

CITY OF ROCKY FORD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2021

CITY OF ROCKY FORD, COLORADO

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HANCOCK FROESE & COMPANY LLC

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Rocky Ford, Colorado

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise City of Rocky Ford, Colorado basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Rocky Ford, Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rocky Ford, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Rocky Ford, Colorado's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rocky Ford, Colorado's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other post-employment benefit schedules and the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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, budget schedules and local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, 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 October 21, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rocky Ford, Colorado's 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

Rocky Ford, Colorado

October 21, 2022

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, 2021. 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 \$20,736,331 to \$21,477,233 over the course of the City's operations in 2021.

During the year, the City's governmental revenues generated in taxes and other revenues for governmental programs (after other financing sources) were \$378,579 more than the \$3,474,176 of expenditures for general government and governmental services.

The City's business-type funds, the water, sewer and solid waste disposal funds, had an increase in total net position of \$362,323 over the year, up from \$9,587,433 in 2020 to \$9,949,756 in 2021.

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, 2021, total City's net position was \$21,477,233, governmental activity net position was \$11,527,477 and business-type activities net position were \$9,949,756. The table below provides a comparative summary of the City's Governmental and Business-type net position for 2021 and 2020:

The 2021 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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other	\$ 1,444,092	\$ 1,204,769	\$ 4,389,985	\$ 3,679,570	\$ 5,834,077	\$ 4,884,339
Capital Assets	\$ 11,227,997	\$ 11,088,613	\$ 10,952,653	\$ 11,133,135	\$ 22,180,650	\$ 22,221,748
Total Assets	\$ 12,672,089	\$ 12,293,382	\$ 15,342,638	\$ 14,812,705	\$ 28,014,727	\$ 27,106,087
Deferred Outflows of Resources	\$ 59,019	\$ 14,676	\$ -	\$ -	\$ 59,019	\$ 14,676
Total Assets and Deferred Outflows	\$ 12,731,108	\$ 12,308,058	\$ 15,342,638	\$ 14,812,705	\$ 28,073,746	\$ 27,120,763
Liabilities						
Current and other	\$ 262,359	\$ 203,261	\$ 1,031,202	\$ 566,593	\$ 1,293,561	\$ 769,854
Long-term Liab.	\$ 617,100	\$ 650,031	\$ 4,361,680	\$ 4,658,679	\$ 4,978,780	\$ 5,308,710
Total Liabilities	\$ 879,459	\$ 853,292	\$ 5,392,882	\$ 5,225,272	\$ 6,272,341	\$ 6,078,564
Deferred Inflows of Resources	\$ 324,172	\$ 305,868	\$ -	\$ -	\$ 324,172	\$ 305,868
Net Position						
Net Investment in Capital Assets	\$ 10,839,364	\$ 10,647,674	\$ 6,388,502	\$ 6,265,591	\$ 17,227,866	\$ 16,913,265
Restricted	\$ 345,802	\$ 343,397	\$ 760,120	\$ 1,030,254	\$ 1,105,922	\$ 1,373,651
Unrestricted	\$ 342,311	\$ 157,827	\$ 2,801,134	\$ 2,291,588	\$ 3,143,445	\$ 2,449,415
Total Net Position	\$ 11,527,477	\$ 11,148,898	\$ 9,949,756	\$ 9,587,433	\$ 21,477,233	\$ 20,736,331
Total Liabilities, Deferred Inflows & Net Position	\$ 12,731,108	\$ 12,308,058	\$ 15,342,638	\$ 14,812,705	\$ 28,073,746	\$ 27,120,763

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 2021, 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 2021 revenues and expenditures for Governmental and Business-type activities as they are reported in the Statement of Activities compared to 2020. 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 2021 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	2021	2020	2021	2020	2021	2020
Governmental Revenues:						
Charges for Services	\$ 623,819	\$ 355,671			\$ 623,819	\$ 355,671
Operating Grants & Contributions	\$ 459,951	\$ 210,717			\$ 459,951	\$ 210,717
Capital Grants & Contributions	\$ -	\$ 210,506			\$ -	\$ 210,506
Taxes	\$2,218,606	\$ 2,033,529			\$2,218,606	\$ 2,033,529
Other taxes, Licenses & Fines	\$ 405,655	\$ 348,423			\$ 405,655	\$ 348,423
Other	\$ 144,107	\$ 209,190			\$ 144,107	\$ 209,190
Contributions	\$ 617	\$ 1,585			\$ 617	\$ 1,585
Total Government Revenues	\$3,852,755	\$ 3,369,621			\$ 3,852,755	\$ 3,369,621
Business-type Revenues						
Charges for Services			\$ 2,913,332	\$2,772,145	\$ 2,913,332	\$ 2,772,145
Other			\$ 44,644	\$ 29,318	\$ 44,644	\$ 29,318
Grants & Contributions			\$ 85,863	\$ 12,310	\$ 85,863	\$ 12,310
Total Business-type Revenues			\$ 3,043,839	\$2,813,773	\$ 3,043,839	\$ 2,813,773
TOTAL REVENUES	\$3,852,755	\$ 3,369,621	\$ 3,043,839	\$2,813,773	\$6,896,594	\$ 6,183,394
EXPENDITURES						
Government Expenditures						
General Government	\$ 538,530	\$ 641,522			\$ 538,530	\$ 641,522
Public Safety	\$1,603,221	\$ 1,113,783			\$1,603,221	\$ 1,113,783
Public Works	\$ 523,931	\$ 420,409			\$ 523,931	\$ 420,409
Health & Welfare	\$ 105,285	\$ 74,852			\$ 105,285	\$ 74,852
Culture and Recreation	\$ 703,209	\$ 495,123			\$ 703,209	\$ 495,123
Total Government Expenditures	\$3,474,176	\$ 2,745,689			\$3,474,176	\$ 2,745,689
Business-type Expenditures						
Personal Services,						
Materials, Supplies			\$ 2,015,043	\$2,132,385	\$2,015,043	\$ 2,132,385
Depreciation Expense			\$ 644,873	\$ 604,424	\$ 644,873	\$ 604,424
Total Business-type Expenditures			\$ 2,659,916	\$2,736,809	\$2,659,916	\$ 2,736,809
TOTAL EXPENDITURES	\$ 3,474,176	\$ 2,745,689	\$ 2,659,916	\$2,736,809	\$6,134,092	\$ 5,482,498
EXCESS (DEFICIENCY) BEFORE TRANSFERS & SPECIAL ITEM	\$ 378,579	\$ 623,932	\$ 383,923	\$ 76,964	\$ 762,502	\$ 700,896
Transfers In (Out)	\$ -	\$ 60,000	\$ -	\$ (60,000)	\$ -	\$ -
Special Item	\$ -	\$ -	\$ (21,600)	\$ -	\$ (21,600)	\$ -
CHANGE IN NET POSITION	\$ 378,579	\$ 683,932	\$ 362,323	\$ 16,964	\$ 740,902	\$ 700,896
NET POSITION – BEGINNING	\$11,148,898	\$10,464,966	\$ 9,587,433	\$9,570,469	\$20,736,331	\$20,035,435
NET POSITION – ENDING	\$11,527,477	\$11,148,898	\$ 9,949,756	\$9,587,433	\$21,477,233	\$20,736,331

Governmental Activities: Governmental activities accounted for \$378,579 of revenues over expenses for 2021. Total revenues, including transfers, from governmental activities including the general fund and other governmental funds amounted to \$3,852,755.

Total expenses for governmental activities in 2021 including the general fund and other governmental funds amounted to \$3,474,176.

Business-type Activities: The business activities had revenues in excess of expenditures totaling \$362,323 in 2021.

The Water Utility Fund had expenses in excess of revenues of \$296 due to interest expense of \$110,456.

The Sewer Utility Fund had revenues in excess of expenses of \$300,224. This was due to an operating income of \$218,544 in fiscal year 2021.

The Solid Waste Disposal Utility Fund had revenues in excess of expenses of \$62,395 due to operating revenues exceeding operating expenses by \$82,654.

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 2021, the City of Rocky Ford reported a fund balance for total governmental funds of \$885,123 compared to \$750,647 in 2020. Of the total fund balance, unassigned fund balance was \$544,971, 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 emergencies- Tabor \$92,200; restricted for capital improvements \$209,812 and restricted for conservation trust \$43,790.

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 \$640,476. This was an increase of \$180,658 from the previous year's fund balance of 459,818. The General Fund had total budgeted revenues of \$2,710,440 and actual revenues of \$3,253,379 and total budgeted expenditures of \$2,689,332 and actual expenditures of \$3,073,338.

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 \$1,444,628 in 2021 up from \$1,265,625 in 2020, the Sewer Utility Fund with unrestricted net position of \$786,891 in 2021 up from \$521,681 in 2020 and the Solid Waste Disposal Utility Fund with unrestricted net position of \$569,615 in 2021 up from \$504,282 in 2020.

Capital Asset and Debt Administration

Capital Assets: At the end of 2021, the City had acquired \$22,180,650 (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 2021 was \$41,098 or 1%.
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 2021 assessed valuation was \$13,629,841.

At December 31, 2021, the City of Rocky Ford had the following outstanding long-term debt:

1. \$153,600 in estimated closure and post closure care costs for the landfill operated by Otero County Landfill Inc.;
2. \$50,225 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;
3. \$2,294,673 loan payable semi-annually to Rural Development for financing of Zone 1, Zone 2, Water Treatment Plant & Water Tank improvements in 2011.
4. \$1,044,785 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.
5. \$895,599 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
6. \$470,994 loan payable to Colorado Water Resources and Power Development Authority with a 0% interest rate for system upgrades in the Sewer Fund.
7. \$196,508 lease payable to Midland States Bank, for the purchase of a 2021 Kenworth T370 trash truck.
8. \$284,078 in net pension liability for the Old Hire Police Pension Fund.

Economic Factors and Next Year's Budgets and Rates

The 2022 budget reflects an increase in the General Fund revenues and expenditures. Other factors potentially affecting the 2022 budget is the increase in minimum wage, the increase in fuel and utility costs, and the change in usage of water in 2022 verse 2022; 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, 2021

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
CASH OR EQUIVALENTS	\$ 337,239	\$ 2,984,592	\$ 3,321,831
RECEIVABLES - NET:			
ACCOUNTS / OTHER	480,143	311,040	791,183
PROPERTY TAXES	304,500	-	304,500
PREPAID EXPENSES	-	17,898	17,898
INVENTORIES	-	81,143	81,143
PENSION FORFEITURE ACCOUNTS	49,473	-	49,473
RESTRICTED ASSETS	176,051	995,312	1,171,363
NET PENSION ASSET	96,686	-	96,686
CAPITAL ASSETS:			
LAND	361,407	-	361,407
BUILDINGS	4,401,067	-	4,401,067
SYSTEMS AND EQUIPMENT	-	24,523,798	24,523,798
IMPROVEMENTS	3,959,636	-	3,959,636
EQUIPMENT	2,675,806	-	2,675,806
CONSTRUCTION IN PROGRESS	5,338,460	-	5,338,460
ACCUMULATED DEPRECIATION	(5,508,379)	(13,571,145)	(19,079,524)
TOTAL ASSETS	12,672,089	15,342,638	28,014,727
DEFERRED OUTFLOWS OF RESOURCES			
PENSION RELATED	59,019	-	59,019
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 12,731,108	\$ 15,342,638	\$ 28,073,746
LIABILITIES			
ACCOUNTS PAYABLE	\$ 7,515	\$ 37,543	\$ 45,058
ACCRUED SALARIES AND BENEFITS	102,188	85,683	187,871
ACCRUED EXPENSES	65,045	22,992	88,037
UNEARNED INCOME	32,000	397,692	429,692
CUSTOMERS DEPOSITS	-	131,221	131,221
NON CURRENT LIABILITIES:			
DUE WITHIN ONE YEAR	55,611	356,071	411,682
DUE IN MORE THAN ONE YEAR	617,100	4,361,680	4,978,780
TOTAL LIABILITIES	879,459	5,392,882	6,272,341
DEFERRED INFLOWS OF RESOURCES			
PENSION RELATED	19,672	-	19,672
DEFERRED REVENUES - PROPERTY TAXES	304,500	-	304,500
TOTAL DEFERRED INFLOWS OF RESOURCES	324,172	-	324,172
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	10,839,364	6,388,502	17,227,866
RESTRICTED FOR:			
OPERATIONS AND MAINTENANCE	-	162,500	162,500
FUTURE EXPENDITURES	209,812	597,620	807,432
CONSERVATION TRUST	43,790	-	43,790
EMERGENCIES - TABOR	92,200	-	92,200
UNRESTRICTED	342,311	2,801,134	3,143,445
TOTAL NET POSITION	11,527,477	9,949,756	21,477,233
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 12,731,108	\$ 15,342,638	\$ 28,073,746

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF ROCKY FORD, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

FUNCTIONS/PROGRAMS	PROGRAM REVENUE!				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	PRIMARY GOVERNMENT		
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
GENERAL GOVERNMENT	\$ 538,530	\$ 21,022	\$ 157,899	\$ -	\$ (359,609)	\$ -	\$ (359,609)
PUBLIC SAFETY	1,603,221	372,427	78,226	-	(1,152,568)	-	(1,152,568)
PUBLIC WORKS	523,931	39,652	177,515	-	(306,764)	-	(306,764)
HEALTH AND WELFARE	105,285	34,855	-	-	(70,430)	-	(70,430)
CULTURE AND RECREATION	703,209	155,863	46,311	-	(501,035)	-	(501,035)
TOTAL GOVERNMENTAL ACTIVITIES	3,474,176	623,819	459,951	-	(2,390,406)	-	(2,390,406)
BUSINESS-TYPE ACTIVITIES:							
WATER	1,258,813	1,220,403	-	-	-	(38,410)	(38,410)
SEWER	828,869	1,044,705	81,758	-	-	297,594	297,594
SOLID WASTE DISPOSAL	572,234	648,224	-	-	-	75,990	75,990
TOTAL BUSINESS-TYPE ACTIVITIES	2,659,916	2,913,332	81,758	-	-	335,174	335,174
TOTAL PRIMARY GOVERNMENT	\$ 6,134,092	\$ 3,537,151	\$ 541,709	\$ -	(2,390,406)	335,174	(2,055,232)
GENERAL REVENUES							
PROPERTY TAXES					288,058	-	288,058
SALES TAXES					1,775,920	-	1,775,920
FRANCHISE TAXES					154,628	-	154,628
OTHER TAXES LICENSES AND FINES					405,655	-	405,655
CONTRIBUTIONS					617	4,105	4,722
OTHER					144,107	44,644	188,751
SPECIAL ITEM					-	(21,600)	(21,600)
TOTAL GENERAL REVENUES AND TRANSFERS					2,768,985	27,149	2,796,134
CHANGE IN NET POSITION					378,579	362,323	740,902
NET POSITION JANUARY 1					11,148,898	9,587,433	20,736,331
NET POSITION DECEMBER 31					\$ 11,527,477	\$ 9,949,756	\$ 21,477,233

CITY OF ROCKY FORD, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2021

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
CASH OR EQUIVALENTS	\$ 242,439	\$ -	\$ 94,800	\$ 337,239
RESTRICTED ASSETS	35,527	140,524	-	176,051
RECEIVABLES:				
PROPERTY TAXES	304,500	-	-	304,500
OTHER	407,105	69,288	-	476,393
DUE FROM (TO) OTHER FUNDS	55,439	-	(55,439)	-
TOTAL ASSETS	\$ 1,045,010	\$ 209,812	\$ 39,361	\$ 1,294,183
LIABILITIES				
ACCOUNTS PAYABLE	\$ 4,210	\$ -	\$ 3,305	\$ 7,515
ACCRUED EXPENSES	63,824	-	1,221	65,045
UNEARNED REVENUE	32,000	-	-	32,000
TOTAL LIABILITIES	100,034	-	4,526	104,560
DEFERRED INFLOWS OF RESOURCES				
DEFERRED REVENUES - PROPERTY TAXES	304,500	-	-	304,500
FUND BALANCE				
RESTRICTED FOR				
EMERGENCIES - TABOR	92,200	-	-	92,200
FUTURE EXPENDITURES	-	209,812	-	209,812
CONSERVATION TRUST	-	-	43,790	43,790
COMMITTED	-	-	(5,650)	(5,650)
UNASSIGNED	548,276	-	(3,305)	544,971
TOTAL FUND BALANCE	640,476	209,812	34,835	885,123
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 1,045,010	\$ 209,812	\$ 39,361	\$ 1,294,183

CITY OF ROCKY FORD, COLORADO

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

DECEMBER 31, 2021

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	885,123
ASSETS NOT AVAILABLE FOR CURRENT PERIOD EXPENDITURES AND THEREFORE ARE NOT REPORTED IN FUNDS			3,750
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.			
THE COST OF CAPITAL ASSETS IS		\$	16,736,376
ACCUMULATED DEPRECIATION IS			<u>(5,508,379)</u>
			11,227,997
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			96,686
DEFERRED OUTFLOWS - PENSION RELATED AMOUNTS			<u>59,019</u>
			155,705
PENSION FUNDS FORFEITURE ACCOUNTS			49,473
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS.			
LONG TERM LEASES			(388,633)
COMPENSATED ABSENCES			(102,188)
DEFERRED INFLOWS - PENSION RELATED AMOUNTS			(19,672)
NET PENSION LIABILITIES			<u>(284,078)</u>
			<u>(794,571)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>11,527,477</u></u>

CITY OF ROCKY FORD, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2021

	GENERAL	CAPITAL IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
TAXES	\$ 2,159,440	\$ 429,341	\$ -	\$ 2,588,781
LICENSES AND PERMITS	14,097	-	-	14,097
INTERGOVERNMENTAL	196,479	-	46,311	242,790
CHARGES FOR SERVICES	562,538	-	48,702	611,240
FINES	17,633	-	-	17,633
GRANTS	217,162	-	-	217,162
MISCELLANEOUS	86,030	-	58,076	144,106
TOTAL REVENUES	3,253,379	429,341	153,089	3,835,809
EXPENDITURES				
GENERAL GOVERNMENT	123,488	-	-	123,488
PUBLIC SAFETY	1,710,249	-	-	1,710,249
PUBLIC WORKS	313,463	435,296	-	748,759
HEALTH AND WELFARE	103,065	-	-	103,065
CULTURE AND RECREATION	482,789	-	114,809	597,598
GENERAL	340,284	-	78,507	418,791
TOTAL EXPENDITURES	3,073,338	435,296	193,316	3,701,950
REVENUES OVER (UNDER) EXPENDITURES	180,041	(5,955)	(40,227)	133,859
OTHER FINANCING SOURCES (USES)				
CONTRIBUTIONS	617	-	-	617
TOTAL OTHER FINANCING SOURCES (USES)	617	-	-	617
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	180,658	(5,955)	(40,227)	134,476
FUND BALANCE JANUARY 1	459,818	215,767	75,062	750,647
FUND BALANCE DECEMBER 31	\$ 640,476	\$ 209,812	\$ 34,835	\$ 885,123

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, 2021

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

NET CHANGE IN FUND BALANCE		\$	134,476
REVENUES IN THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUES IN THE FUNDS			
ACCOUNTS RECEIVABLE			3,750
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		\$	530,647
DEPRECIATION EXPENSE AND GAIN ON DISPOSITION OF ASSET			<u>(391,263)</u>
			139,384
CAPITAL LEASE PAYMENTS ARE REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS BUT NOT REPORTED AS EXPENSES IN THE STATEMENT OF ACTIVITIES			
LEASE PAYMENTS			52,306
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			667
PENSION RELATED AMOUNTS			<u>35,417</u>
			36,084
PENSION FUND FORFEITURES			<u>12,579</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>378,579</u></u>

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2021

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
CURRENT ASSETS				
CASH OR EQUIVALENTS	\$ 1,400,786	\$ 866,248	\$ 717,558	\$ 2,984,592
ACCOUNTS RECEIVABLE - CUSTOMERS (NET)	131,208	109,887	69,945	311,040
PREPAID EXPENSES	17,898	-	-	17,898
INVENTORIES	76,658	4,485	-	81,143
TOTAL CURRENT ASSETS	<u>1,626,550</u>	<u>980,620</u>	<u>787,503</u>	<u>3,394,673</u>
RESTRICTED ASSETS				
RESTRICTED CASH	597,620	397,692	-	995,312
PROPERTY AND EQUIPMENT- AT COST				
SYSTEM AND EQUIPMENT	17,550,186	5,955,487	1,018,125	24,523,798
ACCUMULATED DEPRECIATION	(10,107,640)	(2,751,642)	(711,863)	(13,571,145)
NET PROPERTY AND EQUIPMENT	<u>7,442,546</u>	<u>3,203,845</u>	<u>306,262</u>	<u>10,952,653</u>
TOTAL ASSETS	<u>\$ 9,666,716</u>	<u>\$ 4,582,157</u>	<u>\$ 1,093,765</u>	<u>\$ 15,342,638</u>
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 3,825	\$ -	\$ 33,718	\$ 37,543
ACCRUED SALARIES AND BENEFITS	25,423	30,403	29,857	85,683
ACCRUED INTEREST	21,453	826	713	22,992
UNEARNED INCOME	-	397,692	-	397,692
BONDS PAYABLE - CURRENT MATURITY	51,278	-	-	51,278
LOANS PAYABLE - CURRENT MATURITY	-	118,935	53,536	172,471
LEASES PAYABLE - CURRENT MATURITY	93,922	-	-	93,922
ACCRUED LANDFILL CLOSURE - CURRENT PORTION	-	-	38,400	38,400
TOTAL CURRENT LIABILITIES	<u>195,901</u>	<u>547,856</u>	<u>156,224</u>	<u>899,981</u>
TERM LIABILITIES				
BONDS PAYABLE	2,243,395	-	-	2,243,395
LOANS PAYABLE	-	1,297,883	142,972	1,440,855
LEASES PAYABLE	562,230	-	-	562,230
ACCRUED CLOSURE LANDFILL COSTS	-	-	115,200	115,200
TOTAL TERM LIABILITIES	<u>2,805,625</u>	<u>1,297,883</u>	<u>258,172</u>	<u>4,361,680</u>
CUSTOMER DEPOSITS	<u>131,221</u>	<u>-</u>	<u>-</u>	<u>131,221</u>
TOTAL LIABILITIES	<u>3,132,747</u>	<u>1,845,739</u>	<u>414,396</u>	<u>5,392,882</u>
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	4,491,721	1,787,027	109,754	6,388,502
RESTRICTED FOR:				
OPERATIONS AND MAINTENANCE	-	162,500	-	162,500
FUTURE EXPENDITURES	597,620	-	-	597,620
UNRESTRICTED	1,444,628	786,891	569,615	2,801,134
TOTAL NET POSITION	<u>6,533,969</u>	<u>2,736,418</u>	<u>679,369</u>	<u>9,949,756</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,666,716</u>	<u>\$ 4,582,157</u>	<u>\$ 1,093,765</u>	<u>\$ 15,342,638</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, 2021

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
OPERATING REVENUES				
CHARGES FOR SERVICES	\$ 815,723	\$ 936,769	\$ 648,224	\$ 2,400,716
SPECIAL ASSESSMENTS	404,680	107,936	-	512,616
TOTAL OPERATING REVENUES	1,220,403	1,044,705	648,224	2,913,332
OPERATING EXPENSES				
PERSONAL SERVICES, MATERIALS, SUPPLIES	732,377	647,210	515,628	1,895,215
DEPRECIATION	415,980	178,951	49,942	644,873
TOTAL OPERATING EXPENSES	1,148,357	826,161	565,570	2,540,088
OPERATING INCOME	72,046	218,544	82,654	373,244
NONOPERATING REVENUES (EXPENSE)				
INTEREST AND RENT INCOME	17,370	630	-	18,000
GRANT INCOME	-	81,758	-	81,758
INTEREST EXPENSE	(110,456)	(2,708)	(6,664)	(119,828)
NONRECURRING REVENUE	18,639	-	8,005	26,644
TOTAL NONOPERATING REVENUES (EXPENSES)	(74,447)	79,680	1,341	6,574
INCOME BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEM	(2,401)	298,224	83,995	379,818
CAPITAL CONTRIBUTIONS	2,105	2,000	-	4,105
SPECIAL ITEM - CHANGE IN ACCOUNTING ESTIMATE	-	-	(21,600)	(21,600)
CHANGE IN NET POSITION	(296)	300,224	62,395	362,323
NET POSITION JANUARY 1	6,534,265	2,436,194	616,974	9,587,433
NET POSITION DECEMBER 31	\$ 6,533,969	\$ 2,736,418	\$ 679,369	\$ 9,949,756

CITY OF ROCKY FORD, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

	WATER	SEWER	SOLID WASTE DISPOSAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH RECEIVED FROM CUSTOMERS	\$ 1,184,126	\$ 1,042,428	\$ 645,456	\$ 2,872,010
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(409,595)	(336,587)	(207,251)	(953,433)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(321,061)	(309,935)	(268,054)	(899,050)
NET CASH PROVIDED BY OPERATING ACTIVITIES	453,470	395,906	170,151	1,019,527
CASH FLOWS FROM NONCAPITAL AND OTHER FINANCING ACTIVITIES				
CUSTOMER DEPOSITS	10,081	-	-	10,081
GRANT PROCEEDS	-	479,450	-	479,450
MISCELLANEOUS INCOME	18,639	630	8,005	27,274
NET CASH PROVIDED BY NONCAPITAL AND OTHER FINANCING ACTIVITIES	28,720	480,080	8,005	516,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
CAPITAL CONTRIBUTED	2,105	2,000	-	4,105
ACQUISITION OF CAPITAL ASSETS	(349,950)	(114,440)	-	(464,390)
PRINCIPAL PAID ON TERM LIABILITIES	(137,747)	(118,642)	(47,003)	(303,392)
INTEREST PAID	(110,919)	(2,804)	(6,836)	(120,559)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(596,511)	(233,886)	(53,839)	(884,236)
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST INCOME AND OTHER	17,370	-	-	17,370
NET CASH USED FOR INVESTING ACTIVITIES	17,370	-	-	17,370
NET CHANGE IN CASH AND CASH EQUIVALENTS				
	(96,951)	642,100	124,317	669,466
CASH AND CASH EQUIVALENTS BEGINNING	2,095,357	621,840	593,241	3,310,438
CASH AND CASH EQUIVALENTS ENDING	\$ 1,998,406	\$ 1,263,940	\$ 717,558	\$ 3,979,904
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ 72,046	\$ 218,544	\$ 82,654	\$ 373,244
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
DEPRECIATION	415,980	178,951	49,942	644,873
CHANGE IN ASSETS AND LIABILITIES				
ACCOUNTS RECEIVABLE	(36,277)	(2,277)	(2,768)	(41,322)
INVENTORIES	373	-	-	373
ACCOUNTS PAYABLE	(9,282)	(10,811)	30,737	10,644
ACCRUED SALARIES AND BENEFITS	10,630	11,499	9,586	31,715
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 453,470	\$ 395,906	\$ 170,151	\$ 1,019,527

SEE NOTES TO FINANCIAL STATEMENTS

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, 2021, the City's share of the closure and post-closure costs are estimated at \$153,600 or approximately 8.96% 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 \$69,000 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 government's primary operating fund. It accounts for all financial resources of the general government, except those which are required to be accounted for in another fund. Major revenue sources include sales taxes, property taxes, franchise and other taxes, charges for services, and intergovernmental revenue. Primary expenditures include general government, public safety (fire and police), public works, health and welfare, culture and recreation, and general expenditures.

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 operations of the City's water utility. Activities of the fund include administration, operation and maintenance, treatment, and distribution of the water system, along with accumulation of resources for the payment of principal and interest on long-term debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary.

Sewer Utility Fund - Accounts for the operations of the City's sewer utility. Activities of the fund include administration, operation and maintenance, treatment, and collection of the waste water system, along with accumulation of resources for the payment of principal and interest on long-term debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary.

Solid Waste Disposal Utility Fund - Accounts for the operations of the City's solid waste disposal utility. Activities of the fund include administration, operation and maintenance, and collection of trash related to the solid waste disposal system. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary.

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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP (Continued)

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.

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2021, expenditures exceeded appropriations in the General Fund, Community Development Fund, 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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

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

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 reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ -
Changes of Assumptions or Other Inputs	839
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	6,233
Contributions Made Subsequent to the Measurement Date	<u>51,947</u>
Total Pension Related Deferred Outflows	<u>\$ 59,019</u>

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.

Property Taxes - 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 reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ 3,253
Changes of Assumptions or Other Inputs	-
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>16,419</u>
Total Pension Related Deferred Inflows	<u>\$ 19,672</u>

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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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;

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 and Community Development Fund had a deficit unassigned fund balances of \$3,305 and \$10,878, respectively, at December 31, 2021.

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, and will be liquidated with resources of the general fund.

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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG-TERM OBLIGATIONS (Continued)

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.

INTERFUND TRANSACTIONS

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

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, 2021, the carrying value of cash deposits was \$4,493,193 and the bank balances were \$4,793,584 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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -3 CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES:

	Balances January 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balances December 31, <u>2021</u>
Capital assets not being depreciated:				
Construction in Process	\$ 5,267,514	\$ 70,946	\$ -	\$ 5,338,460
Land	361,407	-	-	361,407
Capital assets being depreciated:				
Buildings	4,401,067	-	-	4,401,067
Improvements	3,677,687	281,949	-	3,959,636
Equipment	<u>2,498,053</u>	<u>177,753</u>	-	<u>2,675,806</u>
	<u>16,205,728</u>	<u>530,648</u>	-	<u>16,736,376</u>
Less Accumulated Depreciation:				
Buildings	(2,007,390)	(107,828)	-	(2,115,218)
Improvements	(1,403,822)	(167,144)	-	(1,570,966)
Equipment	<u>(1,705,903)</u>	<u>(116,292)</u>	-	<u>(1,822,195)</u>
	<u>(5,117,115)</u>	<u>(391,264)</u>	-	<u>(5,508,379)</u>
Governmental Activities Net Capital Assets	<u>\$11,088,613</u>	<u>\$ 139,384</u>	<u>\$ -</u>	<u>\$11,227,997</u>

BUSINESS-TYPE ACTIVITIES:

Capital assets not being depreciated:				
Construction in Process	\$ -	\$ 88,490	\$ -	\$ 88,490
Capital assets being depreciated:				
Systems and Equipment	<u>24,059,407</u>	<u>375,901</u>	-	<u>24,435,308</u>
	24,059,407	464,391	-	24,523,798
Less Accumulated Depreciation				
	<u>(12,926,272)</u>	<u>(644,873)</u>	-	<u>(13,571,145)</u>
Business-type Activities Net Capital Assets	<u>\$ 11,133,135</u>	<u>\$ (180,482)</u>	<u>\$ -</u>	<u>\$ 10,952,653</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 58,414
Public Safety	54,001
Public Works	152,852
Health	2,220
Culture and Recreation	<u>123,777</u>
Total Governmental Activities Depreciation	<u>\$ 391,264</u>
Business-Type Activities	
Water	\$ 415,980
Sewer	178,951
Solid Waste Disposal	<u>49,942</u>
Total Business-Type Activities Depreciation	<u>\$ 644,873</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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 is restricted for future capital improvements related to streets and gutters.

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.

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, 2021:

	<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	\$ 440,939	\$ -	\$ (52,306)	\$ 388,633	\$ 55,611
Net Pension Liability	<u>261,398</u>	<u>22,680</u>	<u>-</u>	<u>284,078</u>	<u>-</u>
Totals	<u>\$ 702,337</u>	<u>\$ 22,680</u>	<u>\$ (52,306)</u>	<u>\$ 672,711</u>	<u>\$ 55,611</u>
<u>Business-Type Activities:</u>					
Revenue Bonds-Water	\$2,344,081	-	\$ (49,408)	\$2,294,673	\$ 51,278
Lease Payable 1-Water	744,491	-	(88,339)	656,152	93,922
Loan Payable 1-Sewer	56,100	-	(5,875)	50,225	6,169
Loan Payable 2-Sewer	973,477	-	(77,878)	895,599	77,878
Loan Payable 3-Sewer	505,883	-	(34,889)	470,994	34,888
Loan Payable-Solid Waste Disposal	243,511	-	(47,003)	196,508	53,536
Estimated Closure & Post-Closure Costs	<u>132,000</u>	<u>21,600</u>	<u>-</u>	<u>153,600</u>	<u>38,400</u>
Totals	<u>\$4,999,543</u>	<u>\$ 21,600</u>	<u>\$ (303,392)</u>	<u>\$4,717,751</u>	<u>\$ 356,071</u>

All outstanding notes from direct borrowings contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the City is unable to make payment. The City's outstanding notes from direct borrowings, as applicable, contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

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

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. The net book value of the equipment as of December 31, 2021 is \$1,331,732, of which \$437,937 was reported as a capital asset in Governmental Activities and \$893,795 was reported in the Water Utility Fund in Business-Type Activities.

Annual requirements of the lease as of December 31, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 149,533	\$ 32,966	\$ 182,499
2023	158,814	28,247	187,061
2024	168,501	23,236	191,737
2025	178,611	17,920	196,531
2026	189,160	12,284	201,444
2027	<u>200,166</u>	<u>6,315</u>	<u>206,481</u>
Total	<u>\$1,044,785</u>	<u>\$ 120,968</u>	<u>\$1,165,753</u>

The total lease payable due is \$1,044,784 as of December 31, 2021, of which \$388,633 was reported as a long-term obligation in Governmental Activities and \$656,151 was reported in the Water Utility Fund in Business-Type Activities.

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. The bond is collateralized by a first lien (but not necessarily an exclusive lien) on the Water Utility Fund revenues.

Annual requirements to amortize water revenue bonds outstanding as of December 31, 2021 are as follows:

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	3.75	\$ 51,278	\$ 85,554	\$ 136,832
2023	3.75	53,219	83,613	136,832
2024	3.75	55,004	81,828	136,832
2025	3.75	57,315	79,517	136,832
2026	3.75	59,484	77,348	136,832
2027-2031	3.75	332,720	351,440	684,160
2032-2036	3.75	400,521	283,639	684,160
2037-2041	3.75	482,522	201,638	684,160
2042-2046	3.75	581,066	103,094	684,160
2047-2048	3.75	<u>221,544</u>	<u>8,443</u>	<u>229,987</u>
Total		<u>\$2,294,673</u>	<u>\$1,356,114</u>	<u>\$3,650,787</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

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, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,169	\$ 2,511	\$ 8,680
2023	6,477	2,203	8,680
2024	6,801	1,879	8,680
2025	7,141	1,539	8,680
2026	7,497	1,183	8,680
2027-2028	<u>16,140</u>	<u>1,220</u>	<u>17,360</u>
Total	<u>\$ 50,225</u>	<u>\$ 10,535</u>	<u>\$ 60,760</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, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 77,878	\$ -	\$ 77,878
2023	77,878	-	77,878
2024	77,878	-	77,878
2025	77,878	-	77,878
2026	77,878	-	77,878
2027-2031	389,391	-	389,391
2032-2033	<u>116,818</u>	<u>-</u>	<u>116,818</u>
Total	<u>\$ 895,599</u>	<u>\$ -</u>	<u>\$ 895,599</u>

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, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 34,888	\$ -	\$ 34,888
2023	34,888	-	34,888
2024	34,888	-	34,888
2025	34,888	-	34,888
2026	34,888	-	34,888
2027-2031	174,442	-	174,442
2032-2035	<u>122,112</u>	<u>-</u>	<u>122,112</u>
Total	<u>\$ 470,994</u>	<u>\$ -</u>	<u>\$ 470,994</u>

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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

In connection with 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, 2021 the City was in compliance with all covenants and maintained the required reserve of \$162,500.

LEASE PAYABLE – SOLID WASTE DISPOSAL

The City in the Solid Waste Disposal Utility Fund entered into a lease agreement with Midland States Bank on September 18, 2020 in the amount of \$251,279 to lease a 2021 Kenworth T370 garbage truck and a load master legacy 20yd rear loader. The lease is payable in monthly principal and interest installments of \$4,524 at 3.08% per annum beginning October 18, 2020 with final payment made September 18, 2025. The lease is collateralized by the equipment with a net book value of \$218,822 as of December 31, 2021.

Annual requirements to amortize the loan as of December 31, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 53,536	\$ 5,729	\$ 59,265
2023	50,596	3,693	54,289
2024	52,176	2,113	54,289
2025	<u>40,200</u>	<u>518</u>	<u>40,718</u>
Total	<u>\$ 196,508</u>	<u>\$ 12,053</u>	<u>\$ 208,561</u>

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 8.96% of the estimated \$1,714,000 in closure and post-closure costs amounting to \$153,600. These amounts are based on estimates of what it would cost to perform all closure and post-closure care in 2021. 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.

	<u>Manzanola</u>	<u>Otero #1</u>	<u>OTERO #2</u>		
			<u>Module #1</u>	<u>Module #2</u>	<u>Module #3</u>
Percent of capacity	97%	100%	86%	85%	36%
Estimated closure date	2022	Closed	2023	2023	2026

The estimated closure and post closure costs increased from 2020 to 2021 therefore increasing the City's allocation by \$21,600 from the prior year which 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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

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. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the City Council of the City of Rocky Ford.

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.

The following is a summary of the participants:

	<u>Old Hire Police</u>
Active Members	0
Retirees and Beneficiaries	1
Inactive, Nonretired Members	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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

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

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, 2020 actuarial valuation. Total contribution for the year ended December 31, 2021 was \$47,000 and the actuarially determined contribution was \$35,709.

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, 2018, determines the contribution amounts for 2019 and 2020.

Methods and Assumptions Used to Determine Contribution Rates for the Fiscal Year Ending December 31, 2020:

- Actuarial Cost Method – Entry Age Normal
- Amortization Method – Level Dollar, Open*
- Remaining Amortization Period – 11 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
- 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.

Assumption Changes – The assumptions shown above pertain to the actuarial valuation as of January 1, 2018 and the associated Actuarially Determined Contribution for the year ending December 31, 2020. Following an experience study in 2018 and asset allocation study in 2018-2019, the Board adopted a new assumption set for first use in January 1, 2020 valuations.

The primary changes, which can be observed in the January 1, 2020 valuation, as compared to the assumptions shown are as follows:

- Investment Rate of Return – 4.50%
- Mortality – Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.
Disabled (pre-1980): Post-retirement rates set forward three years

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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

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

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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	10.0%	0.1%
Fixed Income – Rates	70.0%	2.3%
Fixed Income – Credit	10.0%	3.5%
Absolute Return	0.0%	5.6%
Long Short	0.0%	6.9%
Global Public Equity	10.0%	7.8%
Private Capital	0.0%	10.5%
Total	100.0%	

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 4.50%; the municipal bond rate is 2.00% (based on the weekly rate closest 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 2.00%. Projected cash flows used in determining the Single Discount Rate are available upon request to FPPA.

Net Pension Liability

The net pension liability was measured at December 31, 2020, 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, 2021.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at December 31, 2020	\$ 329,650	\$ 68,252	\$ 261,398
Change for the year:			
Interest	8,865	-	8,865
Difference between Expected & Actual Experience of the Total Pension Liability	-	-	-
Changes in Assumptions	14,752	-	14,752
Contributions – Employer	-	-	-
Contributions – Member	-	-	-
Net Investment Income	-	3,476	(3,476)
Benefit Payments	(37,428)	(37,428)	-
Administrative Expense	-	(2,539)	2,539
Net Changes	(13,811)	(36,491)	22,680
Balances at December 31, 2021	\$ 315,839	\$ 31,761	\$ 284,078

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

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

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, 2021, for the measurement period ending December 31, 2020, calculated using a Single Discount Rate of 2.00%, 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 (1.00%)	Current Single Discount Rate Assumption (2.00%)	1% Increase (3.00%)
Net Pension Liability	\$ 306,909	\$ 284,078	\$ 266,184

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, 2021; the City recognized pension revenue of \$23,486. At December 31, 2021, 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	3,273	5,168
Contributions subsequent to the measurement date	47,000	-
Total	\$ 50,273	\$ 5,168

\$47,000 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, 2021. 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, 2021:	
2022	\$ (1,404)
2023	701
2024	(934)
2025	(258)
2026	-
Thereafter	-
Total	\$ (1,895)

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”).

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

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

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	17
Retirees and Beneficiaries	3
Inactive, Nonretired Members	<u>2</u>
Total	22

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:

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, 2019 actuarial valuation. Total contribution for the year ended December 31, 2021 was \$4,947 and the actuarially determined contribution was \$302.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

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

Actuarial Assumptions – 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, 2019, determines the contribution amounts for 2020 and 2021.

Methods and Assumptions Used to Determine Contribution Rates for the Fiscal Year Ending December 31, 2020:

- 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 – 2.50%
- Salary Increases – N/A
- Investment Rate of Return – 7.00%
- Retirement Age – 50% per year of eligibility until 100% at age 65
- Mortality Rates – Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.
- Post-retirement: 2006 central rate from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.
- Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

* 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, 2020 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	2.00%	2.32%
Fixed Income – Rates	10.00%	4.01%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	26.00%	10.63%
Total	<u>100.00%</u>	

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).

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.00% (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 7.00%.

Projected cash flows used in determining the Single Discount Rate are available upon request to FPPA.

Net Pension Liability (Asset)

The net pension liability (asset) was measured at December 31, 2020, the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation dated January 1, 2019, and the City’s fiscal year ending date, or reporting date, is December 31, 2021.

Changes in Net Pension Liability (Asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at December 31, 2020	\$ 27,863	\$ 108,591	\$ (80,728)
Change for the year:			
Service Cost	432	-	432
Interest	1,934	-	1,934
Difference between Expected & Actual Experience	(1,927)	-	(1,927)
Changes in Assumptions	-	-	-
Contributions – Employer	-	2,883	(2,883)
Contributions – Member	-	-	-
Net Investment Income	-	14,602	(14,602)
Benefit payments	(900)	(900)	-
Other Changes	-	2,454	(2,454)
Administrative Expense	-	(3,542)	3,542
Net Changes	(461)	15,497	(15,958)
Balances at December 31, 2021	\$ 27,402	\$ 124,088	\$ (96,686)

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, 2021, calculated using a Single Discount Rate of 7.00%, 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 (6.00%)	Current Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ (92,907)	\$ (96,686)	\$ (99,723)

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.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

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

Pension Expense/Revenue, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions– For the year ended December 31, 2021; the City recognized pension revenue of \$11,931. At December 31, 2021, 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	\$ -	\$ 3,253
Assumption Changes	839	-
Net difference between projected and actual earnings on pension plan investments	2,960	11,251
Contributions subsequent to the measurement date	4,947	-
Total	\$ 8,746	\$ 14,504

\$4,947 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, 2021. 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, 2021:	
2022	\$ (3,168)
2023	(1,856)
2024	(3,330)
2025	(1,809)
2026	(277)
Thereafter	(265)
Total	\$ (10,705)

FIRE AND POLICE – DEFINED CONTRIBUTION PLANS

Plan Description - 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 administered by Pension Management Associates, Inc. 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 is the trustee of the Fire Defined Contribution Plan and the Police Defined Contribution Plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plans.

Funding Policy - The City's total Fire and Police payroll under the system for 2021 was \$301,317 and \$280,702 respectively. The City's contributions were calculated using a base salary amount of \$221,296 and \$253,965. Both City and the covered employees made the required 8 percent contribution or more, amounting to \$17,704 for the City match or a total of \$35,407 for the firemen and \$20,317 for the City match or a total of \$40,634 for the policemen. As of December 31, 2021, the market value of assets held by the plans are \$346,516 for Fire and \$369,309 for Police.

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -8 PENSION PLANS (Continued)

CITY RETIREMENT – DEFINED CONTRIBUTION PLAN

Plan Description - The City provides pension benefits for all of its full-time employees through a defined contribution plan administered by OneAmerica. 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 is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan.

Funding Policy - The City's total payroll in fiscal year 2021 was \$1,567,529. The City's contributions were calculated using the base salary amount of \$576,243. Both the City and the covered employees made the required contribution, amounting to \$28,812 and \$55,332, respectively, for a total of \$84,144. As of December 31, 2021, the market value of assets held was \$859,098.

NOTE -9 NET POSITION

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2021 is as follows:

	Governmental Activities	Business-Type Activities	Total
Operations and Maintenance	\$ -	\$ 162,500	\$ 162,500
Future Expenditures	209,812	597,620	807,432
Conservation Trust	43,790	-	43,790
Emergencies - TABOR	92,200	-	92,200
	\$ 345,802	\$ 760,120	\$ 1,105,922

Restricted for Operations and Maintenance – The City is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation as set forth by the creditor.

Restricted for Future Expenditures – This represents unspent cash received from special assessments in the Water Utility Fund and Sewer Utility Fund. The cash is restricted for future major repairs and the related debt service costs.

Restricted for Conservation Trust – This represents money received from the State of Colorado for parks and open space related projects.

Restricted for Emergencies - TABOR – This represents approximately 3% of the City's 2021 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the City's net position can be used for declared emergencies only and the City must maintain 3% or more of its spending in this restricted account. The City does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -10 FUND BALANCES

At December 31, 2021, fund balances for governmental funds consist of the following:

	Restricted Fund Balance			
	Emergences TABOR	Future Expenditures	Conservation Trust	Total
General Fund	\$ 92,200	\$ -	\$ -	\$ 92,200
Capital Improvement Fund	-	209,812	-	209,812
Conservation Trust Fund	-	-	43,790	43,790
Total	\$ 92,200	\$ 209,812	\$ 43,790	\$ 345,802

	Committed Fund Balance		
	Community and Economic Development	Future Expenditures	Total
Community Development Fund	\$ (10,878)	\$ -	\$ (10,878)
Gobin Community Building Fund	-	5,228	5,228
Total	\$ (10,878)	\$ 5,228	\$ (5,650)

NOTE -11 RISK MANAGEMENT

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

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs.

All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have ability to significantly affect the operations of the unit. The City has not significantly changed its insurance coverage over the past three years, nor have settlements exceeded coverage during the same period.

The City purchases commercial insurance coverage for all items not covered by CIRSA. Settled claims for these risks have not exceeded insurance coverage the past three years.

NOTE 12 – INTER-FUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between the City funds for the reimbursement of expenditures. Related inter-fund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within one year.

Interfund receivables and payables at December 31, 2021 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Fund	\$ 55,439

CITY OF ROCKY FORD, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -13 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 -14 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, 2021, \$92,200 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.

NOTE -15 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, 2021, the City had expenditures of approximately \$69,000 to OCLI for its share of the costs of which \$33,718 was due and recorded as accounts payable in the Solid Waste Disposal Utility Fund. The City has recognized \$153,600 for its share of estimated closure and post closure care costs.

NOTE -16 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, 2021

MEASUREMENT PERIOD ENDING DECEMBER 31,	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
SERVICE COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INTEREST	8,865	17,291	17,550	20,921	24,415	40,692	42,181
CHANGES TO BENEFIT TERMS	-	-	-	-	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	-	(137,035)	(9,158)	(8,595)	-	(140,211)	-
ASSUMPTION CHANGES	14,752	18,217	-	18,103	24,058	129,426	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(37,428)	(44,877)	(50,198)	(50,198)	(51,262)	(62,967)	(61,133)
NET CHANGE IN TOTAL PENSION LIABILITY	(13,811)	(146,404)	(41,806)	(19,769)	(2,789)	(33,060)	(18,952)
TOTAL PENSION LIABILITY - BEGINNING	329,650	476,054	517,860	537,629	540,418	573,478	592,430
TOTAL PENSION LIABILITY - ENDING (a)	315,839	329,650	476,054	517,860	537,629	540,418	573,478
PLAN FIDUCIARY NET POSITION							
CONTRIBUTIONS - EMPLOYER	-	12,000	-	-	-	-	-
CONTRIBUTIONS - EMPLOYEE	-	-	-	-	-	-	-
NET INVESTMENT INCOME	3,476	9,130	821	21,821	9,764	5,085	19,898
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(37,428)	(44,877)	(50,198)	(50,198)	(51,262)	(62,967)	(61,133)
ADMINISTRATIVE EXPENSES	(2,539)	(1,617)	(3,378)	(877)	(2,179)	(716)	(3,585)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(36,491)	(25,364)	(52,755)	(29,254)	(43,677)	(58,598)	(44,820)
PLAN FIDUCIARY NET POSITION - BEGINNING	68,252	93,616	146,371	175,625	219,302	277,900	322,720
PLAN FIDUCIARY NET POSITION - ENDING (b)	31,761	68,252	93,616	146,371	175,625	219,302	277,900
NET PENSION LIABILITY - ENDING	\$ 284,078	\$ 261,398	\$ 382,438	\$ 371,489	\$ 362,004	\$ 321,116	\$ 295,578
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	10.06%	20.70%	19.66%	28.26%	32.67%	40.58%	48.46%
COVERED PAYROLL	N/A	N/A	N/A	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	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, 2021

MEASUREMENT PERIOD ENDING DECEMBER 31,	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
SERVICE COST	\$ 432	\$ 432	\$ 460	\$ 460	\$ 442	\$ 442	\$ 394
INTEREST	1,934	1,844	1,984	1,906	1,847	1,797	1,746
CHANGES TO BENEFIT TERMS	-	-	-	-	-	-	-
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	(1,927)	-	(2,631)	-	(761)	-	180
ASSUMPTION CHANGES	-	-	1,275	-	679	-	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(900)	(1,075)	(1,275)	(1,375)	(1,488)	(1,665)	(1,650)
NET CHANGE IN TOTAL PENSION LIABILITY	(461)	1,201	(187)	991	719	574	670
TOTAL PENSION LIABILITY - BEGINNING	27,863	26,662	26,849	25,858	25,139	24,565	23,895
TOTAL PENSION LIABILITY - ENDING (a)	27,402	27,863	26,662	26,849	25,858	25,139	24,565
PLAN FIDUCIARY NET POSITION							
CONTRIBUTIONS - EMPLOYER	2,883	2,637	2,727	3,326	2,411	2,515	2,018
CONTRIBUTIONS - EMPLOYEE	-	-	-	-	-	-	-
NET INVESTMENT INCOME	14,602	13,980	73	13,318	4,679	1,483	5,176
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(900)	(1,075)	(1,275)	(1,375)	(1,488)	(1,665)	(1,650)
ADMINISTRATIVE EXPENSES	(3,542)	(6,599)	(7,529)	(6,739)	(414)	(1,270)	(504)
STATE FUNDING	2,454	2,993	-	2,170	1,816	1,816	1,767
NET CHANGE IN PLAN FIDUCIARY NET POSITION	15,497	11,936	(6,004)	10,700	7,004	2,879	6,807
PLAN FIDUCIARY NET POSITION - BEGINNING	108,591	96,655	102,659	91,959	84,955	82,076	75,269
PLAN FIDUCIARY NET POSITION - ENDING (b)	124,088	108,591	96,655	102,659	91,959	84,955	82,076
NET PENSION LIABILITY (ASSET) - ENDING	\$ (96,686)	\$ (80,728)	\$ (69,993)	\$ (75,810)	\$ (66,101)	\$ (59,816)	\$ (57,511)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (b) / (a)	452.84%	389.73%	362.52%	382.36%	355.63%	337.94%	334.12%
COVERED PAYROLL	N/A	N/A	N/A	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	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, 2021

FY ENDING DECEMBER 31, <u>(a)</u>	ACTUARIALLY DETERMINED CONTRIBUTION <u>(b)</u>	ACTUAL CONTRIBUTION* <u>(c)</u>	CONTRIBUTION DEFICIENCY (EXCESS) <u>(d) = (b) - (c)</u>	COVERED PAYROLL <u>(e)</u>	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL <u>(f)</u>
2021	\$ 35,709	\$ 47,000	\$ (11,291)	N/A	N/A
2020	\$ 35,709	\$ -	\$ 35,709	N/A	N/A
2019	\$ 35,709	\$ 12,000	\$ 23,709	N/A	N/A
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, 2021

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)
2021	\$ 302	\$ 4,947	\$ (4,645)	N/A	N/A
2020	\$ 302	\$ 5,035	\$ (4,733)	N/A	N/A
2019	\$ -	\$ 5,630	\$ (5,630)	N/A	N/A
2018	\$ -	\$ 2,727	\$ (2,727)	N/A	N/A
2017	\$ 5,496	\$ 5,496	-	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, 2021

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		(UNFAVORABLE)
REVENUES				
TAXES	\$ 2,024,000	\$ 2,024,000	\$ 2,159,440	\$ 135,440
LICENSES AND PERMITS	34,550	34,550	14,097	(20,453)
INTERGOVERNMENTAL	191,160	191,160	196,479	5,319
CHARGES FOR SERVICES	423,530	423,530	562,538	139,008
FINES	31,200	31,200	17,633	(13,567)
GRANTS	4,000	4,000	217,162	213,162
MISCELLANEOUS	2,000	2,000	86,030	84,030
TOTAL REVENUES	2,710,440	2,710,440	3,253,379	542,939
EXPENDITURES				
GENERAL GOVERNMENT	117,221	117,221	123,488	(6,267)
PUBLIC SAFETY	1,493,015	1,493,015	1,710,249	(217,234)
PUBLIC WORKS	279,119	279,119	313,463	(34,344)
HEALTH AND WELFARE	90,647	90,647	103,065	(12,418)
CULTURE AND RECREATION	457,960	457,960	482,789	(24,829)
GENERAL	260,370	260,370	340,284	(79,914)
TOTAL EXPENDITURES	2,698,332	2,698,332	3,073,338	(375,006)
REVENUES OVER (UNDER) EXPENDITURES	12,108	12,108	180,041	167,933
OTHER FINANCING SOURCES				
CONTRIBUTIONS	-	-	617	617
TOTAL OTHER FINANCING SOURCES	-	-	617	617
REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	12,108	12,108	180,658	168,550
FUND BALANCE JANUARY 1	459,818	459,818	459,818	-
FUND BALANCE DECEMBER 31	\$ 471,926	\$ 471,926	\$ 640,476	\$ 168,550

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

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

YEARS ENDED DECEMBER 31, 2021

	BUDGET		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
SALES TAX	\$ 375,000	\$ 375,000	\$ 429,341	\$ 54,341
EXPENDITURES				
STREET REPAIRS	350,000	350,000	345,331	4,669
CAPITAL OUTLAY	110,000	110,000	89,965	20,035
TOTAL EXPENDITURES	460,000	460,000	435,296	24,704
REVENUES OVER (UNDER) EXPENDITURES	(85,000)	(85,000)	(5,955)	79,045
FUND BALANCE JANUARY 1	215,767	215,767	215,767	-
FUND BALANCE DECEMBER 31	\$ 130,767	\$ 130,767	\$ 209,812	\$ 79,045

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, 2020 - December 31, 2020 for the Fiscal Year Ending December 31, 2021 (December 31, 2020 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, 2020

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, 2018, determines the contribution amounts for 2019 and 2020.

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	- 11 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, 2019

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, 2019, determines the contribution amounts for 2020 and 2021.

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	- 2.50%
Salary Increase	- N/A
Investment Rate of Return	- 7.00%
Retirement Age	- 50% per year of eligibility until 100% at age 65
	<u>Pre-retirement:</u> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty morality.
Mortality (Annuities)	- <u>Post-retirement:</u> 2006 central rate from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.
	- <u>Disabled:</u> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

General Fund – It accounts for all financial resources of the general government, except those which are 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 expenditures for specified purposes other than debt service.

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CASH OR EQUIVALENTS	\$ 242,439	\$ 87,072
RESTRICTED ASSETS	35,527	15,191
RECEIVABLES:		
PROPERTY TAXES	304,500	288,400
OTHER	407,105	397,976
DUE FROM OTHER FUNDS	<u>55,439</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 1,045,010</u>	 <u>\$ 788,639</u>
 LIABILITIES		
ACCOUNTS PAYABLE	\$ 4,210	\$ 15,922
ACCRUED EXPENSES	63,824	24,499
UNEARNED REVENUE	<u>32,000</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>100,034</u>	 <u>40,421</u>
 DEFERRED INFLOWS OF RESOURCES		
DEFERRED REVENUES - PROPERTY TAXES	<u>304,500</u>	<u>288,400</u>
 FUND BALANCE		
RESTRICTED FOR		
EMERGENCIES - TABOR	92,200	83,200
UNASSIGNED	<u>548,276</u>	<u>376,618</u>
 TOTAL FUND BALANCE	 <u>640,476</u>	 <u>459,818</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	 <u>\$ 1,045,010</u>	 <u>\$ 788,639</u>

CITY OF ROCKY FORD, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
TAXES	\$ 2,159,440	\$ 1,948,400
LICENSES AND PERMITS	14,097	26,304
INTERGOVERNMENTAL	196,479	177,660
CHARGES FOR SERVICES	562,538	315,522
FINES	17,633	22,891
GRANTS	217,162	210,507
MISCELLANEOUS	86,030	187,201
	<u>3,253,379</u>	<u>2,888,485</u>
EXPENDITURES		
GENERAL GOVERNMENT	123,488	136,480
PUBLIC SAFETY	1,710,249	1,466,488
PUBLIC WORKS	313,463	282,633
HEALTH AND WELFARE	103,065	72,632
CULTURE AND RECREATION	482,789	304,929
GENERAL	340,284	510,787
	<u>3,073,338</u>	<u>2,773,949</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>180,041</u>	<u>114,536</u>
OTHER FINANCING SOURCES		
TRANSFERS IN	-	60,000
CONTRIBUTIONS	617	1,585
	<u>617</u>	<u>61,585</u>
TOTAL OTHER FINANCING SOURCES	<u>617</u>	<u>61,585</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	180,658	176,121
FUND BALANCE JANUARY 1	<u>459,818</u>	<u>283,697</u>
FUND BALANCE DECEMBER 31	<u>\$ 640,476</u>	<u>\$ 459,818</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
RESTRICTED CASH	\$ 140,524	\$ 153,371
ACCOUNTS RECEIVABLE	<u>69,288</u>	<u>62,396</u>
TOTAL ASSETS	<u>\$ 209,812</u>	<u>\$ 215,767</u>
LIABILITIES		
ACCOUNTS PAYABLE	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
RESTRICTED	<u>209,812</u>	<u>215,767</u>
TOTAL FUND BALANCE	<u>209,812</u>	<u>215,767</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 209,812</u>	<u>\$ 215,767</u>

CITY OF ROCKY FORD, COLORADO

CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
SALES TAX	\$ 429,341	\$ 384,357
EXPENDITURES		
STREET REPAIRS	345,331	337,224
CAPITAL OUTLAY	89,965	-
TOTAL EXPENDITURES	<u>435,296</u>	<u>337,224</u>
REVENUES OVER (UNDER) EXPENDITURES	(5,955)	47,133
FUND BALANCE JANUARY 1	<u>215,767</u>	<u>168,634</u>
FUND BALANCE DECEMBER 31	<u>\$ 209,812</u>	<u>\$ 215,767</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Community Development Fund – This fund is used to account for the collection and disbursement of specified rent revenues related to the use of City buildings for economic and community development.

Gobin Community Building Fund – This fund is used to account for the collection and disbursement of revenues received from donations and contributions for future expenditures to the Gobin Community Building.

Conservation Trust Fund – This fund is used to account for the collection and disbursement of revenues received from the Colorado state lottery and are restricted for parks and open space related projects.

Grand Theater Fund – This fund is used to account for the collection and disbursement of funds for the operation and maintenance of the community theater.

CITY OF ROCKY FORD, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2021

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER	TOTAL
ASSETS					
CASH OR EQUIVALENTS	\$ 45,782	\$ 5,228	\$ 43,790	\$ -	\$ 94,800
LIABILITIES					
ACCOUNTS PAYABLE	\$ -	\$ -	\$ -	\$ 3,305	\$ 3,305
ACCRUED EXPENSE	1,221	-	-	-	1,221
DUE TO OTHER FUNDS	55,439	-	-	-	55,439
TOTAL LIABILITIES	56,660	-	-	3,305	59,965
FUND BALANCE					
RESTRICTED	-	-	43,790	-	43,790
COMMITTED	(10,878)	5,228	-	-	(5,650)
UNASSIGNED	-	-	-	(3,305)	(3,305)
TOTAL FUND BALANCE (DEFICIT)	(10,878)	5,228	43,790	(3,305)	34,835
TOTAL LIABILITIES AND FUND BALANCE	\$ 45,782	\$ 5,228	\$ 43,790	\$ -	\$ 94,800

CITY OF ROCKY FORD, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

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

YEAR ENDED DECEMBER 31, 2021

	COMMUNITY DEVELOPMENT	GOBIN COMMUNITY BUILDING	CONSERVATION TRUST	GRAND THEATER	TOTAL
REVENUES					
INTERGOVERNMENTAL	\$ -	\$ -	\$ 46,311	\$ -	\$ 46,311
CHARGES FOR SERVICES	-	-	-	48,702	48,702
MISCELLANEOUS	34,547	-	12	23,517	58,076
TOTAL REVENUES	34,547	-	46,323	72,219	153,089
EXPENDITURES					
COMMUNITY DEVELOPMENT	78,507	-	-	-	78,507
CULTURE AND RECREATION	-	-	46,963	67,846	114,809
TOTAL EXPENDITURES	78,507	-	46,963	67,846	193,316
REVENUES OVER (UNDER) EXPENDITURES	(43,960)	-	(640)	4,373	(40,227)
FUND BALANCE (DEFICIT) JANUARY 1	33,082	5,228	44,430	(7,678)	75,062
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (10,878)	\$ 5,228	\$ 43,790	\$ (3,305)	\$ 34,835

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 45,782</u>	<u>\$ 33,082</u>
LIABILITIES		
ACCRUED EXPENSES	\$ 1,221	\$ -
DUE TO OTHER FUND	<u>55,439</u>	<u>-</u>
TOTAL LIABILITIES	56,660	-
FUND BALANCE (DEFICIT)		
COMMITTED	<u>(10,878)</u>	<u>33,082</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ 45,782</u>	<u>\$ 33,082</u>

CITY OF ROCKY FORD, COLORADO

COMMUNITY DEVELOPMENT FUND

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

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
	ACTUAL	BUDGET		
REVENUES				
RENT AND OTHER	\$ 34,547	\$ 9,005	\$ 25,542	\$ 7,305
TOTAL REVENUES	34,547	9,005	25,542	7,305
EXPENDITURES				
COMMUNITY DEVELOPMENT	78,507	33,820	(44,687)	18,348
REVENUES OVER (UNDER) EXPENDITURES	(43,960)	(24,815)	(19,145)	(11,043)
FUND BALANCE (DEFICIT) JANUARY 1	33,082	33,082	-	44,125
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (10,878)	\$ 8,267	\$ (19,145)	\$ 33,082

CITY OF ROCKY FORD, COLORADO

GOBIN COMMUNITY BUILDING FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 5,228</u>	<u>\$ 5,228</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
COMMITTED	<u>5,228</u>	<u>5,228</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,228</u>	<u>\$ 5,228</u>

CITY OF ROCKY FORD, COLORADO

GOBIN COMMUNITY BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
	ACTUAL	BUDGET		
REVENUES				
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
UTILITIES AND UPKEEP	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE JANUARY 1	5,228	5,228	-	5,228
FUND BALANCE DECEMBER 31	\$ 5,228	\$ 5,228	\$ -	\$ 5,228

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ 43,790</u>	<u>\$ 44,430</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ -
FUND BALANCE		
RESTRICTED	<u>43,790</u>	<u>44,430</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 43,790</u>	<u>\$ 44,430</u>

CITY OF ROCKY FORD, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		VARIANCE FAVORABLE (UNFAVORABLE)	2020 ACTUAL
	ACTUAL	BUDGET		
REVENUES				
INTERGOVERNMENTAL INTEREST	\$ 46,311 12	\$ 38,000 25	\$ 8,311 (13)	\$ 39,553 22
TOTAL REVENUES	46,323	38,025	8,298	39,575
EXPENDITURES				
RECREATION AND MAINTENANCE	46,963	68,000	21,037	101,491
REVENUES OVER (UNDER) EXPENDITURES	(640)	(29,975)	29,335	(61,916)
FUND BALANCE JANUARY 1	44,430	44,430	-	106,346
FUND BALANCE DECEMBER 31	\$ 43,790	\$ 14,455	\$ 29,335	\$ 44,430

CITY OF ROCKY FORD, COLORADO

GRAND THEATER FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CASH OR EQUIVALENTS	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
ACCOUNTS PAYABLE	\$ 3,305	\$ 7,678
FUND BALANCE (DEFICIT)		
UNASSIGNED	<u>(3,305)</u>	<u>(7,678)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u>\$ -</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, 2021 AND 2020

	2021		VARIANCE	2020
	ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
SALES	\$ 48,702	\$ 90,000	\$ (41,298)	\$ 22,151
RENT AND OTHER	23,517	17,550	5,967	14,662
TOTAL REVENUES	72,219	107,550	(35,331)	36,813
EXPENDITURES				
SALARIES & BENEFITS	17,306	26,913	9,607	9,692
CONCESSIONS	10,081	12,000	1,919	3,918
FILMS	17,253	32,000	14,747	7,988
LIVE PERFORMANCES	2,091	3,500	1,409	-
REPAIRS	893	550	(343)	143
UTILITIES	13,066	13,175	109	9,159
OTHER	7,156	11,460	4,304	6,304
TOTAL EXPENDITURES	67,846	99,598	31,752	37,204
REVENUES OVER (UNDER) EXPENDITURES	4,373	7,952	(3,579)	(391)
FUND BALANCE (DEFICIT) JANUARY 1	(7,678)	(7,678)	-	(7,287)
FUND BALANCE (DEFICIT) DECEMBER 31	\$ (3,305)	\$ 274	\$ (3,579)	\$ (7,678)

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Water Utility Fund - Accounts for the operations of the City's water utility. Activities of the fund include administration, operation and maintenance, treatment, and distribution of the water system, along with accumulation of resources for the payment of principal and interest on long-term debt.

Sewer Utility Fund - Accounts for the operations of the City's sewer utility. Activities of the fund include administration, operation and maintenance, treatment, and collection of the waste water system, along with accumulation of resources for the payment of principal and interest on long-term debt.

Solid Waste Disposal Utility Fund - Accounts for the operations of the City's solid waste disposal utility. Activities of the fund include administration, operation and maintenance, and collection of trash related to the solid waste disposal system.

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	2021	2020
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 1,400,786	\$ 1,246,721
ACCOUNTS RECEIVABLE - BILLED (NET)	117,308	80,331
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	13,900	14,600
PREPAID EXPENSES	17,898	17,898
INVENTORIES - SUPPLIES & MATERIALS	60,657	53,972
INVENTORIES - WATER	16,001	23,059
TOTAL CURRENT ASSETS	<u>\$1,626,550</u>	<u>\$1,436,581</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>597,620</u>	<u>848,636</u>
PROPERTY AND EQUIPMENT		
LAND, WATER SYSTEM, AND EQUIPMENT - AT COST	17,550,186	17,200,236
ACCUMULATED DEPRECIATION	<u>(10,107,640)</u>	<u>(9,691,660)</u>
NET PROPERTY AND EQUIPMENT	<u>7,442,546</u>	<u>7,508,576</u>
TOTAL ASSETS	<u>\$ 9,666,716</u>	<u>\$ 9,793,793</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 3,825	\$ 13,107
ACCRUED SALARIES AND BENEFITS	25,423	14,793
ACCRUED INTEREST	21,453	21,916
BONDS PAYABLE - CURRENT MATURITY	51,278	49,407
LEASES PAYABLE - CURRENT MATURITY	<u>93,922</u>	<u>88,339</u>
TOTAL CURRENT LIABILITIES	<u>195,901</u>	<u>187,562</u>
TERM LIABILITIES		
BONDS PAYABLE	2,243,395	2,294,674
LEASES PAYABLE	<u>562,230</u>	<u>656,152</u>
TOTAL TERM LIABILITIES	<u>2,805,625</u>	<u>2,950,826</u>
OTHER LIABILITIES		
CUSTOMER DEPOSITS	<u>131,221</u>	<u>121,140</u>
TOTAL LIABILITIES	<u>3,132,747</u>	<u>3,259,528</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	4,491,721	4,420,004
RESTRICTED FOR FUTURE EXPENDITURES	597,620	848,636
UNRESTRICTED	<u>1,444,628</u>	<u>1,265,625</u>
TOTAL NET POSITION	<u>6,533,969</u>	<u>6,534,265</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,666,716</u>	<u>\$ 9,793,793</u>

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 815,723	\$ 786,425
SPECIAL ASSESSMENTS	404,680	402,960
TOTAL OPERATING REVENUES	<u>1,220,403</u>	<u>1,189,385</u>
OPERATING EXPENSES		
SOURCE OF SUPPLY	353,692	337,264
SUPPLY MAINTENANCE	22,238	46,107
DISTRIBUTION AND OPERATING SUPPLIES	54,947	112,658
ACCOUNTING AND GENERAL ADMINISTRATION	301,500	289,383
DEPRECIATION	415,980	387,976
TOTAL OPERATING EXPENSES	<u>1,148,357</u>	<u>1,173,388</u>
OPERATING INCOME	<u>72,046</u>	<u>15,997</u>
NONOPERATING REVENUES (EXPENSES)		
INTEREST AND RENT INCOME - NET OF RELATED EXPENSES	17,370	17,965
INTEREST EXPENSE	(110,456)	(115,535)
NONRECURRING REVENUE	18,639	9,168
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(74,447)</u>	<u>(88,402)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,401)	(72,405)
CAPITAL CONTRIBUTIONS	<u>2,105</u>	<u>9,810</u>
CHANGE IN NET POSITION	(296)	(62,595)
NET POSITION JANUARY 1	<u>6,534,265</u>	<u>6,596,860</u>
NET POSITION DECEMBER 31	<u>\$ 6,533,969</u>	<u>\$ 6,534,265</u>

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,184,126	\$ 1,188,974
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(409,595)	(520,730)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(321,061)	(286,344)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>453,470</u>	<u>381,900</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
CUSTOMER DEPOSITS	10,081	8,778
OTHER	18,639	9,168
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>28,720</u>	<u>17,946</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
CAPITAL CONTRIBUTED	2,105	9,810
ACQUISITION OF CAPITAL ASSETS	(349,950)	-
PRINCIPAL PAID ON BONDS	(49,408)	(47,590)
PRINCIPAL PAID ON LEASE	(88,339)	(153,575)
INTEREST PAID	(110,919)	(115,979)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(596,511)</u>	<u>(307,334)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
INTEREST ON INVESTMENTS AND OTHER	17,370	17,965
NET CASH USED FOR INVESTING ACTIVITIES	<u>17,370</u>	<u>17,965</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(96,951)	110,477
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	<u>2,095,357</u>	<u>1,984,880</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,998,406</u>	<u>\$ 2,095,357</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	<u>\$ 72,046</u>	<u>\$ 15,997</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	415,980	387,976
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(36,277)	(411)
INVENTORIES	373	(13,886)
ACCOUNTS PAYABLE	(9,282)	(7,149)
ACCRUED SALARIES AND BENEFITS	10,630	(627)
TOTAL ADJUSTMENTS	<u>381,424</u>	<u>365,903</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 453,470</u>	<u>\$ 381,900</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 866,248	\$ 618,222
ACCOUNTS RECEIVABLE - BILLED (NET)	86,087	82,710
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	23,800	24,900
INVENTORIES	<u>4,485</u>	<u>4,485</u>
TOTAL CURRENT ASSETS	<u>980,620</u>	<u>730,317</u>
RESTRICTED ASSETS		
RESTRICTED CASH	<u>397,692</u>	<u>3,618</u>
PROPERTY AND EQUIPMENT		
LAND, SEWER SYSTEM AND EQUIPMENT - AT COST	5,955,487	5,841,047
ACCUMULATED DEPRECIATION	<u>(2,751,642)</u>	<u>(2,572,691)</u>
NET PROPERTY AND EQUIPMENT	<u>3,203,845</u>	<u>3,268,356</u>
TOTAL ASSETS	<u>\$ 4,582,157</u>	<u>\$ 4,002,291</u>
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ -	\$ 10,811
ACCRUED SALARIES AND BENEFITS	30,403	18,904
ACCRUED INTEREST	826	922
UNEARNED INCOME	397,692	-
CURRENT PORTION - LOANS PAYABLE	<u>118,935</u>	<u>118,642</u>
TOTAL CURRENT LIABILITIES	547,856	149,279
TERM LIABILITIES		
LOANS PAYABLE	<u>1,297,883</u>	<u>1,416,818</u>
TOTAL LIABILITIES	<u>1,845,739</u>	<u>1,566,097</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	1,787,027	1,732,895
RESTRICTED FOR:		
OPERATIONS AND MAINTENANCE	162,500	178,000
FUTURE EXPENDITURES	-	3,618
UNRESTRICTED	<u>786,891</u>	<u>521,681</u>
TOTAL NET POSITION	<u>2,736,418</u>	<u>2,436,194</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,582,157</u>	<u>\$ 4,002,291</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 936,769	\$ 839,746
SPECIAL ASSESSMENTS	107,936	107,807
	<u>1,044,705</u>	<u>947,553</u>
OPERATING EXPENSES		
COLLECTION SYSTEM	405,247	480,648
ACCOUNTING AND GENERAL ADMINISTRATION	241,963	223,211
DEPRECIATION	178,951	184,305
	<u>826,161</u>	<u>888,164</u>
TOTAL OPERATING EXPENSES		
	<u>218,544</u>	<u>59,389</u>
OPERATING INCOME (LOSS)		
	<u>218,544</u>	<u>59,389</u>
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	630	785
GRANT INCOME	81,758	-
INTEREST EXPENSE	(2,708)	(2,993)
	<u>79,680</u>	<u>(2,208)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	<u>79,680</u>	<u>(2,208)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	298,224	57,181
CAPITAL CONTRIBUTIONS	2,000	2,500
CHANGE IN NET POSITION	300,224	59,681
NET POSITION JANUARY 1	<u>2,436,194</u>	<u>2,376,513</u>
NET POSITION DECEMBER 31	<u>\$ 2,736,418</u>	<u>\$ 2,436,194</u>

CITY OF ROCKY FORD, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 1,042,428	\$ 924,509
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(336,587)	(456,215)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(309,935)	(250,134)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>395,906</u>	<u>218,160</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
GRANT PROCEEDS	479,450	-
MISCELLANEOUS INCOME	630	785
NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>480,080</u>	<u>785</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
CAPITAL CONTRIBUTED	2,000	2,500
ACQUISITION OF CAPITAL ASSETS	(114,440)	-
PAYMENT ON LOANS	(118,642)	(118,362)
INTEREST PAID	(2,804)	(3,085)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(233,886)</u>	<u>(118,947)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	642,100	99,998
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	<u>621,840</u>	<u>521,842</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,263,940</u>	<u>\$ 621,840</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	<u>\$ 218,544</u>	<u>\$ 59,389</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	178,951	184,305
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(2,277)	(23,044)
INVENTORIES	-	(2,730)
ACCOUNTS PAYABLE	(10,811)	588
ACCRUED SALARIES AND BENEFITS	11,499	(348)
TOTAL ADJUSTMENTS	<u>177,362</u>	<u>158,771</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 395,906</u>	<u>\$ 218,160</u>

CITY OF ROCKY FORD, COLORADO
SOLID WASTE DISPOSAL UTILITY FUND
BALANCE SHEET
DECEMBER 31, 2021 AND 2020

	2021	2020
CURRENT ASSETS		
CASH OR EQUIVALENTS	\$ 717,558	\$ 593,241
ACCOUNTS RECEIVABLE - BILLED CUSTOMERS (NET)	55,145	51,977
ACCOUNTS RECEIVABLE - UNBILLED CUSTOMERS	14,800	15,200
	787,503	660,418
EQUIPMENT		
EQUIPMENT - AT COST	1,018,125	1,018,125
ACCUMULATED DEPRECIATION	(711,863)	(661,922)
	306,262	356,203
NET EQUIPMENT		
TOTAL ASSETS	\$ 1,093,765	\$ 1,016,621
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$ 33,718	\$ 2,981
ACCRUED SALARIES AND BENEFITS	29,857	20,271
ACCRUED INTEREST	713	884
CURRENT PORTION - LOAN PAYABLE	53,536	51,476
CURRENT PORTION -LANDFILL COSTS	38,400	33,000
	156,224	108,612
TOTAL CURRENT LIABILITIES		
TOTAL CURRENT LIABILITIES	156,224	108,612
TERM LIABILITIES		
LOAN PAYABLE	142,972	192,035
ACCRUED LANDFILL COSTS	115,200	99,000
	258,172	291,035
TOTAL TERM LIABILITIES		
TOTAL TERM LIABILITIES	258,172	291,035
TOTAL LIABILITIES	414,396	399,647
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	109,754	112,692
UNRESTRICTED	569,615	504,282
	679,369	616,974
TOTAL NET POSITION		
TOTAL NET POSITION	679,369	616,974
TOTAL LIABILITIES AND NET POSITION	\$ 1,093,765	\$ 1,016,621

CITY OF ROCKY FORD, COLORADO

SOLID WASTE DISPOSAL UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
CHARGES FOR SERVICES	\$ 648,224	\$ 635,207
OPERATING EXPENSES		
COLLECTION	302,197	307,494
ACCOUNTING AND GENERAL ADMINISTRATION	213,431	213,976
DEPRECIATION	49,942	32,143
TOTAL OPERATING EXPENSES	<u>565,570</u>	<u>553,613</u>
OPERATING INCOME	<u>82,654</u>	<u>81,594</u>
NONOPERATING REVENUES (EXPENSES)		
MISCELLANEOUS INCOME	8,005	1,400
INTEREST EXPENSE	(6,664)	(3,116)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,341</u>	<u>(1,716)</u>
INCOME BEFORE TRANSFERS AND SPECIAL ITEM	83,995	79,878
TRANSFER OUT	-	(60,000)
SPECIAL ITEM - CHANGE IN ACCOUNTING ESTIMATE	(21,600)	-
CHANGE IN NET POSITION	62,395	19,878
NET POSITION JANUARY 1	<u>616,974</u>	<u>597,096</u>
NET POSITION DECEMBER 31	<u>\$ 679,369</u>	<u>\$ 616,974</u>

CITY OF ROCKY FORD, COLORADO
SOLID WASTE DISPOSAL UTILITY FUND
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	\$ 645,456	\$ 636,035
CASH PAYMENTS TO SUPPLIERS OF GOODS OR SERVICES	(207,251)	(274,798)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(268,054)	(273,499)
NET CASH PROVIDED BY OPERATING ACTIVITIES	170,151	87,738
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
TRANSFERS OUT	-	(60,000)
MISCELLANEOUS INCOME	8,005	1,400
NET CASH USED FOR NONCAPITAL AND RELATED FINANCING ACTIVITIES	8,005	(58,600)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
ACQUISITION OF CAPITAL ASSETS	-	(251,279)
PROCEEDS ON LOAN PAYABLE	-	251,279
PAYMENT ON LOAN PAYABLE	(47,003)	(7,768)
INTEREST PAID	(6,836)	(2,232)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(53,839)	(10,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	124,317	19,138
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	593,241	574,103
CASH AND CASH EQUIVALENTS END OF YEAR	\$ 717,558	\$ 593,241
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 82,654	\$ 81,594
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	49,942	32,143
CHANGE IN ASSETS AND LIABILITIES		
ACCOUNTS RECEIVABLE	(2,768)	828
ACCOUNTS PAYABLE	30,737	(24,220)
ACCRUED SALARIES & BENEFITS	9,586	(2,607)
TOTAL ADJUSTMENTS	87,497	6,144
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 170,151	\$ 87,738

CITY OF ROCKY FORD, COLORADO

WATER UTILITY FUND

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

YEAR ENDED DECEMBER 31, 2021

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
CHARGES FOR SERVICES	\$ 1,234,500	\$ 1,234,000	\$ 1,220,403	\$ (13,597)
INTEREST AND RENT	18,110	18,110	17,370	(740)
OTHER	12,000	12,000	18,639	6,639
TOTAL REVENUES	<u>1,264,610</u>	<u>1,264,110</u>	<u>1,256,412</u>	<u>(7,698)</u>
EXPENDITURES				
SOURCE OF SUPPLY	337,375	337,375	353,692	(16,317)
SUPPLY MAINTENANCE	31,500	31,500	22,238	9,262
DISTRIBUTION AND OPERATING SUPPLIES	156,850	156,850	54,947	101,903
ACCOUNTING AND GENERAL ADMINISTRATION	331,046	331,046	301,500	29,546
DEPRECIATION	-	-	415,980	(415,980)
CAPITAL OUTLAY	-	-	349,950	(349,950)
INTEREST	106,832	106,832	110,456	(3,624)
DEBT RETIREMENT	140,000	140,000	137,747	2,253
TOTAL EXPENDITURES	<u>1,103,603</u>	<u>1,103,603</u>	<u>1,746,510</u>	<u>(642,907)</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	161,007	160,507	(490,098)	(650,605)
OTHER FINANCING SOURCES				
CAPITAL CONTRIBUTIONS	10,000	10,000	2,105	(7,895)
	<u>\$ 171,007</u>	<u>\$ 170,507</u>	<u>(487,993)</u>	<u>\$ (658,500)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
CAPITALIZATION OF FIXED ASSETS			349,950	
DEBT RETIREMENT			<u>137,747</u>	
CHANGE IN NET POSITION			(296)	
NET POSITION JANUARY 1			<u>6,534,265</u>	
NET POSITION DECEMBER 31			<u>\$ 6,533,969</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, 2021

	BUDGET AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
CHARGES FOR SERVICES	\$ 960,000	\$ 960,000	\$ 1,044,705	\$ 84,705
INTEREST AND OTHER	5	5	630	625
GRANT INCOME	-	-	81,758	81,758
TOTAL REVENUES	960,005	960,005	1,127,093	167,088
EXPENDITURES				
COLLECTION SYSTEM	371,120	371,120	405,247	(34,127)
ACCOUNTING AND GENERAL ADMINISTRATION	272,421	272,421	241,963	30,458
DEPRECIATION	-	-	178,951	(178,951)
CAPITAL OUTLAY	130,000	130,000	114,440	15,560
INTEREST	8,680	8,680	2,708	5,972
DEBT RETIREMENT	112,766	112,766	118,642	(5,876)
TOTAL EXPENDITURES	894,987	894,987	1,061,951	(166,964)
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	65,018	65,018	65,142	124
OTHER FINANCING SOURCES				
CAPITAL CONTRIBUTIONS	-	-	2,000	2,000
	<u>\$ 65,018</u>	<u>\$ 65,018</u>	67,142	<u>\$ 2,124</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
CAPITALIZATION OF FIXED ASSETS			114,440	
DEBT RETIREMENT			118,642	
CHANGE IN NET POSITION			300,224	
NET POSITION JANUARY 1			2,436,194	
NET POSITION DECEMBER 31			<u>\$ 2,736,418</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, 2021

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
REVENUES				
CHARGES FOR SERVICES	\$ 642,860	\$ 642,860	\$ 648,224	\$ 5,364
MISCELLANEOUS INCOME	12,500	12,500	8,005	(4,495)
TOTAL REVENUES	655,360	655,360	656,229	869
EXPENDITURES				
COLLECTION	343,170	343,170	302,197	40,973
ACCOUNTING AND GENERAL ADMINISTRATION	230,737	230,737	213,431	17,306
DEPRECIATION	-	-	49,942	(49,942)
INTEREST	4,289	4,289	6,664	(2,375)
CAPITAL OUTLAY	-	-	-	-
DEBT RETIREMENT	50,000	50,000	47,003	2,997
TOTAL EXPENDITURES	628,196	628,196	619,237	8,959
REVENUES OVER (UNDER) EXPENDITURES BEFORE SPECIAL ITEM	27,164	27,164	36,992	9,828
SPECIAL ITEM	-	-	(21,600)	(21,600)
	<u>\$ 27,164</u>	<u>\$ 27,164</u>	15,392	<u>\$ (11,772)</u>
ADJUSTMENTS TO RECONCILE BUDGETARY BASIS TO GAAP BASIS				
DEBT RETIREMENT			47,003	
CHANGE IN NET POSITION			62,395	
NET POSITION JANUARY 1			616,974	
NET POSITION DECEMBER 31			<u>\$ 679,369</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 City of Rocky Ford, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Rocky Ford, Colorado's basic financial statements and have issued our report thereon dated October 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Rocky Ford, Colorado's internal control over financial reporting (internal control) as a basis for designing 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 City of Rocky Ford, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rocky Ford, Colorado's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies (item numbers 2021-01 and 2021-02) to be material weaknesses:

2021-01: Bank Reconciliations	Material Weakness
Observation:	<p>We identified during the audit that the October 2021, November 2021, and December 2021 monthly 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 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>Since the City implemented a new accounting software in October 2021, reconciliations were not completed in a timely matter. The City hired an outside consultant to complete all bank reconciliations in 2021. The City Manager and the new Finance Director, hired in 2022, will start on January 2022 and move forward, making sure that each month is opened, closed, and reconciled correctly. The Finance Director will complete reconciliations and provide them to the City Manager to review and approve. In the past, the Finance Director was under the supervision of another person outside of the City Manager; however, this should not be an issue moving forward due to the fact the City Manager now oversees the finance department and will continue to be part of the department's internal control process.</p>

2021-02: Accounts Receivable and Cash Receipt Controls	Material Weakness
Observation:	<p>We identified a lack of controls in the following areas related to cash receipts and accounts receivable:</p> <ul style="list-style-type: none"> • Cash receipts were collected and not being deposited into the bank in a timely manner. We noted October and November 2021 property taxes were received in November and December 2021, respectively, but not deposited into the bank until February 2022. We further noted the 2021 annual renewal application for a marijuana license was received in January 2022 but was not deposited until October 2022. • Cash receipts are being collected outside of City Hall and the accounting department. • Accounts receivable sub ledgers are not being reconciled and did not agree to the trial balance as of December 31, 2021 for the Water Utility Fund, Sewer Utility Fund and the Solid Waste Disposal Utility Fund.
Recommendation:	<p>The objective of internal control over cash receipts is to obtain control over amounts received at the time of receipt. We recommend the City implement the following control procedures related to cash receipts:</p> <ul style="list-style-type: none"> • An employee independent of the cash collection process should perform a final review of the cash receipts by comparing the bank deposit receipt to the cash receipt report to identify any discrepancies. The employee should then sign off on the deposit ticket documenting the completion of the cash receipt process. • We recommend that all cash receipts be collected at City Hall by the utility clerks. Employees who are not part of the cash receipt process should not accept cash and refer them to City Hall.
Response:	<p>This is the duty of the Finance Director, however, during the end of 2021 and through May of 2022 these were not getting completed. The City Manager was not aware that they were not getting done; however, this will be done daily and then reviewed by the City Manager monthly. We have specifically told every department that they are not to take any money outside of City Hall. Furthermore, moving forward, no checks or money will be given to the Finance Director or City Clerk to process. This will only be completed by front office staff moving forward</p>

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. We consider the following deficiency (item number 2021-03) to be a significant deficiency:

2021-03: Accounts Payable and Cash Disbursement Controls	Significant Deficiency
Observation:	<p>We identified a lack of controls in the following areas related to cash disbursements and accounts payable:</p> <ul style="list-style-type: none"> • There were instances of no department supervisor or member of management reviewing and approving invoices, specifically credit card invoices. • Disbursements were not being coded to the correct line item and or fund.
Recommendation:	<p>The objective of internal control over cash disbursements is to obtain control over amounts paid at the time of payment. We recommend the City implement the following control procedures related to cash disbursements:</p> <ul style="list-style-type: none"> • Department supervisors should be the first level of review. Department supervisors should document their approval and properly code all invoices and disbursements to the correct account line item. After supervisor approval is obtained, the Finance Manager should review and approve all disbursements. The City Manager should review and approve all disbursements over a certain dollar threshold set by council (for example \$500) as well as all unusual or non-routine disbursements, regardless of the dollar amount.
Response:	<p>This is currently being done through ADG. Each of the directors now have log-ins and are able to code and scan their invoices over to our accounts payable email for processing by the Finance Department. All directors are told that anything over \$500.00 needs to have a purchase order attached this has been the policy for over a year; however, it appears finance was going ahead and paying invoices if there were not PO's attached. City Manager will look at all payables of \$500.00 or more and sign off on them before being paid.</p>

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. 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.

City of Rocky Ford, Colorado's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on City of Rocky Ford, Colorado's response to the findings identified in our audit and described previously. City of Rocky Ford, Colorado's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Hammond Froese & Company LLC

Rocky Ford, Colorado
 October 21, 2022

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 2021
This Information From The Records Of (example - City of _ or County of _)	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:	158,602
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	32,473
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	64,599	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	32,473
5. Transfers from toll facilities		4. General administration & miscellaneous	24,224
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	215,299
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)	64,599	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)		2. Notes:	
	150,700	a. Interest	
D. Receipts from Federal Government (from page 2)		b. Redemption	
	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)		3. Total (1.c + 2.c)	0
	215,299	C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			215,299

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
		215,299	215,299		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2021

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	64,599	g. Other Misc. Receipts	
6. Total (1. through 5.)	64,599	h. Other	
c. Total (a. + b.)	64,599	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	135,528	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	15,172	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.)	15,172	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	150,700	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: