

CITY OF ROCKY FORD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CITY OF ROCKY FORD, COLORADO

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Rocky Ford, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Rocky Ford, Colorado as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Rocky Ford, Colorado'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.

Auditor's 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 and each major fund of the City of Rocky Ford, Colorado, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 opinions on the financial statements that collectively comprise the City of Rocky Ford, Colorado's basic financial statements. The combining and individual fund financial statements and budget schedules, and the local highway finance report, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and budget schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 combining and individual fund financial statements and budget schedules and the local highway finance report are fairly stated in all material respects in relation to the basic 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 September 24, 2019, on our consideration of the City of Rocky Ford, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Rocky Ford, Colorado's internal control over financial reporting and compliance.

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

Rocky Ford, Colorado
September 24, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Rocky Ford's (the "City") Annual Financial Report provides readers with a narrative overview and analysis of the City's financial performance during the fiscal year that ended on December 31, 2018. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report, the City of Rocky Ford's basic financial statements and notes to the financial statements to enhance their understanding of the activities and financial health of the City of Rocky Ford.

FINANCIAL HIGHLIGHTS

The City's total net position increased from \$18,785,966 to \$19,153,114 over the course of the City's operations in 2018.

During the year, the City's governmental revenues generated in taxes and other revenues for governmental programs (after other financing sources) were \$633,495 more than the \$2,592,298 of expenditures for general government and governmental services.

The City's business-type funds, the water, sewer and solid waste disposal funds, had a decrease in total net position of \$266,347 over the year, down from \$9,768,694 in 2017 to \$9,502,347 in 2018.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's *Basic Financial Statements*. The Basic Financial Statements contain three components: (1), government-wide financial statements; (2), fund financial statements (including component unit statements, if applicable); and (3), notes to the financial statements. In addition, this report contains other *Required Supplementary Information*, and a *Supplemental Information* section that presents *combining statements* for non-major governmental funds and internal service funds (along with actual and budget comparison schedules).

The basic financial statements include two kinds of statements that present different views of the City: *government-wide financial statements* and *fund financial statements*.

The first two statements are government-wide financial statements that provide both *long-term* and *short-term* information about the City's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in more detail than the government-wide statements.

Governmental Fund statements tell how *general government* services like public safety, highways and streets, welfare, sanitation, cultural and recreation, and economic development were financed in the short-term as well as what remains for future spending.

Proprietary Fund statements offer *short-term* and *long-term* financial information about the activities the City government operates in, similar to a private business, such as the Rocky Ford Water Department, and the internal service funds which provide services to other departments or governmental units within the City on a cost-reimbursement basis.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explain and support the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about the City's non-major governmental funds and internal service funds, each of which are added together and presented in single columns in each of the basic financial statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position, the difference between the City's assets and liabilities, is one way to measure the City's financial health or current position.

Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the City, consideration should be given to additional non-financial factors such as changes in the City's property tax base and the condition of the City's streets, sewer mains, and water treatment and distribution systems.

The government-wide financial statements of the City are divided into three categories.

1. *Governmental Activities.* Most of the City's basic services are included in governmental activities such as public safety, streets, recreation and general administration. Property and sales taxes and state and federal grants finance most of these activities.
2. *Business-type Activities.* The City charges fees to customers to help cover the costs of certain services it provides. The City's water, sewer and solid waste enterprise funds are included here.
3. *Component Units.* Component units are legally separate organizations for which the Rocky Ford City Council is financially accountable. Currently, the City has no component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by state law and by bond covenants.

The City Council establishes other funds to control and manage resources for particular purposes (i.e. Debt Services and Capital Projects Funds) or show that certain taxes and grants are used appropriately (i.e. Special Revenue Funds).

The City has two kinds of funds:

1. *Governmental Funds.* Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide funds statement that explains the relationship (or differences) between the two types of statements.
2. *Proprietary Funds.* Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

The City's Enterprise Funds are classified as business-type activities on the government-wide statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.

Financial Analysis of the City as a Whole

Net Position: As discussed earlier, net position may serve as a useful indicator of a government's financial position. As of December 31, 2018, total City's net position was \$19,153,114, governmental activity net position was \$9,650,767 and business-type activities net position was \$9,502,347. The table below provides a comparative summary of the City's Governmental and Business-type net position for 2018 and 2017:

The 2018 MD&A presentation includes comparative changes in net position for the past two years below:

Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other	\$ 1,588,314	\$ 1,179,910	\$ 3,006,208	\$ 3,158,886	\$ 4,594,522	\$ 4,338,796
Capital Assets	\$ 9,516,739	\$ 9,756,276	\$ 12,106,462	\$ 12,714,015	\$ 21,623,201	\$ 22,470,291
Total Assets	\$ 11,105,053	\$ 10,936,186	\$ 15,112,670	\$ 15,872,901	\$ 26,217,723	\$ 26,809,087
Deferred Outflows of Resources	\$ 14,889	\$ 21,044	\$ -	\$ -	\$ 14,889	\$ 21,044
Total Assets and Deferred Outflows	\$ 11,119,942	\$ 10,957,230	\$ 15,112,670	\$ 15,872,901	\$ 26,232,612	\$ 26,830,131
Liabilities						
Current and other	\$ 278,433	\$ 664,745	\$ 550,763	\$ 599,930	\$ 829,196	\$ 1,264,675
Long-term Liab.	\$ 901,087	\$ 1,002,275	\$ 5,059,560	\$ 5,504,277	\$ 5,960,647	\$ 6,506,552
Total Liabilities	\$ 1,179,520	\$ 1,667,020	\$ 5,610,323	\$ 6,104,207	\$ 6,789,843	\$ 7,771,227
Deferred Inflows of Resources	\$ 289,655	\$ 272,938	\$ -	\$ -	\$ 289,655	\$ 272,938
Net Position						
Net Investment in Capital Assets	\$ 8,875,673	\$ 8,985,574	\$ 6,858,286	\$ 7,098,411	\$ 15,733,959	\$ 13,955,336
Restricted	\$ 437,934	\$ 548,195	\$ 940,930	\$ 944,994	\$ 1,378,864	\$ 1,493,189
Unrestricted	\$ 337,160	\$ (516,497)	\$ 1,703,131	\$ 1,725,289	\$ 2,040,291	\$ 3,337,441
Total Net Position	\$ 9,650,767	\$ 9,017,272	\$ 9,502,347	\$ 9,768,694	\$ 19,153,114	\$ 18,785,966
Total Liabilities, Deferred Inflows & Net Position	\$ 11,119,942	\$ 10,957,230	\$ 15,112,670	\$ 15,872,901	\$ 26,232,612	\$ 26,830,131

A significant portion (82%) of the net position represents the *net investment in capital asset*. This includes land, buildings, machinery and equipment, and infrastructure assets, offset with associated long-term and short-term debt liabilities. Capital assets are restricted for the purpose of providing services to the citizens of Rocky Ford; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Other *restricted net position* represents resources that are subject to external restrictions on how they may be used. Included in this category are unspent proceeds for capital projects, debt service reserve, mandated reserves for restricted library assets, conservation trust, restricted receivables and TABOR emergency funds. This portion makes up 7% of the total.

The remaining 11% of net position represent the *unrestricted* portion available for the City's ongoing obligations to its citizens.

At the end of 2018, the City of Rocky Ford had positive balances in all three categories of net position.

Changes in Revenues and Expenditures

The table below presents the City's 2018 revenues and expenditures for Governmental and Business-type activities as they are reported in the Statement of Activities compared to 2017. The revenues and expenditures include the Governmental Funds (General Fund, Capital Projects Fund and Special Revenue Funds) and the Enterprise Funds (Water Utility Fund, Sewer Utility Fund and Solid Waste Disposal Utility Fund).

The 2018 MD&A presentation includes changes in revenues and expenditures for the past two years below:

	Changes in Revenues and Expenditures					
	Governmental Activities		Business-Type Activities		Total	
REVENUES	2018	2017	2018	2017	2018	2017
Governmental Revenues:						
Charges for Services	\$ 508,738	\$ 530,840			\$ 508,738	\$ 530,840
Operating Grants & Contributions	\$ 253,946	\$ 248,335			\$ 253,946	\$ 248,335
Capital Grants & Contributions	\$ -	\$ 1,721,576			\$ -	\$ 1,721,576
Taxes	\$1,564,627	\$ 1,290,322			\$1,564,627	\$ 1,290,322
Fees & Fines	\$ 162,575	\$ 125,203			\$ 162,575	\$ 125,203
Other	\$ 91,713	\$ 63,833			\$ 91,713	\$ 63,833
Contributions	\$ 7,706	\$ 6,754			\$ 7,706	\$ 6,754
Total Government Revenues	\$2,589,305	\$ 3,986,863			\$2,589,305	\$ 3,986,863
Business-type Revenues						
Charges for Services			\$ 2,605,836	\$2,462,899	\$ 2,605,836	\$ 2,462,899
Other			\$ 30,957	\$ 30,205	\$ 30,957	\$ 30,205
Grants & Contributions			\$ 2,200	\$ 500	\$ 2,200	\$ 500
Total Business-type Revenues			\$ 2,638,993	\$2,493,604	\$2,638,993	\$ 2,493,604
TOTAL REVENUES	\$2,589,305	\$ 3,986,863	\$ 2,638,993	\$2,493,604	\$5,228,298	\$ 6,480,467
EXPENDITURES						
Government Expenditures						
General Government	\$ 666,222	\$ 703,450			\$ 666,222	\$ 703,450
Public Safety	\$ 959,466	\$ 989,110			\$ 959,466	\$ 989,110
Public Works	\$ 351,740	\$ 416,469			\$ 351,740	\$ 416,469
Health & Welfare	\$ 84,360	\$ 56,792			\$ 84,360	\$ 56,792
Culture and Recreation	\$ 530,510	\$ 520,286			\$ 530,510	\$ 520,286
Total Government Expenditures	\$2,592,298	\$ 2,686,107			\$2,592,298	\$ 2,686,107
Business-type Expenditures						
Personal Services,						
Materials, Supplies			\$ 1,728,102	\$1,591,731	\$1,728,102	\$ 1,591,731
Depreciation Expense			\$ 650,050	\$ 657,557	\$ 650,050	\$ 657,557
Total Business-type Expenditures			\$ 2,378,152	\$2,249,288	\$2,378,152	\$ 2,249,288
TOTAL EXPENDITURES	\$2,592,298	\$ 2,686,107	\$ 2,378,152	\$2,249,288	\$4,970,450	\$ 4,935,395
EXCESS (DEFICIENCY) BEFORE TRANSFERS & SPECIAL ITEM	\$ (2,993)	\$ 1,300,756	\$ 260,841	\$ 244,316	\$ 257,848	\$ 1,545,072
Transfers In (Out)	\$ 636,488	\$ 67,328	\$ (636,488)	\$ (67,328)	\$ -	\$ -
Special Item	\$ -	\$ -	\$ 109,300	\$ 84,660	\$ 109,300	\$ 84,660
CHANGE IN NET POSITION	\$ 633,495	\$ 1,368,084	\$ (266,347)	\$ 261,648	\$ 367,148	\$ 1,629,732
NET POSITION – BEGINNING	\$9,017,272	\$ 7,649,188	\$ 9,768,694	\$9,507,046	\$18,785,966	\$17,156,234
NET POSITION - ENDING	\$9,650,767	\$ 9,017,272	\$ 9,502,347	\$9,768,694	\$19,153,114	\$18,785,966

Governmental Activities: Governmental activities accounted for \$633,495 of revenues over expenses for 2018. Total revenues, including transfers, from governmental activities including the general fund and other governmental funds amounted to \$3,225,793.

Total expenses for governmental activities in 2018 including the general fund and other governmental funds amounted to \$2,592,298.

Business-type Activities: The business activities had expenses in excess of revenues totaling \$266,347 in 2018 due to current year operations and large transfers out made in 2018 compared to 2017.

The Water Utility Fund had expenses in excess of revenues of \$267,997 due to interest expense of \$126,759 and a transfer out of \$316,502.

The Sewer Utility Fund had revenues in excess of expenses of \$42,106. This was due to an increase in operating revenues from a rate increase effective in fiscal year 2018.

The Solid Waste Disposal Utility Fund had expenses in excess of revenues of \$40,456 due to the large transfer out for \$255,015 that which was offset by operating revenues exceeding operating expenses by \$106,429 and the significant reduction in the closure and post closure cost estimate for the landfill that is reported as a special item for \$109,300.

Financial Analysis of the City's Funds

Governmental Funds Overview: The City of Rocky Ford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the City's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the City's financial requirements. For example, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The following information is supplemental to the information presented in the previous section.

At the end of 2018, the City of Rocky Ford reported a fund balance for total governmental funds of \$1,096,809 compared to \$355,365 in 2017. Of the total fund balance, unassigned fund balance was \$110,562, the portion of fund balance which serves as a measure of current available financial resources. The fund balance is further divided into committed and restricted. The committed portion reflects the City's reserves, working capital, sick and vacation leave and future capital equipment. The unassigned portion is not set aside by management for any other purpose and is therefore an available financial resource, when available.

The restricted fund balance represents resources not available for spending or those on which legal restrictions have been placed. The City's restricted fund balance includes the following: restricted for special purposes \$44,440; restricted for emergencies- Tabor \$69,000; restricted for capital improvements \$191,773 and restricted for conservation trust \$132,722.

General Fund: The General Fund of the City accounts for all transactions not accounted for in other funds. As the City's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property and sales taxes and charges for services. The General Fund completed the year with a fund balance of \$581,056. This was an increase of \$679,727 from the previous year's fund balance (deficit) of (\$98,671). The General Fund had total budgeted revenues of \$2,231,360 and actual revenues of \$2,335,503 and total budgeted expenditures of \$2,231,360 and actual expenditures of \$2,301,179.

Proprietary Funds Overview: The proprietary funds are used to account for activities similar to those found in the private sector where determination of net income is necessary or useful to sound financial administration. The City has one type of proprietary fund, consisting of Enterprise Funds. The City's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

Enterprise Funds: The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing goods or services to the general public are being financed or recovered primarily through users charges on a continuing basis. The City of Rocky Ford has three enterprise funds: the Water Utility Fund with unrestricted net position of \$952,869 in 2018 down from \$1,013,385 in 2017, the Sewer Utility Fund with unrestricted net position of \$339,453 in 2018 up from \$242,287 in 2017 and the Solid Waste Disposal Utility Fund with unrestricted net position of \$410,809 in 2018 down from \$469,617 in 2017.

Capital Asset and Debt Administration

Capital Assets: At the end of 2018, the City had acquired \$21,623,201 (net of accumulated depreciation) in a broad range of capital assets for its governmental and business-type activities, including land, buildings, park facilities, roads, bridges, heavy machinery, vehicle and equipment, and infrastructure.

1. All infrastructure assets acquired to date are included in capital assets in accordance with GASB 34 requirements.
2. The total decrease in net capital assets for 2018 was \$847,090 or 4%.
3. Additional information on the City's net position can be found in Notes 1 and 4 of the Notes to Financial Statements.

Long-Term Debt: Colorado Revised Statutes provide for a general obligation debt limit of 1.5% of assessed valuation. The 2018 assessed valuation was \$12,331,634.

At December 31, 2018, the City of Rocky Ford had the following outstanding long-term debt:

1. \$98,383 in accrued PTO and vacation due to employees;
2. \$154,700 in estimated closure and post closure care costs for the landfill operated by Otero County Landfill Inc.;
3. \$67,024 remaining balance on a \$109,079 loan payable to the Colorado Department of Local Affairs used to finance a waste-water lift station at the Arkansas Valley Fairgrounds and a chlorination and de-chlorination waste-water treatment facility in 2008;
4. \$2,437,525 loan payable semi-annually to Rural Development for financing of Zone 1, Zone 2, Water Treatment Plant & Water Tank improvements in 2011.
5. \$1,441,546 lease payable to U.S. Bancorp Government Leasing and Financing, Inc., for professional services and the acquisition of equipment for energy and water conservation measures.
6. \$45,360 lease payable to Fowler State Bank for improvements to the City administration building.
7. \$1,129,233 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
8. \$575,660 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
9. \$8,638 loan payable to First National Bank of Las Animas for the purchase of heavy equipment (jet vac truck).
10. \$34,232 loan payable to First National Bank of Las Animas for the purchase of heavy equipment (trash truck).
11. \$66,506 lease payables to Acme Leasing, Inc. for the purchase of vehicles (Dodge Chargers and Ram trucks)
12. \$83,519 lease payable to Deere Credit, Inc. for the purchase of a 2015 John Deere 410K backhoe.
13. \$371,489 in net pension liability for the Old Hire Police Pension Fund.

Economic Factors and Next Year's Budgets and Rates

The 2019 budget reflects an increase in the General Fund revenues and expenditures due to the construction and completion of the public safety building. Other factors potentially affecting the 2019 budget is the increase in minimum wage, the increase in fuel and utility costs, and the change in usage of water in 2019 verse 2018 which affects the revenues received in Enterprise Funds.

Contacting the City's Financial Management

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 demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager, 203 S. Main Street, Rocky Ford, CO 81067.

BASIC FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
CASH OR EQUIVALENTS	\$ 565,326	\$ 1,852,557	\$ 2,417,883
RECEIVABLES - NET:			
ACCOUNTS / OTHER	362,430	249,102	611,532
PROPERTY TAXES	275,500	-	275,500
PREPAID EXPENSES	10,963	30,356	41,319
INVENTORIES	-	72,263	72,263
PENSION FORFEITURE ACCOUNTS	62,073	-	62,073
RESTRICTED ASSETS	236,212	801,930	1,038,142
NET PENSION ASSET	75,810	-	75,810
CAPITAL ASSETS:			
LAND	361,407	-	361,407
BUILDINGS	4,401,067	-	4,401,067
SYSTEMS AND EQUIPMENT	-	23,808,129	23,808,129
IMPROVEMENTS	2,877,999	-	2,877,999
EQUIPMENT	2,079,896	-	2,079,896
CONSTRUCTION IN PROGRESS	4,224,921	-	4,224,921
ACCUMULATED DEPRECIATION	(4,428,551)	(11,701,667)	(16,130,218)
TOTAL ASSETS	11,105,053	15,112,670	26,217,723
DEFERRED OUTFLOWS OF RESOURCES			
PENSION RELATED	14,889	-	14,889
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 11,119,942	\$ 15,112,670	\$ 26,232,612
LIABILITIES			
ACCOUNTS PAYABLE	\$ 30,999	\$ 37,873	\$ 68,872
ACCRUED SALARIES AND BENEFITS	98,383	38,940	137,323
ACCRUED EXPENSES	37,583	24,918	62,501
CUSTOMERS DEPOSITS	-	105,715	105,715
NON CURRENT LIABILITIES:			
DUE WITHIN ONE YEAR	111,468	343,317	454,785
DUE IN MORE THAN ONE YEAR	901,087	5,059,560	5,960,647
TOTAL LIABILITIES	1,179,520	5,610,323	6,789,843
DEFERRED INFLOWS OF RESOURCES			
PENSION RELATED	14,155	-	14,155
DEFERRED REVENUES - PROPERTY TAXES	275,500	-	275,500
TOTAL DEFERRED INFLOWS OF RESOURCES	289,655	-	289,655
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	8,875,673	6,858,286	15,733,959
RESTRICTED FOR:			
DEBT SERVICE	-	139,000	139,000
FUTURE EXPENDITURES	368,934	801,930	1,170,864
EMERGENCIES - TABOR	69,000	-	69,000
UNRESTRICTED	337,160	1,703,131	2,040,291
TOTAL NET POSITION	9,650,767	9,502,347	19,153,114
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 11,119,942	\$ 15,112,670	\$ 26,232,612

SEE NOTES TO FINANCIAL STATEMENTS

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CITY OF ROCKY FORD, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES:			
GENERAL GOVERNMENT	\$ 666,222	\$ -	\$ 18,532
PUBLIC SAFETY	959,466	255,228	-
PUBLIC WORKS	351,740	36,798	192,583
HEALTH AND WELFARE	84,360	31,096	-
CULTURE AND RECREATION	530,510	185,616	42,831
TOTAL GOVERNMENTAL ACTIVITIES	2,592,298	508,738	253,946
BUSINESS-TYPE ACTIVITIES:			
WATER	1,171,168	1,190,260	-
SEWER	682,581	786,398	-
SOLID WASTE DISPOSAL	524,403	629,178	-
TOTAL BUSINESS-TYPE ACTIVITIES	2,378,152	2,605,836	-
TOTAL PRIMARY GOVERNMENT	\$ 4,970,450	\$ 3,114,574	\$ 253,946

GENERAL REVENUES

PROPERTY TAXES

SALES TAXES

FRANCHISE TAXES

OTHER TAXES LICENSES AND FINES

CONTRIBUTIONS

OTHER

TRANSFERS IN (OUT)

SPECIAL ITEM

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION JANUARY 1

NET POSITION DECEMBER 31

NET (EXPENSES) REVENUE
AND CHANGES IN NET POSITION

CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
\$ -	\$ (647,690)	\$ -	\$ (647,690)
-	(704,238)	-	(704,238)
-	(122,359)	-	(122,359)
-	(53,264)	-	(53,264)
-	(302,063)	-	(302,063)
-	(1,829,614)	-	(1,829,614)
2,200	-	21,292	21,292
-	-	103,817	103,817
-	-	104,775	104,775
2,200	-	229,884	229,884
<u>\$ 2,200</u>	<u>(1,829,614)</u>	<u>229,884</u>	<u>(1,599,730)</u>
	273,330	-	273,330
	1,130,741	-	1,130,741
	160,556	-	160,556
	162,575	-	162,575
	7,706	-	7,706
	91,713	30,957	122,670
	636,488	(636,488)	-
	-	109,300	109,300
	<u>2,463,109</u>	<u>(496,231)</u>	<u>1,966,878</u>
	633,495	(266,347)	367,148
	<u>9,017,272</u>	<u>9,768,694</u>	<u>18,785,966</u>
<u>\$</u>	<u>9,650,767</u>	<u>\$ 9,502,347</u>	<u>\$ 19,153,114</u>

CITY OF ROCKY FORD, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2018

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH OR EQUIVALENTS	\$ 281,309	\$ 101,806	\$ 182,211	\$ 565,326
RESTRICTED ASSETS	44,440	191,772	-	236,212
RECEIVABLES:				
PROPERTY TAXES	275,500	-	-	275,500
OTHER	316,677	45,753	-	362,430
TOTAL ASSETS	\$ 917,926	\$ 339,331	\$ 182,211	\$ 1,439,468
LIABILITIES				
ACCOUNTS PAYABLE	\$ 25,210	\$ 1,304	\$ 4,485	\$ 30,999
ACCRUED EXPENSES	36,160	-	-	36,160
TOTAL LIABILITIES	61,370	1,304	4,485	67,159
DEFERRED INFLOWS OF RESOURCES				
DEFERRED REVENUES - PROPERTY TAXES	275,500	-	-	275,500
FUND BALANCE				
RESTRICTED FOR				
EMERGENCIES - TABOR	69,000	-	-	69,000
FUTURE EXPENDITURES	44,440	191,772	-	236,212
CONSERVATION TRUST	-	-	132,722	132,722
COMMITTED	355,904	146,255	46,154	548,313
UNASSIGNED	111,712	-	(1,150)	110,562
TOTAL FUND BALANCE	581,056	338,027	177,726	1,096,809
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 917,926	\$ 339,331	\$ 182,211	\$ 1,439,468

CITY OF ROCKY FORD, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2018

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
ARE DIFFERENT BECAUSE:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	1,096,809
ASSETS NOT AVAILABLE FOR CURRENT PERIOD EXPENDITURES AND THEREFORE ARE NOT REPORTED IN FUNDS			10,963
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.			
THE COST OF CAPITAL ASSETS IS		\$	13,945,290
ACCUMULATED DEPRECIATION IS			<u>(4,428,551)</u>
			9,516,739
PAYMENTS WHICH REFLECT COSTS APPLICABLE TO FUTURE ACCOUNTING PERIODS REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS.			
NET PENSION ASSETS			75,810
DEFERRED OUTFLOWS - PENSION RELATED AMOUNTS			<u>14,889</u>
			90,699
PENSION FUNDS FORFEITURE ACCOUNTS			62,073
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS.			
LONG TERM LEASES			(641,066)
COMPENSATED ABSENCES			(98,383)
ACCRUED INTEREST ON THE LEASES			(1,423)
DEFERRED INFLOWS - PENSION RELATED AMOUNTS			(14,155)
NET PENSION LIABILITIES			<u>(371,489)</u>
			<u>(1,126,516)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u>9,650,767</u>

CITY OF ROCKY FORD, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)

YEAR ENDED DECEMBER 31, 2018

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 1,375,103	\$ 291,025	\$ -	\$ 1,666,128
LICENSES AND PERMITS	29,495	-	-	29,495
INTERGOVERNMENTAL	217,611	-	38,831	256,442
CHARGES FOR SERVICES	398,222	-	95,009	493,231
FINES	31,579	-	-	31,579
GRANTS	4,000	-	-	4,000
MISCELLANEOUS	279,493	-	21,670	301,163
TOTAL REVENUES	2,335,503	291,025	155,510	2,782,038
EXPENDITURES				
GENERAL GOVERNMENT	200,758	-	-	200,758
PUBLIC SAFETY	926,410	-	-	926,410
PUBLIC WORKS	329,448	207,743	-	537,191
HEALTH AND WELFARE	83,670	-	-	83,670
CULTURE AND RECREATION	293,045	-	165,321	458,366
GENERAL	467,848	-	10,545	478,393
TOTAL EXPENDITURES	2,301,179	207,743	175,866	2,684,788
REVENUES OVER (UNDER) EXPENDITURES	34,324	83,282	(20,356)	97,250
OTHER FINANCING SOURCES (USES)				
TRANSFERS IN (OUT)	637,697	-	(1,209)	636,488
CONTRIBUTIONS	7,706	-	-	7,706
TOTAL OTHER FINANCING SOURCES (USES)	645,403	-	(1,209)	644,194
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	679,727	83,282	(21,565)	741,444
FUND BALANCE (DEFICIT) JANUARY 1	(98,671)	254,745	199,291	355,365
FUND BALANCE DECEMBER 31	\$ 581,056	\$ 338,027	\$ 177,726	\$ 1,096,809

CITY OF ROCKY FORD, COLORADO

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

YEAR ENDED DECEMBER 31, 2018

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE		\$	741,444
REVENUES IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUES IN THE FUNDS			
ACCOUNTS AND TAXES RECEIVABLE			(5,750)
PAYMENTS WHICH REFLECT COSTS APPLICABLE TO FUTURE ACCOUNTING PERIODS REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS			
PREPAID INSURANCE			10,963
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAY EXCEEDED DEPRECIATION IN THE CURRENT PERIOD.			
CAPITAL OUTLAY		\$	258,921
DEPRECIATION EXPENSE AND GAIN ON DISPOSITION OF ASSET			<u>(498,459)</u>
			(239,538)
CAPITAL LEASE PAYMENTS ARE REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS BUT NOT REPORTED AS EXPENSES IN THE STATEMENT OF ACTIVITIES			
LEASE PAYMENTS			129,637
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS			
COMPENSATED ABSENCES			(104)
ACCRUED INTEREST EXPENSE ON LEASES			1,528
PENSION RELATED AMOUNTS			<u>(19,447)</u>
			(18,023)
PENSION FUND FORFEITURES			<u>14,762</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>633,495</u></u>

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
CURRENT ASSETS				
CASH OR EQUIVALENTS	\$ 911,167	\$ 402,120	\$ 539,270	\$ 1,852,557
ACCOUNTS RECEIVABLE - CUSTOMERS (NET)	94,731	85,134	69,237	249,102
PREPAID EXPENSES	25,788	1,827	2,741	30,356
INVENTORIES	69,801	2,462	-	72,263
TOTAL CURRENT ASSETS	<u>1,101,487</u>	<u>491,543</u>	<u>611,248</u>	<u>2,204,278</u>
RESTRICTED ASSETS				
RESTRICTED CASH	795,411	6,519	-	801,930
PROPERTY AND EQUIPMENT- AT COST				
SYSTEM AND EQUIPMENT	17,200,236	5,841,047	766,846	23,808,129
ACCUMULATED DEPRECIATION	(8,901,548)	(2,197,497)	(602,622)	(11,701,667)
NET PROPERTY AND EQUIPMENT	<u>8,298,688</u>	<u>3,643,550</u>	<u>164,224</u>	<u>12,106,462</u>
TOTAL ASSETS	<u>\$ 10,195,586</u>	<u>\$ 4,141,612</u>	<u>\$ 775,472</u>	<u>\$ 15,112,670</u>
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 11,745	\$ 397	\$ 25,731	\$ 37,873
ACCRUED SALARIES AND BENEFITS	8,202	10,730	20,008	38,940
ACCRUED INTEREST	22,956	1,962	-	24,918
BONDS PAYABLE - CURRENT MATURITY	45,878	-	-	45,878
LOANS PAYABLE - CURRENT MATURITY	-	126,733	34,232	160,965
LEASES PAYABLE - CURRENT MATURITY	97,799	-	-	97,799
ACCRUED LANDFILL CLOSURE - CURRENT PORTION	-	-	38,675	38,675
TOTAL CURRENT LIABILITIES	<u>186,580</u>	<u>139,822</u>	<u>118,646</u>	<u>445,048</u>
TERM LIABILITIES				
BONDS PAYABLE	2,391,647	-	-	2,391,647
LOANS PAYABLE	-	1,653,822	-	1,653,822
LEASES PAYABLE	898,066	-	-	898,066
ACCRUED CLOSURE LANDFILL COSTS	-	-	116,025	116,025
TOTAL TERM LIABILITIES	<u>3,289,713</u>	<u>1,653,822</u>	<u>116,025</u>	<u>5,059,560</u>
CUSTOMER DEPOSITS	105,715	-	-	105,715
TOTAL LIABILITIES	<u>3,582,008</u>	<u>1,793,644</u>	<u>234,671</u>	<u>5,610,323</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	4,865,298	1,862,996	129,992	6,858,286
RESTRICTED FOR:				
DEBT SERVICE	-	139,000	-	139,000
FUTURE EXPENDITURES	795,411	6,519	-	801,930
UNRESTRICTED	952,869	339,453	410,809	1,703,131
TOTAL NET POSITION	<u>6,613,578</u>	<u>2,347,968</u>	<u>540,801</u>	<u>9,502,347</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,195,586</u>	<u>\$ 4,141,612</u>	<u>\$ 775,472</u>	<u>\$ 15,112,670</u>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2018

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
OPERATING REVENUES				
CHARGES FOR SERVICES	\$ 788,060	\$ 678,644	\$ 629,178	\$ 2,095,882
SPECIAL ASSESSMENTS	402,200	107,754	-	509,954
TOTAL OPERATING REVENUES	1,190,260	786,398	629,178	2,605,836
OPERATING EXPENSES				
PERSONAL SERVICES, MATERIALS, SUPPLIES	639,700	484,909	471,171	1,595,780
DEPRECIATION	404,709	193,763	51,578	650,050
TOTAL OPERATING EXPENSES	1,044,409	678,672	522,749	2,245,830
OPERATING INCOME	145,851	107,726	106,429	360,006
NONOPERATING REVENUES (EXPENSE)				
INTEREST AND RENT INCOME	18,265	3,260	484	22,009
INTEREST EXPENSE	(126,759)	(3,909)	(1,654)	(132,322)
NONRECURRING REVENUE	8,948	-	-	8,948
TOTAL NONOPERATING REVENUES (EXPENSES)	(99,546)	(649)	(1,170)	(101,365)
INCOME BEFORE TRANSFERS, CAPITAL CONTRIBUTIONS AND SPECIAL ITEM	46,305	107,077	105,259	258,641
TRANSFERS IN (OUT)	(316,502)	(64,971)	(255,015)	(636,488)
CAPITAL CONTRIBUTIONS	2,200	-	-	2,200
SPECIAL ITEM	-	-	109,300	109,300
CHANGE IN NET POSITION	(267,997)	42,106	(40,456)	(266,347)
NET POSITION JANUARY 1	6,881,575	2,305,862	581,257	9,768,694
NET POSITION DECEMBER 31	\$ 6,613,578	\$ 2,347,968	\$ 540,801	\$ 9,502,347

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH RECEIVED FROM CUSTOMERS	\$ 1,191,513	\$ 778,741	\$ 628,541	\$ 2,598,795
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(468,775)	(365,320)	(273,385)	(1,107,480)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(162,547)	(142,727)	(192,008)	(497,282)
NET CASH PROVIDED BY OPERATING ACTIVITIES	560,191	270,694	163,148	994,033
CASH FLOWS FROM NONCAPITAL AND OTHER FINANCING ACTIVITIES				
CUSTOMER DEPOSITS	4,749	-	-	4,749
TRANSFERS (OUT)	(316,502)	(64,971)	(255,014)	(636,487)
DUE FROM OTHER FUNDS	275,000	50,000	250,000	575,000
MISCELLANEOUS INCOME	8,948	3,260	483	12,691
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND OTHER FINANCING ACTIVITIES	(27,805)	(11,711)	(4,531)	(44,047)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
CAPITAL CONTRIBUTED	2,200	-	-	2,200
ACQUISITION OF CAPITAL ASSETS	(5,798)	-	(36,700)	(42,498)
PRINCIPAL PAID ON TERM LIABILITIES	(201,788)	(132,409)	(33,230)	(367,427)
INTEREST PAID	(127,819)	(4,080)	(1,654)	(133,553)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(333,205)	(136,489)	(71,584)	(541,278)
CASH FLOWS FROM INVESTING ACTIVITIES				
OTHER	18,265	-	-	18,265
NET CASH USED FOR INVESTING ACTIVITIES	18,265	-	-	18,265
NET CHANGE IN CASH AND CASH EQUIVALENTS	217,446	122,494	87,033	426,973
CASH AND CASH EQUIVALENTS BEGINNING	1,489,132	286,145	452,237	2,227,514
CASH AND CASH EQUIVALENTS ENDING	\$ 1,706,578	\$ 408,639	\$ 539,270	\$ 2,654,487
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 145,851	\$ 107,726	\$ 106,429	\$ 360,006
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION	404,709	193,763	51,578	650,050
CHANGE IN ASSETS AND LIABILITIES				
ACCOUNTS RECEIVABLE	1,253	(7,657)	(637)	(7,041)
PREPAID EXPENSES	(8,109)	(1,827)	(2,741)	(12,677)
INVENTORIES	24,369	-	-	24,369
ACCOUNTS PAYABLE	(4,969)	(17,083)	7,075	(14,977)
ACCRUED SALARIES AND BENEFITS	(2,913)	(4,228)	1,444	(5,697)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 560,191	\$ 270,694	\$ 163,148	\$ 994,033

SEE NOTES TO FINANCIAL STATEMENTS

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Rocky Ford, Colorado (the "City") is a Statutory City governed by an elected mayor and council, which are governed by state statutes and regulations. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Rocky Ford (the primary government) and its component units, if applicable.

The City is not included in any other governmental "reporting entity", as required by accounting principles generally accepted in the United States of America; these basic financial statements present the City (the primary government) and its component units, if applicable. Currently no component units have been included in the City's reporting entity because of a lack of significant operational or financial relationships with the City.

Related Organizations:

Rocky Ford Housing Authority

A five-member board appointed by the Rocky Ford City Council governs the Rocky Ford Housing Authority. The Authority provides housing to certain qualified residents and is principally funded through Federal grants and rental charges. Because these appointments are administrative in nature and control over the organization is at the Federal Government level, the Authority is treated as a related organization of the City rather than a component unit.

Joint Venture:

Otero County Landfill, Inc.

The City of Rocky Ford is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the City is responsible for a portion of closure and post-closure costs of the landfill. As of December 31, 2018 the City's share of the closure and post-closure costs are estimated at \$154,700 or approximately 8.12% of the total. A complete financial report may be obtained from the administrative offices of Otero County. The City also incurred additional costs of approximately \$83,500 for services provided by Otero County Landfill, Inc.

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 nonfiduciary activities of the City and its component units, if applicable. 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 a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General and Capital Improvement Funds) and individual enterprise funds (Water Utility, Sewer Utility and Solid Waste Disposal Utility Funds) are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property and specific ownership taxes, sales taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and entitlement awards are recorded as revenue when earned. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

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

Capital Improvement Fund – Capital improvement fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service.

The City reports the following major proprietary funds:

Water Utility Fund - Accounts for the activities of water treatment and distribution to the residents and businesses of the City.

Sewer Utility Fund - Accounts for the activities of the wastewater collection and treatment system of the City.

Solid Waste Disposal Utility Fund - Accounts for the activities of the City's trash collection operations.

The proprietary funds account for transactions that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through charges. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds principal ongoing operations. The principal operating revenues of the funds are charges to customers for sales and service. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

STEWARDSHIP

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

Prior to October 15, the City Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments. Prior to December 15, the budget is legally enacted through passage of an ordinance.

Revisions that alter total expenditures of any kind generally must be approved by City Council. Budget amounts in the accompanying financial statements include revisions to the original approval. Appropriations lapse at year end and any open purchase item must be reappropriated in the following year.

All budget amounts presented in the accompanying supplemental information reflect the final budgets.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP (Continued)

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2018, expenditures exceeded appropriations in the Water Utility Fund and Sewer Utility Fund.

ENCUMBRANCES

Outstanding encumbrances represent a commitment for the estimated amount of expenditures, which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (December 31). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those, which will be reinstated and paid from appropriations for the following year. Encumbrances are, therefore, not considered expenditures until an actual liability is incurred.

CASH AND CASH EQUIVALENTS

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments held in banks. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of six months or less when purchased to be cash equivalents.

ACCOUNTS RECEIVABLE

The City grants credit terms in the normal course of business to its utility customers. Concentrations of credit risk with respect to accounts receivables which are uncollectible is limited due to customer deposits and account monitoring procedures which are utilized to minimize risk of loss. The City recognized amounts due from utility customers as of year-end but not billed due to cycle billings. Recognition is based upon a direct ratio of days in the current period to the total days in each individual billing cycle.

INVENTORIES

The inventories of the General Fund are accounted for as expenditures at the time they are purchased. Consumable supplies on hand are not recognized. The inventories of the Proprietary Funds are valued at cost using the first-in, first-out method.

WATER INVENTORY

The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage.

CAPITAL ASSETS

Capital assets which include property, plant, equipment and current infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Infrastructure assets have been capitalized on a prospective basis, from 2004. The City defines capital assets as assets with an initial life in excess of two years and an individual cost of \$5,000 or more. The valuation of acquisitions since 1969 is at cost. Acquisitions prior to 1969 are either at cost, if determinable, or at estimated cost.

Expenditures for maintenance and repairs are charged to expenses as incurred; expenditures for renewals and betterments are generally capitalized. Gains or losses due to disposal are charged or credited to income.

Depreciation is determined using the straight-line method based on the estimated useful lives of the assets as follows:

Systems	5 - 50	Years
Equipment	4 - 15	Years
Buildings	25 - 50	Years

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category which is for pension related amounts.

Pension related amounts include the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, and contributions made subsequent to the measurement date. More information on pension related items is included in Note 8.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category.

The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Pension related amounts include the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, and contributions made subsequent to the measurement date. More information on pension related items is included in Note 8.

LEASE AGREEMENTS

Annual rentals pertaining to leases which convey merely the right to use the property are charged to current operations. Lease agreements which are substantially installment purchases of property have been recorded as purchases with a corresponding liability recognized in the government-wide financial statements.

NET POSITION / FUND BALANCE

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION / FUND BALANCE (Continued)

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the City applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

The Grand Theater Fund had a deficit unassigned fund balance of \$1,150 at December 31, 2018.

COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Bond premiums and discounts, as well as issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt is reported as other financing sources while discounts on issuances are reported as other financing uses. Issuance costs are recorded as debt service expenditures.

Net pension liabilities and assets, associated with the Old Hire Police Pension Fund and Volunteer Fire Department Pension Fund administered by FPPA, represent the City's total pension liabilities less the fiduciary net position. Amounts have been determined using the economic resources measurement focus and the accrual basis of accounting.

PENSION PLANS

The employees of the City are covered by a variety of pension plans. Fire and police personnel who were hired prior to April 1978, and elected to do so, are covered by a defined benefit plan. All other fire and police personnel are covered by a defined contribution plan. The City also has a defined contribution plan covering substantially all full-time employees.

The City's policy is to fund defined contribution plans currently. More information on pension plans is included in Note 8.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ACCOUNTING PRINCIPLES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

NOTE -2 DEPOSITS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2018 the carrying value of cash deposits was \$3,456,024 and the bank balances were \$3,494,511 of which \$750,000 was covered by federal deposit insurance and the remaining balance was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories, state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single pool for all public funds. 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.

NOTE -3 CAPITAL ASSETS

A summary of the various fund types' property and equipment follows:

GOVERNMENTAL ACTIVITIES:

	Balances January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balances December 31, <u>2018</u>
Capital assets not being depreciated:				
Construction in Process	\$ 4,224,921	\$ -	\$ -	\$ 4,224,921
Land	361,407	-	-	361,407
Capital assets being depreciated:				
Buildings	4,860,837	-	(459,770)	4,401,067
Improvements	2,648,545	229,454	-	2,877,999
Equipment	<u>2,050,428</u>	<u>29,468</u>	-	<u>2,079,896</u>
	<u>14,146,138</u>	<u>258,922</u>	<u>(459,770)</u>	<u>13,945,290</u>
Less Accumulated Depreciation:				
Buildings	(1,899,290)	(124,900)	250,319	(1,773,871)
Improvements	(1,068,583)	(69,797)	-	(1,138,380)
Equipment	<u>(1,421,989)</u>	<u>(94,311)</u>	-	<u>(1,516,300)</u>
	<u>(4,389,862)</u>	<u>(289,008)</u>	<u>250,319</u>	<u>(4,428,551)</u>
Governmental Activities				
Net Capital Assets	<u>\$ 9,756,276</u>	<u>\$ (30,086)</u>	<u>\$ (209,451)</u>	<u>\$ 9,516,739</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -3 CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES:

	Balances January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balances December 31, <u>2018</u>
Capital assets being depreciated:				
Systems and Equipment	\$ 23,823,277	\$ 42,499	\$ (57,647)	\$ 23,808,129
Less Accumulated Depreciation	<u>(11,109,264)</u>	<u>(650,050)</u>	<u>57,647</u>	<u>(11,701,667)</u>
Business-type Activities Net Capital Assets	<u>\$ 12,714,013</u>	<u>\$ (607,551)</u>	<u>\$ -</u>	<u>\$ 12,106,462</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 68,568
Public Safety	53,003
Public Works	40,176
Health	690
Culture and Recreation	<u>126,571</u>
Total Governmental Activities Depreciation	<u>\$ 289,008</u>
Business-Type Activities	
Water	\$ 404,709
Sewer	193,763
Solid Waste Disposal	<u>51,578</u>
Total Business-Type Activities Depreciation	<u>\$ 650,050</u>

NOTE -4 PROPERTY TAXES AND DEFERRED REVENUES

Property taxes are levied on November 15 and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The City's share of property tax receipts collected by the County are remitted to the City in the subsequent month. Property taxes are reported as a receivable and a deferred revenue when levied and as a revenue when due for collection in the following year.

NOTE -5 RESTRICTED ASSETS

Governmental Funds

The cash restricted includes library investments restricted by their donors for the purchase of certain types of books or other qualified library expenditures, swimming pool cash that is donor restricted, and public safety building cash that is donor restricted.

Proprietary Funds

The cash is restricted for future major repairs and the related debt service costs.

NOTE -6 PENSION FORFEITURE ACCOUNTS

These accounts represent employee forfeiture accounts in defined contribution plans that may be used by the City for appropriate expenditures of the fire and police departments upon approval by the trustees of the pension funds.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the City for the year ended December 31, 2018:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>CURRENT PORTION</u>
<u>Governmental Activities:</u>					
Lease Payable 1	\$ 579,398	\$ -	\$ (43,209)	\$ 536,189	\$ 46,110
Lease Payable 2	66,896	-	(21,536)	45,360	22,290
Lease Payable 3	6,177	-	(6,177)	-	-
Lease Payable 4	14,182	-	(6,919)	7,263	7,263
Lease Payable 5	14,182	-	(6,919)	7,263	7,263
Lease Payable 6	13,646	-	(6,655)	6,991	6,991
Lease Payable 7	12,960	-	(6,319)	6,641	6,641
Lease Payable 8	6,610	-	(6,610)	-	-
Lease Payable 9	6,610	-	(6,610)	-	-
Lease Payable 10	5,275	-	(5,275)	-	-
Lease Payable 11	17,815	-	(5,653)	12,162	5,934
Lease Payable 12	26,951	-	(7,754)	19,197	8,976
Net Pension Liability	<u>362,004</u>	<u>9,485</u>	<u>-</u>	<u>371,489</u>	<u>-</u>
Totals	<u>\$1,132,706</u>	<u>\$ 9,485</u>	<u>\$ (129,636)</u>	<u>\$1,012,555</u>	<u>\$ 111,468</u>

The compensated absences will be liquidated with resources of the general fund.

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>CURRENT PORTION</u>
<u>Business-Type Activities:</u>					
<u>General Obligation</u>					
Bonds-Water	\$ 59,000	\$ -	\$ (59,000)	\$ -	\$ -
Revenue Bonds-Water	2,481,707	-	(44,182)	2,437,525	45,878
Lease Payable 1-Water	978,333	-	(72,976)	905,357	77,874
Lease Payable 2-Water	6,610	-	(6,610)	-	-
Lease Payable 3-Water	13,645	-	(6,656)	6,989	6,989
Lease Payable 4-Water	95,883	-	(12,364)	83,519	12,936
Loan Payable 1-Sewer	72,098	-	(5,074)	67,024	5,329
Loan Payable 2-Sewer	1,207,111	-	(77,878)	1,129,233	77,878
Loan Payable 3-Sewer	610,548	-	(34,888)	575,660	34,888
Loan Payable 4-Sewer	23,207	-	(14,569)	8,638	8,638
Loan Payable-Solid Waste Disposal	67,462	-	(33,230)	34,232	34,232
Estimated Closure & Post-Closure Costs	<u>264,000</u>	<u>-</u>	<u>(109,300)</u>	<u>154,700</u>	<u>38,675</u>
Totals	<u>\$5,879,604</u>	<u>\$ -</u>	<u>\$ (476,727)</u>	<u>\$5,402,877</u>	<u>\$ 343,317</u>

LEASE PAYABLE 1 - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

The City entered into a Master Tax-Exempt Lease/Purchase Agreement with U.S. Bancorp Government Leasing and Financing, Inc., on March 15, 2012, in the amount of \$2,033,000 for professional services and the acquisition of equipment for energy and water conservation measures. The lease is payable in varying annual installments of principal and interest from the Water Utility Fund (63%) and the Governmental Funds (37%) at 3.15% interest per annum beginning March 15, 2013 and maturing March 15, 2027. The lease is collateralized by a security interest constituting a first lien on the equipment.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LEASE PAYABLE 1 - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES (Continued)

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 123,984	\$ 45,484	\$ 169,468
2020	132,133	41,572	173,705
2021	140,644	37,404	178,048
2022	149,533	32,966	182,499
2023	158,814	28,247	187,061
2024-2027	<u>736,438</u>	<u>59,756</u>	<u>796,194</u>
Total	<u>\$1,441,546</u>	<u>\$ 245,429</u>	<u>\$1,686,975</u>

The total lease payable due is \$1,441,546 as of December 31, 2018, of which \$536,189 was reported as a long-term obligation in Governmental Activities and \$905,357 was reported in the Water Utility Fund in Business-Type Activities.

LEASE PAYABLE 2

The City entered into a Lease Agreement with the Fowler State Bank on September 6, 2013, in the amount of \$146,000 for roof repairs to the City administration building. The lease is payable in annual principal and interest installments of \$23,877.50 at 3.5% per annum beginning September 6, 2014 with the final payment September 6, 2020.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 22,290	\$ 1,588	\$ 23,878
2020	<u>23,070</u>	<u>808</u>	<u>23,878</u>
Total	<u>\$ 45,360</u>	<u>\$ 2,396</u>	<u>\$ 47,756</u>

LEASE PAYABLE 3

The City entered into a Lease Agreement with The State Bank on April 24, 2015, in the amount of \$53,371, for a TORO Reelmaster 5510-D. The lease is payable in monthly principal and interest installments of \$1,554 at 3.10% per annum beginning May 1, 2015 with the final payment made in 2018.

LEASE PAYABLE 4

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$33,027 for a 2015 Dodge Charger. The lease is payable in annual principal and interest installments of \$7,625 at 4.98% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 7,263</u>	<u>\$ 362</u>	<u>\$ 7,625</u>

LEASE PAYABLE 5

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$33,027 for a 2015 Dodge Charger. The lease is payable in annual principal and interest installments of \$7,625 at 4.98% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 7,263</u>	<u>\$ 362</u>	<u>\$ 7,625</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LEASE PAYABLE 6

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$31,762 for a 2015 Ram 2500 pickup. The lease is payable in annual principal and interest installments of \$7,340 at 5.02% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 6,991</u>	<u>\$ 349</u>	<u>\$ 7,340</u>

LEASE PAYABLE 7

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$30,137 for a 2015 Ram 3500 pickup. The lease is payable in annual principal and interest installments of \$6,980 at 5.10% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 6,641</u>	<u>\$ 339</u>	<u>\$ 6,980</u>

LEASE PAYABLE 8

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$24,539 for a 2015 Ram 1500 pickup. The lease is payable in annual principal and interest installments of \$6,955 at 5.21% per annum beginning July 10, 2015 with the final payment made in 2018.

LEASE PAYABLE 9

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$24,539 for a 2015 Ram 1500 pickup. The lease is payable in annual principal and interest installments of \$6,955 at 5.21% per annum beginning July 10, 2015 with the final payment made in 2018.

LEASE PAYABLE 10

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$19,481 for a 2015 Chrysler 200 LX. The lease is payable in annual principal and interest installments of \$5,575 at 5.64% per annum beginning July 10, 2015 with the final payment made in 2018.

LEASE PAYABLE 11

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2016, in the amount of \$28,327 for a 2016 Dodge Charger. The lease is payable in annual principal and interest installments of \$6,540 at 4.98% per annum beginning July 10, 2016 with the final payment July 10, 2020.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,934	\$ 606	\$ 6,540
2020	<u>6,228</u>	<u>312</u>	<u>6,540</u>
Total	<u>\$ 12,162</u>	<u>\$ 918</u>	<u>\$ 13,080</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LEASE PAYABLE 12

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2016, in the amount of \$42,840 for a 2016 Ram 2500 pickup. The lease is payable in annual principal and interest installments of \$9,900 at 5.02% per annum beginning July 10, 2016 with the final payment July 10, 2020.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 8,976	\$ 924	\$ 9,900
2020	10,221	473	10,694
Total	<u>\$ 19,197</u>	<u>\$ 1,397</u>	<u>\$ 20,594</u>

GENERAL OBLIGATION BONDS - WATER

In 1978 the City issued a general obligation bond in the amount of \$1,019,000. The proceeds of the issue along with a grant were used for water system improvements. The bond is due in varying annual principal payments with interest paid semi-annually on January 1 and July 1 of each year. Bonds maturing on July 1, 1989 and thereafter shall be redeemable, at the option of the City on July 1, 1988, and any interest date thereafter, upon payment of par and accrued interest. Final payment was made in 2018.

REVENUE BONDS - WATER

In 2010 the City issued a water revenue bond with an original issue date of October 28, 2010 in the amount of \$2,822,415. The proceeds of the issue were used for water system improvements. The bond payments are due in semi-annual payments of principal and interest in the amount of \$68,416, payable on October 1 and April 1 each year, commencing on April 1, 2011 with the final payment October 1, 2048.

Annual requirements to amortize water revenue bonds outstanding as of December 31, 2018 are as follows:

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	3.75	\$ 45,878	\$ 90,954	\$ 136,832
2020	3.75	47,364	89,468	136,832
2021	3.75	49,407	87,425	136,832
2022	3.75	51,278	85,554	136,832
2023	3.75	53,219	83,613	136,832
2024-2028	3.75	297,407	386,753	684,160
2029-2033	3.75	358,406	325,754	684,160
2034-2038	3.75	431,599	252,561	684,160
2039-2043	3.75	519,741	164,419	684,160
2044-2048	3.75	583,226	57,459	640,685
Total		<u>\$2,437,525</u>	<u>\$1,623,960</u>	<u>\$4,061,485</u>

LEASE PAYABLE 2- WATER

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$24,539 for a 2015 Ram 1500 pickup. The lease is payable in annual principal and interest installments of \$6,955 at 5.21% per annum beginning July 10, 2015 with the final payment made in 2018.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LEASE PAYABLE 3- WATER

The City entered into a Lease Agreement with the Acme Leasing, Inc. on July 10, 2015, in the amount of \$31,762 for a 2015 Ram 2500 pickup. The lease is payable in annual principal and interest installments of \$7,340 at 5.02% per annum beginning July 10, 2015 with the final payment July 10, 2019.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 6,989</u>	<u>\$ 351</u>	<u>\$ 7,340</u>

LEASE PAYABLE 4- WATER

The City entered into a Lease Agreement with Deere Credit, Inc. on August 18, 2015, in the amount of \$127,840 for a 2015 John Deere 410K backhoe. The lease is payable in annual principal and interest installments of \$14,158 at 4.62% per annum beginning August 18, 2016 with a final lump sum payment due on August 18, 2020.

Annual requirements of the lease as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 12,936	\$ 1,222	\$ 14,158
2020	<u>70,583</u>	<u>624</u>	<u>71,207</u>
Total	<u>\$ 83,519</u>	<u>\$ 1,846</u>	<u>\$ 85,365</u>

LOAN PAYABLE 1- SEWER

The City in the Sewer Utility Fund entered into an agreement with the Department of Local Affairs on October 21, 2008, in the amount of \$109,079 to provide funding to upgrade the City's wastewater treatment facility. The loan is payable in 20 annual installments of principal and interest at a rate of 5.00%. The payments begin on September 1, 2009. The loan is not collateralized.

Annual requirements to amortize the loan as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,329	\$ 3,351	\$ 8,680
2020	5,595	3,085	8,680
2021	5,875	2,805	8,680
2022	6,169	2,511	8,680
2023	6,477	2,203	8,680
2024-2028	<u>37,579</u>	<u>5,820</u>	<u>43,399</u>
Total	<u>\$ 67,024</u>	<u>\$ 19,775</u>	<u>\$ 86,799</u>

LOAN PAYABLE 2- SEWER

The City in the Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$1,557,564 with a 0% interest rate. The loan proceeds were used to finance lagoon and system upgrades and improvements. The loan is payable in semi-annual installments beginning November 1, 2013 and maturing May 1, 2033. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues.

Annual requirements to amortize the loan as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>
2019	\$ 77,878
2020	77,878
2021	77,878
2022	77,878
2023	77,878
2024-2028	389,391
2029-2033	<u>350,452</u>
Total	<u>\$1,129,233</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

LOAN PAYABLE 3– SEWER

The City in the Sewer Utility Fund entered into a loan agreement and a Governmental Agency Bond Agreement with Colorado Water Resources and Power Development Authority in the amount of \$697,769 with a 0% interest rate. The loan proceeds were used to finance lagoon and system upgrades and improvements. The loan is payable in semi-annual installments beginning November 1, 2015 and maturing May 1, 2035. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Sewer Utility Fund revenues.

Annual requirements to amortize the loan as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>
2019	\$ 34,888
2020	34,888
2021	34,888
2022	34,888
2023	34,888
2024-2028	174,442
2029-2033	174,442
2034-2035	<u>52,336</u>
Total	<u>\$ 575,660</u>

In connection with the above Loan Payable 2- Sewer and Loan Payable 3- Sewer, the City is subject to various covenants and is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation. As of December 31, 2018 the City was in compliance with all covenants and maintained the required reserve of \$139,000.

LOAN PAYABLE 4- SEWER

The City in the Sewer Utility Fund entered into a loan agreement with First National Bank of Las Animas on July 23, 2014, in the amount of \$69,500 to purchase heavy equipment. The loan is payable in monthly principal and interest installments of \$1,254 at 3.15% per annum beginning August 23, 2014 with final payment July 23, 2019. The loan is collateralized by the jet vac truck with a book value of \$48,479 as of December 31, 2018.

Annual requirements to amortize the loan as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 8,638</u>	<u>\$ 137</u>	<u>\$ 8,775</u>

LOAN PAYABLE – SOLID WASTE DISPOSAL

The City in the Solid Waste Disposal Utility Fund entered into a loan agreement with First National Bank of Las Animas on December 30, 2014, in the amount of \$161,438 to purchase heavy equipment. The loan is payable in monthly principal and interest installments of \$2,907 at 3.15% per annum beginning January 11, 2015 with final payment December 11, 2019. The loan is collateralized by the trash truck with a book value of \$126,863 as of December 31, 2018.

Annual requirements to amortize the loan as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	<u>\$ 34,232</u>	<u>\$ 652</u>	<u>\$ 34,884</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 CHANGES IN LONG-TERM OBLIGATIONS (Continued)

ESTIMATED CLOSURE AND POSTCLOSURE CARE COSTS

In 1995 the City entered into an intergovernmental agreement with Otero County and other municipalities within the County to form Otero County Landfill, Inc. to operate the landfill within the County. The agreement transfers the liability for closure and postclosure costs to this organization. The City and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities. Based on the current allocation, the City's share is approximately 8.12% of the estimated \$1,905,000 in closure and post-closure costs amounting to \$154,700. These amounts are based on estimates of what it would cost to perform all closure and post-closure care in 2018. Actual costs may be higher or lower due to inflation or deflation, changes in technology, or changes in applicable laws or regulations.

The City and other municipalities are required by state and federal laws and regulations to make certain financial assurances. These have been based on the same percentage as stated above.

	Manzanola	Otero #1	OTERO #2		
			Module #1	Module #2	Module #3
Percent of capacity	97%	100%	82%	80%	36%
Estimated closure date	2019	Closed	2019	2019	2029

Due to the significant decrease in the estimated closure and post closure costs from 2017 to 2018, the City's allocation was reduced by \$109,300 and is reported as a special item on the statement of activities and statement of revenues, expenses and changes in net position in the Solid Waste Disposal Utility Fund.

NOTE -8 PENSION PLANS

City employees may be covered under one or two of four different pension/defined contribution plans, depending on occupation and date of hire. The different plans are the Old Hire Police Defined Benefit Plan, Volunteer Fire Department Pension Fund, Fire and Police Defined Contribution Plan and the City Retirement Defined Contribution Plan. A description of each plan and selected financial information follows:

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

Pensions – The City of Rocky Ford participates in the Old Hire Police Pension Fund, an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (“FPPA”).

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Old Hire Police Pension Fund has been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investments - Investments are reported at fair value.

Plan Information

Plan Description - The City, on behalf of certain full-time paid Police Officers, contributes to the Old Hire Police Pension Fund which is affiliated with the Colorado Fire and Police Pension Association (FPPA) to administer the funds for the City. Assets of the plan are commingled for investment purposes in the Fire Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA.

Plan Membership – Plan membership consists of active employees hired prior to April 8, 1978, electing to remain covered under the provisions of the City's current plan.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN (Continued)

The following is a summary of the participants:

	<u>Old Hire Police</u>
Active Members	0
Retired Members	2
Disabled Retired Members	0
Beneficiaries	0

Benefits Provided - The plan provides retirement benefits for members and beneficiaries according to the plan provisions and is as follows:

The Old Hire Police Pension Fund provides retirement benefits to police Officers who have attained both 55 years of age and completed 20 years of service or upon completion of 25 years of service, if earlier. Any Police Officer who elects to retire on or after his Normal Retirement Date shall be eligible for a monthly pension equal to 50% of his average monthly salary received one year before his retirement. For each year a member continues working past eligibility for normal retirement, a member’s benefit will increase by 4% of his average monthly salary to a maximum benefit of 74%. This benefit will be applicable only for service earned after January 1, 1993.

Upon death or remarriage, the surviving spouse receives a monthly pension equal to 50% of the monthly pension the Police Officer was entitled to receive prior to death. In addition, the plan calls for a 3% cost of living adjustment effective each January 1.

Title 31, Article 30 of the Colorado Revised Statutes (“CRS”), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the City of Rocky Ford Old Hire Police Pension Fund. That report may be obtained by writing to: FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Plan members and the City of Rocky Ford are required to contribute at a rate set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. The contributions are based on an actuarially determined amount recommended by an independent actuary.

The contribution rate for members and the City for the Old Hire Police Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2018 actuarial valuation. Total contribution for the year ended December 31, 2018 was \$0 and the actuarially determined contribution was \$29,260.

Actuarial Assumptions – Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018.

Methods and Assumptions Used to Determine Contribution Rates for the fiscal Year Ending December 31, 2017:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 12 years*
- Asset Valuation Method – 5-Year smoothed fair value
- Inflation – 2.50%
- Salary Increases – N/A
- Investment Rate of Return – 7.50%
- Retirement Age – Any remaining actives are assumed to retire immediately

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN (Continued)

Mortality Rates – Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.
Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	2.00%	2.26%
Fixed Income	15.00%	3.00%
Managed Futures	4.00%	6.85%
Absolute Return	9.00%	6.46%
Long Short	9.00%	7.15%
Global Public Equity	37.00%	8.33%
Private Capital	24.00%	9.70%
Total	100.00%	

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%: the municipal bond rate is 3.31% (based on the weekly rate closet to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statically release(H.15)); and the resulting Single Discount Rate is 3.56%. If the plan sponsor begins to make actuarial contributions as prescribed in statute, the Single Discount Rate in future valuations will reflect that and trend towards the long-term expected rate of return.

The resulting Single Discount Rate for the prior measurement period was 4.08%. This reduction in Single Discount Rate is included in the reconciliation of the Net Pension Liability as an Assumption Change. Projected cash flows used in determining the Single Discount Rate are available upon request.

Net Pension Liability

The net pension liability was measured at December 31, 2017, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2018, and the City's fiscal year ending date, or reporting date, is December 31, 2018.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at December 31, 2017	\$ 537,629	\$ 175,625	\$ 362,004
Change for the year:			
Interest	20,921	-	20,921
Difference between Expected & Actual Experience	(8,595)	-	(8,595)
Changes in Assumptions	18,103	-	18,103
Contributions – Employer	-	-	-
Contributions – Member	-	-	-
Net Investment Income	-	21,821	(21,821)
Benefit payments	(50,198)	(50,198)	-
Administrative Expense	-	(877)	877
Net Changes	<u>(19,769)</u>	<u>(29,254)</u>	<u>9,485</u>
Balances at December 31, 2018	<u>\$ 517,860</u>	<u>\$ 146,371</u>	<u>\$ 371,489</u>

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the net pension liability of the City at December 31, 2018, for the measurement period ending December 31, 2017, calculated using a Single Discount Rate of 3.56%, as well as what the plan’s net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (2.56%)	Current Single Discount Rate Assumption (3.56%)	1% Increase (4.56%)
Net Pension Liability	\$ 409,647	\$ 371,489	\$ 337,627

Pension Plan Fiduciary Net Position – FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2018; the City recognized pension expense of \$21,920. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings on pension plan investments	8,577	8,424
Contributions subsequent to the measurement date	-	-
Total	\$ 8,577	\$ 8,424

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

OLD HIRE POLICE PENSION FUND – DEFINED BENEFIT PLAN (Continued)

\$0 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2018:	
2019	\$ 1,903
2020	1,518
2021	(1,162)
2022	(2,106)
2023	-
Thereafter	-
Total	\$ 153

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN

Summary of Significant Accounting Policies

Pensions – The City of Rocky Ford participates in the Volunteer Fire Department Pension Fund, an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (“FPPA”).

The net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Fire Department Pension Fund has been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investments - Investments are reported at fair value.

Plan Information

Plan Description – The City, on behalf of certain volunteer fire fighters, contributes to the Volunteer Fire Department Pension Fund which is affiliated with the Colorado Fire and Police Pension Association (FPPA) to administer the funds for the City. Assets of the plan are commingled with numerous separate plans that have been pooled for investment purposes. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the City of Rocky Ford (Volunteer) Pension Plan.

Plan Membership – Plan membership consists of active members and members who have worked for the City of Rocky Ford at one time, but who are now active at another employer. The number of retirees shown includes those who retired from the City, as well as those who retired from another employer but has service attributed to the City.

The following is a summary of the participants:

Active Members	24
Retired Members	4
Disabled Retired Members	0
Beneficiaries	1
Terminated vested members	1

Benefits Provided - The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the City of Rocky Ford for the Volunteer Fire Department Pension Fund and is as follows:

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN (Continued)

The Rocky Ford Fire Volunteers Pension Fund provides retirement benefits to Firefighters who have attained both 50 years of age and completed 20 years of service. The retiree shall receive a \$25 per month retirement benefit when fully vested.

Upon death, the surviving spouse receives a monthly pension equal to one half of the monthly pension the Firefighter was entitled to receive prior to death.

Title 31, Article 30 of the Colorado Revised Statutes (“CRS”), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the City of Rocky Ford Volunteer Fire Department Pension Fund. That report may be obtained by writing to: FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at (303) 770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Plan members and the City are required to contribute at a rate set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership. The contributions are based on an actuarially determined amount recommended by an independent actuary.

The contribution rate for members and the City for the Rocky Ford Volunteer Fire Department Pension Fund is 0% of covered salaries. Contribution was determined as part of the January 1, 2017 actuarial valuation. Total contribution for the year ended December 31, 2018 was \$2,727 and the actuarially determined contribution was \$0.

Actuarial Assumptions – The total pension liability (asset) in the actuarial valuation as of December 31, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 20 years*
- Asset Valuation Method – 5-Year smoothed fair value
- Inflation – 3.00%
- Salary Increases – N/A
- Investment Rate of Return – 7.50%
- Retirement Age – 50% per year of eligibility until 100% at age 65
- Mortality Rates – Pre-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment, 40% multiplier for off-duty mortality
- Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
- Disabled: RP-2000 Disabled Mortality Table
- All tables projected with Scale AA

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2017 are summarized in the table below:

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN (Continued)

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	2.00%	2.26%
Fixed Income	15.00%	3.00%
Managed Futures	4.00%	6.85%
Absolute Return	9.00%	6.46%
Long Short	9.00%	7.15%
Global Public Equity	37.00%	8.33%
Private Capital	24.00%	9.70%
Total	100.00%	

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closet to but no later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Net Pension Liability (Asset)

The net pension liability (asset) was measured at December 31, 2017, the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation dated January 1, 2017, and the City's fiscal year ending date, or reporting date, is December 31, 2018.

Changes in Net Pension Liability (Asset):

	<u>Increase (Decrease)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at December 31, 2017	\$ 25,858	\$ 91,959	\$ (66,101)
Change for the year:			
Service Cost	460	-	460
Interest	1,906	-	1,906
Difference between Expected & Actual Experience	-	-	-
Changes in Assumptions	-	-	-
Contributions – Employer	-	3,326	(3,326)
Contributions – Member	-	-	-
Net Investment Income	-	13,318	(13,318)
Benefit payments	(1,375)	(1,375)	-
Other Changes	-	2,170	(2,170)
Administrative Expense	-	(6,739)	6,739
Net Changes	991	10,700	(9,709)
Balances at December 31, 2018	\$ 26,849	\$ 102,659	\$ (75,810)

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND – DEFINED BENEFIT PLAN (Continued)

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption – The following table presents the plan’s net pension liability / (asset) of the City at December 31, 2018, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Single Discount Rate Assumption (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ (72,328)	\$ (75,810)	\$ (78,658)

Pension Plan Fiduciary Net Position – FPPA administers an agent multiple-employer Public Employee Retirement System (“PERS”). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

Pension Expense/Revenue, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions– For the year ended December 31, 2018; the City recognized pension revenue of \$2,473. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 64	\$ 517
Assumption Changes	461	-
Net difference between projected and actual earnings on pension plan investments	3,060	5,214
Contributions subsequent to the measurement date	2,727	-
Total	\$ 6,312	\$ 5,731

\$2,727 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year ended December 31, 2018:	
2019	\$ 119
2020	13
2021	(956)
2022	(1,318)
2023	(4)
Thereafter	-
Total	\$ (2,146)

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

FIRE AND POLICE – DEFINED CONTRIBUTION PLANS

The City provides pension benefits for all of its full-time Fire and Police employees hired after April 1978 and old hires that chose to switch to the new plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The plan requires that both the employee and the City contribute an amount equal to 8 percent of the employee's base salary each month. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years of continuous service. City contributions for and interest forfeited by employees who cease employment before seven years of service are used to reduce the City's current-period contribution requirement.

The City's total Fire and Police payroll under the system for 2018 was \$221,452 and \$286,444 respectively. The City's contributions were calculated using a base salary amount of \$163,512 and \$242,808. Both City and the covered employees made the required 8 percent contribution or more, amounting to \$13,081 for the City match or a total of \$26,162 for the firemen and \$19,425 for the City match or a total of \$38,850 for the policemen. As of December 31, 2018 the market value of assets held by the plans are \$175,986 for Fire and \$252,326 for Police.

CITY RETIREMENT – DEFINED CONTRIBUTION PLAN

The City provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after attaining age 18 and having been employed one year. The plan entrance dates are January 1 and July 1. The plan requires that the employees contribute 5 percent and the City contribute an amount equal to 5 percent of the employee's base salary each month. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years continuous service. City contributions for, and interest forfeited by, employees who leave employment before seven years of service are used to reduce the City's current-period contribution requirement.

The City's total payroll in fiscal year 2018 was \$845,946. The City's contributions were calculated using the base salary amount of \$734,175. Both the City and the covered employees made the required contribution, amounting to \$36,709 and \$44,051, respectively, for a total of \$80,760. As of December 31, 2018 the market value of assets held was \$1,171,102.

NOTE -9 INTERFUND TRANSFERS

Interfund Transfers:

Transfers are for the use of unrestricted revenues collected in the enterprise funds to finance various programs accounted for in other funds in accordance with council authorizations.

The composition of interfund transfers as of December 31, 2018 is as follows:

	Transfers in (out)				
	General Fund	Monument Maintenance Fund	Water Utility Fund	Sewer Utility Fund	Solid Waste Utility Fund
<u>Transfer in (out):</u>					
General	\$ -	\$ (1,209)	\$ (311,488)	\$ (75,000)	\$ (250,000)
Water Utility	311,488	-	-	5,014	-
Sewer Utility	75,000	-	(5,014)	-	(5,015)
Solid Waste Utility	250,000	-	-	5,015	-
Monument Maintenance	<u>1,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 637,697</u>	<u>\$ (1,209)</u>	<u>\$ (316,502)</u>	<u>\$ (64,971)</u>	<u>\$ (255,015)</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool to meet its insurance needs for workers' compensation. The City utilizes the Colorado Intergovernmental Risk Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for over 100 Colorado governmental entities. The City pays an annual premium to CIRSA for its workers compensation coverage.

It is the intent of the members of CIRSA to create a self-sustaining entity through member premiums and reinsurance through commercial companies for workers' compensation claims in excess of \$400,000 up to \$1 million for each insured event. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE -11 CONTINGENCIES AND COMMITMENTS

The general obligation bonds recorded as liabilities of the Water Utility Fund are contingent liabilities of the general resources of the City.

The City participated in federally assisted grant programs. Under the terms of the grants, periodic compliance audits are required by the granting agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and could require reimbursement. City administration believes disallowance, if any, will be immaterial.

NOTE -12 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The City's management believes a significant portion of its operations qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention on such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). A portion of the fund balance has been restricted in compliance with this requirement. At December 31, 2018, \$69,000 of the fund balance has been restricted.

Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

In November 1995, the voters of the City approved an amendment to allow the collection, retention, and expenditure of all excess funds.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -13 RELATED PARTY TRANSACTIONS

As indicated in Note -1, the City entered into an intergovernmental agreement with Otero County Landfill, Inc. (OCLI) regarding a landfill operation. For the year ended December 31, 2018, the City had expenditures of \$83,479 to OCLI for its share of the costs of which \$16,190 was due and recorded as accounts payable in the Solid Waste Disposal Utility Fund. The City has recognized \$154,700 for its share of estimated closure and post closure care costs

The City also had expenditures of approximately \$8,100 with a business owned by a council member in 2018 of which \$0 is recorded as accounts payable.

NOTE -14 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKY FORD, COLORADO

OLD HIRE POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2018

MEASUREMENT PERIOD ENDING DECEMBER 31,	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
SERVICE COST	\$ -	\$ -	\$ -	\$ -
INTEREST	20,921	24,415	40,692	42,181
CHANGES TO BENEFIT TERMS	-	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(8,595)	-	(140,211)	-
ASSUMPTION CHANGES	18,103	24,058	129,426	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(50,198)	(51,262)	(62,967)	(61,133)
NET CHANGE IN TOTAL PENSION LIABILITY	(19,769)	(2,789)	(33,060)	(18,952)
TOTAL PENSION LIABILITY - BEGINNING	537,629	540,418	573,478	592,430
TOTAL PENSION LIABILITY - ENDING (a)	517,860	537,629	540,418	573,478
PLAN FIDUCIARY NET POSITION				
CONTRIBUTIONS - EMPLOYER	-	-	-	-
CONTRIBUTIONS - EMPLOYEE	-	-	-	-
NET INVESTMENT INCOME	21,821	9,764	5,085	19,898
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(50,198)	(51,262)	(62,967)	(61,133)
ADMINISTRATIVE EXPENSES	(877)	(2,179)	(716)	(3,585)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(29,254)	(43,677)	(58,598)	(44,820)
PLAN FIDUCIARY NET POSITION - BEGINNING	175,625	219,302	277,900	322,720
PLAN FIDUCIARY NET POSITION - ENDING (b)	146,371	175,625	219,302	277,900
NET PENSION LIABILITY - ENDING	\$ 371,489	\$ 362,004	\$ 321,116	\$ 295,578
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	28.26%	32.67%	40.58%	48.46%
COVERED PAYROLL	N/A	N/A	N/A	N/A
PLAN'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	N/A	N/A	N/A	N/A

NOTE: THIS SCHEDULE IS INTENDED TO SHOW INFORMATION FOR TEN YEARS. ADDITIONAL YEARS' INFORMATION WILL BE DISPLAYED AS BECOMES AVAILABLE.

CITY OF ROCKY FORD, COLORADO

VOLUNTEER FIRE DEPARTMENT PENSION FUND

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

YEAR ENDED DECEMBER 31, 2018

MEASUREMENT PERIOD ENDING DECEMBER 31,	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
SERVICE COST	\$ 460	\$ 442	\$ 442	\$ 394
INTEREST	1,906	1,847	1,797	1,746
CHANGES TO BENEFIT TERMS	-	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	-	(761)	-	180
ASSUMPTION CHANGES	-	679	-	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(1,375)	(1,488)	(1,665)	(1,650)
NET CHANGE IN TOTAL PENSION LIABILITY	991	719	574	670
TOTAL PENSION LIABILITY - BEGINNING	25,858	25,139	24,565	23,895
TOTAL PENSION LIABILITY - ENDING (a)	26,849	25,858	25,139	24,565
PLAN FIDUCIARY NET POSITION				
CONTRIBUTIONS - EMPLOYER	3,326	2,411	2,515	2,018
CONTRIBUTIONS - EMPLOYEE	-	-	-	-
NET INVESTMENT INCOME	13,318	4,679	1,483	5,176
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(1,375)	(1,488)	(1,665)	(1,650)
ADMINISTRATIVE EXPENSES	(6,739)	(414)	(1,270)	(504)
STATE FUNDING	2,170	1,816	1,816	1,767
NET CHANGE IN PLAN FIDUCIARY NET POSITION	10,700	7,004	2,879	6,807
PLAN FIDUCIARY NET POSITION - BEGINNING	91,959	84,955	82,076	75,269
PLAN FIDUCIARY NET POSITION - ENDING (b)	102,659	91,959	84,955	82,076
NET PENSION LIABILITY (ASSET) - ENDING	\$ (75,810)	\$ (66,101)	\$ (59,816)	\$ (57,511)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	382.36%	355.63%	337.94%	334.12%
COVERED PAYROLL	N/A	N/A	N/A	N/A
PLAN'S NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	N/A	N/A	N/A	N/A

NOTE: THIS SCHEDULE IS INTENDED TO SHOW INFORMATION FOR TEN YEARS. ADDITIONAL YEARS' INFORMATION WILL BE DISPLAYED AS BECOMES AVAILABLE.

CITY OF ROCKY FORD, COLORADO
 OLD HIRE POLICE PENSION FUND
 SCHEDULE OF PLAN CONTRIBUTIONS
 YEAR ENDED DECEMBER 31, 2018

FY ENDING DECEMBER 31, (a)	ACTUARIALLY DETERMINED CONTRIBUTION (b)	ACTUAL CONTRIBUTION* (c)	CONTRIBUTION DEFICIENCY (EXCESS) (d) = (b) - (c)	COVERED PAYROLL (e)	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL (f)
2018	\$ 29,260	\$ -	\$ 29,260	N/A	N/A
2017	\$ 29,260	\$ -	\$ 29,260	N/A	N/A
2016	\$ 27,408	\$ -	\$ 27,408	N/A	N/A
2015	\$ 27,408	\$ -	\$ 27,408	N/A	N/A
2014	\$ 24,016	\$ -	\$ 24,016	N/A	N/A

** Actuarially Determined Contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.*

CITY OF ROCKY FORD, COLORADO
VOLUNTEER FIRE DEPARTMENT PENSION FUND
SCHEDULE OF PLAN CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2018

FY ENDING DECEMBER 31, (a)	ACTUARIALLY DETERMINED CONTRIBUTION (b)	ACTUAL CONTRIBUTION* (c)	CONTRIBUTION DEFICIENCY (EXCESS) (d) = (b) - (c)	COVERED PAYROLL (e)	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL (f)
2018	\$ -	\$ 2,727	\$ (2,727)	N/A	N/A
2017	\$ -	\$ 3,326	\$ (3,326)	N/A	N/A
2016	\$ -	\$ 4,227	\$ (4,227)	N/A	N/A
2015	\$ -	\$ 4,331	\$ (4,331)	N/A	N/A
2014	\$ -	\$ 3,785	\$ (3,785)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
TAXES	\$ 1,298,766	\$ 1,298,766	\$ 1,375,103	\$ 76,337
LICENSES AND PERMITS	15,000	15,000	29,495	14,495
INTERGOVERNMENTAL	204,739	204,739	217,611	12,872
CHARGES FOR SERVICES	362,530	362,530	398,222	35,692
FINES	53,500	53,500	31,579	(21,921)
GRANTS	295,000	295,000	4,000	(291,000)
MISCELLANEOUS	1,825	1,825	279,493	277,668
TOTAL REVENUES	2,231,360	2,231,360	2,335,503	104,143
EXPENDITURES				
GENERAL GOVERNMENT	167,112	167,112	200,758	(33,646)
PUBLIC SAFETY	1,171,315	1,943,567	926,410	1,017,157
PUBLIC WORKS	204,149	315,321	329,448	(14,127)
HEALTH AND WELFARE	61,220	82,565	83,670	(1,105)
CULTURE AND RECREATION	269,599	269,599	293,045	(23,446)
GENERAL	357,965	357,965	467,848	(109,883)
TOTAL EXPENDITURES	2,231,360	3,136,129	2,301,179	834,950
REVENUES OVER (UNDER) EXPENDITURES	-	(904,769)	34,324	939,093
OTHER FINANCING SOURCES				
TRANSFERS IN	-	-	637,697	637,697
CONTRIBUTIONS	-	-	7,706	7,706
TOTAL OTHER FINANCING SOURCES	-	-	645,403	645,403
REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	-	(904,769)	679,727	1,584,496
FUND BALANCE (DEFICIT) JANUARY 1	(98,671)	(98,671)	(98,671)	-
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (98,671)	\$ (1,003,440)	\$ 581,056	\$ 1,584,496

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED DECEMBER 31, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
SALES TAX	\$ 263,000	\$ 263,000	\$ 291,025	\$ 28,025
EXPENDITURES				
STREET REPAIRS	106,223	228,017	207,743	20,274
CAPITAL OUTLAY	299,385	51,569	-	51,569
CAPITAL IMPROVEMENTS	21,151	21,151	-	21,151
TOTAL EXPENDITURES	426,759	300,737	207,743	92,994
REVENUES OVER (UNDER) EXPENDITURES	(163,759)	(37,737)	83,282	121,019
FUND BALANCE JANUARY 1	254,745	254,745	254,745	-
FUND BALANCE DECEMBER 31	\$ 90,986	\$ 217,008	\$ 338,027	\$ 121,019

CITY OF ROCKY FORD, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE -1 SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

Measurement Period: January 1, 2017 - December 31, 2017 for the Fiscal Year Ending December 31, 2018 (December 31, 2017 measurement date). The City elected the one-year lookback for measurement date and measurement period purposes.

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS

Actuarial Assumptions

OLD HIRE POLICE PENSION FUND

Valuation Date: January 1, 2018

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2016, determines the contribution amounts for 2017 and 2018.

Significant actuarial methods and assumptions used to determine the contribution rates for the Old Hire Police Pension Fund is as follows:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	- Entry Age Normal
Amortization Method	- Level Dollar, Open*
Remaining Amortization Period	- 12 Years*
Asset Valuation Method	- 5-Year smoothed fair value
Inflation	- 2.50%
Salary Increase	- N/A
Investment Rate of Return	- 7.50%
Retirement Age	- Any remaining actives are assumed to retire immediately
Mortality (Annuities)	- <u>Post-retirement</u> : For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. <u>Disabled (pre-1980)</u> : RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

VOLUNTEER FIRE DEPARTMENT PENSION FUND

Valuation Date: January 1, 2017

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2018 and 2019.

Significant actuarial methods and assumptions used to determine the contribution rates for the Volunteer Fire Department Pension Fund is as follows:

CITY OF ROCKY FORD, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE -2 SCHEDULES OF PLAN CONTRIBUTIONS (Continued)

Actuarial Assumptions (Continued)

VOLUNTEER FIRE DEPARTMENT PENSION FUND (Continued)

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	- Entry Age Normal
Amortization Method	- Level Dollar, Open*
Remaining Amortization Period	- 20 Years*
Asset Valuation Method	- 5-Year smoothed fair value
Inflation	- 3.00%
Salary Increase	- N/A
Investment Rate of Return	- 7.50%
Retirement Age	- 50% per year of eligibility until 100% at age 65
Mortality (Annuities)	- Pre-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment, 40% multiplier for off-duty mortality
	- Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment
	- Disabled: RP-2000 Disabled Mortality Table
	- All tables projected with Scale AA.

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

OTHER INFORMATION

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 281,309	\$ 339,823
RESTRICTED ASSETS	44,440	233,163
RECEIVABLES:		
PROPERTY TAXES	275,500	272,300
OTHER	<u>316,677</u>	<u>286,262</u>
TOTAL ASSETS	<u>\$ 917,926</u>	<u>\$ 1,131,548</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 25,210	\$ 175,401
ACCRUED EXPENSES	36,160	32,518
DUE TO OTHER FUNDS	-	575,000
DUE TO OTHER ENTITIES	<u>-</u>	<u>175,000</u>
TOTAL LIABILITIES	<u>61,370</u>	<u>957,919</u>
DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	<u>275,500</u>	<u>272,300</u>
FUND BALANCE (DEFICIT)		
RESTRICTED FOR		
FUTURE EXPENDITURES	44,440	58,165
EMERGENCIES - TABOR	69,000	156,000
COMMITTED	355,904	283,215
UNASSIGNED	<u>111,712</u>	<u>(596,051)</u>
TOTAL FUND BALANCE (DEFICIT)	<u>581,056</u>	<u>(98,671)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE (DEFICIT)	<u>\$ 917,926</u>	<u>\$ 1,131,548</u>

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUES		
TAXES	\$ 1,375,103	\$ 1,210,369
LICENSES AND PERMITS	29,495	15,392
INTERGOVERNMENTAL	217,611	193,507
CHARGES FOR SERVICES	398,222	428,316
FINES	31,579	48,209
GRANTS	4,000	1,376,719
MISCELLANEOUS	279,493	34,574
	<u>2,335,503</u>	<u>3,307,086</u>
TOTAL REVENUES		
EXPENDITURES		
GENERAL GOVERNMENT	200,758	198,290
PUBLIC SAFETY	926,410	3,890,023
PUBLIC WORKS	329,448	321,033
HEALTH AND WELFARE	83,670	52,110
CULTURE AND RECREATION	293,045	258,637
GENERAL	467,848	475,857
	<u>2,301,179</u>	<u>5,195,950</u>
TOTAL EXPENDITURES		
REVENUES OVER (UNDER) EXPENDITURES	<u>34,324</u>	<u>(1,888,864)</u>
OTHER FINANCING SOURCES		
TRANSFERS IN (OUT)	637,697	59,988
CONTRIBUTIONS	7,706	377,609
	<u>645,403</u>	<u>437,597</u>
TOTAL OTHER FINANCING SOURCES		
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	679,727	(1,451,267)
FUND BALANCE (DEFICIT) JANUARY 1	<u>(98,671)</u>	<u>1,352,596</u>
FUND BALANCE (DEFICIT) DECEMBER 31	<u>\$ 581,056</u>	<u>\$ (98,671)</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 101,806	\$ 101,806
RESTRICTED CASH	191,772	173,934
ACCOUNTS RECEIVABLE	<u>45,753</u>	<u>22,419</u>
 TOTAL ASSETS	 <u>\$ 339,331</u>	 <u>\$ 298,159</u>
 LIABILITIES		
ACCOUNTS PAYABLE	<u>\$ 1,304</u>	<u>\$ 43,414</u>
 FUND BALANCE		
COMMITTED	146,255	80,811
RESTRICTED	<u>191,772</u>	<u>173,934</u>
 TOTAL FUND BALANCE	 <u>338,027</u>	 <u>254,745</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 339,331</u>	 <u>\$ 298,159</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
SALES TAX	\$ 291,025	\$ 141,556
EXPENDITURES		
STREET REPAIRS	207,743	25,786
CAPITAL OUTLAY	-	319,153
CAPITAL IMPROVEMENTS	-	9,672
TOTAL EXPENDITURES	<u>207,743</u>	<u>354,611</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>83,282</u>	<u>(213,055)</u>
OTHER FINANCING SOURCES		
TRANSFER IN (OUT)	<u>-</u>	<u>7,340</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER SOURCES	83,282	(205,715)
FUND BALANCE JANUARY 1	<u>254,745</u>	<u>460,460</u>
FUND BALANCE DECEMBER 31	<u>\$ 338,027</u>	<u>\$ 254,745</u>

CITY OF ROCKY FORD, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER	MONUMENT MAINTENANCE	TOTAL
ASSETS						
CASH OR EQUIVALENTS	\$ 42,762	\$ 5,263	\$ 132,722	\$ 1,464	\$ -	\$ 182,211
LIABILITIES						
ACCOUNTS PAYABLE	\$ 1,871	\$ -	\$ -	\$ 2,614	\$ -	\$ 4,485
TOTAL LIABILITIES	1,871	-	-	2,614	-	4,485
FUND BALANCE						
RESTRICTED	-	-	132,722	-	-	132,722
COMMITTED	40,891	5,263	-	-	-	46,154
UNASSIGNED	-	-	-	(1,150)	-	(1,150)
TOTAL FUND BALANCE (DEFICIT)	40,891	5,263	132,722	(1,150)	-	177,726
TOTAL LIABILITIES AND FUND BALANCE	\$ 42,762	\$ 5,263	\$ 132,722	\$ 1,464	\$ -	\$ 182,211

CITY OF ROCKY FORD, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)

YEAR ENDED DECEMBER 31, 2018

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER	MONUMENT MAINTENANCE	TOTAL
REVENUES						
INTERGOVERNMENTAL	\$ -	\$ -	\$ 38,831	\$ -	\$ -	\$ 38,831
CHARGES FOR SERVICES	-	-	-	95,009	-	95,009
MISCELLANEOUS	13,204	-	25	8,441	-	21,670
TOTAL REVENUES	13,204	-	38,856	103,450	-	155,510
EXPENDITURES						
COMMUNITY DEVELOPMENT	10,545	-	-	-	-	10,545
CULTURE AND RECREATION	-	-	66,230	99,091	-	165,321
TOTAL EXPENDITURES	10,545	-	66,230	99,091	-	175,866
REVENUES OVER (UNDER) EXPENDITURES	2,659	-	(27,374)	4,359	-	(20,356)
OTHER FINANCING SOURCES TRANSFERS IN (OUT)	-	-	-	-	(1,209)	(1,209)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	2,659	-	(27,374)	4,359	(1,209)	(21,565)
FUND BALANCE (DEFICIT) JANUARY 1	38,232	5,263	160,096	(5,509)	1,209	199,291
FUND BALANCE (DEFICIT) DECEMBER 31	\$ 40,891	\$ 5,263	\$ 132,722	\$ (1,150)	\$ -	\$ 177,726

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 42,762</u>	<u>\$ 39,240</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 1,871	\$ 408
UNEARNED RENT	<u>-</u>	<u>600</u>
TOTAL LIABILITIES	1,871	1,008
FUND BALANCE		
COMMITTED	<u>40,891</u>	<u>38,232</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 42,762</u>	<u>\$ 39,240</u>

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE FAVORABLE (UNFAVORABLE)	2017
	ACTUAL	BUDGET		ACTUAL
REVENUES				
RENT AND OTHER	\$ 13,204	\$ 10,800	\$ 2,404	\$ 10,605
TOTAL REVENUES	13,204	10,800	2,404	10,605
EXPENDITURES				
COMMUNITY DEVELOPMENT	10,545	10,800	255	8,644
REVENUES OVER (UNDER) EXPENDITURES	2,659	-	2,659	1,961
FUND BALANCE JANUARY 1	38,232	38,232	-	36,271
FUND BALANCE DECEMBER 31	\$ 40,891	\$ 38,232	\$ 2,659	\$ 38,232

CITY OF ROCKY FORD, COLORADO

GOBIN COMMUNITY BUILDING FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 5,263</u>	<u>\$ 5,263</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
COMMITTED	<u>5,263</u>	<u>5,263</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,263</u>	<u>\$ 5,263</u>

CITY OF ROCKY FORD, COLORADO

GOBIN COMMUNITY BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018 ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
REVENUES				
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -
INSURANCE PROCEEDS	-	-	-	1,875
TOTAL REVENUES	-	-	-	1,875
EXPENDITURES				
UTILITIES AND UPKEEP	-	-	-	12,233
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(10,358)
FUND BALANCE JANUARY 1	5,263	5,263	-	15,621
FUND BALANCE DECEMBER 31	\$ 5,263	\$ 5,263	\$ -	\$ 5,263

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 132,722</u>	<u>\$ 160,329</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ 233
FUND BALANCE		
RESTRICTED	<u>132,722</u>	<u>160,096</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 132,722</u>	<u>\$ 160,329</u>

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE	2017
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
INTERGOVERNMENTAL INTEREST	\$ 38,831 25	\$ 36,500 38	\$ 2,331 (13)	\$ 38,024 38
TOTAL REVENUES	38,856	36,538	2,318	38,062
EXPENDITURES				
RECREATION AND MAINTENANCE	66,230	74,663	8,433	28,501
REVENUES OVER (UNDER) EXPENDITURES	(27,374)	(38,125)	10,751	9,561
FUND BALANCE JANUARY 1	160,096	160,096	-	150,535
FUND BALANCE DECEMBER 31	\$ 132,722	\$ 121,971	\$ 10,751	\$ 160,096

CITY OF ROCKY FORD, COLORADO

GRAND THEATER FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 1,464</u>	<u>\$ -</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 2,614	\$ 5,509
FUND BALANCE (DEFICIT)		
UNASSIGNED	<u>(1,150)</u>	<u>(5,509)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 1,464</u>	<u>\$ -</u>

CITY OF ROCKY FORD, COLORADO

GRAND THEATER FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		VARIANCE	2017
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
SALES	\$ 95,009	\$ 101,686	\$ (6,677)	\$ 91,892
RENT AND OTHER	8,441	2,400	6,041	16,743
TOTAL REVENUES	103,450	104,086	(636)	108,635
EXPENDITURES				
SALARIES & BENEFITS	22,603	28,100	5,497	21,786
CONCESSIONS	13,608	12,200	(1,408)	13,035
FILMS	32,028	36,000	3,972	33,727
LIVE PERFORMANCES	4,065	1,500	(2,565)	3,550
REPAIRS	151	600	449	1,029
UTILITIES	16,977	16,500	(477)	16,286
OTHER	9,659	9,786	127	8,896
TOTAL EXPENDITURES	99,091	104,686	5,595	98,309
REVENUES OVER (UNDER) EXPENDITURES	4,359	(600)	4,959	10,326
FUND BALANCE (DEFICIT) JANUARY 1	(5,509)	(5,509)	-	(15,835)
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (1,150)	\$ (6,109)	\$ 4,959	\$ (5,509)

CITY OF ROCKY FORD, COLORADO

MONUMENT MAINTENANCE FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ -</u>	<u>\$ 1,209</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
COMMITTED	<u>-</u>	<u>1,209</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 1,209</u>

CITY OF ROCKY FORD, COLORADO

MONUMENT MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS END DECEMBER 31, 2018 AND 2017

	2018 ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUAL
REVENUES				
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
MAINTENANCE	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES				
TRANSFERS IN (OUT)	(1,209)	(1,209)	-	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(1,209)	(1,209)	-	-
FUND BALANCE JANUARY 1	1,209	1,209	-	1,209
FUND BALANCE DECEMBER 31	\$ -	\$ -	\$ -	\$ 1,209

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	2018	2017
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 911,167	\$ 683,363
ACCOUNTS RECEIVABLE - BILLED (NET)	77,792	77,687
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	16,939	18,297
DUE FROM OTHER FUNDS	-	275,000
PREPAID EXPENSES	25,788	17,679
INVENTORIES - SUPPLIES & MATERIALS	47,561	68,354
INVENTORIES - WATER	22,240	25,816
TOTAL CURRENT ASSETS	<u>\$ 1,101,487</u>	<u>\$ 1,166,196</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>795,411</u>	<u>805,769</u>
PROPERTY AND EQUIPMENT		
LAND, WATER SYSTEM, AND EQUIPMENT - AT COST	17,200,236	17,201,937
ACCUMULATED DEPRECIATION	<u>(8,901,548)</u>	<u>(8,504,338)</u>
NET PROPERTY AND EQUIPMENT	<u>8,298,688</u>	<u>8,697,599</u>
TOTAL ASSETS	<u>\$ 10,195,586</u>	<u>\$ 10,669,564</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 11,745	\$ 16,714
ACCRUED SALARIES AND BENEFITS	8,202	11,115
ACCRUED INTEREST	22,956	24,016
BONDS PAYABLE - CURRENT MATURITY	45,878	103,205
LEASES PAYABLE - CURRENT MATURITY	<u>97,799</u>	<u>98,606</u>
TOTAL CURRENT LIABILITIES	<u>186,580</u>	<u>253,656</u>
TERM LIABILITIES		
BONDS PAYABLE	2,391,647	2,437,502
LEASES PAYABLE	<u>898,066</u>	<u>995,865</u>
TOTAL TERM LIABILITIES	<u>3,289,713</u>	<u>3,433,367</u>
OTHER LIABILITIES		
CUSTOMER DEPOSITS	<u>105,715</u>	<u>100,966</u>
TOTAL LIABILITIES	<u>3,582,008</u>	<u>3,787,989</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	4,865,298	5,062,421
RESTRICTED FOR FUTURE EXPENDITURES	795,411	805,769
UNRESTRICTED	<u>952,869</u>	<u>1,013,385</u>
TOTAL NET POSITION	<u>6,613,578</u>	<u>6,881,575</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,195,586</u>	<u>\$ 10,669,564</u>

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 788,060	\$ 729,967
SPECIAL ASSESSMENTS	402,200	400,840
TOTAL OPERATING REVENUES	<u>1,190,260</u>	<u>1,130,807</u>
OPERATING EXPENSES		
SOURCE OF SUPPLY	226,112	247,551
SUPPLY MAINTENANCE	16,957	3,937
DISTRIBUTION AND OPERATING SUPPLIES	141,451	64,296
ACCOUNTING AND GENERAL ADMINISTRATION	255,180	241,420
DEPRECIATION	404,709	410,354
TOTAL OPERATING EXPENSES	<u>1,044,409</u>	<u>967,558</u>
OPERATING INCOME	<u>145,851</u>	<u>163,249</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST AND RENT INCOME - NET OF RELATED EXPENSES	18,265	17,192
INTEREST EXPENSE	(126,759)	(134,619)
NONRECURRING REVENUE	8,948	11,796
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(99,546)</u>	<u>(105,631)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	46,305	57,618
TRANSFERS	(316,502)	(72,343)
CAPITAL CONTRIBUTIONS	2,200	500
CHANGE IN NET POSITION	<u>(267,997)</u>	<u>(14,225)</u>
NET POSITION JANUARY 1	<u>6,881,575</u>	<u>6,895,800</u>
NET POSITION DECEMBER 31	<u>\$ 6,613,578</u>	<u>\$ 6,881,575</u>

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,191,513	\$ 1,121,956
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(468,775)	(433,270)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(162,547)	(148,562)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>560,191</u>	<u>540,124</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
CUSTOMER DEPOSITS	4,749	6,299
TRANSFERS (OUT)	(316,502)	(72,343)
DUE FROM OTHER FUNDS	275,000	-
OTHER	8,948	11,796
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(27,805)</u>	<u>(54,248)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(5,798)	-
CAPITAL CONTRIBUTED	2,200	500
PRINCIPAL PAID ON BONDS	(103,182)	(97,570)
PRINCIPAL PAID ON LEASE	(98,606)	(92,727)
INTEREST PAID	(127,819)	(135,626)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(333,205)</u>	<u>(325,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
ADVANCES TO OTHER FUNDS	-	(275,000)
INTEREST ON INVESTMENTS AND OTHER	18,265	17,192
NET CASH USED FOR INVESTING ACTIVITIES	<u>18,265</u>	<u>(257,808)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	217,446	(97,355)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	1,489,132	1,586,487
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 1,706,578</u>	<u>\$ 1,489,132</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	<u>\$ 145,851</u>	<u>\$ 163,249</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	404,709	410,354
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	1,253	(8,851)
PREPAID EXPENSES	(8,109)	-
INVENTORIES	24,369	(12,816)
ACCOUNTS PAYABLE	(4,969)	(8,746)
ACCRUED SALARIES AND BENEFITS	(2,913)	(3,066)
TOTAL ADJUSTMENTS	<u>414,340</u>	<u>376,875</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 560,191</u>	<u>\$ 540,124</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2018 AND 2017

	2018	2017
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 402,120	\$ 260,920
ACCOUNTS RECEIVABLE - BILLED (NET)	61,959	56,277
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	23,175	21,200
DUE FROM OTHER FUNDS	-	50,000
PREPAID EXPENSES	1,827	-
INVENTORIES	2,462	2,462
TOTAL CURRENT ASSETS	<u>491,543</u>	<u>390,859</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>6,519</u>	<u>25,225</u>
PROPERTY AND EQUIPMENT		
LAND, SEWER SYSTEM AND EQUIPMENT - AT COST	5,841,047	5,841,047
ACCUMULATED DEPRECIATION	<u>(2,197,497)</u>	<u>(2,003,733)</u>
NET PROPERTY AND EQUIPMENT	<u>3,643,550</u>	<u>3,837,314</u>
TOTAL ASSETS	<u>\$ 4,141,612</u>	<u>\$ 4,253,398</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 397	\$ 15,730
ACCRUED SALARIES AND BENEFITS	10,730	14,958
ACCRUED INTEREST	1,962	2,134
DUE TO OTHER ENTITY	-	1,750
CURRENT PORTION - LOANS PAYABLE	<u>126,733</u>	<u>132,362</u>
TOTAL CURRENT LIABILITIES	139,822	166,934
TERM LIABILITIES		
LOANS PAYABLE	<u>1,653,822</u>	<u>1,780,602</u>
TOTAL LIABILITIES	<u>1,793,644</u>	<u>1,947,536</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	1,862,996	1,924,350
RESTRICTED FOR:		
OPERATIONS AND MAINTENANCE	139,000	114,000
FUTURE EXPENDITURES	6,519	25,225
UNRESTRICTED	<u>339,453</u>	<u>242,287</u>
TOTAL NET POSITION	<u>2,347,968</u>	<u>2,305,862</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,141,612</u>	<u>\$ 4,253,398</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 678,644	\$ 602,514
SPECIAL ASSESSMENTS	107,754	107,578
	<u>786,398</u>	<u>710,092</u>
OPERATING EXPENSES		
COLLECTION SYSTEM	298,864	301,489
ACCOUNTING AND GENERAL ADMINISTRATION	186,045	146,498
DEPRECIATION	193,763	195,657
	<u>678,672</u>	<u>643,644</u>
TOTAL OPERATING EXPENSES		
	<u>107,726</u>	<u>66,448</u>
OPERATING INCOME (LOSS)		
	<u>107,726</u>	<u>66,448</u>
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	3,260	962
INTEREST EXPENSE	(3,909)	(5,606)
	<u>(649)</u>	<u>(4,644)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	<u>(649)</u>	<u>(4,644)</u>
INCOME (LOSS) BEFORE TRANSFERS	107,077	61,804
TRANSFER IN	10,029	10,029
TRANSFER OUT	(75,000)	-
	<u>42,106</u>	<u>71,833</u>
CHANGE IN NET POSITION		
	<u>42,106</u>	<u>71,833</u>
NET POSITION JANUARY 1	<u>2,305,862</u>	<u>2,234,029</u>
NET POSITION DECEMBER 31	<u>\$ 2,347,968</u>	<u>\$ 2,305,862</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 778,741	\$ 708,482
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(365,320)	(304,131)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(142,727)	(148,321)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>270,694</u>	<u>256,030</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFER IN (OUT)	(64,971)	10,029
DUE FROM OTHER FUNDS	50,000	-
MISCELLANEOUS INCOME	3,260	962
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>(11,711)</u>	<u>10,991</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
PAYMENT ON LOANS	(132,409)	(131,671)
INTEREST PAID	(4,080)	(4,820)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(136,489)</u>	<u>(136,491)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
ADVANCES TO OTHER FUNDS	-	(50,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	122,494	80,530
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>286,145</u>	<u>205,615</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 408,639</u>	<u>\$ 286,145</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ 107,726	\$ 66,448
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	193,763	195,657
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(7,657)	(1,610)
PREPAID EXPENSES	(1,827)	-
INVENTORIES	-	(1,482)
ACCOUNTS PAYABLE	(17,083)	(427)
ACCRUED SALARIES AND BENEFITS	(4,228)	(2,556)
TOTAL ADJUSTMENTS	<u>162,968</u>	<u>189,582</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 270,694</u>	<u>\$ 256,030</u>

CITY OF ROCKY FORD, COLORADO
SOLID WASTE DISPOSAL UTILITY FUND
BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	2018	2017
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 539,270	\$ 452,237
ACCOUNTS RECEIVABLE - BILLED CUSTOMERS (NET)	50,423	49,786
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	18,814	18,814
DUE FROM OTHER FUNDS	-	250,000
PREPAID EXPENSES	2,741	-
TOTAL CURRENT ASSETS	611,248	770,837
EQUIPMENT		
EQUIPMENT - AT COST	766,846	780,293
ACCUMULATED DEPRECIATION	(602,622)	(601,191)
NET EQUIPMENT	164,224	179,102
TOTAL ASSETS	\$ 775,472	\$ 949,939
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 25,731	\$ 18,656
ACCRUED SALARIES AND BENEFITS	20,008	18,564
CURRENT PORTION - LOAN PAYABLE	34,232	33,234
CURRENT PORTION -LANDFILL COSTS	38,675	7,920
TOTAL CURRENT LIABILITIES	118,646	78,374
TERM LIABILITIES		
LOAN PAYABLE	-	34,228
ACCRUED LANDFILL COSTS	116,025	256,080
TOTAL TERM LIABILITIES	116,025	290,308
TOTAL LIABILITIES	234,671	368,682
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	129,992	111,640
TOTAL NET POSITION	540,801	581,257
TOTAL LIABILITIES AND NET POSITION	\$ 775,472	\$ 949,939

CITY OF ROCKY FORD, COLORADO

SOLID WASTE DISPOSAL UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 629,178	\$ 622,000
OPERATING EXPENSES		
COLLECTION	287,197	288,901
ACCOUNTING AND GENERAL ADMINISTRATION	183,974	154,732
DEPRECIATION	51,578	51,546
TOTAL OPERATING EXPENSES	<u>522,749</u>	<u>495,179</u>
OPERATING INCOME	<u>106,429</u>	<u>126,821</u>
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	484	255
INTEREST EXPENSE	(1,654)	(2,682)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,170)</u>	<u>(2,427)</u>
INCOME BEFORE TRANSFERS AND SPECIAL ITEM	105,259	124,394
TRANSFERS	(255,015)	(5,014)
SPECIAL ITEM - CHANGE IN ACCOUNTING ESTIMATE	<u>109,300</u>	<u>84,660</u>
CHANGE IN NET POSITION	(40,456)	204,040
NET POSITION JANUARY 1	<u>581,257</u>	<u>377,217</u>
NET POSITION DECEMBER 31	<u>\$ 540,801</u>	<u>\$ 581,257</u>

CITY OF ROCKY FORD, COLORADO
SOLID WASTE DISPOSAL UTILITY FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 628,541	\$ 620,995
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(273,385)	(297,941)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(192,008)	(148,983)
NET CASH PROVIDED BY OPERATING ACTIVITIES	163,148	174,071
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFERS OUT	(255,014)	(5,014)
DUE FROM OTHER FUNDS	250,000	-
MISCELLANEOUS INCOME	483	255
NET CASH USED FOR NONCAPITAL AND RELATED FINANCING ACTIVITIES	(4,531)	(4,759)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	(36,700)	-
PAYMENT ON LOAN PAYABLE	(33,230)	(32,202)
INTEREST PAID	(1,654)	(2,682)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(71,584)	(34,884)
CASH FLOWS FROM INVESTING ACTIVITIES		
ADVANCES TO OTHER FUNDS	-	(250,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	87,033	(115,572)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	452,237	567,809
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 539,270	\$ 452,237
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 106,429	\$ 126,821
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	51,578	51,546
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(637)	(1,005)
PREPAID EXPENSES	(2,741)	-
INVENTORIES	-	4,248
ACCOUNTS PAYABLE	7,075	13,019
ACCRUED SALARIES & BENEFITS	1,444	(3,218)
ACCRUED LANDFILL COSTS	-	(17,340)
TOTAL ADJUSTMENTS	56,719	47,250
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 163,148	\$ 174,071

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
CHARGES FOR SERVICES	\$ 1,037,000	\$ 1,037,000	\$ 1,190,260	\$ 153,260
INTEREST AND RENT	16,875	16,875	18,265	1,390
OTHER	13,000	13,000	8,948	(4,052)
TOTAL REVENUES	<u>1,066,875</u>	<u>1,066,875</u>	<u>1,217,473</u>	<u>150,598</u>
EXPENDITURES				
SOURCE OF SUPPLY	258,400	258,400	226,112	32,288
SUPPLY MAINTENANCE	15,000	15,000	16,957	(1,957)
DISTRIBUTION AND OPERATING SUPPLIES	127,500	175,380	141,451	33,929
ACCOUNTING AND GENERAL ADMINISTRATION	232,900	232,900	255,180	(22,280)
DEPRECIATION	-	-	404,709	(404,709)
INTEREST	22,000	22,000	126,759	(104,759)
DEBT RETIREMENT	368,000	368,000	201,788	166,212
TOTAL EXPENDITURES	<u>1,023,800</u>	<u>1,071,680</u>	<u>1,372,956</u>	<u>(301,276)</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	43,075	(4,805)	(155,483)	(150,678)
OTHER FINANCING SOURCES				
TRANSFERS	(5,015)	(5,015)	(316,502)	(311,487)
CAPITAL CONTRIBUTIONS	-	-	2,200	2,200
	<u>\$ 38,060</u>	<u>\$ (9,820)</u>	<u>(469,785)</u>	<u>\$ (459,965)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT RETIREMENT			<u>201,788</u>	
CHANGE IN NET POSITION			(267,997)	
NET POSITION JANUARY 1			<u>6,881,575</u>	
NET POSITION DECEMBER 31			<u>\$ 6,613,578</u>	

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGET AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
CHARGES FOR SERVICES	\$ 675,000	\$ 725,000	\$ 786,398	\$ 61,398
INTEREST AND OTHER	50	50	3,260	3,210
TOTAL REVENUES	<u>675,050</u>	<u>725,050</u>	<u>789,658</u>	<u>64,608</u>
EXPENDITURES				
COLLECTION SYSTEM	343,470	366,937	298,864	68,073
ACCOUNTING AND GENERAL ADMINISTRATION	160,660	160,660	186,045	(25,385)
DEPRECIATION	-	-	193,763	(193,763)
INTEREST	4,000	4,000	3,909	91
DEBT RETIREMENT	152,455	152,455	132,409	20,046
TOTAL EXPENDITURES	<u>660,585</u>	<u>684,052</u>	<u>814,990</u>	<u>(130,938)</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	14,465	40,998	(25,332)	(66,330)
OTHER FINANCING SOURCES				
TRANSFERS	(5,025)	(5,025)	(64,971)	(59,946)
	<u>\$ 9,440</u>	<u>\$ 35,973</u>	<u>(90,303)</u>	<u>\$ (126,276)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT RETIREMENT			<u>132,409</u>	
CHANGE IN NET POSITION			42,106	
NET POSITION JANUARY 1			<u>2,305,862</u>	
NET POSITION DECEMBER 31			<u>\$ 2,347,968</u>	

CITY OF ROCKY FORD, COLORADO

SOLID WASTE DISPOSAL UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
CHARGES FOR SERVICES	\$ 609,360	\$ 609,360	\$ 629,178	\$ 19,818
MISCELLANEOUS INCOME	35,000	35,000	484	(34,516)
TOTAL REVENUES	<u>644,360</u>	<u>644,360</u>	<u>629,662</u>	<u>(14,698)</u>
EXPENDITURES				
COLLECTION	356,903	356,903	287,197	69,706
ACCOUNTING AND GENERAL ADMINISTRATION	183,792	183,792	183,974	(182)
DEPRECIATION	-	-	51,578	(51,578)
INTEREST	2,000	2,000	1,654	346
DEBT RETIREMENT	32,884	32,884	33,230	(346)
CAPITAL OUTLAY	18,791	18,791	-	18,791
TOTAL EXPENDITURES	<u>594,370</u>	<u>594,370</u>	<u>557,633</u>	<u>36,737</u>
REVENUES OVER (UNDER) EXPENDITURES				
BEFORE TRANSFERS & SPECIAL ITEM	49,990	49,990	72,029	22,039
TRANSFERS	(5,015)	(5,015)	(255,015)	(250,000)
SPECIAL ITEM	-	-	109,300	109,300
	<u>\$ 44,975</u>	<u>\$ 44,975</u>	<u>(73,686)</u>	<u>\$ (118,661)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT RETIREMENT			<u>33,230</u>	
CHANGE IN NET POSITION			(40,456)	
NET POSITION JANUARY 1			<u>581,257</u>	
NET POSITION DECEMBER 31			<u>\$ 540,801</u>	

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

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
601 SOUTH EIGHTH STREET
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812
Andrew H. Froese CPA 719-980-1962

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

To the City Council
City of Rocky Ford, Colorado

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Rocky Ford, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Rocky Ford, Colorado's basic financial statements and have issued our report thereon dated September 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rocky Ford, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rocky Ford, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rocky Ford, Colorado's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies:

2018-01: Accounts Receivable and Cash Receipt Controls	Significant Deficiency
Observation:	We identified deficiencies in internal controls in the following areas related to the collection of cash receipts at the Library: <ul style="list-style-type: none"> • No reconciliation of cash receipts is being performed to support the corresponding deposit. • Deposits are not being made in a timely manner.
Recommendation:	The objective of internal control over cash receipts is to obtain control over amounts received at the time of receipt. To achieve this control, certain duties involving receipts should be under dual control. We recommend the City implement the following control procedures related to cash receipts: <ul style="list-style-type: none"> • Employee responsible for cash collections needs to issue a receipt for the cash received, record the deposit under dual control, then return the receipt to City Hall to be reconciled to the bank deposit. • Deposits should be processed and recorded in a timely manner, at a minimum weekly.
Response:	City will begin to implement the recommendations noted above in fiscal year 2019.

2018-02: Bank Reconciliations	Significant Deficiency
Observation:	<p>We identified during the audit that some bank reconciliations did not reconcile to the general ledger and were not being performed in a timely manner. We further noted that bank reconciliations are not being formally reviewed and approved.</p> <p>Performing accurate and timely bank reconciliations:</p> <ul style="list-style-type: none"> • May uncover differences that may need further investigation • Help safeguard cash by detecting errors on the part of the bank and/or the City when recording activities in accounts • Make you aware of recording errors and other problems more quickly by enabling you to isolate the problem. • Help to create stronger internal control, whereby accountability over cash assets is greatly enhanced. • Ensures that account balances are accurate, and that they reflect the true financial position of the City, so governing bodies can make more informed decisions.
Recommendation:	<p>We recommend the City implement the following control procedures related to bank reconciliations:</p> <ul style="list-style-type: none"> • Someone other than the person responsible for completing monthly bank reconciliations should be monitoring account balances and statements to ensure more accurate and effective internal control. • Clearly identify and resolve in a timely fashion all reconciling items between the bank and book balances. The actual monthly reconciliation of all accounts should be completed no later than the end of the following month. • Cash accounts are reconciled to the general ledger cash activity and balance each month.
Response:	<p>The City will create a checklist to document the completion and approval of bank reconciliations for all bank accounts for all funds. Included in the checklist will be a step to match up the pooled cash reconciliation to the cash accounts for each fund.</p>

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rocky Ford, Colorado’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described above.

City of Rocky Ford, Colorado’s Response to Findings

City of Rocky Ford, Colorado’s response to the findings identified in our audit is described above. City of Rocky Ford, Colorado’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


 Hancock Froese & Company LLC

September 24, 2019

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF ROCKY FORD, COLORADO
		YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County	Prepared By: Phone:	SHANNON WALLACE 719-254-7414

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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	171,573
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	26,661
2. General fund appropriations		b. Snow and ice removal	0
3. Other local imposts (from page 2)	56,689	c. Other	0
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	26,661
5. Transfers from toll facilities		4. General administration & miscellaneous	28,122
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	226,356
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	56,689	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	169,667	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	226,356	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	226,356

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	226,356	226,356	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	56,689	g. Other Misc. Receipts	
6. Total (1. through 5.)	56,689	h. Other	
c. Total (a. + b.)	56,689	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	155,756	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	13,911	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	13,911	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	169,667	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
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: