

# 2019 Financial Statements



**FRUITA**  
COLORADO

*If you want to be successful,  
**KNOW** what you are doing.  
**LOVE** what you are doing.  
**BELIEVE** in what you are doing.*

*Will Rogers*

325 E. ASPEN, FRUITA, COLORADO 81521



City of Fruita  
**General Purpose Financial Statements**  
 Fiscal Year Ended December 31, 2019  
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City of Fruita  
**General Purpose Financial Statements**  
Fiscal Year Ended December 31, 2018

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INDEPENDENT AUDITOR’S REPORT

July 16, 2020

To the Honorable Mayor and City Council  
City of Fruita, Colorado

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fruita, Colorado, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Fruita, Colorado’s basic financial statements as listed in the table of contents.

***Management’s Responsibility for the Financial Statements***

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

***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fruita, Colorado, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-21 and 65-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fruita, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, the budget to actual schedules on pages 71 -80, and the schedule of receipts and expenditures for roads, bridges, and streets, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budget to actual schedules included in supplementary information, and the schedule of receipts and expenditures for roads, bridges, and streets, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Chadwick, Steinkirchner, Davis & Co., P.C.  
Grand Junction, Colorado

# Management's Discussion and Analysis

*This discussion and analysis of the City of Fruita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2019. Please read this in conjunction with the financial statements.*

## FINANCIAL HIGHLIGHTS

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- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$95.5 million (net position). The City's total net position increased \$2.6 million (3%) from the prior year.
- The city's *unrestricted net position* increased \$2.86 million (20%) from the prior year with \$2,239,657 of the increase attributed to governmental activities and \$617,345 to business-type activities.
- The Sewer Fund represents 95% of the net position of all proprietary funds. The unrestricted net position of the Sewer Fund of \$4,680,560 increased \$595,156 (15%) in 2019.
- The City's governmental funds reported combined ending fund balances of \$15.2 million, an increase of \$1.1 million (8%) in comparison with the prior year. Approximately \$8.6 million (57%) of the total fund balance amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The unassigned fund balances for governmental funds increased \$2,034,688 (31%) from the prior year. Unassigned fund balance represents 114% of the total General Fund expenditures of \$7,567,519, including transfers out.
- City sales tax exceeded budget by 23% and prior year revenues by 15%. Retail trade increased \$208,415 (27%) from the prior year, food and lodging establishments increased \$56,623 (11%), and wholesale trade increased \$40,964 (179%). Other strong growth areas include manufacturing and information/communication services. City sales tax revenue from the oil and gas industry decreased \$94,181 (63%).
- New capital assets of \$2,726,702 were acquired in 2019. Of the amount, \$1,963,553 were for governmental activities and \$763,149 were for business-type activities. Significant capital events included Maple Street sewer and street improvements and capital contributions from new development.
- The city refunded the 2009 Sales and Use Tax revenue bonds. The refunding along with schedule debt payments resulted in total debt reduction of \$1,764,400 in 2019.

# Management's Discussion and Analysis

- The City received an AA-/Stable rating on the 2019 Refunding and Improvement bonds and an upgraded general obligation rating of AA- (from A+) from S&P Global Rating in June 2019 based on maintenance of a very strong financial position. The upgraded rating was based on 1) an adequate economy, 2) strong management, 3) strong budgetary performance, 4) very strong budgetary flexibility, 5) very strong liquidity, 6) adequate debt and contingent liability profile and 7) a strong institutional framework.
- Events subsequent to the close of the current fiscal year of major significance include the COVID-19 pandemic and its short and long term financial impacts on the city's fiscal condition and sustainability. The strength of the city's financial condition at December 31, 2019 and performance during the first quarter of 2020 will help to offset some of the negative impacts. The City has responded to anticipated revenue losses by reducing expenditures and anticipates use of unassigned balances. The City will continue to closely monitor economic conditions, revenues, expenditures and community needs in order to take appropriate actions to maintain the City's ongoing fiscal sustainability and provide services to the community.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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This discussion and analysis are intended to serve as an introduction to the City of Fruita's basic financial statements. The city's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business.

- *The statement of net position* presents information on all the city's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.
- *The statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the



# Management's Discussion and Analysis

timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the city include general government, public safety (police), public works, storm water management, parks and recreation, community recreation center operations and marketing and promotion. The business-type activities of the city include the provision of irrigation water, sewer collection and treatment, trash collection and lease of the Devils Canyon Center.

## Fund Financial Statements

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

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

- **Proprietary funds.** Proprietary funds are generally used to account for services for which the city charges customers – either outside customers or internal departments of the city.

# Management's Discussion and Analysis

Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The city maintains the following two types of proprietary funds:

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The city uses enterprise funds to account for its Sewer, Irrigation Water, Trash and Devils Canyon Center activities.

Internal service funds. Internal services funds are used by the city to account for the costs of operating and maintaining vehicles and equipment. Because this service predominantly benefits governmental rather than business-type functions, it is included within *governmental activities* in the government-wide financial statements.

The city adopts an annual appropriated budget for its proprietary funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget in the Other Supplementary Information.

- Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

## Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Other information

In addition to the basic financial statement and accompanying notes, this report also presents *required supplementary information* and other *supplementary information* including budget comparison schedules, combining statements and the annual financial report for the use of revenues from the state highway user's tax fund.

# Management's Discussion and Analysis

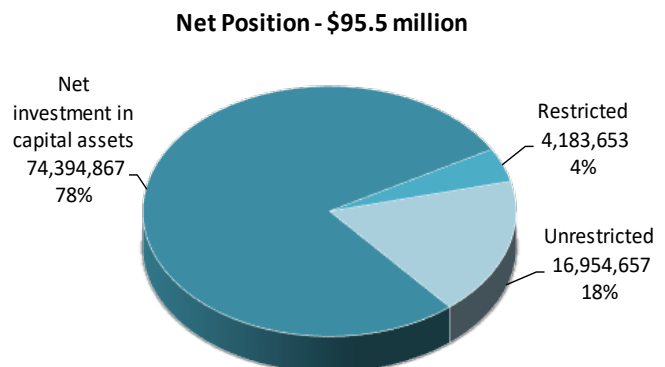
## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The city's assets exceeded its liabilities and deferred inflow of resources by \$95.5 million. The following table presents an analysis of the city's net position as of December 31, 2019.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current and other assets	\$ 18,730,425	\$ 17,310,184	\$ 6,616,503	\$ 6,464,131	\$ 25,346,928	\$ 23,774,315
Capital assets	63,480,937	63,846,169	39,391,926	40,014,783	102,872,863	103,860,952
Total assets	82,211,362	81,156,353	46,008,429	46,478,914	128,219,791	127,635,267
<b>LIABILITIES</b>						
Current and other liabilities	2,343,160	2,376,636	413,502	871,812	2,756,662	3,248,448
Long term liabilities	11,403,997	12,332,059	17,111,901	17,942,047	28,515,898	30,274,106
Total liabilities	13,747,157	14,708,695	17,525,403	18,813,859	31,272,560	33,522,554
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>						
	1,414,054	1,166,747	-	-	1,414,054	1,166,747
<b>NET POSITION</b>						
Net investment in capital assets	52,076,937	51,514,110	22,317,930	22,072,737	74,394,867	73,586,847
Restricted	3,265,917	4,299,161	917,736	962,303	4,183,653	5,261,464
Unrestricted	11,707,297	9,467,640	5,247,360	4,630,015	16,954,657	14,097,655
<b>TOTAL NET POSITION</b>	<b>\$ 67,050,151</b>	<b>\$ 65,280,911</b>	<b>\$ 28,483,026</b>	<b>\$ 27,665,055</b>	<b>\$ 95,533,177</b>	<b>\$ 92,945,966</b>

The following chart shows the components of net position as of December 31, 2019.

The largest portion of the city's net position (78%) reflect its investment of \$74.4 million in capital assets (e.g., land, buildings, machinery, vehicles, equipment and infrastructure), less any related outstanding debt that was used to acquire those assets. The city uses these capital assets to provide a variety of services to its citizens. Accordingly,



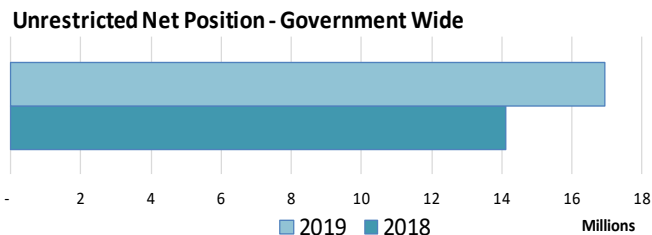
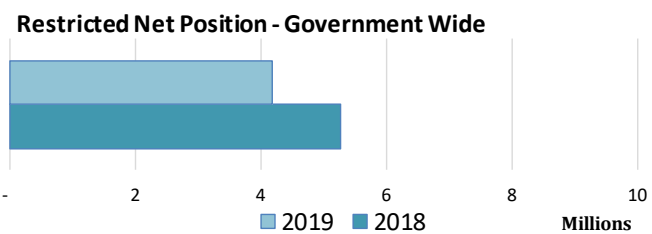
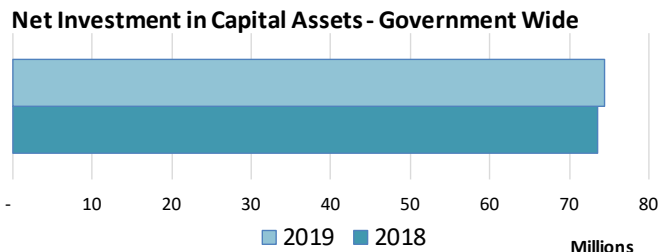
# Management's Discussion and Analysis

these assets are not available for future spending. Although the city's 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.

The City's net investment in capital assets of \$74.4 million increased \$808,020 (1%) from the prior year.

An additional portion of the city's net position of \$4.2 million (4%) represents resources that are subject to restrictions on how they may be used. Restricted net assets decreased \$1.1 million (20%) from the prior year.

The remaining balance of \$17 million (18%) is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. Unrestricted net assets increased \$2.86 million (20%) from the prior year.



At the end of the current fiscal year, the city reports positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

## Analysis of Changes in Net Position

The city's overall net position increased \$2.6 million (3%) from the prior fiscal year. The following table shows changes in net position for 2018 and 2019. This increase is explained in the governmental activities and business-type activities discussion following the table.

# Management's Discussion and Analysis

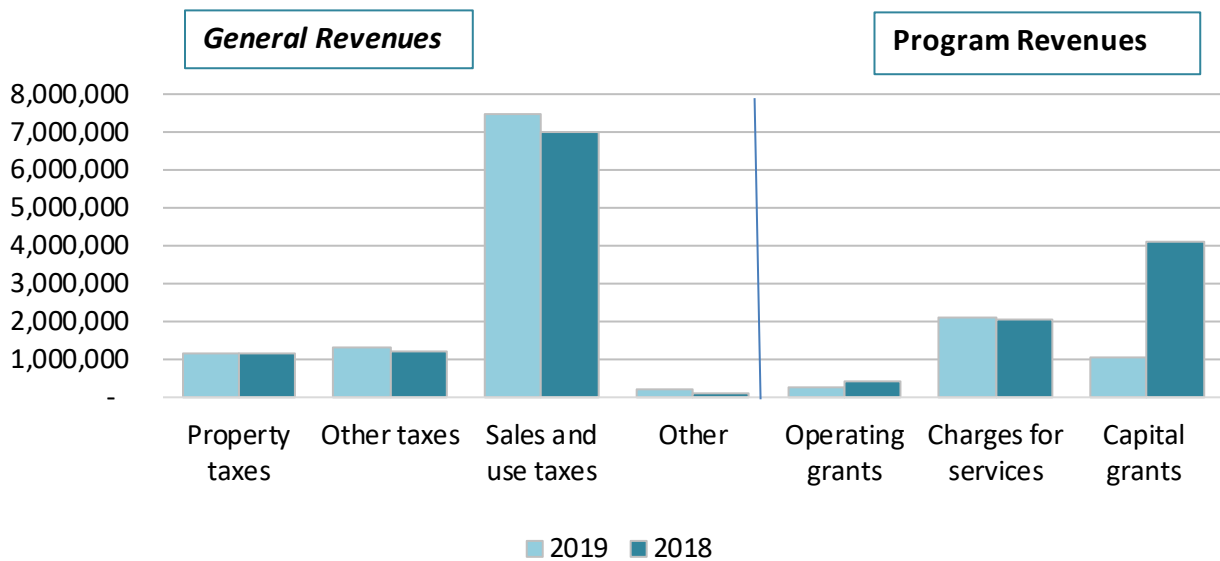
CHANGES IN NET POSITION						
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<u>Program revenues</u>						
Charges for services	\$ 2,117,692	\$ 2,055,466	\$ 4,810,836	\$ 4,793,383	\$ 6,928,528	\$ 6,848,849
Operating grants & contributions	282,108	403,344	-	-	282,108	403,344
Capital grants & contributions	1,057,896	4,120,819	106,685	352,533	1,164,581	4,473,352
<u>General revenues:</u>						
Property taxes	1,167,209	1,146,137	-	-	1,167,209	1,146,137
Sales and use taxes	7,469,001	6,975,277	-	-	7,469,001	6,975,277
Other taxes	1,338,846	1,235,863	-	-	1,338,846	1,235,863
Other	221,929	116,606	83,279	75,047	305,208	191,653
Total revenues	13,654,681	16,053,512	5,000,800	5,220,963	18,655,481	21,274,475
<b>Expenses:</b>						
General government	2,414,850	2,015,969	-	-	2,414,850	2,015,969
Marketing & promotion	119,594	114,905	-	-	119,594	114,905
Parks and recreation	3,702,926	3,433,070	-	-	3,702,926	3,433,070
Public works	2,556,469	2,618,947	-	-	2,556,469	2,618,947
Public safety	2,290,320	2,323,431	-	-	2,290,320	2,323,431
Interest on long-term debt	1,027,282	892,403	-	-	1,027,282	892,403
Sewer	-	-	3,090,575	3,026,956	3,090,575	3,026,956
Trash	-	-	715,841	676,501	715,841	676,501
Devils Canyon Center	-	-	37,552	38,937	37,552	38,937
Irrigation water	-	-	112,861	96,435	112,861	96,435
Total expenses	12,111,441	11,398,725	3,956,829	3,838,829	16,068,270	15,237,554
Increase (decrease) in net position before transfers	1,543,240	4,654,787	1,043,971	1,382,134	2,587,211	6,036,921
Transfers	226,000	229,114	(226,000)	(229,114)	-	-
Increase in net position	1,769,240	4,883,901	817,971	1,153,020	2,587,211	6,036,921
Net position - beginning	65,280,911	60,397,010	27,665,055	26,512,035	92,945,966	86,909,045
Net position - ending	\$67,050,151	\$65,280,911	\$28,483,026	\$27,665,055	\$95,533,177	\$92,945,966

**Governmental Activities.** Governmental activities increased the City's net position by \$1.8 million (3%) for the year ended December 31, 2019. Key elements of the change in net position are as follows:

Revenues of \$13.7 million decreased \$2.4 million (15%) in 2019. General revenues increased 8% and program revenues decreased 47%.

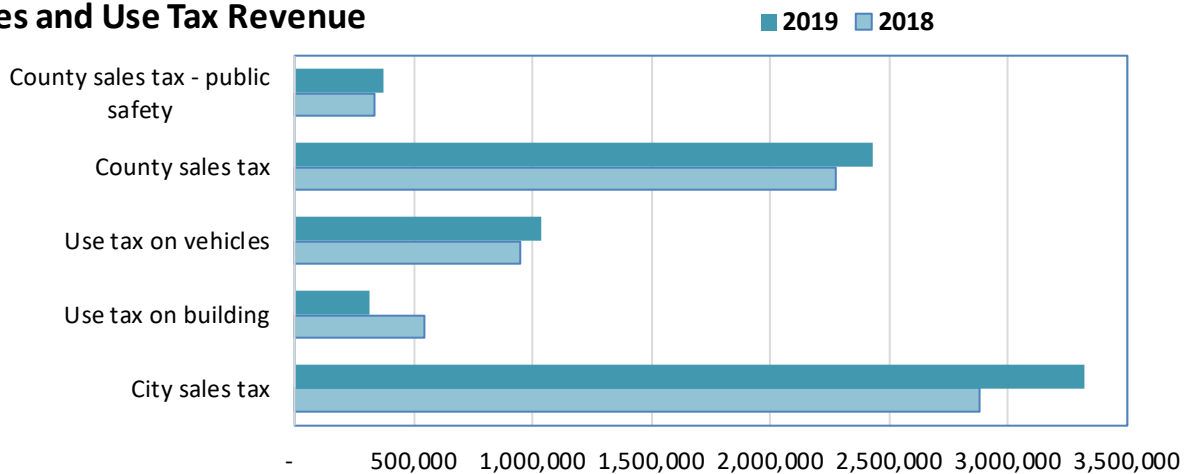
# Management's Discussion and Analysis

## Governmental Activity Revenues by Source



General revenues of \$10.2 million consist primarily of taxes and increased \$723,102 million from the prior year with increases in sales and use tax accounting for \$493,724 (68%) of this increase. The following chart shows changes in general revenues from sales and use taxes.

## Sales and Use Tax Revenue



Program revenues of \$3.5 million decreased \$3.1 million from the prior year. This decrease was due primarily to reductions in capital grants associated with capital projects of \$3,062,923. Charges for services increased \$62,226 (3%) and operating grants decreased \$121,236 (30%).

# Management's Discussion and Analysis

Expenses of \$12.1 million increased \$712,716 (6%) in 2019. Changes in expenses from the prior year include:

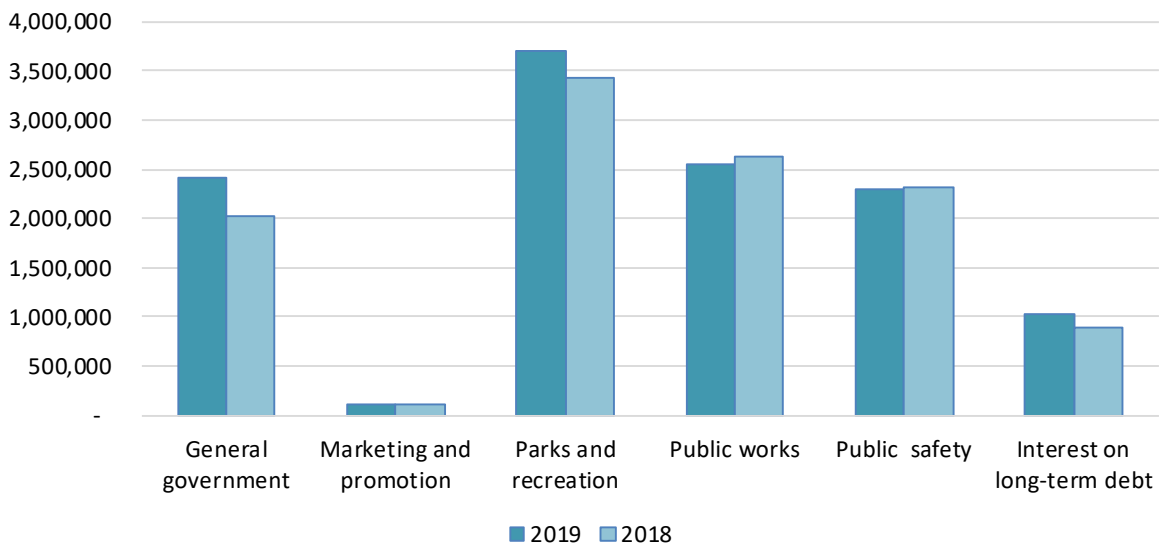
Increases:

- General government programs of \$2.4 million increased \$398,881 (20%).
- Parks and recreation programs of \$3.7 million increased \$269,856 (8%).
- Interest on long-term debt of \$1 million increased \$134,879 (15%).
- Marketing and promotion programs of \$119,594 increased \$4,689 (4%).

Decreases:

- Public works programs of \$2.6 million decreased \$62,478 (2%).
- Public safety programs of \$2.3 million decreased \$33,111 (1%).

**Governmental Activity Expenses by Program**



Transfers. Transfers from business-type activities to governmental activities of \$226,000 decreased \$3,114 (1%) from the prior year.

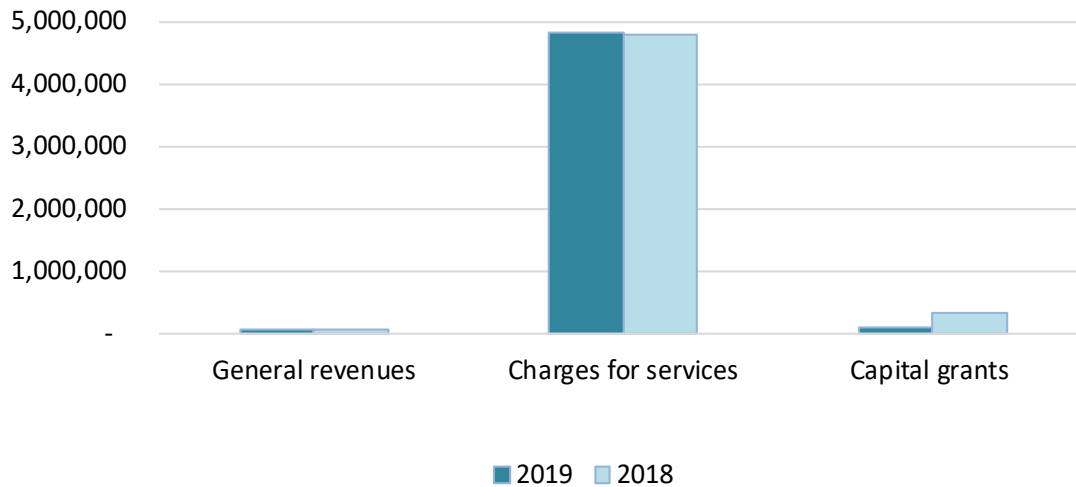
**Business-type Activities.** Business-type activities increased the City's net position by \$817,971 (3%) for the year ended December 31, 2019. Key elements of the change in net position are as follows:

Revenues of \$5 million decreased \$220,163 million (4%) in 2019. General revenues are less than 2% of the total revenues for business-type activities and increased \$8,232 (11%). Program revenues decreased \$228,395 (2%). This decrease is primarily due to a reduction in plant

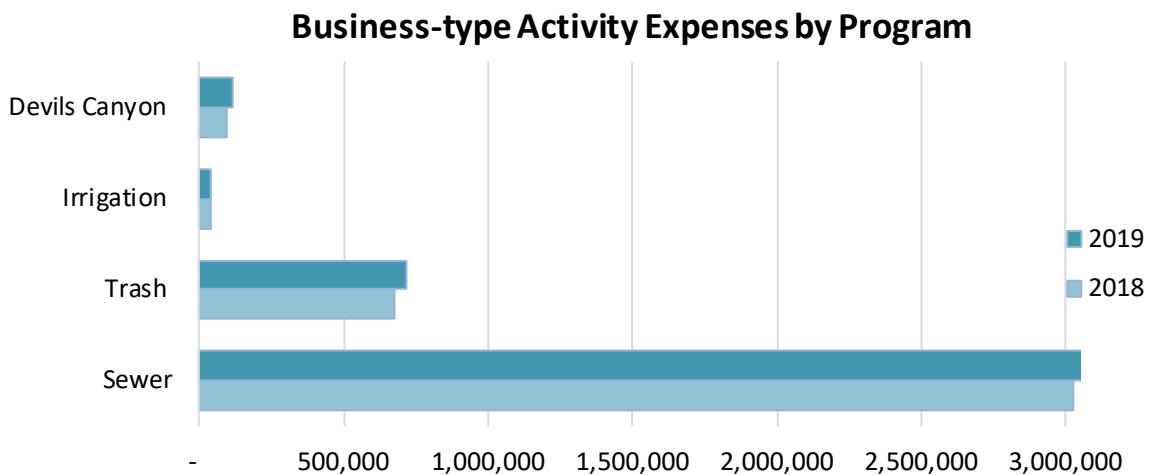
# Management's Discussion and Analysis

investment fees collected and a reduction in contributed capital from new development.

## Business-type Activity Revenues by Source



Expenses of business-type activities of \$4 million increased \$118,000 (3%) in 2019. The following chart shows these expenses by activity.



Sewer program expenses account for 78% of the total expenses for business-type activities and increased \$63,619 (2%) for the year ending December 31, 2019. Trash program expenses of \$715,841 increased \$39,340 (6%) and was due to an increase in the cost of services provided through a private contractor.

Transfers. Transfers to governmental activities of \$226,000 decreased 1% over the prior year.



# Management's Discussion and Analysis

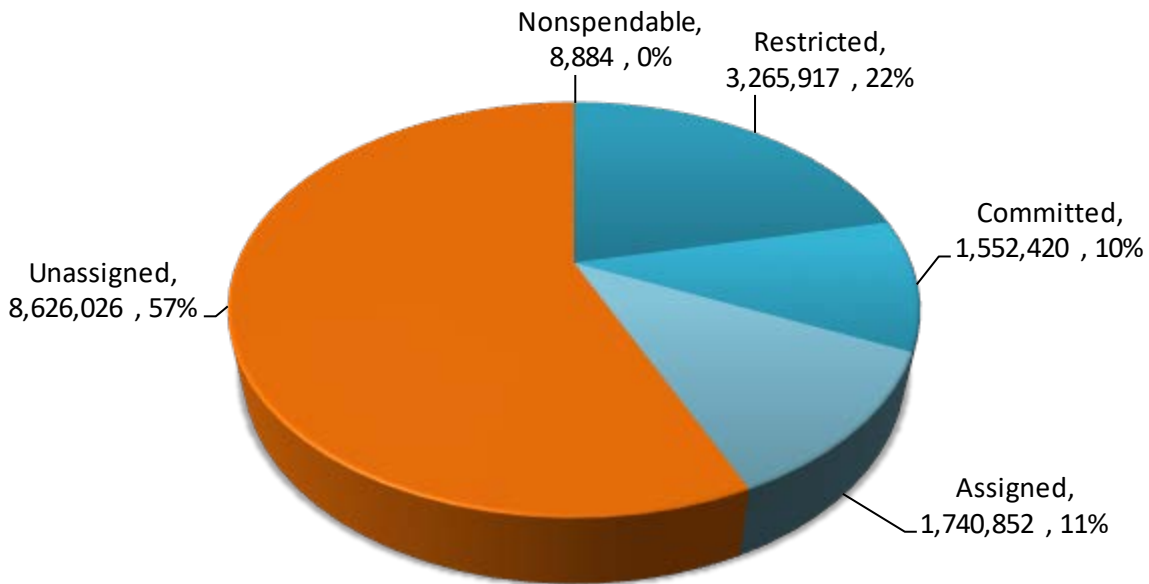
## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Fruita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Fruita's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, 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.

**Fund Balances.** As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$15,194,099, an increase of \$1,078,521 (8%) in comparison with the prior year. Approximately 57% of the total fund balance amount constitutes unassigned fund balance, which is available for spending at the City's discretion.

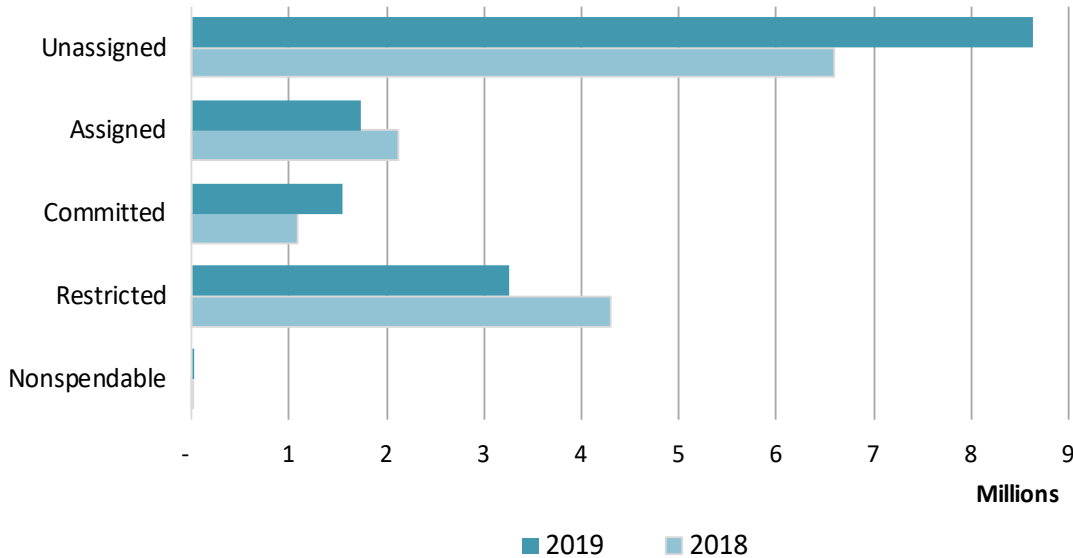
### Fund Balance of Governmental Funds - \$15.2 million



Components of fund balance include non-spendable, restricted, committed, assigned and unassigned amounts. The following information highlights the \$1,078,521 (8%) increase in fund balances from the prior year.

# Management's Discussion and Analysis

## Governmental Funds Changes in Fund Balances



- Non-spendable fund balance of \$8,884 includes the inventory of fuel and stockpiles of dirt and rock for future capital projects and represent less than 1% of the fund balances.
- Restricted fund balances of \$3,265,917 represent 21% of the total fund balance and are amounts restricted for specific purposes by ordinance, state statute or constitutional or charter provisions. Special revenue funds report their balances as restricted for the purpose of that fund. Restricted fund balances decreased \$1,033,245 (24%) from the prior year. This reduction is due to a decrease of \$2,016,188 in funds set aside for the 2009 Sales and Use Tax Revenue Bonds for the Fruita Community Center due to the refunding of these bonds in 2019. This decrease was offset by increases of \$805,253 in the amount restricted for use in the Community Center Fund, an increase of \$95,452 for the public safety reserve resulting from the public safety tax imposed by the County in 2018 and increases in restricted funds of \$82,238 for marketing, parks and open space and streets.
- Committed fund balances of \$1,552,400 million (10% of the total fund balance) represents the amount in the Community Center Fund committed to the 25% operating reserve and commitment of fund balance for Community Center building and equipment replacement. The committed fund balance increased \$458,370 (42%) from the prior year primarily due to the transfer in of the \$500,000 supplemental bond reserve on the 2009 Sales and Use Tax revenue bonds no longer required due to the

# Management's Discussion and Analysis

refunding and subsequent transfer of these funds back to the Community Center Fund.

- Assigned fund balances of \$1,740,852 (11% of the total fund balance) are amounts assigned by the City Council or City Manager for specific purposes. The assigned fund balance decreased \$382,182 (18%) from the prior year. The following table shows the changes in assigned fund balances and reflects the use of or addition to these funds pursuant to budget policies of the city.

Assigned Fund Balances				
	2019	2018	\$ Change	% Change
Capital projects	279,008	153,157	125,851	82%
Health insurance reserve	328,880	393,026	(64,146)	-16%
Replacement reserves	962,043	836,973	125,070	15%
Subsequent year expenses	101,000	674,005	(573,005)	-85%
Other	69,921	65,873	4,048	6%
<b>Total Assigned Balances</b>	<b>1,740,852</b>	<b>2,123,034</b>	<b>(382,182)</b>	<b>-18%</b>

- Unassigned fund balances of \$8,626,026 (57% of the total fund balance) represents amounts available for spending at the City's discretion. The unassigned fund balances increased \$2,034,688 (31%) from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 114% of the total General Fund expenditures of \$7,567,519, including transfers out while total fund balance represents 143% of the same amount.

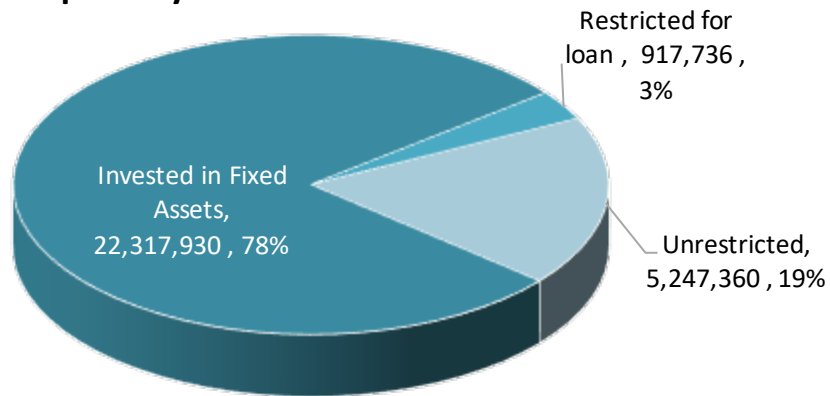
## Proprietary funds

The city's proprietary fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

**Net Position.** The net position of all proprietary funds was \$28,483,026 at year end, an increase of \$817,971 (3%). Components of net position include amounts invested in fixed assets (net of related debt), amounts restricted for loan covenants, and unrestricted amounts.

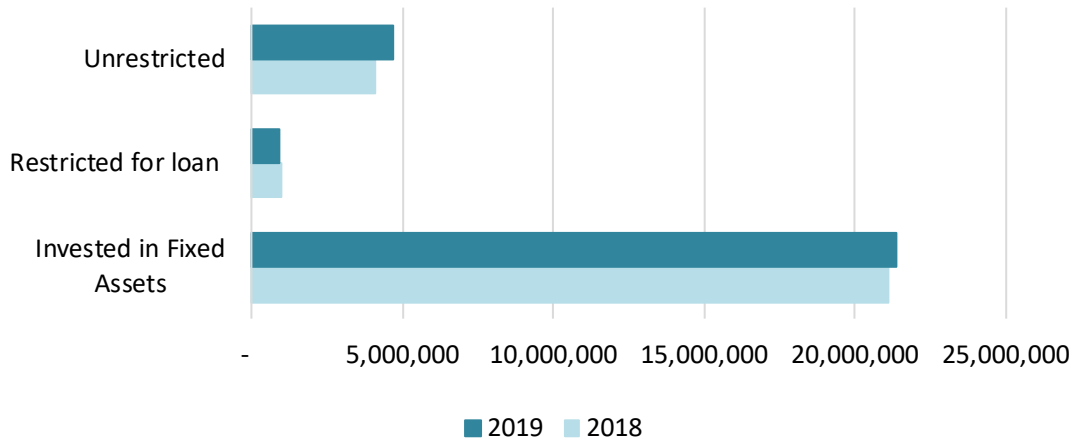
# Management's Discussion and Analysis

## Net Position - Proprietary Funds



The Sewer Fund represents 95% of the net position of all proprietary funds. The net position of the Sewer Fund of \$26,954,134 reflects an increase of \$792,195 (3%) from the prior fiscal year.

## Sewer Fund Net Position



- Invested in fixed assets, net of related debt represents capital assets of \$21,355,838 net of depreciation and the debt associated with the wastewater reclamation facility, and represents 79% of the net position of the Sewer Fund. The investment in capital assets increased \$241,606 from the prior year.
- Restricted for loan covenants represents funds restricted by loan covenant documents for the wastewater treatment facility loan in the amount of \$917,736, a decrease of \$44,567, and represents 3% of the net position. Restricted amounts include a 25% operating reserve and a portion of the following years principal and interest payments on the loan.

# Management's Discussion and Analysis

- Unrestricted net position of \$4,680,560 increased \$595,156 (15%) in 2019 and represents 17% of the net position for the Sewer Fund. Unrestricted net position includes \$1,383,566 designated for facility and vehicles and equipment replacements.

## GENERAL FUND BUDGETARY HIGHLIGHTS

**Original budget compared to final budget.** Differences between the General Fund original budget and the final amended budget include revisions to both projected revenues, expenditures, and other financing uses as noted in the following table.

General Fund Budgetary Changes			
Description	Original Budget	Final Budget	Change in Budget
Revenues	\$ 7,997,000	\$ 8,074,400	\$ 77,400
Expenses	(7,893,180)	(8,013,280)	(120,100)
Other Financing Uses	(826,000)	(822,350)	3,650
Excess revenues (expenses)	\$ (722,180)	\$ (761,230)	\$ (39,050)

These revisions were made to account for revenues and expenses associated with:

- Insurance payments and repairs to the Old Fruita Bridge due to fire damages,
- Capital and special projects not completed in the prior year as anticipated (Lagoon Redevelopment plan, North Fruita Desert master plan, Hwy 340 roundabouts),
- Land Use Code Update funded by grant funds,
- Special event expenses offset by donations, and
- Contributions from outside agencies and use of designated fund balance for scholarships and senior center programs.

## Final budget compared to actual results.

General Fund Budget to Actual Highlights				
Description	Final Budget	Actual	Variance	% of Variance
Revenues	\$ 8,074,400	\$ 9,040,232	\$ 965,832	38%
Expenses	(8,013,280)	(6,995,056)	1,018,224	41%
Other Financing Uses	(822,350)	(293,414)	528,936	21%
Excess revenues (expenses)	\$ (761,230)	\$ 1,751,762	\$ 2,512,992	100%

# Management's Discussion and Analysis

Revenues of \$9,040,232 exceeded of budgeted revenues by \$965,832, a 38% variance. The most significant differences between budgeted and actual revenues are summarized below.

Revenue Source	Budgeted revenues	Actual revenues	Variance	% Chg
City sales tax	\$ 1,796,000	\$ 2,213,793	\$ 417,793	23%
Use taxes	835,000	899,173	64,173	8%
County sales tax	2,238,000	2,432,130	194,130	9%
Intergovernmental revenue	763,225	872,251	109,026	14%
	<u>5,632,225</u>	<u>6,417,347</u>	<u>785,122</u>	<u>14%</u>

City sales tax exceeded budget by 23% and prior year revenues by 15%. This indicates a continuation of improvement in the local economy with a strong tourism component and implementation of the Wayfair decision affecting sales tax collections. The General Fund receives 2/3 of the city sales tax revenue with the remaining 1/3 restricted for the Community Center Fund. The following numbers represent the city sales tax revenue allocated to the General Fund.

Retail trade increased \$208,415 (27%) from the prior year, food and lodging establishments increased \$56,623 (11%), and wholesale trade increased \$40,964 (179%). Other strong growth areas include manufacturing and information/communication services. City sales tax revenue from the oil and gas industry decreased \$94,181 (63%).

The 2019 budgeted sales tax revenues anticipated the decline in oil and gas activity. However, the implementation of sales tax collections based on where the goods/services are delivered (destination sourcing) in 2019 was not included in budget projections. The initial implementation date of December 1, 2018 was extended to March 31, 2019 and then again to May 31, 2019 to simplify and streamline sales tax collection laws. In 2019, sales tax collections on the "remote sellers" accounted for \$118,811 (5%) of the city sales tax revenues.

Use tax revenues exceeded budget by 8% but were down 9% from the prior year. The city imposes a 3% use tax on vehicles and building materials. Use tax on building materials accounted for \$58,425 (91%) of the variance in budget to actual revenues for use tax. The city budgets use tax on building materials conservatively as it can vary significantly from year to year. Any excess revenues are then attributed to fund balances at year end and available for use for one-time expenses versus allocating them for ongoing operational expenses. The City issued 62 planning clearances for new residential construction 2019 (compared to 93 permits in the prior year) and one commercial permit for new construction.

# Management's Discussion and Analysis

County sales tax revenue exceeded budgeted amounts by \$194,130 (9%) and was 7% higher than the prior year. This increase in revenue indicates that the regional economy is continuing to improve as well as the local Fruita economy.

Intergovernmental revenues exceeded budget by 14% and were 19% higher than the prior year. Severance tax and mineral lease revenue, similar to use tax on building materials, are budgeted conservatively as they tend to fluctuate significantly from year to year and are tied to the oil and gas industry. These revenues exceeded budget by \$125,629 (126%). Another significant component of intergovernmental revenues includes highway users tax funds (HUTF) distributed by the State. These revenues exceeded budget by \$80,375 (19%). This increase was due to a special distribution from the State and not part of their original revenue projects for 2019. Decreases in intergovernmental revenues include grant revenues budgeted but not received due to timing of projects for which the grants were awarded.

Expenses of \$6,995,056 (excluding other financing uses) were under the final budgeted amount of \$8,013,280 by \$1,018,224 (13%). There were no expenses in excess of budget on a department wide basis. The following table shows the variances between budget and actual expenses by department.

Department	Budgeted expenses	Actual expenses	Difference	% (Under) Over
General government	\$ 497,875	\$ 474,548	\$ (23,327)	-5%
Administration	791,555	750,088	(41,467)	-5%
Community development	518,625	383,589	(135,036)	-26%
Public safety	2,313,600	2,122,225	(191,375)	-8%
Public works	1,748,895	1,604,006	(144,889)	-8%
Parks and recreation	1,214,800	1,064,535	(150,265)	-12%
Non-departmental	491,600	319,630	(171,970)	-35%
Capital outlay	436,330	276,435	(159,895)	-37%
<b>Total operating expenses</b>	<b>\$ 8,013,280</b>	<b>\$ 6,995,056</b>	<b>\$ (1,018,224)</b>	<b>-13%</b>

*Community development* expenses were under budget by 26%. This difference was due to timing of expenses associated with the Community Plan update Land Use Code update. The Land Use Code update was initially scheduled to begin in late 2019. However, it was postponed until completion of the Community Plan in early 2020.

*Non-departmental* expenses were under budget by 35%. This difference was due to unspent contingency funds for general operations and economic development.

# Management's Discussion and Analysis

*Capital outlay* expenses were under budget by 37%. This difference was due to savings on capital equipment purchases and timing of purchases, specifically patrol vehicles which were ordered in early 2019 but not received until the following year.

*Parks and Recreation* expenses were under budget by 12%. This difference was due to timing of expenses associated with the development of PHROST (Parks, Health, Recreation, Open Space and Trails) Master Plan. The project was initially budgeted for 2019 but not started until 2020.

All other departments were individually under budget by 0% to 10% and cumulatively account for 26% of the difference between budgeted and actual expenses.

Other Financing Sources (Uses) include special transactions which are not considered operating revenues and expenses. These include transfers to and from other funds, insurance damage awards, proceeds from sale of capital assets and other special revenue or expense items. Other financing sources (uses) had a favorable budget variance of \$528,936. This variance from budget to actual was primarily due to a reduction in transfers to the capital projects fund due to savings in capital project costs and timing of capital projects.

Other Financing Source (Use)	Budgeted expenses	Actual expenses	Difference	% (Under) Over
Transfers in	\$ 226,000	\$ 226,000	-	0%
Transfers out	(1,082,750)	(572,463)	510,287	-47%
Insurance damage awards	34,400	40,653	6,253	N/A
Sale of capital assets	-	12,396	12,396	100%
<b>Total other financing uses</b>	<b>\$ (822,350)</b>	<b>\$ (293,414)</b>	<b>\$ 528,936</b>	<b>-64%</b>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's capital assets for governmental and business-type activities as of December 31, 2019 were \$102,872,863, net of accumulated depreciation. Capital asset include land, buildings, machinery, equipment, vehicles, park and recreation facilities, roads, highways, wastewater reclamation facility, sewer collection lines, and irrigation distribution system.

Capital asset additions for the year ended December 31, 2019 included the following:



# Management's Discussion and Analysis

## Capital Asset Additions

Governmental Funds		Proprietary Funds	
Overlays	\$ 18,391	WWTF improvements - bar screen	\$ 64,551
Maple Street improvements	361,455	WWTF Blower modifications	27,930
Drainage improvements	1,800		
Kokopelli trail	3,592	H2S Mitigation	94,055
Park improvements & equip	118,721	Lift station electrical (SH340)	32,792
FCC equipment	57,248	Maple street sewer replacement	300,579
Building improvements	26,423	Cedar/Aspen sewer improvements	23,866
Sidewalk improvements	31,215	SH 6 Sewer extension	27,546
Crosswalk improvements	12,121	Equipment	45,739
Computer equipment	46,324	Computer equipment - SCADA	5,321
Mobile equipment	223,238	DCC roof replacement	47,850
Equipment/Furniture	8,220	Capital contributions	
Capital contributions:		Oak Creek Estates	66,963
Oak Creek Estates	687,693	Brandon Estates F3 P2C	14,593
Brandon Estates F3 P2C	135,102	Mulberry Alley	11,364
Mulberry Alley	57,210		
Olga Anson Park irrig	4,800		
Parking lot at FCC	170,000		
<b>Total</b>	<b>\$ 1,963,553</b>	<b>Total</b>	<b>\$ 763,149</b>

Depreciation expense of \$3,680,965 included \$2,308,169 million in governmental activities, including the internal service fund and \$1,372,796 in business type activities. The City disposed of \$300,307 in capital assets with a book value of \$20,616

Long-term Debt. At the end of the current fiscal year, the City of Fruita had total debt outstanding of \$28.7 million. Of this amount, \$17.1 million is a loan backed by user fees and charges of the sewer system, \$11.2 million represents bonds backed by sales and use tax revenues, \$176,073 is backed by a performance obligation of the City to provide future irrigation water on Pinyon Mesa, and \$163,693 is for compensated absences payable from future revenues of the City. The City of Fruita's total debt decreased by \$1,764,400 in 2019.

The City received a long-term rating of AA-/Stable on the 2019 Sales and Use Tax Refunding and Improvements bonds and received an upgraded rating of AA-(SPUR)/Stable for general obligations of the City. The upgraded rating was based on 1) an adequate economy, 2) strong management, 3) strong budgetary performance, 4) very strong budgetary flexibility, 5) very strong liquidity, 6) adequate debt and contingent liability profile and 7) a strong institutional framework.

# Management's Discussion and Analysis

Additional information on the City of Fruita's long-term debt obligations can be found in Note 3.E. to the Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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### **Governmental Funds.**

**2020 General Fund Budget.** The original 2020 Budget assumed minimal growth in the local economy. Budgeted revenues were projected to decrease 3% from actual 2019 revenues. However, due to the impacts of the COVID-19 pandemic which have affected the global economy, it is anticipated that 2020 revenues will be revised downward to reflect current economic conditions. Both the short and long-term financial impacts of COVID-19 are not yet known. Stay-at-home orders and business closures were required by the state and county governments in order to reduce and prevent the spread of the virus in March of 2020. The most current data available for city sales tax revenues (generated for March sales and received in May) is up 47% over the prior year and 1<sup>st</sup> quarter sales, use and lodging tax revenues were up a combined total of 15% over the prior year. It is anticipated that these revenues will decline significantly in April and this decline will continue to some extent for the remainder of the year. The City has identified expenditure reductions and use of fund balances to offset the anticipated revenue decreases for the 2020 Budget and will continue to monitor revenues to see if additional reductions are needed.

**2020 Community Center Fund Budget.** The original 2020 Budget assumed an 18% decrease in revenues. This decrease was primarily attributed to non-recurring revenues received in 2019 from refunding of the bonds. The COVID-19 pandemic will have significant impacts on the Community Center revenues in 2020 as it is subject to the same sales and use tax revenue reductions anticipated in the General Fund, as well as loss of revenues from user fees and charges due to closure of the facility in March, April and May. The facility was allowed to reopen at reduced capacity in late May and anticipates resuming monthly billings in June. However, the City anticipates reduced user fees and charges due to concerns over transmission of the virus that will last throughout the rest of the year. The City furloughed part time staff at the facility and identified other reductions in expenses to help offset some of the revenue loss, in addition to anticipated use of fund balances.

**Marketing and Promotion Fund Budget.** The original 2020 Budget assumed a 6% increase in lodging tax revenues. This increase was primarily attributed to increases in tourism and it's impact on the local economy. The COVID-19 pandemic has hit the lodging industry especially hard with the stay-at-home orders and concerns over transmission of the virus. Reductions in expenses have been identified and use of fund balances are anticipated.

# Management's Discussion and Analysis

The voter's approved a ballot question at the April 2020 election to increase lodging tax from 3% to 6%, effective January 1, 2021. The additional 3% lodger's tax is to be used for economic development and parks, trails, open space and public places.

## Enterprise Funds.

User charges in the utility funds (sewer, trash and irrigation) are established to cover operating and capital costs. Rate increases went into effect on January 1, 2020 for these services. Monthly trash collection charges increased \$0.50 (4%), sewer charges increased \$1.00 (2%) per month, the annual fee for the in-city irrigation system increased \$10 (8%) and the annual rate increased \$40 (40%) for those using the Encanto irrigation system. It is anticipated that COVID-19 pandemic will have a negative impact on sewer revenues from commercial customers but that this impact will not be significant. Expenditure reductions have been identified to offset anticipated revenue losses. The City has also suspended late fees and penalty charges for delinquent accounts but anticipates this charge will be reinstated in June or July.

## REQUESTS FOR INFORMATION

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This financial report is designed to provide a general overview of the City of Fruita's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 325 E. Aspen, Fruita, Colorado, 81521.



# **Basic Financial Statements**

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City of Fruita, Colorado  
**Statement of Net Position**  
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 13,121,108	\$ 5,049,177	\$ 18,170,285
Receivables	1,446,904	649,590	2,096,494
Intergovernmental receivable	1,473,203	-	1,473,203
Inventories	13,357	-	13,357
Restricted assets:			
Restricted cash	2,675,853	917,736	3,593,589
Capital assets (net of accumulated depreciation)			
Land	8,483,012	1,046,173	9,529,185
Source of supply	-	14,712	14,712
Buildings, net	15,068,079	652,612	15,720,691
Systems, net	30,966,659	37,160,213	68,126,872
Machinery and equipment, net	8,963,187	518,216	9,481,403
Construction in progress	-	-	-
Total Assets	<u>82,211,362</u>	<u>46,008,429</u>	<u>128,219,791</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	372,660	193,666	566,326
Accrued interest payable	101,150	197,553	298,703
Compensated absences payable	141,411	22,283	163,694
Customer deposits payable	28,842	-	28,842
Unearned revenues	1,699,097	-	1,699,097
Noncurrent liabilities:			
Due within one year (bonds and notes)	331,457	845,000	1,176,457
Due in more than one year (bonds and notes, net)	11,072,540	16,266,901	27,339,441
Total Liabilities	<u>13,747,157</u>	<u>17,525,403</u>	<u>31,272,560</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property tax revenue	1,414,054	-	1,414,054
Total Deferred Inflows of Resources	<u>1,414,054</u>	<u>-</u>	<u>1,414,054</u>
<b>NET POSITION</b>			
Net investment in capital assets	52,076,937	22,317,930	74,394,867
Restricted for:			
Debt service	757,839	917,736	1,675,575
Marketing and promotion	152,421	-	152,421
Community center	1,228,436	-	1,228,436
Parks and open space	256,271	-	256,271
Streets and drainage	303,224	-	303,224
Public safety	167,726	-	167,726
Emergency reserves	400,000	-	400,000
Unrestricted	11,707,297	5,247,360	16,954,657
Total Net Position	<u>\$ 67,050,151</u>	<u>\$ 28,483,026</u>	<u>\$ 95,533,177</u>

The notes to the financial statements are an integral part of this statement.

City of Fruita, Colorado  
**STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>		a	b	c			
General government	\$ 2,414,850	\$ 256,055	\$ 75,924	\$ -	\$ (2,082,871)	\$ -	\$ (2,082,871)
Marketing and promotion	119,594	127,045	-	-	7,451	-	7,451
Parks and recreation	3,702,926	1,566,789	73,075	-	(2,063,062)	-	(2,063,062)
Public works	2,556,469	103,572	-	1,057,896	(1,395,001)	-	(1,395,001)
Public safety	2,290,320	9,411	1,824	-	(2,279,085)	-	(2,279,085)
Interest on long-term debt	1,027,282	54,820	131,285	-	(841,177)	-	(841,177)
Total governmental activities	<u>12,111,441</u>	<u>2,117,692</u>	<u>282,108</u>	<u>1,057,896</u>	<u>(8,653,745)</u>	<u>-</u>	<u>(8,653,745)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer	3,090,575	3,853,546	-	106,685	-	869,656	869,656
Trash	715,841	785,049	-	-	-	69,208	69,208
Devils Canyon Center	37,552	55,561	-	-	-	18,009	18,009
Irrigation water	112,861	116,680	-	-	-	3,819	3,819
Total business-type activities	<u>3,956,829</u>	<u>4,810,836</u>	<u>-</u>	<u>106,685</u>	<u>-</u>	<u>960,692</u>	<u>960,692</u>
Total government	<u>\$ 16,068,270</u>	<u>\$ 6,928,528</u>	<u>\$ 282,108</u>	<u>\$ 1,164,581</u>	<u>(8,653,745)</u>	<u>960,692</u>	<u>(7,693,053)</u>
General Revenues:							
					1,167,209	-	1,167,209
					7,469,001	-	7,469,001
					225,629	-	225,629
					494,375	-	494,375
					411,302	-	411,302
					207,540	-	207,540
					207,134	70,369	277,503
					14,795	12,910	27,705
					226,000	(226,000)	-
					<u>10,422,985</u>	<u>(142,721)</u>	<u>10,280,264</u>
					1,769,240	817,971	2,587,211
					<u>65,280,911</u>	<u>27,665,055</u>	<u>92,945,966</u>
					<u>\$ 67,050,151</u>	<u>\$ 28,483,026</u>	<u>\$ 95,533,177</u>

The notes to the financial statements are an integral part of this statement.



City of Fruita, Colorado  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2019

	Major Funds				Nonmajor Funds	Total
	General	Capital Projects	Community Center	Debt Service	Other	
					Nonmajor Funds	
<b>ASSETS</b>						
Cash and investments	\$ 9,901,055	\$ 193,464	\$ 2,575,244	\$ 9,639	\$ 411,209	\$ 13,090,611
Accounts receivable	25,200	3,092	-	-	-	28,292
Taxes receivable	1,414,054	-	-	-	4,558	1,418,612
Due from other funds	-	-	-	-	-	-
Intergovernmental receivables	1,249,083	-	224,120	-	-	1,473,203
Inventories	13,357	-	-	-	-	13,357
Restricted cash	167,014	1,700,621	60,018	748,200	-	2,675,853
Total Assets	12,769,763	1,897,177	2,859,382	757,839	415,767	18,699,928
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	270,572	790	76,951	-	15,523	363,836
Due to other funds	-	-	-	-	-	-
Deposits payable	27,267	-	1,575	-	-	28,842
Unearned revenues	212,724	1,486,373	-	-	-	1,699,097
Total Liabilities	510,563	1,487,163	78,526	-	15,523	2,091,775
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable property tax revenue	1,414,054	-	-	-	-	1,414,054
Total deferred inflows of resources	1,414,054	-	-	-	-	1,414,054
Fund Balances:						
Nonspendable:	8,884	-	-	-	-	8,884
Restricted:						
Debt Service	-	-	-	757,839	-	757,839
Marketing	-	-	-	-	152,421	152,421
Community center	-	-	1,228,436	-	-	1,228,436
Parks and open space	-	8,448	-	-	247,823	256,271
Streets and drainage	7,767	295,457	-	-	-	303,224
Public safety	167,726	-	-	-	-	167,726
Emergency reserve	400,000	-	-	-	-	400,000
Committed:	-	-	1,552,420	-	-	1,552,420
Assigned:						
Equipment replacement reserve	962,043	-	-	-	-	962,043
Subsequent year expenses	101,000	-	-	-	-	101,000
Health insurance reserve	328,880	-	-	-	-	328,880
Capital projects	172,899	106,109	-	-	-	279,008
Scholarship Program	27,365	-	-	-	-	27,365
Art Acquisition Fund	32,863	-	-	-	-	32,863
War memorial maintenance	8,515	-	-	-	-	8,515
Court appointed counsel	1,178	-	-	-	-	1,178
Unassigned:						
Unassigned	6,877,495	-	-	-	-	6,877,495
Operating reserve	1,748,531	-	-	-	-	1,748,531
Total fund balances	10,845,146	410,014	2,780,856	757,839	400,244	15,194,099
Total liabilities, deferred inflows of resources and fund balances	\$ 12,769,763	\$ 1,897,177	\$ 2,859,382	\$ 757,839	\$ 415,767	\$ 18,699,928

The notes to the financial statements are an integral part of this statement.

City of Fruita, Colorado  
**RECONCILIATION OF BALANCE SHEET**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
December 31, 2019

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds	\$ 15,194,099
Capital assets used in governmental activities, excluding internal service funds of \$19,726, are not financial resources and, therefore, are not reported in the funds.	63,480,937
Internal service funds are used to charge the costs of fleet maintenance to individual funds. The current assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	21,673
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds other than internal service fund amounts (\$4,371).	(11,646,558)
<b>Net position of governmental activities</b>	<u><u>\$ 67,050,151</u></u>

The notes to the financial statements are an integral part of this statement.

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

For the year ended December 31, 2019

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Capital Projects	Community Center	Debt Service	Other Nonmajor Funds	
<b>REVENUES</b>						
Taxes:						
Property	\$ 1,167,209	\$ -	\$ -	\$ -	\$ -	\$ 1,167,209
City sales	2,213,793	-	1,106,896	-	-	3,320,689
County sales	2,432,130	-	-	-	-	2,432,130
County sales - Public safety	367,421	-	-	-	-	367,421
Use tax	899,173	-	449,589	-	-	1,348,762
Other	594,569	-	-	-	127,045	721,614
Licenses and permits	33,885	-	-	-	-	33,885
Intergovernmental revenues	872,251	25,827	-	131,285	147,933	1,177,296
Charges for services	205,726	-	1,236,319	-	155	1,442,200
Fines, forfeitures, assessments	21,226	117	-	-	-	21,343
Investment earnings	108,150	32,052	7,586	85,091	276	233,155
Rents and royalties	40,041	-	64,948	-	-	104,989
Donations	45,011	2,758	2,375	-	-	50,144
Miscellaneous	39,647	-	6,647	-	-	46,294
Total revenues	<u>9,040,232</u>	<u>60,754</u>	<u>2,874,360</u>	<u>216,376</u>	<u>275,409</u>	<u>12,467,131</u>
<b>EXPENDITURES</b>						
Current:						
General government	474,548	-	-	-	-	474,548
Administration	750,088	-	-	-	-	750,088
Community development	383,589	-	-	-	-	383,589
Marketing and promotion	-	-	-	-	119,594	119,594
Public safety	2,122,225	-	-	-	-	2,122,225
Public works	1,604,006	63,686	-	-	-	1,667,692
Parks and recreation	1,064,535	-	1,823,639	-	-	2,888,174
Non-departmental	319,630	-	-	-	-	319,630
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	8,981	970,647	-	979,628
Bond issuance costs	-	-	-	131,890	-	131,890
Capital outlay	276,435	547,296	85,018	-	-	908,749
Total expenditures	<u>6,995,056</u>	<u>610,982</u>	<u>1,917,638</u>	<u>1,102,537</u>	<u>119,594</u>	<u>10,745,807</u>
Excess (deficiency) of revenues over expenditures	<u>2,045,176</u>	<u>(550,228)</u>	<u>956,722</u>	<u>(886,161)</u>	<u>155,815</u>	<u>1,721,324</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Insurance rebates and awards	40,653	-	-	-	-	40,653
Sale of capital assets	12,396	-	2,400	-	-	14,796
Bond proceeds	-	-	100,000	10,015,000	-	10,115,000
Payment to escrow agent - refunded bond	-	-	-	(12,180,000)	-	(12,180,000)
Bond premium	-	-	9,376	1,171,326	-	1,180,702
Bond discount	-	-	(395)	(39,559)	-	(39,954)
Transfers in	226,000	580,458	598,726	403,206	12,000	1,820,390
Transfers (out)	(572,463)	-	(403,206)	(500,000)	(118,721)	(1,594,390)
Total other financing sources (uses)	<u>(293,414)</u>	<u>580,458</u>	<u>306,901</u>	<u>(1,130,027)</u>	<u>(106,721)</u>	<u>(642,803)</u>
Net change in fund balances	<u>1,751,762</u>	<u>30,230</u>	<u>1,263,623</u>	<u>(2,016,188)</u>	<u>49,094</u>	<u>1,078,521</u>
Fund balances - beginning	9,093,384	379,784	1,517,233	2,774,027	351,150	14,115,578
Fund balances - ending	<u>\$ 10,845,146</u>	<u>\$ 410,014</u>	<u>\$ 2,780,856</u>	<u>\$ 757,839</u>	<u>\$ 400,244</u>	<u>\$ 15,194,099</u>

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 1,078,521

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 depreciation exceeded capital outlays, net of the internal service fund, in the current period.

Capital expenditures	908,749
Depreciation expense (excluding internal service)	(2,305,424)

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(20,617)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

1,054,804

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, where these amounts are amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:

Principal repayments on non-monetary performance obligation	11,016
Principal repayments on special revenue bonds	12,144,970
Bonds proceeds from refunding of special revenue bonds	(10,115,000)
Amortization of premiums and discounts on special revenue bonds	(1,112,924)

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 governmental funds.

Compensated absences (excluding internal service fund)	6,798
Accrued interest payable	118,347

Change in net position of governmental activities \$ 1,769,240

The notes to the financial statements are an integral part of this statement.

City of Fruita, Colorado  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

December 31, 2019 (With comparative totals for 2018)

	Business-type Activities - Enterprise Funds								Governmental Activities	
	Major Fund		Non-Major Funds						Totals	Fleet Maintenance Internal Service Fund
	Sewer		Trash		Devils Canyon Center		Irrigation Water			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	
<b>ASSETS</b>										
Current assets:										
Cash and investments	\$ 4,481,352	\$ 4,213,133	\$ 154,129	\$ 139,507	\$ 234,864	\$ 226,578	\$ 178,832	\$ 176,093	\$ 5,049,177	\$ 30,497
Interest receivable	-	-	-	-	-	-	-	-	-	-
Accounts receivable	522,220	496,348	124,240	118,992	-	-	2,676	2,729	649,136	-
Intergovernmental receivable	454	128,448	-	-	-	-	-	-	454	-
Total current assets	<u>5,004,026</u>	<u>4,837,929</u>	<u>278,369</u>	<u>258,499</u>	<u>234,864</u>	<u>226,578</u>	<u>181,508</u>	<u>178,822</u>	<u>5,698,767</u>	<u>30,497</u>
Non-current assets:										
Restricted cash:										
WWTF loan covenants	917,736	962,303	-	-	-	-	-	-	917,736	-
Customer deposits	-	-	-	-	-	-	-	-	-	-
Capital assets										
Land	764,010	764,010	-	-	225,514	225,514	56,649	56,649	1,046,173	-
Source of supply	-	-	-	-	-	-	14,712	14,712	14,712	-
Buildings, net	30,771	32,747	-	-	620,833	610,535	1,008	2,095	652,612	-
Systems, net	37,118,349	37,640,544	-	-	-	-	41,864	47,271	37,160,213	-
Equipment, net	516,704	605,767	-	-	-	-	1,512	1,729	518,216	19,726
Construction in progress	-	13,210	-	-	-	-	-	-	-	-
Total capital assets, net	<u>38,429,834</u>	<u>39,056,278</u>	<u>-</u>	<u>-</u>	<u>846,347</u>	<u>836,049</u>	<u>115,745</u>	<u>122,456</u>	<u>39,391,926</u>	<u>19,726</u>
Total non-current assets	<u>39,347,570</u>	<u>40,018,581</u>	<u>-</u>	<u>-</u>	<u>846,347</u>	<u>836,049</u>	<u>115,745</u>	<u>122,456</u>	<u>40,309,662</u>	<u>19,726</u>
Total assets	<u>44,351,596</u>	<u>44,856,510</u>	<u>278,369</u>	<u>258,499</u>	<u>1,081,211</u>	<u>1,062,627</u>	<u>297,253</u>	<u>301,278</u>	<u>46,008,429</u>	<u>50,223</u>
<b>LIABILITIES</b>										
Current liabilities:										
Accounts Payable	67,458	522,671	120,117	113,543	-	-	6,091	4,059	193,666	8,824
Compensated absences	20,550	20,045	-	-	-	-	1,733	1,686	22,283	4,278
Notes payable - current maturity	492,917	455,000	-	-	-	-	-	-	492,917	-
Total current liabilities	<u>580,925</u>	<u>997,716</u>	<u>120,117</u>	<u>113,543</u>	<u>-</u>	<u>-</u>	<u>7,824</u>	<u>5,745</u>	<u>708,866</u>	<u>13,102</u>
Current liabilities payable from restricted assets:										
Accrued interest payable from restricted cash	197,553	209,808	-	-	-	-	-	-	197,553	-
Notes payable from restricted cash	352,083	325,000	-	-	-	-	-	-	352,083	-
Total current liabilities payable from restricted assets	<u>549,636</u>	<u>534,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,636</u>	<u>-</u>
Noncurrent liabilities:										
Notes payable (net of premium)	16,266,901	17,162,047	-	-	-	-	-	-	16,266,901	-
Total noncurrent liabilities	<u>16,266,901</u>	<u>17,162,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,266,901</u>	<u>-</u>
Total liabilities	<u>17,397,462</u>	<u>18,694,571</u>	<u>120,117</u>	<u>113,543</u>	<u>-</u>	<u>-</u>	<u>7,824</u>	<u>5,745</u>	<u>17,525,403</u>	<u>13,102</u>
<b>NET POSITION</b>										
Invested in capital assets, net of related debt	21,355,838	21,114,232	-	-	846,347	836,049	115,745	122,456	22,317,930	19,726
Restricted for loan covenants	917,736	962,303	-	-	-	-	-	-	917,736	-
Unrestricted:										
Designated for capital projects	-	-	-	-	-	-	-	-	-	-
Designated for health insurance reserve	-	-	-	-	-	-	-	-	-	-
Designated for equipment replacement	1,383,566	1,474,452	-	-	-	-	-	-	1,383,566	-
Other unrestricted	3,296,994	2,610,952	158,252	144,956	234,864	226,578	173,684	173,077	3,863,794	17,395
Total net position	<u>\$ 26,954,134</u>	<u>\$ 26,161,939</u>	<u>\$ 158,252</u>	<u>\$ 144,956</u>	<u>\$ 1,081,211</u>	<u>\$ 1,062,627</u>	<u>\$ 289,429</u>	<u>\$ 295,533</u>	<u>\$ 28,483,026</u>	<u>\$ 37,121</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**PROPRIETARY FUNDS**

For the year ended December 31, 2019 (With comparative totals for 2018)

	Business-type Activities - Enterprise Funds								Governmental	
	Major Fund		Non-Major Funds					Totals	Fleet Maintenance	
	Sewer		Trash		Devils Canyon Center		Irrigation Water		Internal Service	
	2019	2018	2019	2018	2019	2018	2019	2018	Fund	
<b>OPERATING REVENUES</b>										
Charges for services	\$ 3,377,093	\$ 3,276,555	\$ 785,049	\$ 743,488	\$ 47,850	\$ 1,386	\$ 116,680	\$ 115,869	\$ 4,326,672	\$ 290,531
Other revenues	9,488	2,351	-	-	7,711	-	-	-	17,199	-
Total operating revenues	<u>3,386,581</u>	<u>3,278,906</u>	<u>785,049</u>	<u>743,488</u>	<u>55,561</u>	<u>1,386</u>	<u>116,680</u>	<u>115,869</u>	<u>4,343,871</u>	<u>290,531</u>
<b>OPERATING EXPENSES</b>										
Personnel services	788,792	723,027	-	-	-	-	81,254	65,866	870,046	170,207
Purchased services	220,772	238,300	715,841	676,501	-	1,386	11,358	11,153	947,971	21,857
Supplies	311,340	309,445	-	-	-	-	13,538	12,654	324,878	95,722
Depreciation	1,328,533	1,290,736	-	-	37,552	37,551	6,711	6,762	1,372,796	2,745
Total operating expenses	<u>2,649,437</u>	<u>2,561,508</u>	<u>715,841</u>	<u>676,501</u>	<u>37,552</u>	<u>38,937</u>	<u>112,861</u>	<u>96,435</u>	<u>3,515,691</u>	<u>290,531</u>
Operating income (loss)	737,144	717,398	69,208	66,987	18,009	(37,551)	3,819	19,434	828,180	-
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Intergovernmental revenue	13,765	131,489	-	-	-	-	-	-	13,765	-
Investment income	69,629	68,758	88	88	575	573	77	77	70,369	-
System development contributions	92,920	221,044	-	-	-	-	-	-	92,920	-
Gain (Loss) on disposal of equipment	12,910	5,551	-	-	-	-	-	-	12,910	-
Interest expense and amortization	(441,138)	(465,448)	-	-	-	-	-	-	(441,138)	-
Total nonoperating revenues (expenses)	<u>(251,914)</u>	<u>(38,606)</u>	<u>88</u>	<u>88</u>	<u>575</u>	<u>573</u>	<u>77</u>	<u>77</u>	<u>(251,174)</u>	<u>-</u>
Income (Loss) before contributions and transfers	485,230	678,792	69,296	67,075	18,584	(36,978)	3,896	19,511	577,006	-
Capital contributions - tap fees	466,965	653,734	-	-	-	-	-	-	466,965	-
Transfers out	(160,000)	(160,000)	(56,000)	(55,000)	-	(4,114)	(10,000)	(10,000)	(226,000)	-
Change in net position	792,195	1,172,526	13,296	12,075	18,584	(41,092)	(6,104)	9,511	817,971	-
Net position - beginning	<u>26,161,939</u>	<u>24,989,413</u>	<u>144,956</u>	<u>132,881</u>	<u>1,062,627</u>	<u>1,103,719</u>	<u>295,533</u>	<u>286,022</u>	<u>27,665,055</u>	<u>37,121</u>
Net position - ending	<u>\$ 26,954,134</u>	<u>\$ 26,161,939</u>	<u>\$ 158,252</u>	<u>\$ 144,956</u>	<u>\$ 1,081,211</u>	<u>\$ 1,062,627</u>	<u>\$ 289,429</u>	<u>\$ 295,533</u>	<u>\$ 28,483,026</u>	<u>\$ 37,121</u>

The notes to the financial statements are an integral part of this statement.

City of Fruita, Colorado  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the year ended December 31, 2019 (With comparative totals for 2018)

	Business-type Activities - Enterprise Funds								Governmental Activities	
	Major Fund		Non-Major Funds						Totals	Fleet Maintenance Internal Service Fund
	Sewer		Trash		Devils Canyon Center		Irrigation Water			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Receipts from customers	\$ 3,360,709	\$ 3,265,339	\$ 779,801	\$ 740,971	\$ 55,561	\$ 1,386	\$ 116,733	\$ 116,127	\$ 4,312,804	\$ -
Cash from interfund services	-	-	-	-	-	-	-	-	-	290,531
Payments to suppliers	(515,690)	(565,194)	(709,267)	(671,729)	-	(1,386)	(24,469)	(25,248)	(1,249,426)	(118,020)
Payments to employees	(785,458)	(719,971)	-	-	-	-	(79,602)	(65,232)	(865,060)	(168,131)
Net cash provided by operating activities	<u>2,059,561</u>	<u>1,980,174</u>	<u>70,534</u>	<u>69,242</u>	<u>55,561</u>	<u>-</u>	<u>12,662</u>	<u>25,647</u>	<u>2,198,318</u>	<u>4,380</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>										
Operating transfers	(160,000)	(160,000)	(56,000)	(55,000)	-	(4,114)	(10,000)	(10,000)	(226,000)	-
Net cash used by non-capital financing activities	<u>(160,000)</u>	<u>(160,000)</u>	<u>(56,000)</u>	<u>(55,000)</u>	<u>-</u>	<u>(4,114)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(226,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Capital contributions - plant investment fees	466,965	653,734	-	-	-	-	-	-	466,965	-
Capital contributions - grants	141,760	3,041	-	-	-	-	-	-	141,760	-
Gain/loss on sale of equipment	12,910	6,550	-	-	-	-	-	-	12,910	-
Principal paid on capital debt	(780,000)	(730,000)	-	-	-	-	-	-	(780,000)	-
Interest paid on capital debt	(503,539)	(524,206)	-	-	-	-	-	-	(503,539)	-
Purchase of capital assets	(1,083,634)	(1,003,924)	-	-	(47,850)	-	-	-	(1,131,484)	-
Net cash provided (used) by capital and related financing activities	<u>(1,745,538)</u>	<u>(1,594,805)</u>	<u>-</u>	<u>-</u>	<u>(47,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,793,388)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Interest received on investments	69,629	68,758	88	88	575	573	77	77	70,369	-
Net cash provided by investing activities	<u>69,629</u>	<u>68,758</u>	<u>88</u>	<u>88</u>	<u>575</u>	<u>573</u>	<u>77</u>	<u>77</u>	<u>70,369</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	223,652	294,127	14,622	14,330	8,286	(3,541)	2,739	15,724	249,299	4,380
Cash and cash equivalents, January 1 (including \$962,303 in the Sewer Fund reported in restricted accounts)	<u>5,175,436</u>	<u>4,881,309</u>	<u>139,507</u>	<u>125,177</u>	<u>226,578</u>	<u>230,119</u>	<u>176,093</u>	<u>160,369</u>	<u>5,717,614</u>	<u>26,117</u>
Cash and cash equivalents, December 31 (including \$917,736 in the Sewer Fund reported in restricted accounts)	<u>\$ 5,399,088</u>	<u>\$ 5,175,436</u>	<u>\$ 154,129</u>	<u>\$ 139,507</u>	<u>\$ 234,864</u>	<u>\$ 226,578</u>	<u>\$ 178,832</u>	<u>\$ 176,093</u>	<u>\$ 5,966,913</u>	<u>\$ 30,497</u>

The notes to the financial statements are an integral part of this statement

City of Fruita, Colorado  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the year ended December 31, 2019 (With comparative totals for 2018)

	Business-type Activities - Enterprise Funds								Governmental Activities	
	Sewer		Trash		Non-Major Funds		Irrigation Water		Totals	Fleet Maintenance Internal Service Fund
	2019	2018	2019	2018	Devils Canyon Center 2019	2018	2019	2018	2019	
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>										
Operating income (loss)	\$ 737,144	\$ 717,398	\$ 69,208	\$ 66,987	\$ 18,009	\$ (37,551)	\$ 3,819	\$ 19,434	\$ 828,180	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation and amortization expense	1,328,533	1,290,736	-	-	37,552	37,551	6,711	6,762	1,372,796	2,745
(Increase) decrease in accounts receivable	(25,872)	(13,567)	(5,248)	(2,517)	-	-	53	258	(31,067)	-
Increase (decrease) in deposits payable	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable	19,252	(15,857)	6,574	4,772	-	-	475	(1,619)	26,301	(132)
Increase (decrease) in compensated absences payable	504	1,464	-	-	-	-	1,604	812	2,108	1,767
Total adjustments	<u>1,322,417</u>	<u>1,262,776</u>	<u>1,326</u>	<u>2,255</u>	<u>37,552</u>	<u>37,551</u>	<u>8,843</u>	<u>6,213</u>	<u>1,370,138</u>	<u>4,380</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,059,561</u>	<u>\$ 1,980,174</u>	<u>\$ 70,534</u>	<u>\$ 69,242</u>	<u>\$ 55,561</u>	<u>\$ -</u>	<u>\$ 12,662</u>	<u>\$ 25,647</u>	<u>\$ 2,198,318</u>	<u>\$ 4,380</u>
<b>Schedule of non-cash capital and related financing activities</b>										
Contributions of capital assets	92,920	221,044	-	-	-	-	-	-	92,920	-

The notes to the financial statements are an integral part of this statement



City of Fruita, Colorado  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2019

	<u>Agency Fund</u>	<u>Money Purchase Plan and Trust Fund</u>	<u>Retirement Trust Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 50,377	\$ -	\$ -
Investments at fair value	-	3,268,439	1,876,435
Total assets	<u>50,377</u>	<u>3,268,439</u>	<u>1,876,435</u>
<b>LIABILITIES</b>			
Accounts payable	<u>50,377</u>	-	-
Total liabilities	<u>50,377</u>	-	-
<b>NET POSITION</b>			
Held in trust for:			
Pension benefits	-	3,268,439	1,876,435
Total net position	<u>\$ -</u>	<u>\$ 3,268,439</u>	<u>\$ 1,876,435</u>

The notes to the financial statements are an integral part of this statement

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

For the year ended December 31, 2019

	<u>Money Purchase Plan and Trust Fund</u>	<u>Retirement Trust Fund</u>
<b>ADDITIONS</b>		
Employer contributions	\$ 109,851	\$ 117,115
Plan member contributions	98,507	-
Roll over from City Retirement Plan	-	-
Total contributions	<u>208,358</u>	<u>117,115</u>
Investment Earnings		
Net investment gain (loss)	<u>511,335</u>	<u>326,124</u>
Total Additions	<u>719,693</u>	<u>443,239</u>
<b>DEDUCTIONS</b>		
Benefits	491,006	71,580
Roll over to Money Purchase Plan	-	-
Administrative expenses	<u>4,075</u>	<u>1,224</u>
Total Deductions	<u>495,081</u>	<u>72,804</u>
Change in net position	224,612	370,435
Total net position - beginning	<u>3,043,827</u>	<u>1,506,000</u>
Total net position - ending	<u>\$ 3,268,439</u>	<u>\$ 1,876,435</u>

The notes to the financial statements are an integral part of this statement

# Notes to Financial Statements

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- 1.A. Reporting Entity
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City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

**1.A. Reporting Entity**

The City of Fruita, Colorado was established in 1884 and operates under a City Council Manager Home Rule form of government with six elected council members, an elected mayor and an appointed manager. The City's financial statements include the accounts and operations of all City functions. The City provides the following services: public safety, street maintenance and improvements, community development, parks, culture and recreation programs, irrigation, trash collection, sewer service, fleet maintenance services, marketing and promotion, and general administration. The City also owns and operates a community recreation center including indoor and outdoor pools and leases a facility to the Museum of Western Colorado for use as a dinosaur museum. The City of Fruita, Colorado is the primary government. The City has no component units.

**1.B. Basis of Presentation**

The City's basic financial statements consist of government-wide statements and fund financial statements.

*Government-wide Financial Statements.* The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and intergovernmental revenues, from business-type activities, generally financed with user fees charged to external customers. Fiduciary funds are excluded from the government wide statements.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end. The assets and liabilities of the internal service fund for fleet maintenance are incorporated into the governmental activities in the statement of net position.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each activity of the business-type activities of the City. Direct expenses are those that are clearly identifiable with a

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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specific function. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each business activity is self-financing or draws from the general revenues of the City. Transfers between funds within governmental activities have been eliminated.

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; 2) operating grants and contributions used to finance operational activities; and 3) capital grants and contributions which fund the acquisition, construction rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to specific uses.

Other revenue sources, including taxes, not properly included with program revenues are reported as general revenues of the City.

*Fund Financial Statements.* The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statement for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds in aggregate. Enterprise funds are reported in individual columns under the major or non-major headings to provide consistency in reporting.

The City reports the following major funds:

*Governmental Funds.* Governmental funds are those through which most governmental functions are financed. Reporting focuses on the sources, uses and balances of current financial resources. The following are the City's major governmental funds.

*General Fund* - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Community Center Fund* - The Community Center Fund is used to account for operations of the community recreation center. A one percent city sales and use tax was approved in 2009 to provide funding for debt payments and operational costs. A portion of this tax (60%) will expire in 30 years or upon payment of the debt, whichever comes first. The remaining tax (40%) will continue as an operational subsidy for the community center.

*Capital Projects Fund* - The Capital Projects Fund is used to account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds. Revenue is primarily derived from transfers from the General Fund and grant revenues. Other sources of revenues include transfers from other funds and

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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development impact fees.

*Debt Service Fund* – The Debt Service Fund is used to account for all resources which are being accumulated for general long-term debt principal and interest payments maturing in future years, other than long-term debt accounted for in enterprise and internal service funds.

Proprietary Funds. Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise funds and internal service funds. The following is the City’s major proprietary fund.

*Sewer Fund* - The Sewer Fund accounts for all activities associated with providing sewer collection and treatment to customers within the sewer service area. It is predominately self-supported by user charges and plant investment fees.

Additionally, the City reports the following fund types:

*Internal Service Funds* are established to account for services required by other funds on a cost reimbursement basis. The city has an internal service fund that accounts for fleet maintenance services provided to other departments or agencies of the City.

*Agency Fund* - The agency fund is used to account for resources legally held in trust for use by the local school district to purchase land and other uses.

*Retirement Trust Funds* - The retirement trust funds are used to account for activities of the City of Fruita Employees Retirement Plan and the Fruita Police Department Retirement Plan which accumulates resources for retirement benefit payments to qualified City employees.

### **1.C. Measurement Focus**

The measurement focus determines what is measured.

*Government-wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus which includes fixed assets and long-term debt. All assets, liabilities and deferred outflows/inflows of resources are included in the statement of net position. The statement of activities reports revenues and expenses as changes in net position.

*Fund Financial Statements.* Governmental fund financial statements are reported using the current financial resources measurement focus which includes available financial resources but does not measure long-term assets and liabilities. With this measurement focus, only current

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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assets and deferred outflows of resources and current liabilities and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources and uses of current financial resources. This approach differs from the way the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better understand the difference between the governmental-wide statements and the governmental fund statements.

Proprietary fund financial statements are reported using the economic resources measurement focus which is the same method used for the government-wide financial statements. The statement of net position includes all assets and deferred outflows of resources and all liabilities and deferred inflows of resources. The statement of changes in net position present increases (revenues) and decreases (expenses) in net position. The statement of cash flow provides information about how the City finances and meets the cash flow needs of its proprietary activities.

### **1.D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fund financial statements use the modified accrual basis of accounting for governmental funds and proprietary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions. Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used, or the year when use is first permitted, matching requirements, in which the City must provide local



City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

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resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available before it can be recognized. The City defines availability for intergovernmental revenues as 120 days and all others as 90 days of year end. Under the modified accrual basis, the following revenue sources are susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

**Expenses/Expenditures.** On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**1.E. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

*Cash and investments.* The City's cash includes cash on hand and deposits with banks and other financial institutions. Investments are reported at fair value. The City Charter authorizes the City to invest in any manner that is permitted by Colorado State Statutes.

*Receivables.* Receivables on the statement of net position include accounts receivable from customers, and taxes receivable including lodging tax and property taxes.

*Interfund balances.* Current receivables and payables classified as "due from other funds" or "due to other funds" on the balance sheet arise from negative equity in pooled cash and investments.

*Taxes receivable* on the balance sheet include property taxes and lodging taxes. Property taxes as set by the City Council are collected by the County Treasurer. Property taxes may be paid in installments with one-half of the total amount due payable on February 28 and the second half payable on June 15, or they may be paid in full by April 30. The County Treasurer remits property taxes collected to the City by the 10th day of the month following collection. Property taxes receivable represent 2019 taxes collectible in 2020 and are shown as a deferred inflow of resources. Liens on property for delinquent utilities and weed removal must be filed with the Mesa County Treasurer by November 1 for collection in the following fiscal year.

*Intergovernmental receivables.* Intergovernmental receivables include amounts due from federal, state, county or other governmental entities for sales and use taxes and grants.

*Inventories.* The inventory in the General Fund consists of fuel and dirt/rock stockpile to be consumed by the City's departments and is valued at cost which approximates market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

*Restricted cash.* Restricted cash includes unearned revenue specific to development impacts and amounts restricted for debt service pursuant to bond covenants.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

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*Capital assets.* Capital assets, which include property, plant, equipment, and infrastructure assets (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. Capital assets are defined by the City as equipment purchases with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years, and construction projects or infrastructure assets which have a cost of more than \$10,000 and a useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest on debt for construction in progress is capitalized. Gains or losses on dispositions of property and equipment are included as other financing sources/uses.

Land, source of supply and construction in progress assets are not depreciated. All other assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Distribution and collection system	5 - 50
Buildings and improvements	10 - 50
Machinery and equipment	3 - 25
Infrastructure	20 – 40

*Compensated absences payable.* The City provides full time employees with vacation and sick leave benefits. An employee may accumulate and carry forward one year’s accumulation of vacation leave. Sick leave may be accumulated up to 2,080 hours. The City pays a terminating employee for all accumulated vacation time. The City does not pay any amounts for accumulated sick leave when employees separate from service with the City. Compensated absences are accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of an employee’s resignation or retirement.

*Unearned revenue.* Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Development impact fees are recognized as unearned revenue when collected and are classified as revenue when improvements are constructed, and expenses have occurred. In addition, payment of utility charges for which services have not yet been rendered are included in unearned revenue and then allocated to the various enterprise funds when service has been delivered.

*Long term liabilities.* In the government-wide financial statements and proprietary fund types in the fund 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.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

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Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

*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.

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. 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 (revenue) in the period they are collected.

*Net position.* Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

*Net position flow assumption.* The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Fund balance flow assumptions and policies.* In the fund financial statements, governmental funds report non-spendable, restricted, committed, assigned or unassigned fund balances. When funds from more than one classification are available, the order of spending of resources will be restricted, committed, assigned and unassigned.

Fund balances are classified as non-spendable when they are non-spendable in form or legally or contractually required to be maintained intact.

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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Fund balances are classified as *restricted* when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, laws and regulations of other governments or by law through constitutional provisions or enabling legislation.

Fund balances are classified as *committed* when constraints placed upon the use of resources are adopted by the City Council. Once adopted, the limitation imposed by remains in place until a similar action is taken to remove or revise the limitation.

Fund balances are classified as *assigned* when constraints placed upon the use of resources are imposed by the City Manager or authorized by the City Council. Assigned fund balances represent the City's intent for future use of financial resources that are subject to change. Assigned fund balances in special revenue funds will include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that fund.

The residual fund balance that does not meet any of the above criteria is classified as *unassigned*. The City will only report a positive unassigned fund balance in the General Fund.

*Operating revenues and expenses.* 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer fund, trash fund, irrigation fund and fleet maintenance fund are charges to customers for sales and services. The principal operating revenue of the Devils Canyon Center Fund is lease revenues for use of the facility. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*System development contributions.* System development contributions in proprietary fund financial statements arise from outside contributions of capital assets such as sewer collection lines construction for new subdivisions or other development.

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2.A. Budgetary Information**

Annual budgets are adopted on a modified accrual basis for all governmental funds, proprietary funds and internal service funds. The schedule of revenues, expenditures and changes in net position – budget to actual for proprietary funds include adjustments from the budgetary basis to the accrual basis of reporting found in the statement of revenues, expenses and changes in net position. Fiduciary funds for the employees’ retirement plan and the agency trust fund for school land dedication fees are not budgeted.

On or before the last day of August of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. On or before the 1st day of October, the proposed budget is presented to the City Council for review. The Council holds public hearings and a final budget must be prepared and adopted not later than December 15 in order to meet the statutory deadline for certification of the mill levy to the County.

On or before December 31, the City Council enacts a resolution appropriating the budgets for the ensuing fiscal year. The City Council may amend the appropriation resolution upon notice of a public hearing at any time during the year and increase appropriations upon certification by the City Manager that excess revenues are available. The Council may also make emergency appropriations by emergency ordinance, and in the event there are insufficient revenues for the emergency appropriation, the Council may authorize, by emergency ordinance, the issuance of short-term notes.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. Even though the budget enacted by the City Council is at the fund level, the City prepares a line item budget by department and program for control at the line item level. The City Manager has the authority to reallocate the distribution of budgeted amounts at the department level.

Transfers of appropriations between departments or funds require approval of the City Council.

Supplemental appropriations approved by the City Council in 2019 resulted in budget amendments as follows:

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

	<u>Original Budget</u>	<u>Supplemental Appropriations</u>	<u>Final Budget</u>
<b><i>Governmental Activities</i></b>			
General Fund	\$ 8,945,180	\$ 150,850	\$ 9,096,030
Conservation Trust	80,000	40,000	120,000
Marketing & Promotion	136,000	-	136,000
Community Center	2,872,125	103,750	2,975,875
Capital Projects	2,625,000	732,700	3,357,700
Debt Service	1,003,500	13,441,500	14,445,000
<b><i>Business-type Activities</i></b>			
Enterprise Funds:			
Devils Canyon Center	-	43,875	43,875
Irrigation Water	114,500	-	114,500
Sewer	3,666,300	1,724,500	5,390,800
Trash	770,000	5,000	775,000
Internal Service Funds:			
Fleet Maintenance	302,800	-	302,800
	<u>\$ 20,515,405</u>	<u>\$ 16,242,175</u>	<u>\$ 36,757,580</u>

**2.B. Excess of Expenditures Over Appropriations**

Colorado statutes prohibit expenditures on a total fund basis in excess of amounts appropriated. The City did not have any funds with expenses in excess of amounts appropriated.

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**3.A. Cash and Investments**

The composition of all cash and investments held by the City at December 31, 2019 and 2018 is as follows:

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 1,600	\$ 1,600
Deposits:		
Cash in checking account(s)	6,243,320	3,618,658
Certificates of deposit	1,810,506	1,772,940
Money market funds	4,098,352	3,587,120
Investment pools:		
CSAFE Cash	2,151,288	1,848,142
CSAFE Colorado CORE	3,869,684	3,318,242
COLOTRUST PLUS+	3,639,501	3,595,509
Retirement fund investments	5,144,874	4,549,827
Total cash, deposits and investments	<u>\$ 26,959,125</u>	<u>\$ 22,292,038</u>

**3.A.1. Unrestricted and Restricted Cash and Investments**

A summary of Cash and Investments for the City, including the Fiduciary Funds, are as follows:

	<u>2019</u>	<u>2018</u>
Cash and investments	\$ 18,170,285	\$ 13,192,236
Restricted cash and investments	3,593,589	4,540,305
Cash and investments in fiduciary funds	5,195,251	4,559,497
	<u>\$ 26,959,125</u>	<u>\$ 22,292,038</u>

Restricted cash and investments are recorded for the following purposes:

	<u>2019</u>
<u>Governmental Funds:</u>	
General Fund - Development impact fees	\$ 167,014
Community Center Fund - Project funds	60,018
Capital Projects Fund - Development impact fees	1,700,621
Debt Service Fund bond reserves	748,200
Total Governmental Funds	<u>2,675,853</u>
<u>Enterprise Funds:</u>	
Sewer Fund - Loan covenants	<u>917,736</u>
Total Restricted Cash	<u>\$ 3,593,589</u>

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

**3.A.2. Deposits.** Colorado State Statutes, specifically the Public Deposit Protection Act (PDPA), requires all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral for any amounts in excess of the required Federal Deposit Insurance Corporation (FDIC) amount, having a market value in excess of the 102% of the aggregate uninsured deposits. At December 31, 2019, the City’s bank balances were \$12,494,900 of which \$500,000 was covered by FDIC and \$11,994,900 was collateralized under PDPA.

**3.A.3. Investments.** Colorado statutes specify investments meeting defined rating and risk criteria in which local government may invest which include the following investments with terms of five years or less:

- Obligations of the United States and certain U.S. government agency securities
- Local government investment pools
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Guaranteed investment contracts
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Banker’s acceptances of certain banks
- Certain money market funds

As of December 31, 2019, the City has the following investments:

Money market funds	\$ 4,098,352
Local government investments pools	9,660,473
Total Investments	<u>\$ 13,758,825</u>

The City’s investments include the external investment pool Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (COLOTRUST). CSAFE and COLOTRUST are local government investment pool trust funds registered with the Colorado Securities Commissioner pursuant to the Local Government Investment Pool Trust Fund Administration and Enforcement Act. Financial statements for each pool are available on their websites: (CSAFE) [www.csafe.org](http://www.csafe.org) and (COLOTRUST) [www.colotrust.com](http://www.colotrust.com).

The CSAFE Cash investments are valued at \$1 net asset value (NAV) per share and is calculated on an amortized cost basis which approximates fair value as provided for by GASB Statement 79. There are no limitations or restrictions on participant withdrawals. The CSAFE Cash Fund is rated AAAM by Standard & Poor’s Global which is the highest principal stability fund rating assigned by S & P Global Ratings. As of December 31, 2019, the City had \$1,889,375 in CSAFE Cash investments.

The CSAFE Colorado CORE’s investments are valued at \$2 NAV per share with a slightly longer



**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

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weighted average maturity than the CSAFE Cash investments and is calculated on a fair value basis as provided for by GASB Statements 31 and 72. Participants are limited to three redemptions per month per account in this investment. Colorado CORE Fund is rated AAf/S1 by Fitch which indicates the highest underlying credit quality for a fixed-income fund. As of December 31, 2019, the City had 1,934,842 shares with a value of \$3,869,684 in CSAFE CORE investments.

The COLOTRUST investments are valued at \$1 net asset value (NAV) per share and is calculated on the most recent bid price or yield equivalent as obtained from one or more market makers for securities for which market quotations are readily available with all other securities and assets valued at fair market value determined in good faith. A twenty-four hour notice period is required on withdrawals of one million dollars or more and suspension or postponement of payment may be imposed in the event of certain conditions such as a state of war or any financial emergency situation. There are no limitations or other restrictions on participant withdrawals.

COLOTRUST PLUS+ is rated AAAM by Standard & Poor's Global which is the highest principal stability fund rating assigned by S & P Global Ratings. As of December 31, 2019, the City had \$3,639,501 in COLOTRUST investments.

Assets of the Retirement Trust Fund and Fruita Police Department Money Purchase Pension Plan are invested by the International City Manager's Association Retirement Corporation.

Custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The City's investments are not deemed to be exposed to custodial credit risk because they are held by the City or the City's custody agent in the City's name.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City of Fruita manages its exposure to fair value losses arising from increasing interest rates by adhering to Colorado statutes which do not allow investment maturities to exceed five years unless specifically authorized by the governing body. The City Council has not authorized longer maturities.

Concentration of credit risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer.

Foreign currency risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. All the City's investments are denominated in U.S. currency and, therefore, not subject to foreign currency risk.

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2019

Fair Value Hierarchy. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs or quoted prices in markets that are not active; and Level 3 inputs are significant unobservable inputs.

**3.B. Interfund Transfers**

Fund	Transfers in:					Transfers out
	General	Capital Projects	Community Center	Debt Service	Nonmajor Govern-mental	
General	\$ -	\$461,737	\$ 98,726		\$ 12,000	\$ 572,463
Community Center	-			403,206		403,206
Debt Service	-		500,000			500,000
Nonmajor Governmental	-	118,721				118,721
Sewer	160,000					160,000
Trash	56,000					56,000
Irrigation Water	10,000					10,000
Total transfers in	<u>\$226,000</u>	<u>\$580,458</u>	<u>\$598,726</u>	<u>\$403,206</u>	<u>\$ 12,000</u>	<u>\$ 1,820,390</u>

During the year transfers are used to 1) move revenues from proprietary funds to the general fund to offset administrative costs associated with the activities of the proprietary funds including billing for services, financial administration such as payroll processing, accounts payable, investments, auditing and general oversight and planning of proprietary fund activities, 2) move general fund resources to provide an annual subsidy to the community center fund based on the historic funding of program activities from the general fund prior to creation of the community center, 3) move sales and use tax revenues from the community center fund to the debt service fund to fund debt service principal and interest payments, 4) move bond reserve funds no longer required to the Community Center Fund, and 5) move funds to the capital projects fund for various capital projects.

**3.C. Capital Assets**

Capital asset activity for the year ended December 31, 2019 was as follows.

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

	<u>Governmental Activities</u>			Ending Balance
	Beginning Balance	Increases	Decreases	
<u>Capital assets, not being depreciated</u>				
Land	\$ 8,366,452	\$ 116,560	\$ -	\$ 8,483,012
Total capital assets not being depreciated	<u>8,366,452</u>	<u>116,560</u>	<u>-</u>	<u>8,483,012</u>
<u>Capital assets, being depreciated</u>				
Buildings and other structures	21,154,098	198,398	(17,804)	21,334,692
Infrastructure	38,782,732	1,196,820	-	39,979,552
Machinery and equipment	14,808,544	451,775	(241,067)	15,019,252
Total capital assets being depreciated	<u>74,745,374</u>	<u>1,846,993</u>	<u>(258,871)</u>	<u>76,333,496</u>
<u>Less accumulated depreciation for:</u>				
Buildings and other structures	(5,637,651)	(646,766)	17,804	(6,266,613)
Infrastructure	(8,007,623)	(1,005,270)	-	(9,012,893)
Machinery and equipment	(5,620,383)	(656,133)	220,451	(6,056,065)
Total accumulated depreciation	<u>(19,265,657)</u>	<u>(2,308,169)</u>	<u>238,255</u>	<u>(21,335,571)</u>
Total capital assets being depreciated, net	<u>55,479,717</u>	<u>(461,176)</u>	<u>(20,616)</u>	<u>54,997,925</u>
Governmental activities capital assets, net	<u>\$ 63,846,169</u>	<u>\$ (344,616)</u>	<u>\$ (20,616)</u>	<u>\$ 63,480,937</u>

Assets for governmental activities include internal service fund capital assets of \$19,726, net of depreciation. Decreases in net capital assets represent the sale and disposal of unused assets. Depreciation expense was charged to functions/programs of governmental activities as follows:

<u>Governmental activities</u>	
General government	\$ 108,301
Park and recreation	788,142
Public works	1,226,642
Public safety	182,339
Capital assets held by the government's internal service fund are charged to various functions based on their usage of assets	<u>2,745</u>
Total depreciation expense - governmental activities	<u>\$ 2,308,169</u>

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

	Beginning Balance	Business-type Activities		Ending Balance
		Increase	Decrease	
<u>Capital assets, not being depreciated</u>				
Land	\$ 1,046,173	\$ -	\$ -	\$ 1,046,173
Source of supply	14,712	-	-	14,712
Construction in progress	13,210	-	(13,210)	-
Total capital assets not being depreciated	<u>1,074,095</u>	<u>0</u>	<u>(13,210)</u>	<u>1,060,885</u>
<u>Capital assets, being depreciated</u>				
Buildings	1,643,406	47,850	-	1,691,256
Wastewater treatment facility	28,837,192	171,208	-	29,008,400
Distribution and collection system	21,299,554	529,609	-	21,829,163
Machinery and equipment	1,723,021	14,482	(41,436)	1,696,067
Total capital assets being depreciated	<u>53,503,173</u>	<u>763,149</u>	<u>(41,436)</u>	<u>54,224,886</u>
<u>Less accumulated depreciation for:</u>				
Buildings	(998,029)	(40,615)	-	(1,038,644)
Wastewater treatment facility	(4,914,144)	(756,566)	-	(5,670,710)
Distribution and collection system	(7,534,787)	(471,853)	-	(8,006,640)
Machinery and equipment	(1,115,525)	(103,762)	41,436	(1,177,851)
Total accumulated depreciation	<u>(14,562,485)</u>	<u>(1,372,796)</u>	<u>41,436</u>	<u>(15,893,845)</u>
Total capital assets being depreciated, net	<u>38,940,688</u>	<u>(609,647)</u>	<u>-</u>	<u>38,331,041</u>
Business-type activities capital assets, net	<u>\$ 40,014,783</u>	<u>\$ (609,647)</u>	<u>\$ (13,210)</u>	<u>\$ 39,391,926</u>

### 3.D. Unearned Revenues

Governmental funds report *unearned revenue* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds were as follows:

<u>General Fund</u>	<u>Unearned</u>
Impact fees for chipseal	\$ 159,248
Unallocated utility billing receipts	53,476
Total General Fund	<u>212,724</u>
<u>Capital Projects Fund</u>	
Grants and donations	89,657
Impact fees for open space, road and drainage improvements	1,396,716
Total Capital Projects Fund	<u>1,486,373</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 1,699,097</u>

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**3.E. Long-term Liabilities**

**3.E.1 Changes in Long-term Liabilities.** Changes in long term obligations of the City for the year ended December 31, 2019, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Revenue bonds					
2009 FCC Bonds	\$ 12,180,000	\$ -	\$ (12,180,000)	\$ -	\$ -
Discount on bonds	(64,647)	64,647	-	-	-
Premium on bonds	29,617	-	(29,617)	-	-
2019 FCC Refunding Bonds	-	10,115,000	-	10,115,000	320,000
Discount on bonds	-	974	(39,954)	(38,980)	-
Premium on bonds	-	1,180,702	(28,798)	1,151,904	-
Performance obligation note	187,089	-	(11,016)	176,073	11,457
Compensated absences	148,154	213,683	(220,427)	141,410	-
Governmental activity long term liabilities	<u>\$ 12,480,213</u>	<u>\$ 11,575,006</u>	<u>\$ (12,509,812)</u>	<u>\$ 11,545,407</u>	<u>\$ 331,457</u>

The internal service fund predominately serves the governmental funds. Accordingly, their long-term liabilities are included as part of the above totals for governmental activities. At year end, \$4,278 of internal service funds compensated absences are included in the above amounts. For governmental funds, the General Fund and the Fruita Community Center Fund have typically been used to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type activities:</u>					
Loans payable					
Sewer WWTF	\$ 17,240,000	\$ -	\$ (780,000)	\$ 16,460,000	\$ 845,000
Premium on loan	702,047	-	(50,146)	651,901	-
Compensated absences	21,731	38,361	(37,809)	22,283	-
Business-type activity long term liabilities	<u>\$ 17,963,778</u>	<u>\$ 38,361</u>	<u>\$ (867,955)</u>	<u>\$ 17,134,184</u>	<u>\$ 845,000</u>

**3.E.2 Special Revenue Bonds Payable**

The City issued \$10,115,000 in sales and use tax revenue refunding bonds with an interest rate of 4% in 2019. The proceeds, along with additional funds of the City, were used to 1) refinance

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

at a lower interest rate \$12,180,000 of outstanding 2009A and 2009B Sales and Use Tax Revenue Bonds, 2) fund a reserve account, 3) pay the issuance costs of the bonds and 4) provide \$100,000 in new project funds for the cost of constructing, equipping, maintaining and improving the community center.

The net proceeds of \$11,255,747 (including a \$1,180,702 premium and after payment of \$39,954 in underwriting fees) were deposited with an escrow agent and were used to redeem the outstanding bonds on October 1, 2019. The City provided \$2,320,479 in additional funds from the 2009AB debt service reserve fund (\$1,256,500), equity contribution (\$750,000) and budgeted sales and use tax revenues (\$313,979).

The refunding bonds were issued to reduce the total debt service payments over the next 20 years by \$5,033,258 and obtain an economic gain of \$3,001,951. The unenhanced rating published by Standard and Poor’s was upgraded in 2019 from an A+ Stable rating to an AA-Stable rating. Final maturity of the bonds is 2039. A debt service reserve fund was established in accordance with provisions of the bond ordinance in the amount of \$748,200.

The bonds are to be repaid through a one cent increase in sales and use tax was implemented in January of 2009 with revenues generated from the tax to be used specifically for operation and debt service payments on bonds issued for construction of a community recreation center.

The outstanding balance on these bonds at December 31, 2019 was \$10,115,000. The unamortized premium on the bonds is \$1,151,904 and the unamortized discount on the bonds is \$38,980. The outstanding notes and loans reported in the Statement of Net Position is reported net of these amounts. Interest expense and escrow agent fees on bonds payable for the year ended December 31, 2019 was \$970,647 in the Debt Service Fund.

Annual debt service requirements to maturity for special revenue bonds are as follows:

Year ended December 31	Principal	Interest	Total Payment
2020	320,000	404,600	724,600
2021	350,000	391,800	741,800
2022	365,000	377,800	742,800
2023	385,000	363,200	748,200
2024	400,000	347,800	747,800
2025-2029	2,245,000	1,486,400	3,731,400
2030-2034	2,730,000	1,000,000	3,730,000
2035-2039	3,320,000	408,600	3,728,600
	<u>\$ 10,115,000</u>	<u>\$ 4,780,200</u>	<u>\$ 14,895,200</u>

**3.E.3 Loans Payable**

The City entered into a loan agreement in 2010 with the Colorado Water Resources and Power

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

Development Authority to finance construction of a new wastewater treatment facility in the amount of \$21,830,000 at a net effective interest rate of 3.53%. The loan was issued with a premium of \$1,128,290 which covered costs of issuance and the underwriter’s discount of \$158,290 with the remaining \$970,000 deposited to the project construction fund for a total project construction fund of \$22,800,000. The net revenues of the sewer system are pledged as security for this loan.

The City is obligated under the agreement to make semi-annual payments each March 1, and September 1 beginning September 1, 2010 and ending September 1, 2032. The loan agreement requires compliance with specified covenants and obligations. In compliance with these requirements, the City has restricted \$917,736 of net position. This includes \$368,099 for the three-month operating reserve and \$549,637 as the pro rata amount reserved for the next principal and interest payments on the debt.

The outstanding balance on this note at December 31, 2019 was \$16,460,000. The unamortized premium on the loan for the wastewater treatment facility is \$651,901 and the outstanding notes and loans reported in the Statement of Net Position is reported net of this amount. Interest expense on loans payable for the year ended December 31, 2019 was \$491,284 in the Sewer Fund.

Year ended December 31	Business-type Activities		
	Principal	Interest	Total
2020	845,000	474,126	1,319,126
2021	910,000	442,544	1,352,544
2022	975,000	408,898	1,383,898
2023	1,045,000	373,208	1,418,208
2024	1,120,000	335,302	1,455,302
2025-2029	6,645,000	1,198,678	7,843,678
2030-2032	4,920,000	263,922	5,183,922
	<u>\$ 16,460,000</u>	<u>\$ 3,496,678</u>	<u>\$ 19,956,678</u>

**3.E.4 Non-monetary Performance Obligation Note Payable**

During 2013 the City entered into a performance obligation note agreement with parties for the exchange of untreated irrigation water from the City’s reservoirs on Pinyon Mesa as well as the future exchange of land and water rights owned by the City to the parties for improvements constructed by the parties to Reservoir #1 and Mirror Lake Reservoir #1.

The cost of improvements to the reservoirs was \$484,764 with interest compounded annually at 4%. In lieu of payment the City agreed to provide irrigation water to the parties at \$185 per acre foot with a minimum credit of 100 acre feet per year (\$18,500) for a period of up to thirty years (30) years and exchange land and water rights with a predetermined value to be credited against the cost of improvements as soon as practical to compensate the parties. Credits for

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2019

exchange of water rights and land were applied to the nonmonetary amortization schedule in 2016. A credit of \$11,016 was applied to this obligation in 2019 for the conveyance of water. The following table assumes minimum credits for water usage in future years and will be adjusted annually to reflect actual water use. The outstanding performance obligation balance on this note is \$176,073 at December 31, 2019.

Year ended December 31	<u>Governmental Activities</u>		
	Non-monetary performance obligation		
	Principal	Interest	Total Credit
2020	11,457	7,043	18,500
2021	11,915	6,585	18,500
2022	12,392	6,108	18,500
2023	12,888	5,612	18,500
2024	13,403	5,097	18,500
2025-2029	75,500	17,000	92,500
2030-2032	38,518	2,560	41,078
	\$ 176,073	\$ 50,005	\$ 226,078

**3.G. Fund Balance Classifications**

Non-spendable fund balance of \$8,884 represents inventory of fuel and dirt/stone stockpiles.

Restricted fund balance of \$3,265,917 are amounts set aside for specified purposes as noted on the Balance Sheet by external creditors, grantors, contributors, laws and regulations.

Committed fund balance of \$1,552,420 represents amounts set aside in the Community Center Fund for the following purposes:

Committed for building and equipment replacement	\$ 1,094,241
Committed for 25% operating reserve	458,179
	\$ 1,552,420

Assigned fund balances of \$1,740,852 represent amounts designated for the purposes noted on the Balance Sheet.

Unassigned fund balances of \$8,626,026 include amounts not assigned to any specific purpose and funding of the 25% minimum fund balance (operating reserve) policy for the General Fund in the amount of \$1,748,531 as adopted by the City Council.

**NOTE 4. RETIREMENT PLANS**



City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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**Defined Contribution Plans.** The City maintains two defined contribution retirement plans for various classes of employees. In a defined contribution plan, benefits depend solely on amounts contributed on the participants behalf plus investment gains and/or losses.

**4.A. City of Fruita Retirement Plan**

Effective January 1, 1974, the Fruita City Council adopted the City of Fruita Retirement Plan, a defined contribution retirement plan for full time employees. In January 2011, the contribution for full time police officers was transferred over to a separate 401 Defined Contribution Plan. ICMA Retirement Corporation is the trustee for the plan and the City Manager is the plan administrator. The City contributes 4 ½ percent of the amount of the employee's compensation as defined by the plan. The Plan may be amended by the City Council. As of December 31, 2019, the plan included 63 active participants with 52 contributing participants.

Vesting of the City's contribution is 50% at the completion of three years of service, 75% at the completion of four years of service and 100% at the completion of five years. Non-vested City contributions are forfeited upon termination of employment. Such forfeitures are used to offset future contributions and plan expenses. The City's payroll for all full-time employees eligible for the plan in 2019 was \$2,705,253. The total contribution to allocate for the plan year of 2019, was \$123,134. Forfeitures of \$13,283 were used to reduce contributions in 2019. Fair value of the plan investments at December 31, 2019 was \$1,876,435.

**4.B. Fruita Police Department Retirement Plan**

The Colorado legislature established a statewide benefit plan for all policemen hired after April 7, 1978 and for those hired on or before April 7, 1978 who choose to participate. All the City's police employees were covered by the plan administered by the State until January 1, 1989, when the funds were transferred to a defined contribution plan. In January 2011 these funds were transferred to the ICMA Retirement Corporation. Police officers are eligible to participate from the date of employment. The employee contributes 10 percent and the City contributes 8 percent of the employee's base salary, plus the 4 ½ percent retirement contribution previously made to the City of Fruita Retirement Plan. As of December 31, 2019, the plan included 17 active participants with 16 contributing participants.

The City's contribution for each employee becomes 20 percent vested at the completion of two years of service, 40 percent at the completion of three years of service, 60 percent at the completion of four years of service and 100 percent vested at the completion of five years of service. The employee is 100 percent vested in their contribution. Non-vested City contributions are forfeited upon termination of employment. Such forfeitures may be refunded to the City or used to offset future contributions and plan expenses. The total payroll covered by the plan in 2019 was \$985,067. Contributions allocated for the plan year of

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

2019 were \$98,507 paid by the employees and \$123,134 paid by the City. Forfeitures of \$13,283 were used to reduce the employers contribution in 2019. Fair value of the plan investments at December 31, 2019 was \$3,268,439.

**NOTE 5. PUBLIC ENTITY RISK POOL**

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA provides workers compensation, property and casualty insurance coverage to the City. The coverages are provided through joint self-insurance, insurance and reinsurance, or any combination thereof. CIRSA's rate setting policies are established by the Board of Directors, in consultation with independent actuaries. The Board of Directors is elected by the membership for two-year terms. All actions of the membership require a 2/3 majority vote of all members present at a meeting. The City is subject to a supplemental assessment in the event of deficiencies and may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2019 limit CIRSA's per occurrence exposure to \$500,000 for workers' compensation coverage for all claims made by employees other than police officers and \$750,000 for claims made by police officers, \$1,000,000 for liability coverage, \$500,000 for property coverage, and \$150,000 for crime coverage, and provide coverage to specified upper limits.

As a member of CIRSA, the City owns a proportionate share of CIRSA's net position. The City's equity at December 31, 2019 in the property/casualty insurance pool is \$123,629 and \$247,760 in the workers' compensation pool.

The City Council approves the City's continued membership in CIRSA via their annual review of the City's budget.

**NOTE 6. CONTINGENT LIABILITIES**

**6.A. Risk Management**

The City is self-insured for property and liability insurance. As discussed in Note 6, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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The ultimate liability to the City resulting from claims not covered by CIRSA is not presently determinable. Management and the City's attorney are of the opinion that the outcome of such claims, if any, will not have a material adverse effect on the City's financial statements.

**6.B. Pending Litigation**

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations but does not currently have any outstanding claims. The City estimates that any potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

**NOTE 7. CONDUIT DEBT OBLIGATIONS**

The City sponsored Healthcare Revenue Bonds issued by the Lower Valley Hospital Association (LVHA) in 2017 for \$41,400,000 for the Colorado Canyons Hospital and Medical Center Project which included \$34,000,000 in tax-exempt bonds (Series 2017A) and \$7,400,000 in taxable bonds (Series 2017B) for the purpose of advance refunding the outstanding principal amount of the City's Revenue Bonds, Series 2008, financing the costs of constructing, renovating, improving and equipping certain hospital facilities (new money project), funding a Reserve Fund, reimbursing LVHA for certain capital expenditures made prior to issuance of the bonds that relate to the new money project, funding a capitalized interest fund, and paying costs of issuing the bonds. As of December 31, 2019, there was a principal amount payable of \$40,825,000. These revenue bonds do not constitute debt of the City of Fruita and the City assumes no financial obligation for this bond issue. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**NOTE 8. OPERATING LEASES**

The City entered into a ten-year operating lease as a lessor on January 1, 2015 with a nonprofit corporation for the use of a building, grounds and equipment to be used as a quality science/learning center. Rental payments of \$57,600 are to be made annually by the nonprofit corporation to the City and may be offset by various operating expenses including repairs and improvements to the building pursuant to the terms of the lease agreement. In 2019, \$9,750 of rental payments were offset by operating expenses, and the remaining \$47,850 was offset by building improvements with the replacement of the roof and roof parapet repairs.

Information for the building on lease is as follows:

City of Fruita, Colorado  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2019

Cost of building	\$ 1,560,776
Accumulated depreciation	<u>939,943</u>
Carrying Amount	<u><u>\$ 620,833</u></u>

**NOTE 9. TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR) which has several limitations including revenue raising, spending abilities, debt limitations and other specific requirements of state and local governments.

Future spending and revenue limits are determined based on the prior year’s “Fiscal Year Spending” adjusted for allowable increases based upon information and local growth.

Revenues from the City’s Lodger’s Tax accounted for in the Marketing and Promotion Fund and 1% of the City’s sales and use tax revenues dedicated and accounted for in the Fruita Community Center Fund are voter approved revenue changes and exceptions to the revenue and spending limits of TABOR. In addition, an election was held in April 2018 and voters again approved a measure to allow the City to keep and retain all revenues, including grants, in excess of the fiscal year spending limit for the purpose of implementing the City’s capital improvement plan, including the maintenance of capital improvements until December 31, 2024.

TABOR requires the establishment of an emergency reserve of at least 3% of fiscal year spending (excluding bonded debt service). These emergency reserves are restricted in use. This reserve is noted as part of the restricted fund balance/net position of the City.

The amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment. However, the City has made certain interpretations for the amendment’s language in order to determine its compliance.

**NOTE 10. SUBSEQUENT EVENTS**

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in closures of local and regional businesses including the Fruita Community Center, loss of jobs in the region and anticipated overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the City is not reasonably estimable at this time but the City continues to monitor and adjust revenues and expenses as necessary to ensure the ongoing fiscal stability of the city.

## **Required Supplementary Information**

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

For the year ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,166,750	\$ 1,166,750	\$ 1,167,209	\$ 459
City sales	1,796,000	1,796,000	2,213,793	417,793
County sales	2,238,000	2,238,000	2,432,130	194,130
County sales - public safety	329,000	329,000	367,421	38,421
Use tax	835,000	835,000	899,173	64,173
Other	578,750	578,750	594,569	15,819
Licenses and permits	31,250	31,250	33,885	2,635
Intergovernmental revenue	713,500	763,225	872,251	109,026
Charges for services	181,850	190,525	205,726	15,201
Fines and forfeitures	18,400	18,400	21,226	2,826
Investment earnings	55,000	55,000	108,150	53,150
Rents and royalties	36,000	36,000	40,041	4,041
Donations	14,500	33,500	45,011	11,511
Miscellaneous	3,000	3,000	39,647	36,647
Total revenues	<u>7,997,000</u>	<u>8,074,400</u>	<u>9,040,232</u>	<u>965,832</u>
<b>EXPENDITURES</b>				
Current:				
General government	457,875	497,875	474,548	23,327
Administration	790,055	791,555	750,088	41,467
Community development	418,625	518,625	383,589	135,036
Public safety	2,313,275	2,313,600	2,122,225	191,375
Public works	1,717,775	1,748,895	1,604,006	144,889
Parks and recreation	1,170,875	1,214,800	1,064,535	150,265
Non-departmental	601,600	491,600	319,630	171,970
Capital equipment	423,100	436,330	276,435	159,895
Total expenditures	<u>7,893,180</u>	<u>8,013,280</u>	<u>6,995,056</u>	<u>1,018,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>103,820</u>	<u>61,120</u>	<u>2,045,176</u>	<u>1,984,056</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	226,000	226,000	226,000	-
Transfers out	(1,052,000)	(1,082,750)	(572,463)	510,287
Insurance rebates and damage awards	-	34,400	40,653	6,253
Sale of capital assets	-	-	12,396	12,396
Total other financing sources and (uses)	<u>(826,000)</u>	<u>(822,350)</u>	<u>(293,414)</u>	<u>528,936</u>
Change in fund balance - budgetary basis	<u>\$ (722,180)</u>	<u>\$ (761,230)</u>	<u>\$ 1,751,762</u>	<u>\$ 2,512,992</u>

See accompanying independent auditor's report.

City of Fruita, Colorado  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**COMMUNITY RECREATION CENTER SPECIAL REVENUE FUND**  
For the year ended December 31, 2019

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
City sales	\$ 898,000	\$ 898,000	\$ 1,106,896	\$ 208,896
Use tax	417,500	417,500	449,589	32,089
Charges for services	1,322,000	1,322,000	1,236,319	(85,681)
Investment income	1,500	1,500	7,586	6,086
Rents and royalties	57,500	57,500	64,948	7,448
Donations	-	-	2,375	2,375
Miscellaneous	-	-	6,647	6,647
Total revenues	<u>2,696,500</u>	<u>2,696,500</u>	<u>2,874,360</u>	<u>177,860</u>
<b>EXPENDITURES</b>				
Current				
Recreation	2,011,375	2,012,125	1,823,639	188,486
Debt service expenses	-	-	8,981	(8,981)
Capital expenses	135,700	238,700	85,018	153,682
Total expenditures	<u>2,147,075</u>	<u>2,250,825</u>	<u>1,917,638</u>	<u>333,187</u>
Excess of revenues over expenditures	<u>549,425</u>	<u>445,675</u>	<u>956,722</u>	<u>511,047</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	95,000	698,750	598,726	(100,024)
Transfers out	(725,050)	(725,050)	(403,206)	321,844
Bond proceeds, project funds	-	-	100,000	100,000
Bond premium	-	-	9,376	9,376
Bond discount	-	-	(395)	(395)
Sale of capital assets	-	-	2,400	2,400
Total other financing sources (uses)	<u>(630,050)</u>	<u>(26,300)</u>	<u>306,901</u>	<u>333,201</u>
Change in fund balance - budgetary basis	<u>\$ (80,625)</u>	<u>\$ 419,375</u>	<u>\$ 1,263,623</u>	<u>\$ 844,248</u>

See accompanying independent auditor's report.



## **Supplementary Information**

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City of Fruita, Colorado  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2019

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Marketing and Promotion</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 247,823	\$ 163,386	\$ 411,209
Taxes receivable	-	4,558	4,558
Total Assets	<u>\$ 247,823</u>	<u>\$ 167,944</u>	<u>\$ 415,767</u>
<b>LIABILITIES</b>			
Accounts payable	-	15,523	15,523
Total Liabilities	<u>-</u>	<u>15,523</u>	<u>15,523</u>
<b>FUND BALANCE</b>			
Restricted	247,823	152,421	400,244
Assigned	-	-	-
Total Fund Balances	<u>247,823</u>	<u>152,421</u>	<u>400,244</u>
Total Liabilities and fund balance	<u>\$ 247,823</u>	<u>\$ 167,944</u>	<u>\$ 415,767</u>

See accompanying independent auditor's report.

City of Fruita, Colorado  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the year ended December 31, 2019

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Conservation Trust</u>	<u>Marketing and Promotion</u>	
<b>REVENUES</b>			
Taxes			
Lodger's tax	\$ -	\$ 127,045	\$ 127,045
Investment income	199	77	276
Intergovernmental revenue	147,933	-	147,933
Charges for services	-	155	155
Donations	-	-	-
Total revenues	<u>148,132</u>	<u>127,277</u>	<u>275,409</u>
<b>EXPENDITURES</b>			
Current			
Marketing and promotion	-	119,594	119,594
Parks and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>119,594</u>	<u>119,594</u>
Excess (deficiency) of revenues over (under) expenditures	148,132	7,683	155,815
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	12,000	12,000
Transfers out	<u>(118,721)</u>	<u>-</u>	<u>(118,721)</u>
Change in fund balance - budgetary basis	<u>\$ 29,411</u>	<u>\$ 19,683</u>	<u>\$ 49,094</u>

See accompanying independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL****CAPITAL PROJECTS FUND**

For the Year Ended December 31, 2019

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 1,600,000	\$ 2,219,300	\$ 25,827	\$ (2,193,473)
Fines, forfeitures, assessments	-	-	117	117
Development impact fees	-	-	-	-
Donations	-	-	2,758	2,758
Investment earnings	-	-	32,052	32,052
Total revenues	<u>1,600,000</u>	<u>2,219,300</u>	<u>60,754</u>	<u>(2,158,546)</u>
<b>EXPENDITURES</b>				
Current:				
Lagoon redevelopment	100,000	134,000	63,686	70,314
Capital Outlay				
Marketing/Signage	-	725	-	725
Street improvements	2,445,000	2,506,875	423,183	2,083,692
Drainage improvements	-	1,800	1,800	-
Parks and recreation	80,000	714,300	122,313	591,987
Total expenditures	<u>2,625,000</u>	<u>3,357,700</u>	<u>610,982</u>	<u>2,746,718</u>
Deficiency of revenues under expenditures	(1,025,000)	(1,138,400)	(550,228)	588,172
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,025,000	1,135,875	580,458	(555,417)
Change in fund balance - budgetary basis	<u>\$ -</u>	<u>\$ (2,525)</u>	<u>\$ 30,230</u>	<u>\$ 32,755</u>

See accompanying independent auditor's report.

City of Fruita, Colorado  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**DEBT SERVICE FUND**  
**For the year ended December 31, 2019**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 250,000	\$ 250,000	\$ 131,285	\$ (118,715)
Investment earnings	28,450	28,450	85,091	56,641
Total revenues	<u>278,450</u>	<u>278,450</u>	<u>216,376</u>	<u>(62,074)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	125,000	-	-	-
Interest and fiscal charges	878,500	689,500	970,647	(281,147)
Bond issuance costs	-	229,500	131,890	97,610
Contingency	-	226,000	-	226,000
Total expenditures	<u>1,003,500</u>	<u>1,145,000</u>	<u>1,102,537</u>	<u>42,463</u>
Deficiency of revenues under expenditures	(725,050)	(866,550)	(886,161)	(19,611)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	725,050	725,050	403,206	(321,844)
Transfers out	-	(600,000)	(500,000)	100,000
Bond proceeds	-	10,800,000	10,015,000	(785,000)
Payment to escrow agent - refunded bonds	-	12,650,000	12,180,000	470,000
Bond premium	-	700,000	1,171,326	471,326
Bond discount	-	(50,000)	(39,559)	10,441
Change in fund balance - budgetary basis	<u>\$ -</u>	<u>\$ 23,358,500</u>	<u>\$ 22,343,812</u>	<u>\$ (74,688)</u>

See accompanying independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL  
CONSERVATION TRUST SPECIAL REVENUE FUND  
For the year ended December 31, 2019**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenue	\$ 130,000	\$ 130,000	\$ 147,933	\$ 17,933
Investment income	-	-	199	199
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>148,132</u>	<u>18,132</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation	-	-	-	-
Capital outlay				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position - budgetary basis	130,000	130,000	148,132	18,132
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(80,000)</u>	<u>(120,000)</u>	<u>(118,721)</u>	<u>1,279</u>
Change in fund balance - budgetary basis	<u>\$ 50,000</u>	<u>\$ 10,000</u>	<u>\$ 29,411</u>	<u>\$ 19,411</u>

See accompanying independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**MARKETING AND PROMOTION SPECIAL REVENUE FUND**  
For the year ended December 31, 2019

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Lodger's tax	\$ 124,000	\$ 124,000	\$ 127,045	\$ 3,045
Investment income	-	-	77	77
Charges for services	-	-	155	155
Donations	-	-	-	-
Total revenues	<u>124,000</u>	<u>124,000</u>	<u>127,277</u>	<u>3,277</u>
<b>EXPENDITURES</b>				
Current				
Marketing and promotion	<u>136,000</u>	<u>136,000</u>	<u>119,594</u>	<u>16,406</u>
Total expenditures	<u>136,000</u>	<u>136,000</u>	<u>119,594</u>	<u>16,406</u>
Deficiency of revenues under expenditures	(12,000)	(12,000)	7,683	19,683
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Change in fund balance - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,683</u>	<u>\$ 19,683</u>

See accompanying independent auditor's report.



City of Fruita, Colorado  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL**  
**SEWER FUND**  
For the year ended December 31, 2019

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ -	\$ 356,000	\$ 13,765	\$ (342,235)
Charges for services	3,355,000	3,355,000	3,377,093	22,093
Investment income	60,000	60,000	69,629	9,629
Capital contributions - tap fees	330,000	330,000	466,965	136,965
Miscellaneous	100	100	9,488	9,388
Gain on sale of equipment	-	-	12,910	12,910
Total revenues	<u>3,745,100</u>	<u>4,101,100</u>	<u>3,949,850</u>	<u>(151,250)</u>
<b>EXPENSES</b>				
Personnel services	829,800	829,800	785,458	44,342
Purchased services	264,300	252,324	220,607	31,717
Supplies	355,300	330,800	311,340	19,460
Special Projects	-	170	165	5
Debt service:				
Principal retirement	780,000	780,000	780,000	-
Interest and fiscal charges	503,550	503,550	503,539	11
Capital expenses	773,350	2,534,156	609,168	1,924,988
Contingency	-	-	-	-
Transfers out	160,000	160,000	160,000	-
Total expenses	<u>3,666,300</u>	<u>5,390,800</u>	<u>3,370,277</u>	<u>2,020,523</u>
Change in net position - budgetary basis	<u>\$ 78,800</u>	<u>\$ (1,289,700)</u>	<u>\$ 579,573</u>	<u>\$ 1,869,273</u>
Adjustments from budgetary basis to GAAP				
Deduct depreciation			(1,328,533)	
Deduct loss on sale of equipment			-	
Deduct change in compensation payable			(3,334)	
Add change in accrued interest payable			12,255	
Add contributions from development			92,920	
Add principal retirement			780,000	
Add capital expenses			609,168	
Add premium on bonds			50,146	
Change in net position - GAAP basis			<u>\$ 792,195</u>	

See accompanying independent auditor's report.

City of Fruita, Colorado  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL**  
**TRASH FUND**  
For the year ended December 31, 2019

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 770,000	\$ 775,000	\$ 785,049	\$ 10,049
Investment income	-	-	88	88
Total revenues	770,000	775,000	785,137	10,137
<b>EXPENSES</b>				
Purchased services	714,000	719,000	715,841	3,159
Transfers out	56,000	56,000	56,000	-
Total expenses	770,000	775,000	771,841	3,159
Change in net position - budgetary basis	\$ -	\$ -	\$ 13,296	\$ 13,296
Adjustments from budgetary basis to GAAP Basis to arrive at change in net position			-	
Change in net position - GAAP basis			\$ 13,296	

See accompanying independent auditor's report.

City of Fruita, Colorado  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL**  
**DEVILS CANYON CENTER FUND**  
For the year ended December 31, 2019

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 47,850	\$ 47,850
Investment income	-	-	575	575
Miscellaneous	-	-	7,711	7,711
Total revenues	-	-	56,136	\$ 56,136
<b>EXPENSES</b>				
Purchased services	-	-	-	-
Transfers out	-	43,875	-	43,875
Total expenses	-	43,875	-	43,875
Change in net position - budgetary basis	\$ -	\$ (43,875)	\$ 56,136	\$ 100,011
Adjustments from budgetary basis to GAAP				
Basis to arrive at change in net position				
Deduct depreciation			(37,552)	
Change in net position - GAAP basis			\$ 18,584	

See accompanying independent auditor's report.

City of Fruita, Colorado  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL**  
**IRRIGATION WATER FUND**  
**For the year ended December 31, 2019**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 114,500	\$ 114,500	\$ 116,680	\$ 2,180
Investment income	-	-	77	77
Total revenues	<u>114,500</u>	<u>114,500</u>	<u>116,757</u>	<u>2,257</u>
<b>EXPENSES</b>				
Personnel services	78,250	78,250	79,603	(1,353)
Purchased services	11,300	11,300	11,358	(58)
Supplies	14,950	14,950	13,538	1,412
Capital equipment	-	-	-	-
Contingency	-	-	-	-
Transfers out	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenses	<u>114,500</u>	<u>114,500</u>	<u>114,499</u>	<u>1</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	\$ 2,258	<u>\$ 2,258</u>
Adjustments from budgetary basis to GAAP Basis				
to arrive at change in net position				
Deduct change in compensation payable			(1,651)	
Deduct depreciation			<u>(6,711)</u>	
Change in net position - GAAP basis			<u>\$ (6,104)</u>	

See accompanying independent auditor's report.

City of Fruita, Colorado  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL**  
**FLEET MAINTENANCE FUND**  
For the year ended December 31, 2019

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 302,800	\$ 302,800	\$ 290,531	\$ (12,269)
Other revenues	-	-	-	-
Total revenues	<u>302,800</u>	<u>302,800</u>	<u>290,531</u>	<u>(12,269)</u>
<b>EXPENDITURES</b>				
Personnel services	188,150	183,650	168,131	15,519
Purchased services	33,300	22,845	21,857	988
Supplies	81,350	96,305	95,722	583
Capital equipment	-	-	-	-
Total expenditures	<u>302,800</u>	<u>302,800</u>	<u>285,710</u>	<u>17,090</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	\$ 4,821	<u>\$ 4,821</u>
Adjustments from budgetary basis to GAAP basis to arrive at change in net position				
Add capital expenses			-	
Deduct change in compensation payable			(2,076)	
Deduct depreciation			(2,745)	
Change in net position - GAAP basis			<u>\$ -</u>	

See accompanying independent auditor's report.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Fruita
	YEAR ENDING : December 2019

This Information From The Records Of (example - City of \_ or County of \_) Prepared By: \_\_\_\_\_  
Phone: \_\_\_\_\_

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,122,038
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	521,940
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	45,016
2. General fund appropriations	664,985	b. Snow and ice removal	11,140
3. Other local imposts (from page 2)	716,229	c. Other	224,907
4. Miscellaneous local receipts (from page 2)	4,562	d. Total (a. through c.)	281,063
5. Transfers from toll facilities		4. General administration & miscellaneous	349,501
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	387,363
a. Bonds - Original Issues		6. Total (1 through 5)	2,661,905
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,385,776	b. Redemption	
<b>B. Private Contributions</b>	728,270	c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	547,860	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	2,661,905	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,661,905

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	2,661,905	2,661,905		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2019	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	690,747	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	1,470
5. Specific Ownership &/or Other	25,482	g. Other Misc. Receipts	3,092
6. Total (1. through 5.)	716,229	h. Other	
c. Total (a. + b.)	716,229	i. Total (a. through h.)	4,562
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	494,375	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	53,485	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.)	53,485	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	547,860	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		111,760	111,760
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities		537,180	537,180
(2). Capacity Improvements			0
(3). System Preservation		449,198	449,198
(4). System Enhancement & Operation		23,900	23,900
(5). Total Construction (1) + (2) + (3) + (4)	0	1,010,278	1,010,278
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,122,038	1,122,038
			(Carry forward to page 1)
<b>Notes and Comments:</b>			