</u>	<u>3,873,254</u>
NET POSITION, Beginning	<u>27,548,425</u>	<u>18,136,502</u>	<u>799,318</u>	<u>46,484,245</u>
NET POSITION, Ending	<u>\$ 31,487,611</u>	<u>\$ 18,044,214</u>	<u>\$ 825,674</u>	<u>\$ 50,357,499</u>

The accompanying notes are an integral part of the financial statements

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTALS	
	2015	2014
\$ 930,537	\$ 7,072,731	\$ 6,770,061
-	15,065	4,803
-	22,279	11,822
-	240,203	127,212
<u>930,537</u>	<u>7,350,278</u>	<u>6,913,898</u>
301,097	1,609,102	1,575,879
194,835	518,248	575,772
114,734	1,864,440	1,832,361
156,881	188,566	209,884
-	219,152	219,058
-	54,768	74,581
5,210	78,144	68,772
28,112	90,052	901,248
<u>137,767</u>	<u>1,879,521</u>	<u>2,092,316</u>
<u>938,636</u>	<u>6,501,993</u>	<u>7,549,871</u>
(8,099)	848,285	(635,973)
-	-	-
-	269,495	142,358
519	9,362	14,250
-	1,551,797	1,570,864
-	10,620	2,606
-	2,307,474	8,431
25,470	49,585	38,612
-	104,872	104,872
-	(1,194,742)	(1,108,532)
<u>25,989</u>	<u>3,108,463</u>	<u>773,461</u>
<u>17,890</u>	<u>3,956,748</u>	<u>137,488</u>
-	-	179,107
-	(65,604)	(65,580)
-	(65,604)	113,527
17,890	3,891,144	251,015
<u>1,260,784</u>	<u>47,745,029</u>	<u>47,494,014</u>
<u>\$ 1,278,674</u>	<u>\$ 51,636,173</u>	<u>\$ 47,745,029</u>

CITY OF RIFLE, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents
Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	NON-MAJOR SANITATION	TOTAL
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 1,793,945	\$ 2,758,044	\$ 507,814	\$ 5,059,803
Cash Payments to Suppliers	(306,039)	(896,565)	(465,638)	(1,668,242)
Cash Payments to Employees	(767,638)	(508,024)	(15,048)	(1,290,710)
Net Cash Provided by Operating Activities	<u>720,268</u>	<u>1,353,455</u>	<u>27,128</u>	<u>2,100,851</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(14,129,159)	(91,408)	-	(14,220,567)
Proceeds From System Improvement Fees	165,224	104,271	-	269,495
Proceeds From Cash in Lieu of Fees	10,620	-	-	10,620
Proceeds From Sales & Use Taxes	1,702,537	-	-	1,702,537
Proceeds From Grants	2,307,474	-	-	2,307,474
Principal Payments on Debt	3,865,168	(780,377)	-	3,084,791
Interest Payments on Debt	(653,009)	(549,720)	-	(1,202,729)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,731,145)</u>	<u>(1,317,234)</u>	<u>-</u>	<u>(8,048,379)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	14,682	9,433	-	24,115
Transfers - Net	(31,814)	(31,790)	(2,000)	(65,604)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(17,132)</u>	<u>(22,357)</u>	<u>(2,000)</u>	<u>(41,489)</u>
Cash Flows From Investing Activities:				
Investment Income	<u>7,156</u>	<u>1,017</u>	<u>670</u>	<u>8,843</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,020,853)	14,881	25,798	(5,980,174)
CASH AND EQUIVALENTS, Beginning	<u>29,993,477</u>	<u>661,617</u>	<u>748,980</u>	<u>31,404,074</u>
CASH AND EQUIVALENTS, Ending	<u>\$ 23,972,624</u>	<u>\$ 676,498</u>	<u>\$ 774,778</u>	<u>\$ 25,423,900</u>
Cash and Equivalents				
Cash and Equivalents	\$ 13,317,810	\$ 676,498	\$ 774,778	\$ 14,769,086
Restricted Cash and Equivalents	10,654,814	-	-	10,654,814
TOTAL CASH AND EQUIVALENTS	<u>\$ 23,972,624</u>	<u>\$ 676,498</u>	<u>\$ 774,778</u>	<u>\$ 25,423,900</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 499,925	\$ 328,773	\$ 27,686	\$ 856,384
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	685,553	1,056,201	-	1,741,754
(Increase) Decrease in:				
Other Receivable	(1,331,787)	(28,155)	4	(1,359,938)
Prepaid Expenses	4,373	600	-	4,973
Inventory	(11,713)	(2,774)	-	(14,487)
Increase (Decrease) in:				
Accounts Payable	872,374	(16,846)	(658)	854,870
Accrued Wages & Comp. Absences	1,543	15,656	96	17,295
Total Adjustments	<u>220,343</u>	<u>1,024,682</u>	<u>(558)</u>	<u>1,244,467</u>
Net Cash Provided by Operating Activities	<u>\$ 720,268</u>	<u>\$ 1,353,455</u>	<u>\$ 27,128</u>	<u>\$ 2,100,851</u>

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

**GOVERNMENTAL
ACTIVITIES**

INTERNAL SERVICE	TOTAL	
	2015	2014
\$ 930,537	\$ 5,990,340	\$ 6,871,554
(494,333)	(2,162,575)	(3,659,822)
(293,454)	(1,584,164)	(1,574,229)
<u>142,750</u>	<u>2,243,601</u>	<u>1,637,503</u>
(196,540)	(14,417,107)	(1,523,447)
-	269,495	142,358
-	10,620	2,606
-	1,702,537	1,564,023
-	2,307,474	43,337
-	3,084,791	(1,910,286)
-	(1,202,729)	(1,110,277)
<u>(196,540)</u>	<u>(8,244,919)</u>	<u>(2,791,686)</u>
25,470	49,585	38,612
-	(65,604)	113,527
<u>25,470</u>	<u>(16,019)</u>	<u>152,139</u>
519	9,362	14,250
(27,801)	(6,007,975)	(987,794)
<u>619,171</u>	<u>32,023,245</u>	<u>33,011,039</u>
<u>\$ 591,370</u>	<u>\$ 26,015,270</u>	<u>\$ 32,023,245</u>
\$ 591,370	\$ 15,360,456	\$ 7,969,016
-	10,654,814	24,054,229
<u>\$ 591,370</u>	<u>\$ 26,015,270</u>	<u>\$ 32,023,245</u>
\$ (8,099)	\$ 848,285	\$ (635,973)
137,767	1,879,521	2,092,316
-	(1,359,938)	(42,344)
-	4,973	(49,268)
35	(14,452)	7,115
5,404	860,274	264,007
<u>7,643</u>	<u>24,938</u>	<u>1,650</u>
<u>150,849</u>	<u>1,395,316</u>	<u>2,273,476</u>
<u>\$ 142,750</u>	<u>\$ 2,243,601</u>	<u>\$ 1,637,503</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Reporting Entity

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

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

Blended Component Units

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

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

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

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

Government-Wide and Fund Financial Statements

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

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

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Major Special Revenue Funds

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

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

The City also reports the following major proprietary funds:

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

Budgets

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

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

The City’s expenditures exceeded the budgeted appropriation in the Sanitation Fund in the amount of \$2,040, which may be a violation of state statute.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents

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

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 inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the City until the subsequent year.

Inventory

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

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.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 records this liability in the proprietary funds and in the governmental activities presentation. In the proprietary funds, the leave balance is included with the year-end accrued payroll balance. Current accrued compensated absences including accrued regular payroll was \$539,285 at December 31, 2015. Accrued payroll of \$116,999 was recorded in the General Fund, and \$22,163 in the Special Revenue Funds. Accrued payroll and compensated absences of \$93,403 was recorded in the Enterprise Funds and \$19,748 in the Internal Service Funds. Governmental accrued compensated absences of \$286,971 were reported in the Governmental Activities presentation.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. The government has two types of items, which arise under the full accrual basis of accounting for both types and modified accrual basis of accounting, in the case of unearned property taxes, that qualify for reporting in these categories. The deferred charge on refunding is reported as a deferred outflow for the governmental activities presentation. The other item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In the case of the deferred outflow, the charge will be recognized proportionately as the outstanding principal is repaid.

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the highest formal action, the adoption of an Ordinance, of the government's highest level of decision-making authority, the City Council, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Governmental - Unrestricted	\$ 20,363,756
Business-type - Unrestricted	14,769,087
Governmental - Restricted	97,311
Business-type - Restricted	<u>10,654,814</u>
Total Cash and Investments	<u>\$ 45,884,968</u>

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

Cash and Deposits	\$ 22,963,991
Investments	<u>22,920,977</u>
Total Cash and Investments	<u>\$ 45,884,968</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2015, all of the City's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

1. Uncollateralized
2. Collateralized with securities held by the pledging financial institution
3. Collateralized with securities held by the pledging financial institution's trust department, or agent but not in the entity's name

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 2,209,853	\$ 2,209,853
PDPA (Category 3)	20,847,579	20,752,614
Petty Cash	-	1,524
Total Cash and Deposits	<u>\$ 23,057,432</u>	<u>\$ 22,963,991</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:

- 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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

As of December 31, 2015, the City's investments consisted of the following:

	Fair Value	Weighted Avg. Maturity In Years	% of Portfolio	Rating
U.S. Instrumentalities:				
FNMA	\$ 1,642,874	0.75	7.17%	AAA
FHLB	2,077,884	0.41	9.07%	AAA
FFCB	1,490,156	3.69	6.50%	AAA
Local Investment Pools	6,917,059	0.00	30.18%	AAAm
Mutual Funds	138,190	0.00	0.60%	N/A
Debt Proceeds in Escrow	<u>10,654,814</u>	0.00	<u>46.48%</u>	N/A
Total Investments held by City	<u>\$ 22,920,977</u>	4.85	<u>100.01%</u>	

During the year ended December 31, 2015, 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.

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Federal National Mortgage Association, Federal Home Loan Bank and Federal Farm Credit Bank securities. These investments are 7.17%, 9.07% and 6.50%, 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, 2015, the City's U.S. Instrumentality securities were held by Wells Fargo Brokerage Services, LLC, or AXA Advisors, LLC in the name of the City.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: CAPITAL ASSETS

The following schedule presents changes in governmental activities capital assets during 2015:

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>12/31/2015</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 3,542,191	\$ 427,564	\$ -	\$ 3,969,755
Depreciable Capital Assets:				
Buildings	16,028,561	-	(682,557)	16,711,118
Improvements	69,484,839	988,387	759,625	69,713,601
Equipment	3,721,925	-	(15,612)	3,737,537
Int Svc Equipment & Vehicles	<u>1,708,929</u>	<u>196,541</u>	<u>-</u>	<u>1,905,470</u>
Total Capital Assets	<u>94,486,445</u>	<u>1,612,492</u>	<u>61,456</u>	<u>96,037,481</u>
Less: Accumulated Depreciation				
Buildings	4,680,141	371,497	(299,032)	5,350,670
Improvements	26,331,968	2,493,401	259,349	28,566,020
Equipment	2,761,515	207,620	21,325	2,947,810
Int Svc Equipment & Vehicles	<u>1,047,911</u>	<u>141,199</u>	<u>3,432</u>	<u>1,185,678</u>
Total Accumulated Depreciation	<u>34,821,535</u>	<u>3,213,717</u>	<u>(14,926)</u>	<u>38,050,178</u>
Net Capital Assets	<u>\$ 59,664,910</u>	<u>\$ (1,601,225)</u>	<u>\$ 76,382</u>	<u>\$ 57,987,303</u>

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

	<u>Governmental Activities</u>
General Government	\$ 195,800
Public Safety	80,388
Public Works	2,087,032
Cemetery	4,377
Parks & Recreation	624,739
Economic Development	<u>80,182</u>
Depreciation Govt Funds	3,072,518
Int Svc Equipment & Vehicles	<u>141,199</u>
Total Depreciation	<u>\$ 3,213,717</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3: CAPITAL ASSETS (Continued)

The following schedule presents business-type activities capital assets at December 31, 2015:

	Balance		Deletions/		Balance
	<u>12/31/2014</u>	<u>Additions</u>	<u>Transfers</u>		<u>12/31/2015</u>
Business-Type Activities:					
Non-depreciable Capital Assets:					
Land	\$ 1,985,544	\$ -	\$ -		\$ 1,985,544
Water Rights	547,020	54,743	-		601,763
Construction in Process	1,189,478	11,814,246	-		13,003,724
Depreciable Capital Assets:					
Buildings	40,624,674	91,408	-		40,716,082
Improvements	32,079,671	2,251,305	(8,754)		34,339,730
Equipment	<u>2,336,989</u>	<u>6,460</u>	<u>6,348</u>		<u>2,337,101</u>
Total Capital Assets	<u>78,763,376</u>	<u>14,218,162</u>	<u>(2,406)</u>		<u>92,983,944</u>
Less: Accumulated Depreciation					
Buildings	13,617,744	1,052,547	106,752		14,563,539
Improvements	8,900,718	623,278	(106,934)		9,630,930
Equipment	<u>1,688,142</u>	<u>117,949</u>	<u>52,202</u>		<u>1,753,889</u>
Total Accumulated Depreciation	<u>24,206,604</u>	<u>1,793,774</u>	<u>52,020</u>		<u>25,948,358</u>
Net Capital Assets	<u>\$ 54,556,772</u>	<u>\$ 12,424,388</u>	<u>\$ (54,426)</u>		<u>\$ 67,035,586</u>

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

	Business-Type
	<u>Activities</u>
Water Operations	\$ 737,573
Sewer Operations	<u>1,056,201</u>
Depreciation Expense	<u><u>\$ 1,793,774</u></u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

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

	<u>Balance</u>				<u>Balance</u>		<u>Current</u>	<u>Interest</u>
	<u>12/31/14</u>	<u>Advances</u>	<u>Repayments</u>		<u>12/31/15</u>	<u>Portion</u>		<u>Expense</u>
2013 Refunding Revenue Bonds	\$ 1,135,000	\$ -	\$ 275,000		\$ 860,000	\$ 280,000		\$ 24,633
2013 Refunding Revenue Bond Premium	33,253	-	8,057		25,196	8,203		(8,057)
Capital Leases - Equipment	3,915	-	3,915		-	-		122
Parks Facility Capital Lease	1,173,511	-	275,013		898,498	286,909		51,593
Accrued Compensated Absences	303,867	-	3,305		300,562	-		-
Total Obligations	\$ 2,649,546	\$ -	\$ 565,290		\$ 2,084,256	\$ 575,112		\$ 68,291
Deferred Charge on Refunding - 2013 Bonds	\$ 19,013	\$ -	\$ 4,607		\$ 14,406			

BONDS PAYABLE

In June, 2013, the City issued \$1,645,000 of Sales and Use Tax Refunding Revenue Bonds to advance refund the outstanding 2003 bonds. These bonds are secured by a pledge of the City's sales and use tax revenue. The pledge is for one half of the revenues derived from the City's 2.5% sales and use tax in place at the time of issuance and does not represent an exclusive assignment or pledge. The net pledged amount was \$2,218,486 for the 2013 fiscal year. The bonds mature serially beginning in 2013 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 2%. These bonds are repaid through the Street Improvement Fund.

Scheduled payments on the bonds are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 280,000	\$ 17,200	\$ 297,200
2017	285,000	11,600	296,600
2018	295,000	5,900	300,900
Total	\$ 860,000	\$ 34,700	\$ 894,700

CAPITAL LEASE PAYABLE

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

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES (Continued)

Scheduled payments on the capital lease are as follows:

<u>Year</u>	<u>Parks Facility Payment</u>
2016	\$ 322,328
2017	322,328
2018	322,328
Total Payments	966,984
Interest at 4.28%	(68,486)
Present Value of Payments	<u>\$ 898,498</u>

NOTE 5: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES

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

	<u>Balance 12/31/14</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance 12/31/15</u>	<u>Current Portion</u>	<u>Interest Expense</u>
2003 CWRPDA Loan - Water	\$ 797,500	\$ -	\$ 82,500	\$ 715,000	\$ 80,833	\$ 33,043
2006 Capital Lease - Water	200,207	-	97,958	102,249	102,249	6,360
2007 CWRPDA Loan - Sewer	13,608,340	-	780,376	12,827,964	806,612	539,606
2007 CWRPDA Premium - Sewer	483,752	-	35,614	448,138	35,614	35,614
2012 CWRPDA Loan - Water	21,025,146	-	845,385	20,179,761	869,712	468,350
2012 CWRPDA Loan - Water (Fed)	1,800,000	-	83,989	1,716,011	85,678	34,882
2012 CWRPDA Premium - Water	1,356,298	-	69,258	1,287,040	69,258	69,258
2015 Certificate of Participation - Water	-	5,085,000	110,000	4,975,000	180,000	111,784
Total Obligations	<u>\$ 39,271,243</u>	<u>\$ 5,085,000</u>	<u>\$ 2,105,080</u>	<u>\$ 42,251,163</u>	<u>\$ 2,229,956</u>	<u>\$ 1,298,897</u>

NOTES PAYABLE

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 loan bears interest at 3.98% and required monthly principal and interest payments through October 1, 2023. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$501,789. The City has funded this reserve through the restriction of its net position balance in the Water Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Payments are made through the Water Fund.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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

NOTES PAYABLE (Continued)

Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 80,833	\$ 30,223	\$ 111,056
2017	85,000	27,123	112,123
2018	85,833	23,723	109,556
2019	90,833	20,275	111,108
2020	95,000	16,535	111,535
2021-2023	277,501	24,858	302,359
Total	\$ 715,000	\$ 142,737	\$ 857,737

In May 2007, the City entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$17,852,112. The proceeds were used to complete sewer improvements. The City has also recorded \$747,848 of premiums that are being amortized over the life of the note, with the remaining unamortized portion included in the note payable balance in the financial statements. The loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2028. The loan bears interest at 3.5% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$376,526. The City has funded this reserve through the restriction of net position in the Wastewater Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 806,612	\$ 382,577	\$ 1,189,189
2017	832,848	357,431	1,190,279
2018	859,084	331,463	1,190,547
2019	880,320	304,675	1,184,995
2020	906,556	277,228	1,183,784
2021-2025	4,996,264	942,897	5,939,161
2026-2028	3,546,280	182,583	3,728,863
Total	\$ 12,827,964	\$ 2,778,854	\$ 15,606,818

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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

NOTES PAYABLE (Continued)

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

The City has also received the benefit of \$1,523,671 of premiums related to the \$21,858,367 CWRPDA debt issuance that are being amortized over the life of the note. The unamortized portion of the premiums is included in the note payable balance in the financial statements. Issuance costs of \$382,038 were expensed during 2012. The undrawn net proceeds from the loan in the amount of \$10,654,814 are being held in escrow by CWRPDA pending the completion of construction (Note 2). The \$21,858,367 loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2034 commencing in August 2012. The loan bears interest at 1.6% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$501,789. The City has funded this reserve through the restriction of its net position balance in the Water Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. All debt payments related to this loan are made by the Water Fund.

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

Debt service requirements to maturity on the two loans are as follows:

Year	Regular CWRPDA			Federal CWRPDA		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 869,712	\$ 455,604	\$ 1,325,316	\$ 85,678	\$ 33,894	\$ 119,572
2017	894,040	429,973	1,324,013	87,400	32,172	119,572
2018	912,286	408,724	1,321,010	89,156	30,415	119,572
2019	948,777	376,497	1,325,274	90,948	28,623	119,572
2020	967,023	360,004	1,327,027	92,777	26,795	119,572
2021-2025	5,145,292	1,471,887	6,617,179	492,616	105,242	597,858
2026-2030	5,510,206	1,106,723	6,616,929	544,154	53,703	597,858
2031-2035	4,932,425	371,236	5,303,661	233,282	5,861	239,143
Total	\$ 20,179,761	\$ 4,980,648	\$ 25,160,409	\$ 1,716,011	\$ 316,705	\$ 2,032,716

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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

CAPITAL LEASES PAYABLE

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

Scheduled lease payments to maturity are as follows:

<u>Year</u>	<u>Payment</u>
2016	\$ 105,018
4.3% Interest	(2,769)
Present Value of Payments	<u>\$ 102,249</u>

CERTIFICATES OF PARTICIPATION

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

Scheduled payments on the certificates of participation are due as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 180,000	\$ 158,313	\$ 338,313
2017	185,000	152,168	337,168
2018	195,000	146,297	341,297
2019	200,000	140,109	340,109
2020	205,000	134,128	339,128
2021-2025	1,130,000	567,233	1,697,233
2026-2030	1,325,000	375,628	1,700,628
2031-2035	1,555,000	144,536	1,699,536
	<u>\$ 4,975,000</u>	<u>\$ 1,818,412</u>	<u>\$ 6,793,412</u>

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 6: INTERFUND TRANSACTIONS

The City has recorded the following routine transfers:

	Transfers In	Transfers Out
General Fund	\$ 242,395	\$ 5,000
Street Improvement Fund	-	25,374
Parks Fund	19,000	94,417
Water Fund	-	31,814
Sewer Fund	-	31,790
Nonmajor Governmental Funds	37,000	108,000
Nonmajor Enterprise Funds	-	2,000
Totals	\$ 298,395	\$ 298,395

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

	Internal Charges Received	Internal Charges Paid
General Fund	\$ -	\$ 611,309
Parks Fund	-	186,316
Water Fund	-	65,335
Wastewater Fund	-	62,368
Fleet Maintenance Fund	409,567	5,209
Information Technology Fund	520,970	-
Total	\$ 930,537	\$ 930,537

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.

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

	Mgmt Fees Received	Mgmt Fees Paid
General Fund	\$ 219,151	\$ -
Water Fund	-	104,996
Wastewater Fund	-	104,996
Sanitation Fund	-	9,160
Total	\$ 219,151	\$ 219,152

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 7: 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 \$1,403,516. During the years ended December 31, 2015 and 2014, the City contributed \$175,580 and \$175,066, respectively, and the employees contributed \$112,224 and \$113,440, respectively.

All other full-time employees of the City are eligible to participate in a defined contribution pension plan established under the provisions of Section 401(k) of the Internal Revenue Code. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The plan covers all full-time employees upon initial employment and who have attained the age of twenty-one. The City contributes 5% of compensation to the plan on behalf of each qualified employee. Employees may not make contributions to this plan. Employees vest at the rate of 20% per year in contributions made by the City so that, by the fifth year of participation, they are 100% vested in all contributions made to the plan. The City's total payroll was \$5,456,418 and covered payroll was \$3,605,920 for this plan. For the years ended December 31, 2015 and 2014, the City contributed \$180,296 and \$179,526, respectively, 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. However, employees are allowed to borrow against these funds and re-pay via payroll deduction. All amounts held by the Section 457 plan are held in trust for the benefit of the employees and accordingly are not included in the City's financial statements.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 8: RECONCILIATION OF BUDGETED 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:

	Water	Sewer	Sanitation	Fleet Maintenance	Information Systems
	Fund	Fund	Fund	Fund	Fund
Total Expenditures -					
GAAP Basis	\$ 3,193,129	\$ 2,993,208	\$ 482,124	\$ 389,180	\$ 549,456
Depreciation	(685,553)	(1,056,201)	-	(90,115)	(47,652)
Debt Service Principal	1,289,090	780,377	-	-	-
Amortization	69,258	-	-	-	-
Capital Asset Acquisition	14,179,529	91,408	-	161,953	34,587
Total Expenditures -					
Budget Basis	\$ 18,045,453	\$ 2,808,792	\$ 482,124	\$ 461,018	\$ 536,391

NOTE 9: RISK MANAGEMENT

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

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 has not significantly changed its insurance coverage over the past three years, nor have settlements exceeded coverage during the same period.

The City carries commercial insurance for workers compensation claims.

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 10: COMMITMENTS AND CONTINGENCIES

TABOR Amendment

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2015, the emergency reserve of \$566,000 was recorded in the General Fund and an additional \$216,000 in the Water Fund.

2016 Budget Designations

Through the adoption of the 2016 budget, the City has assigned the following resources:

Assigned for Subsequent Year's Expenditures:

General Fund	\$	3,125,509
Street Improvement		695,247
Economic Development		72,000
Downtown Development		17,313
Rifle Information		2,999
Urban Renewal Authority		15,500
Visitor Improvement		106,194

CITY OF RIFLE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 11: RATE MAINTENANCE

Both the 2003 and the 2012 Colorado Water Resources and Power Development Authority water loan agreements require that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and any parity debt coming due.

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

	<u>Water</u>	<u>Wastewater</u>
	Fund	Fund
<u>Revenues</u>		
Operating Revenues	\$ 3,125,732	\$ 2,786,199
Sales and Use Taxes	1,551,797	-
System Improvement Fees	165,224	104,271
(Water Improvement not to exceed 15% of total revenues)		
Investment Earnings	7,156	1,017
Cash in Lieu of Fees	10,620	-
Other Revenues	<u>14,682</u>	<u>9,433</u>
Total Revenues	<u>4,875,211</u>	<u>2,900,920</u>
<u>Expenses</u>		
Operating Expenses	(2,625,807)	(2,457,426)
Less: Discretionary Internal Charges		
(Management Fees, Fleet Maintenance, Information Systems)	170,331	167,363
Less: Depreciation	<u>685,553</u>	<u>1,056,201</u>
Net Expenses	<u>(1,769,923)</u>	<u>(1,233,862)</u>
Net Revenues	<u>3,105,288</u>	<u>1,667,058</u>
<u>Debt Service Requirements (Parity and Subordinate)</u>		
2007 CWRPDA Note Payable	-	1,330,096
2003 CWRPDA Note Payable	115,543	-
2012 CWRPDA Note Payable - Interest Bearing	1,321,557	-
2012 CWRPDA Note Payable - (Fed)	119,572	-
2015 COP's	208,591	-
Meter Retrofit Lease Payable	<u>105,018</u>	<u>-</u>
Total Debt Service	1,870,280	1,330,096
Required Coverage	<u>110%</u>	<u>110%</u>
(Water 100% without System Improvement Fees)		
Debt Service Coverage Amount	<u>2,057,308</u>	<u>1,463,105</u>
Net Revenue Excess (Shortfall)	<u>\$ 1,047,980</u>	<u>\$ 203,953</u>

OTHER SUPPLEMENTARY INFORMATION

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CITY OF RIFLE, COLORADO

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

With Comparative Totals for December 31, 2014

	SPECIAL REVENUE FUNDS			
	CONSERVATION	ECONOMIC	VISITOR	DOWNTOWN
	TRUST	DEVELOPMENT	IMPROVEMENT	DEVELOPMENT
ASSETS				
Cash and Investments	\$ -	\$ 472,065	\$ 248,641	\$ 78,190
Property Taxes Receivable	-	-	-	45,834
Other Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	199
Restricted Cash and Investments	97,311	-	-	-
TOTAL ASSETS	\$ 97,311	\$ 472,065	\$ 248,641	\$ 124,223
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,650
Due to Other Funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	1,650
DEFERRED INFLOWS				
Deferred Revenue - Property Taxes	-	-	-	45,834
FUND BALANCE				
Nonspendable:				
Cemetery Perpetual Care	-	-	-	-
Restricted for:				
Parking Improvements	-	-	-	-
Parks and Recreation	97,311	-	-	-
Assigned for:				
Subsequent Year's Expenditures	-	72,000	106,194	17,313
Economic Development	-	400,065	142,447	59,426
Capital Improvements	-	-	-	-
TOTAL FUND BALANCE	97,311	472,065	248,641	76,739
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 97,311	\$ 472,065	\$ 248,641	\$ 124,223

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS			CAP. PROJECT	PERMANENT	TOTALS	
RIFLE	URBAN			PERPETUAL		
INFORMATION	ENERGY	RENEWAL		CARE FUND	2015	2014
CENTER	EFFICIENCY	AUTHORITY	CAPITAL			
\$ 333,897	\$ -	\$ 135,840	\$ 1,947,856	\$ 224,028	\$ 3,440,517	\$ 3,752,659
-	-	-	-	-	45,834	45,016
-	-	-	-	-	-	23,952
-	-	-	-	-	-	5,898
-	-	-	-	-	199	15,250
-	-	-	-	-	97,311	27,264
<u>\$ 333,897</u>	<u>\$ -</u>	<u>\$ 135,840</u>	<u>\$ 1,947,856</u>	<u>\$ 224,028</u>	<u>\$ 3,583,861</u>	<u>\$ 3,870,039</u>
\$ -	\$ -	\$ 988	\$ -	\$ -	\$ 2,638	\$ 44,770
-	-	-	-	-	-	5,896
-	-	988	-	-	2,638	50,666
-	-	-	-	-	45,834	45,016
-	-	-	-	224,028	224,028	219,381
-	-	-	-	-	-	12,319
-	-	-	-	-	97,311	8,001
2,999	-	15,500	-	-	214,006	347,220
330,898	-	119,352	-	-	1,052,188	813,912
-	-	-	1,947,856	-	1,947,856	2,373,522
<u>333,897</u>	<u>-</u>	<u>134,852</u>	<u>1,947,856</u>	<u>224,028</u>	<u>3,535,389</u>	<u>3,774,355</u>
<u>\$ 333,897</u>	<u>\$ -</u>	<u>\$ 135,840</u>	<u>\$ 1,947,856</u>	<u>\$ 224,028</u>	<u>\$ 3,583,861</u>	<u>\$ 3,870,037</u>

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	SPECIAL REVENUE FUNDS			
	CONSERVATION TRUST	ECONOMIC DEVELOPMENT	VISITOR IMPROVEMENT	DOWNTOWN DEVELOPMENT
REVENUES				
Taxes	\$ -	\$ -	\$ 139,168	\$ 41,835
Intergovernmental	89,280	47,250	-	1,500
Charges for Services	-	-	-	-
Miscellaneous	30	34,540	162	568
TOTAL REVENUES	89,310	81,790	139,330	43,903
EXPENDITURES				
General Government	-	-	-	-
Economic Development and Assistance	-	41,134	46,487	53,956
Capital Outlay	-	111,185	-	2,958
TOTAL EXPENDITURES	-	152,319	46,487	56,914
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	89,310	(70,529)	92,843	(13,011)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	25,000	-	12,000
Transfers Out	-	-	(34,000)	(25,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	25,000	(34,000)	(13,000)
CHANGE IN FUND BALANCES	89,310	(45,529)	58,843	(26,011)
FUND BALANCE (DEFICIT), Beginning	8,001	517,594	189,798	102,750
FUND BALANCE (DEFICIT), Ending	\$ 97,311	\$ 472,065	\$ 248,641	\$ 76,739

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS			CAPITAL PROJECT	PERMANENT	TOTALS	
RIFLE INFORMATION CENTER	ENERGY EFFICIENCY	URBAN RENEWAL AUTHORITY	CAPITAL	PERPETUAL CARE FUND	2015	2014
\$ 170,905	\$ -	\$ 83,157	\$ -	\$ -	\$ 435,065	\$ 437,715
-	-	-	-	-	138,030	161,919
-	-	-	-	4,647	4,647	5,123
<u>247</u>	<u>2</u>	<u>66</u>	<u>1,896</u>	<u>-</u>	<u>37,511</u>	<u>52,722</u>
<u>171,152</u>	<u>2</u>	<u>83,223</u>	<u>1,896</u>	<u>4,647</u>	<u>615,253</u>	<u>657,479</u>
-	-	-	-	-	-	30,150
97,460	-	2,475	-	-	241,512	277,370
-	-	-	427,564	-	541,707	788,122
<u>97,460</u>	<u>-</u>	<u>2,475</u>	<u>427,564</u>	<u>-</u>	<u>783,219</u>	<u>1,095,642</u>
<u>73,692</u>	<u>2</u>	<u>80,748</u>	<u>(425,668)</u>	<u>4,647</u>	<u>(167,966)</u>	<u>(438,163)</u>
-	-	-	-	-	37,000	12,000
<u>(49,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,000)</u>	<u>(192,190)</u>
<u>(49,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,000)</u>	<u>(180,190)</u>
24,692	2	80,748	(425,668)	4,647	(238,966)	(618,353)
<u>309,205</u>	<u>(2)</u>	<u>54,104</u>	<u>2,373,524</u>	<u>219,381</u>	<u>3,774,355</u>	<u>4,392,708</u>
<u>\$ 333,897</u>	<u>\$ -</u>	<u>\$ 134,852</u>	<u>\$ 1,947,856</u>	<u>\$ 224,028</u>	<u>\$ 3,535,389</u>	<u>\$ 3,774,355</u>

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 accounts for revenues and expenditures related to economic development projects.

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

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

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

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

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

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ 96,132	\$ 89,280	\$ (6,852)	\$ 89,909
Miscellaneous	446	30	(416)	607
TOTAL REVENUES	96,578	89,310	(7,268)	90,516
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	(144,590)
CHANGE IN FUND BALANCE	96,578	89,310	(7,268)	(54,074)
FUND BALANCE, Beginning	14,064	8,001	(6,063)	62,075
FUND BALANCE, Ending	\$ 110,642	\$ 97,311	\$ (13,331)	\$ 8,001

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ 100,000	\$ 47,250	\$ (52,750)	\$ 10,000
Miscellaneous	32,150	34,540	2,390	39,553
TOTAL REVENUES	<u>132,150</u>	<u>81,790</u>	<u>(50,360)</u>	<u>49,553</u>
EXPENDITURES				
Economic Development and Assistance	37,000	41,134	(4,134)	34,028
Capital Outlay	273,000	111,185	161,815	26,670
Contingency Reserve	100,000	-	100,000	-
TOTAL EXPENDITURES	<u>410,000</u>	<u>152,319</u>	<u>257,681</u>	<u>60,698</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(277,850)	(70,529)	207,321	(11,145)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	(252,850)	(45,529)	207,321	(11,145)
FUND BALANCE, Beginning	<u>569,216</u>	<u>517,594</u>	<u>(51,622)</u>	<u>528,739</u>
FUND BALANCE, Ending	<u>\$ 316,366</u>	<u>\$ 472,065</u>	<u>\$ 155,699</u>	<u>\$ 517,594</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2014 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 111,000	\$ 139,168	\$ 28,168	\$ 127,543
Intergovernmental	-	-	-	5,000
Miscellaneous	228	162	(66)	382
TOTAL REVENUES	111,228	139,330	28,102	132,925
EXPENDITURES				
Economic Development and Assistance	106,228	46,487	59,741	75,169
Contingency Reserve	50,000	-	50,000	-
TOTAL EXPENDITURES	156,228	46,487	109,741	75,169
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(45,000)	92,843	137,843	57,756
OTHER FINANCING SOURCES (USES)				
Transfers Out	(5,000)	(34,000)	(29,000)	(24,000)
CHANGE IN FUND BALANCE	(50,000)	58,843	108,843	33,756
FUND BALANCE, Beginning	155,976	189,798	33,822	156,042
FUND BALANCE, Ending	\$ 105,976	\$ 248,641	\$ 142,665	\$ 189,798

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 47,800	\$ 41,835	\$ (5,965)	\$ 41,312
Intergovernmental	1,500	1,500	-	1,500
Miscellaneous	530	568	38	348
TOTAL REVENUES	<u>49,830</u>	<u>43,903</u>	<u>(5,927)</u>	<u>43,160</u>
EXPENDITURES				
Economic Development and Assistance	50,850	53,956	(3,106)	50,769
Capital Outlay	45,350	2,958	42,392	1,925
Contingency Reserve	10,000	-	10,000	-
TOTAL EXPENDITURES	<u>106,200</u>	<u>56,914</u>	<u>49,286</u>	<u>52,694</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(56,370)</u>	<u>(13,011)</u>	<u>43,359</u>	<u>(9,534)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	12,000	12,000	-	12,000
Transfers Out	-	(25,000)	(25,000)	(1,600)
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>(13,000)</u>	<u>(25,000)</u>	<u>10,400</u>
CHANGE IN FUND BALANCE	(44,370)	(26,011)	18,359	866
FUND BALANCE, Beginning	<u>84,110</u>	<u>102,750</u>	<u>18,640</u>	<u>101,884</u>
FUND BALANCE, Ending	<u>\$ 39,740</u>	<u>\$ 76,739</u>	<u>\$ 36,999</u>	<u>\$ 102,750</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 178,721	\$ 170,905	\$ (7,816)	\$ 172,820
Miscellaneous	1,326	247	(1,079)	920
TOTAL REVENUES	180,047	171,152	(8,895)	173,740
EXPENDITURES				
Economic Development and Assistance	130,368	97,460	32,908	103,178
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	49,679	73,692	24,013	70,562
OTHER FINANCING SOURCES (USES)				
Transfers Out	(49,000)	(49,000)	-	(22,000)
CHANGE IN FUND BALANCE	679	24,692	24,013	48,562
FUND BALANCE, Beginning	315,512	309,205	(6,307)	260,643
FUND BALANCE, Ending	\$ 316,191	\$ 333,897	\$ 17,706	\$ 309,205

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
ENERGY EFFICIENCY FUND**

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Miscellaneous	\$ -	\$ 2	\$ 2	\$ 68
EXPENDITURES				
General Government	-	-	-	30,150
CHANGE IN FUND BALANCE	-	2	2	(30,082)
FUND BALANCE (DEFICIT), Beginning	-	(2)	(2)	30,080
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Taxes	\$ 70,000	\$ 83,157	\$ 13,157	\$ 96,040
Miscellaneous	200	66	(134)	550
TOTAL REVENUES	<u>70,200</u>	<u>83,223</u>	<u>13,023</u>	<u>96,590</u>
EXPENDITURES				
Economic Development and Assistance	2,000	2,475	(475)	14,226
Capital Outlay	<u>25,000</u>	-	<u>25,000</u>	-
TOTAL EXPENDITURES	<u>27,000</u>	<u>2,475</u>	<u>24,525</u>	<u>14,226</u>
CHANGE IN FUND BALANCE	43,200	80,748	37,548	82,364
FUND BALANCE (DEFICIT), Beginning	<u>(35,052)</u>	<u>54,104</u>	<u>89,156</u>	<u>(28,260)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 8,148</u>	<u>\$ 134,852</u>	<u>\$ 126,704</u>	<u>\$ 54,104</u>

See the accompanying Independent Auditors' Report.

CAPITAL PROJECTS FUND

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

CITY OF RIFLE, COLORADO

**BUDGETARY COMPARISON STATEMENT FOR THE
CAPITAL FUND**

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 55,510
Miscellaneous	-	1,896	1,896	10,294
TOTAL REVENUES	-	1,896	1,896	65,804
EXPENDITURES				
Capital Outlay	450,000	427,564	22,436	759,527
CHANGE IN FUND BALANCE	(450,000)	(425,668)	24,332	(693,723)
FUND BALANCE, Beginning	2,462,597	2,373,524	(89,073)	3,067,247
FUND BALANCE, Ending	\$ 2,012,597	\$ 1,947,856	\$ (64,741)	\$ 2,373,524

See the accompanying Independent Auditors' Report.

ENTERPRISE FUNDS

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

The following are the Enterprise Funds of the City:

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

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

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

CITY OF RIFLE, COLORADO

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

WATER FUND

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2014 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 2,886,833	\$ 2,857,609	\$ (29,224)	\$ 2,761,471
Sale of Materials	3,000	15,065	12,065	4,569
Reimbursed Expenditures	10,000	22,279	12,279	11,822
Other Revenue	123,800	230,779	106,979	116,532
Sales and Use Taxes	1,625,000	1,551,797	(73,203)	1,570,864
System Improvement Fees	33,069	165,224	132,155	69,043
Investment Earnings	28,100	7,156	(20,944)	10,201
Cash in Lieu of Fees	3,000	10,620	7,620	2,606
State Grants	3,525,650	2,307,474	(1,218,176)	8,431
Other Revenues	2,500	14,682	12,182	550
TOTAL REVENUES	8,240,952	7,182,685	(1,058,267)	4,556,089
EXPENDITURES				
Personal Services	781,443	769,181	12,262	881,343
Supplies	238,600	246,374	(7,774)	268,764
Purchased Services	621,819	730,302	(108,483)	776,735
Other Operating Expenses	50,000	8,473	41,527	11,925
Management Fees	105,000	104,996	4	104,949
Fleet Maintenance	48,872	34,077	14,795	46,423
Info Tech Maintenance	34,143	31,258	2,885	27,101
Acquisition of Capital Assets	24,904,833	14,144,752	10,760,081	2,016,929
Debt Principal	1,213,165	1,289,090	(75,925)	1,158,994
Interest Expense	650,449	655,136	(4,687)	542,941
Transfers Out	31,800	31,814	(14)	31,790
TOTAL EXPENDITURES	28,680,124	18,045,453	10,634,671	5,867,894
NET INCOME (LOSS) - Budgetary Basis	\$ (20,439,172)	(10,862,768)	\$ 9,576,404	(1,311,805)
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		14,129,159		1,245,440
Amortization of Debt Premiums		69,258		69,258
Debt Principal		1,289,090		1,158,994
Depreciation Expense		(685,553)		(902,575)
NET INCOME - GAAP Basis		3,939,186		259,312
NET POSITION, Beginning		27,548,425		27,289,113
NET POSITION, Ending		\$ 31,487,611		\$ 27,548,425

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

WASTEWATER FUND

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2014 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 2,642,446	\$ 2,778,046	\$ 135,600	\$ 2,564,065
Other Operating Revenues	8,500	8,153	(347)	9,358
System Improvement Fees	31,774	104,271	72,497	73,315
Investment Earnings	5,000	1,017	(3,983)	108
Other Revenues	-	9,433	9,433	37,812
TOTAL REVENUES	<u>2,687,720</u>	<u>2,900,920</u>	<u>213,200</u>	<u>2,684,658</u>
EXPENDITURES				
Personal Services	660,792	523,680	137,112	427,181
Supplies	74,800	77,039	(2,239)	58,253
Purchased Services	533,700	563,613	(29,913)	503,280
Other Operating Expenses	50,000	23,183	26,817	48,729
Management Fees	105,000	104,996	4	104,949
Fleet Maintenance	29,675	20,691	8,984	28,158
Info Tech Maintenance	45,523	41,676	3,847	36,814
Acquisition of Capital Assets	155,000	137,755	17,245	80,273
Amortization of Debt Premiums	(35,614)	(35,614)	-	(35,614)
Debt Principal	780,376	780,377	(1)	820,550
Interest Expense	549,720	539,606	10,114	565,591
Transfers Out	31,790	31,790	-	31,790
TOTAL EXPENDITURES	<u>2,980,762</u>	<u>2,808,792</u>	<u>171,970</u>	<u>2,669,954</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ (293,042)</u>	92,128	<u>\$ 385,170</u>	14,704
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		91,408		55,176
Debt Principal		780,377		820,550
Depreciation Expense		(1,056,201)		(1,059,331)
NET INCOME (LOSS) - GAAP Basis		(92,288)		(168,901)
NET POSITION, Beginning		<u>18,136,502</u>		<u>18,305,403</u>
NET POSITION, Ending		<u>\$ 18,044,214</u>		<u>\$ 18,136,502</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

SANITATION FUND

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015			2014 ACTUAL
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Charges for Services	\$ 524,597	\$ 506,539	\$ (18,058)	\$ 502,139
Sale of Materials	-	-	-	234
Other Revenue	1,300	1,271	(29)	1,322
Investment Earnings	3,244	670	(2,574)	2,534
TOTAL REVENUES	<u>529,141</u>	<u>508,480</u>	<u>(20,661)</u>	<u>506,229</u>
EXPENDITURES				
Personal Services	15,924	15,144	780	14,843
Supplies	-	-	-	37
Purchased Services	453,000	455,791	(2,791)	454,032
Other Operating Expenses	-	29	(29)	-
Management Fees	9,160	9,160	-	9,160
Transfers Out	2,000	2,000	-	2,000
TOTAL EXPENDITURES	<u>480,084</u>	<u>482,124</u>	<u>(2,040)</u>	<u>480,072</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ 49,057</u>	26,356	<u>\$ (22,701)</u>	26,157
NET POSITION, Beginning		<u>799,318</u>		<u>773,161</u>
NET POSITION, Ending		<u>\$ 825,674</u>		<u>\$ 799,318</u>

See the accompanying Independent Auditors' Report.

INTERNAL SERVICE FUNDS

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

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

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

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2015

With Comparative Totals for December 31, 2014

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTALS	
			2015	2014
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 483,033	\$ 108,337	\$ 591,370	\$ 619,171
Inventory	38,450	-	38,450	38,485
TOTAL CURRENT ASSETS	521,483	108,337	629,820	657,656
PROPERTY AND EQUIPMENT	1,454,001	451,469	1,905,470	1,708,929
Less Accumulated Depreciation	(1,022,751)	(162,928)	(1,185,679)	(1,047,911)
NET PROPERTY AND EQUIPMENT	431,250	288,541	719,791	661,018
TOTAL ASSETS	952,733	396,878	1,349,611	1,318,674
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	21,561	29,627	51,188	45,785
Accrued Wages & Comp. Absences	3,159	16,590	19,749	12,105
TOTAL LIABILITIES	24,720	46,217	70,937	57,890
NET POSITION				
Net Investment in Capital Assets	431,250	288,541	719,791	661,018
Unrestricted	496,763	62,120	558,883	599,766
TOTAL NET POSITION	\$ 928,013	\$ 350,661	\$ 1,278,674	\$ 1,260,784

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

INTERNAL SERVICE FUNDS

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

			<u>TOTALS</u>	
	<u>FLEET MAINTENANCE</u>	<u>INFORMATION TECHNOLOGY</u>	<u>2015</u>	<u>2014</u>
OPERATING REVENUES				
Charges for Services	\$ 409,567	\$ 520,970	\$ 930,537	\$ 942,386
OPERATING EXPENSES				
Personal Services	84,725	216,372	301,097	252,512
Supplies	171,459	23,376	194,835	248,718
Purchased Services	33,941	80,793	114,734	98,314
Other Expenses	-	156,881	156,881	149,230
Info Tech Maintenance	5,210	-	5,210	4,857
Acquisition of Capital Assets	3,730	24,382	28,112	104,662
Depreciation	90,115	47,652	137,767	130,410
TOTAL OPERATING EXPENSES	<u>389,180</u>	<u>549,456</u>	<u>938,636</u>	<u>988,703</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>20,387</u>	<u>(28,486)</u>	<u>(8,099)</u>	<u>(46,317)</u>
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	422	97	519	1,407
Other Revenues	25,371	99	25,470	250
NONOPERATING INCOME (EXPENSE)	<u>25,793</u>	<u>196</u>	<u>25,989</u>	<u>1,657</u>
NET INCOME (LOSS) BEFORE TRANSFERS	46,180	(28,290)	17,890	(44,660)
TRANSFERS				
Transfers In	-	-	-	179,107
NET INCOME (LOSS)	46,180	(28,290)	17,890	134,447
NET POSITION, Beginning	<u>881,833</u>	<u>378,951</u>	<u>1,260,784</u>	<u>1,126,337</u>
NET POSITION, Ending	<u>\$ 928,013</u>	<u>\$ 350,661</u>	<u>\$ 1,278,674</u>	<u>\$ 1,260,784</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	FLEET MAINTENANCE	INFORMATION TECHNOLOGY	TOTAL	
			2015	2014
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 409,567	\$ 520,970	\$ 930,537	\$ 942,386
Cash Payments to Suppliers and Employees	(210,568)	(283,765)	(494,333)	(620,920)
Cash Payments to Employees	(83,420)	(210,034)	(293,454)	(251,904)
Net Cash Provided by Operating Activities	<u>115,579</u>	<u>27,171</u>	<u>142,750</u>	<u>69,562</u>
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(161,953)	(34,587)	(196,540)	(222,831)
Transfers - Net	-	-	-	179,107
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(161,953)</u>	<u>(34,587)</u>	<u>(196,540)</u>	<u>(43,724)</u>
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	<u>25,371</u>	<u>99</u>	<u>25,470</u>	<u>250</u>
Cash Flows From Investing Activities:				
Investment Income	<u>422</u>	<u>97</u>	<u>519</u>	<u>1,407</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,581)	(7,220)	(27,801)	27,495
CASH AND EQUIVALENTS, Beginning	<u>503,614</u>	<u>115,557</u>	<u>619,171</u>	<u>591,676</u>
CASH AND EQUIVALENTS, Ending	<u>\$ 483,033</u>	<u>\$ 108,337</u>	<u>\$ 591,370</u>	<u>\$ 619,171</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 20,387	\$ (28,486)	\$ (8,099)	\$ (46,317)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	90,115	47,652	137,767	130,410
(Increase) Decrease in:				
Prepaid Expenses	-	-	-	5,295
Inventory	35	-	35	228
Increase (Decrease) in:				
Accounts Payable	3,737	1,667	5,404	(20,662)
Accrued Wages & Comp. Absences	1,305	6,338	7,643	608
Total Adjustments	<u>95,192</u>	<u>55,657</u>	<u>150,849</u>	<u>115,879</u>
Net Cash Provided by Operating Activities	<u>\$ 115,579</u>	<u>\$ 27,171</u>	<u>\$ 142,750</u>	<u>\$ 69,562</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
FLEET MAINTENANCE FUND

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2014 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 528,407	\$ 409,567	\$ (118,840)	\$ 456,734
Investment Earnings	1,800	422	(1,378)	1,259
Other Revenues	-	25,371	25,371	-
Transfers In	-	-	-	179,107
TOTAL REVENUES	<u>530,207</u>	<u>435,360</u>	<u>(94,847)</u>	<u>637,100</u>
EXPENDITURES				
Personal Services	83,579	84,725	(1,146)	81,686
Supplies	255,500	171,459	84,041	235,026
Purchased Services	34,900	33,941	959	36,657
Info Tech Maintenance	5,691	5,210	481	4,857
Acquisition of Capital Assets	254,000	165,683	88,317	226,382
TOTAL EXPENDITURES	<u>633,670</u>	<u>461,018</u>	<u>172,652</u>	<u>584,608</u>
NET INCOME - Budgetary Basis	<u>\$ (103,463)</u>	<u>(25,658)</u>	<u>\$ 77,805</u>	<u>52,492</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		161,953		222,831
Depreciation Expense		<u>(90,115)</u>		<u>(82,735)</u>
NET INCOME (LOSS) - GAAP Basis		46,180		192,588
NET POSITION, Beginning		<u>881,833</u>		<u>689,245</u>
NET POSITION, Ending		<u>\$ 928,013</u>		<u>\$ 881,833</u>

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

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

Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	2015		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2014 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 568,056	\$ 520,970	\$ (47,086)	\$ 485,652
Investment Earnings	1,000	97	(903)	148
Other Revenues	-	99	99	250
TOTAL REVENUES	<u>569,056</u>	<u>521,166</u>	<u>(47,890)</u>	<u>486,050</u>
EXPENDITURES				
Personal Services	240,203	216,372	23,831	170,826
Supplies	12,000	23,376	(11,376)	13,692
Purchased Services	95,000	80,793	14,207	61,657
Other Expenses	136,300	156,881	(20,581)	149,230
Acquisition of Capital Assets	66,000	58,969	7,031	101,111
TOTAL EXPENDITURES	<u>549,503</u>	<u>536,391</u>	<u>13,112</u>	<u>496,516</u>
NET INCOME (LOSS) - Budgetary Basis	<u>\$ 19,553</u>	<u>(15,225)</u>	<u>\$ (34,778)</u>	<u>(10,466)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay		34,587		-
Depreciation Expense		<u>(47,652)</u>		<u>(47,675)</u>
NET INCOME - GAAP Basis		(28,290)		(58,141)
NET POSITION, Beginning		<u>378,951</u>		<u>437,092</u>
NET POSITION, Ending		<u>\$ 350,661</u>		<u>\$ 378,951</u>

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

CITY OF RIFLE, COLORADO

SUPPLEMENTAL SCHEDULES REQUIRED
PURSUANT TO BOND AGREEMENTS
(Continuing Disclosure Undertaking)
December 31, 2015

Historical Sales and Use Tax Revenues

Year	Total Sales and Use Tax Revenues	Percent Change	Original Sales (2.5%) and Use Tax Revenues (1)	One Half of Original Sales and Use Tax Revenues (2)
2008	\$ 9,911,427		\$ 7,078,526	\$ 3,539,263
2009 (3)	6,991,427	-29.5%	4,995,437	2,497,719
2010	7,047,547	0.8%	5,014,127	2,507,064
2011	7,119,842	1.0%	5,124,155	2,562,078
2012	7,095,665	-0.3%	5,068,360	2,534,180
2013	7,548,030	6.4%	4,436,972	2,218,486
2014	8,895,720	17.9%	4,812,632	2,406,316
2015	8,790,860	-1.2%	5,171,094	2,585,547

Source: City Finance Department

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

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

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

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

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

Source: City's Basic Financial Statements, 2008-2013

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

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

(3) These amounts represent the refunding of the 2003 Sales Tax Revenue Bonds with the 2013 Sales Tax Refunding Bonds.

See the accompanying Independent Auditors' Report.

CITY OF RIFLE, COLORADO

SUPPLEMENTAL SCHEDULES REQUIRED
PURSUANT TO BOND AGREEMENTS
(Continuing Disclosure Undertaking)
December 31, 2015

Combined Statement of Debt

	Amount Outstanding (1) (2)
<u>Debt Supported by the City's Water Fund</u>	
2002 Interim Financing by Colorado Water Resources and Power Development Authority	\$ 715,000
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12A104)	20,179,760
2012 Series A Colorado Water Resource and Power Development Authority (Loan #D12F104)	1,716,011
<u>Debt Supported by the City's Sewer Fund</u>	
1997 Colorado Water Resource and Power Development Loan	12,827,964
<u>Debt Supported by the City's Street Improvement Fund</u>	
2013 Sales Tax Refunding Bonds	860,000
Total	<u>\$ 36,298,735</u>

Source: City Finance Department

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

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

As of December 31, 2015, the City has two capital leases outstanding for water meters and a parks facility with a combined balance of \$1,000,747

The City also entered into a Certificate of Participation Agreement related to the water project with an outstanding balance of \$4,975,000.

See the accompanying Independent Auditors' Report.

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State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF RIFLE			
		YEAR ENDING : Dec-15			
This Information From The Records Of: City of Rifle		Prepared By: Teresa Beecraft, Accountant Phone: 970.665.6447			
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE					
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration	
1. Total receipts available					
2. Minus amount used for collection expenses					
3. Minus amount used for nonhighway purposes					
4. Minus amount used for mass transit					
5. Remainder used for highway purposes					
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES			
ITEM	AMOUNT	ITEM	AMOUNT		
A. Receipts from local sources:		A. Local highway disbursements:			
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,003,695		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	709,123		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	1,419		
2. General fund appropriations	0	b. Snow and ice removal	40,520		
3. Other local imposts (from page 2)	1,960,076	c. Other	133,635		
4. Miscellaneous local receipts (from page 2)	156,640	d. Total (a. through c.)	175,573		
5. Transfers from toll facilities	0	4. General administration & miscellaneous	255,681		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	949,738		
a. Bonds - Original Issues	0	6. Total (1 through 5)	3,093,810		
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	22,700		
7. Total (1 through 6)	2116716.75	b. Redemption	275,000		
B. Private Contributions	0	c. Total (a. + b.)	297700		
C. Receipts from State government (from page 2)	5,934,484	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest	0		
E. Total receipts (A.7 + B + C + D)	8,051,200	b. Redemption	0		
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	297700		
		C. Payments to State for highways	0		
		D. Payments to toll facilities	0		
		E. Total disbursements (A.6 + B.3 + C + D)	3,391,510		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
		Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)		1,990,000	1,645,000	2,500,000	1,135,000
1. Bonds (Refunding Portion)			1,645,000	785,000	860,000
B. Notes (Total)		0	0	0	0
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,847,530	8,051,202	3,391,511	7,507,221	-
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): Dec-15	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	26,485	a. Interest on investments	3,500
b. Other local imposts:		b. Traffic Fines & Penalties	129,595
1. Sales Taxes	1,034,532	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	99,345	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	799,715	g. Other Misc. Receipts	23,546
6. Total (1. through 5.)	1,933,592	h. Other	0
c. Total (a. + b.)	1,960,076	i. Total (a. through h.)	156,640
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	295,577	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	38,907	d. Federal Transit Admin	0
d. DOLA Grants	0	e. U.S. Corps of Engineers	0
e. Garfield FMLD Grants	0	f. Other Federal	0
f. Cdot	5,600,000		
g. Total (a. through f.)	5,638,907	g. Total (a. through g.)	0
4. Total (1. + 2. + 3.f)	5,934,484	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		135,913	135,913
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		800,978	800,978
(4). System Enhancement & Operation		66,804	66,804
(5). Total Construction (1) + (2) + (3) + (4)	0	867,781	867,781
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,003,695	1,003,695
			(Carry forward to page 1)
Notes and Comments:			