

City of Fruita 2022

Fiscal Year Ending
December 31, 2022

Honor the Past | Envision the Future



FINANCIAL STATEMENTS

City of Fruita
General Purpose Financial Statements
Fiscal Year Ended December 31, 2021

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General Purpose Financial Statements
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**INDEPENDENT AUDITOR'S REPORT**

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

Opinions

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 (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fruita, Colorado, as of December 31, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally



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accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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



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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual nonmajor fund financial statements, the budgetary comparison information for the non-major governmental funds, debt service fund, capital projects fund, the proprietary funds 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison information, and the schedule of receipts and expenditures for roads, bridges and streets 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.

June 20, 2023

Management's Discussion and Analysis

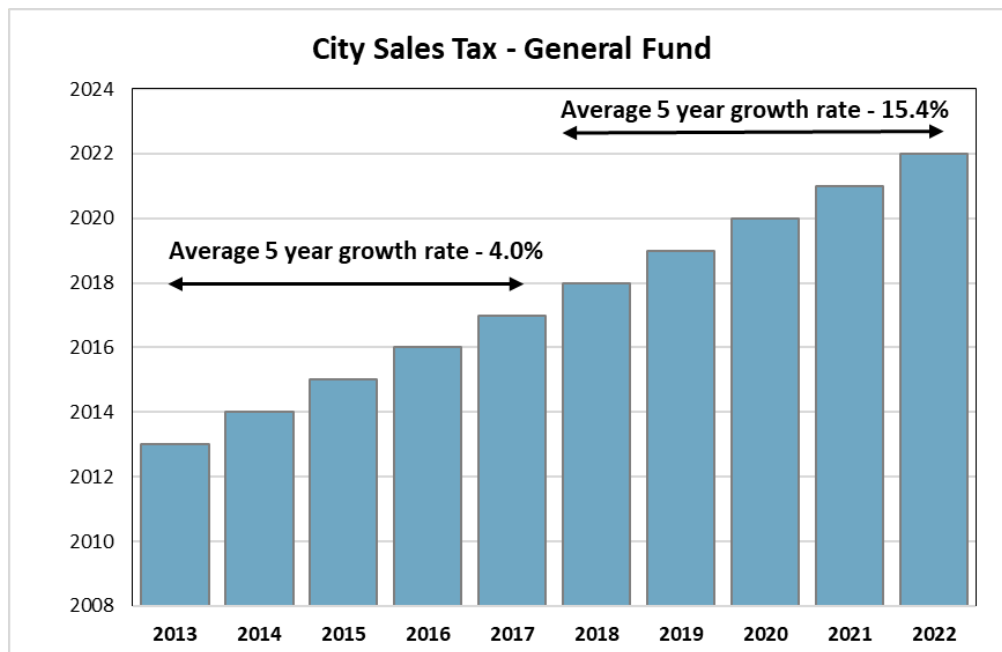
This discussion and analysis of the City of Fruita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2022. Please read this in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The City of Fruita currently enjoys a strong financial position in part due to sound budgetary practices and a healthy local economy. The following information represents highlights of the City's financial condition as of December 31, 2022.

- *Net Position.* The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2022 by \$113.1 million (*net position*). The City's total net position increased \$7.2 million (7%) from the prior year. This increase included an increase of \$2.2 million (3%) in capital assets, \$1.3 million (24%) in restricted assets, and \$3.7 million (17%) in unrestricted assets.
- *Fund Balances.* The governmental funds of the City reported combined fund balances of \$25.3 million, an increase of \$3.9 million from the prior year. Of this amount, \$11.9 million (47%) is available for spending at the City's discretion (*unassigned fund balance*).
- *General Fund - Unrestricted Fund Balance.* At the end of 2022, the unrestricted fund balance (the total of the *committed, assigned, and unassigned* components) of the General Fund was \$18.1 million, or approximately 212% of General Fund expenditures for 2022. Of this amount, \$4.2 million is budgeted for use in the 2023 budget, \$4.0 million is assigned for specific purposes including a \$2.1 million operating reserve, and the remaining \$9.9 million is available for future one-time capital project expenditures. This provides the City with options to fund some of the more critical infrastructure needs of the City.
- *City sales tax revenues* continued to experience double digit increases from the prior year with a 10% increase in 2022 compared to the prior year. This increase, however, is negated to some extent by inflation which is impacting expenses in all areas of operations and capital improvements.

Management's Discussion and Analysis



OVERVIEW OF THE FINANCIAL STATEMENTS

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

Management's Discussion and Analysis

reported as soon as the underlying event giving rise to the change occurs, regardless of the 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

Management's Discussion and Analysis

the city charges customers – either outside customers or internal departments of the city. 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 City of Fruita maintains two different types of fiduciary funds. The Pension Trust Funds are used to report resources held in trust for employees as part of three separate defined contribution retirement plans and a Private Purpose Trust Fund which is used to report resources held in trust for Mesa County School District #51.

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 – Government-wide. 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 \$113.1 million at December 31, 2022 and increased \$7.2 million from the prior year for both governmental and business-type activities.

CITY OF FRUITA - NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$33,044,862	26,955,317	\$ 9,652,122	8,016,779	\$ 42,696,984	\$ 34,972,096
Capital assets	65,586,502	64,321,568	39,716,247	39,636,447	105,302,749	103,958,015
Total assets	98,631,364	91,276,885	49,368,369	47,653,226	147,999,733	138,930,111
LIABILITIES						
Current and other liabilities	5,374,358	4,021,891	2,392,224	1,379,615	7,766,582	5,401,506
Long term liabilities	10,410,993	10,762,863	14,256,996	15,277,883	24,667,989	26,040,746
Total liabilities	15,785,351	14,784,754	16,649,220	16,657,498	32,434,571	31,442,252
TOTAL DEFERRED INFLOWS OF RESOURCES	2,486,329	1,621,308	-	-	2,486,329	1,621,308
NET POSITION						
Net investment in capital assets	54,864,194	53,738,680	25,470,574	24,379,838	80,334,768	78,118,518
Restricted	5,870,464	4,560,002	940,028	944,151	6,810,492	5,504,153
Unrestricted	19,625,026	16,572,141	6,308,547	5,671,739	25,933,573	22,243,880
TOTAL NET POSITION	\$80,359,684	\$74,870,823	\$32,719,149	\$30,995,728	\$ 113,078,833	\$ 105,866,551

Governmental activities. Current and other assets of governmental activities increased \$6.1 million (23%) from the prior year activities primarily due to increases in unrestricted cash. Current and other liabilities of governmental activities increased \$1.4 million (34%) from the prior year. This increase is due to 1) an increase in accounts payable for capital projects at year end, 2) an increase in unearned federal grant revenues from American Rescue Plan Act and 3) increases in unearned revenue from development impact fees.

Long-term liabilities of the governmental activities decreased \$351,870 (3%) and reflects the decrease in bonds outstanding at year end as a result of scheduled principal payments.

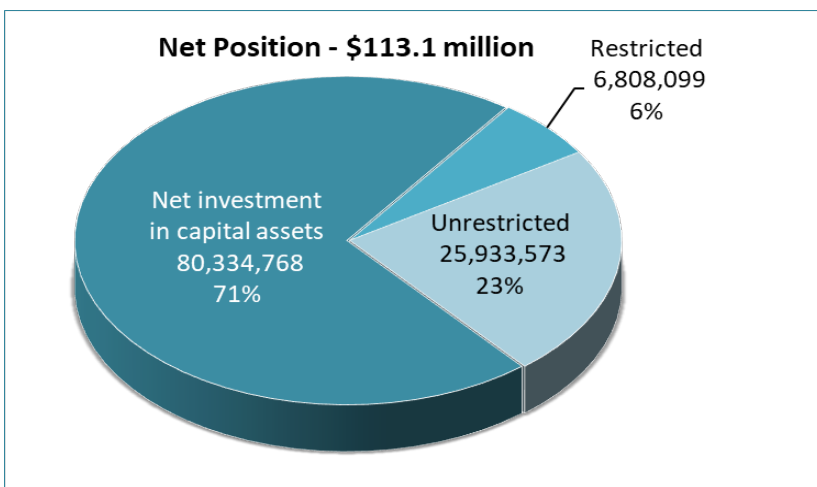
Business-type activities. Current and other assets of business-type activities increased \$1.6 million (20%) from the prior year activities primarily due to an increase in unrestricted cash.

Management's Discussion and Analysis

Current and other liabilities of governmental activities increased \$1.0 million (73%) from the prior year. This increase is due to an increase in unearned federal grant revenues from American Rescue Plan Act.

Long-term liabilities of the governmental activities decreased \$1 million (7%) and reflects the decrease in notes outstanding at year end as a result of scheduled principal payments.

Government-wide. The largest portion of the city's net position (71%) is the investment of \$80.3 million in capital assets (e.g., land, infrastructure, buildings, machinery, equipment and vehicles), less accumulated depreciation/amortization and 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, 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 increased \$2.2 million (3%) from the prior year with \$1.1 million attributed to governmental activities and \$1.1 million attributed to business-type activities.

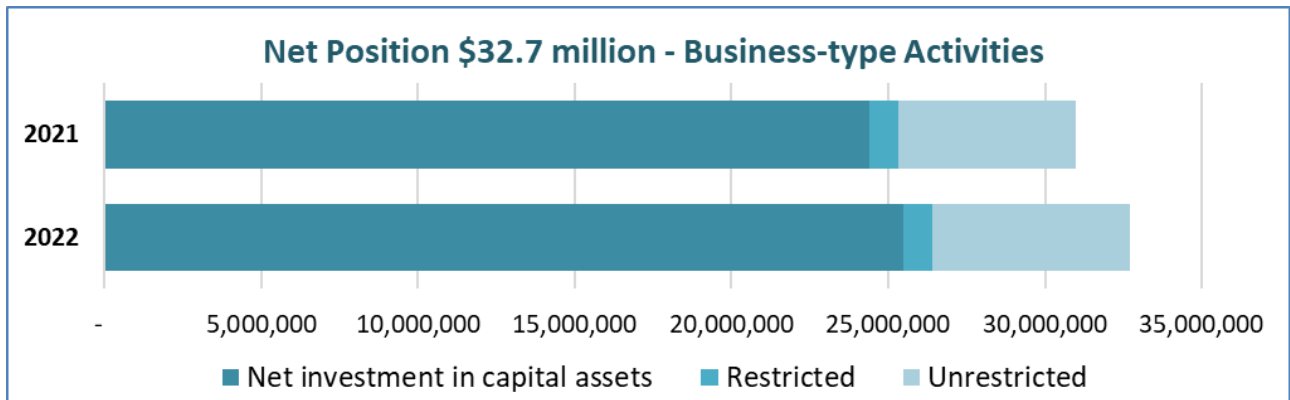
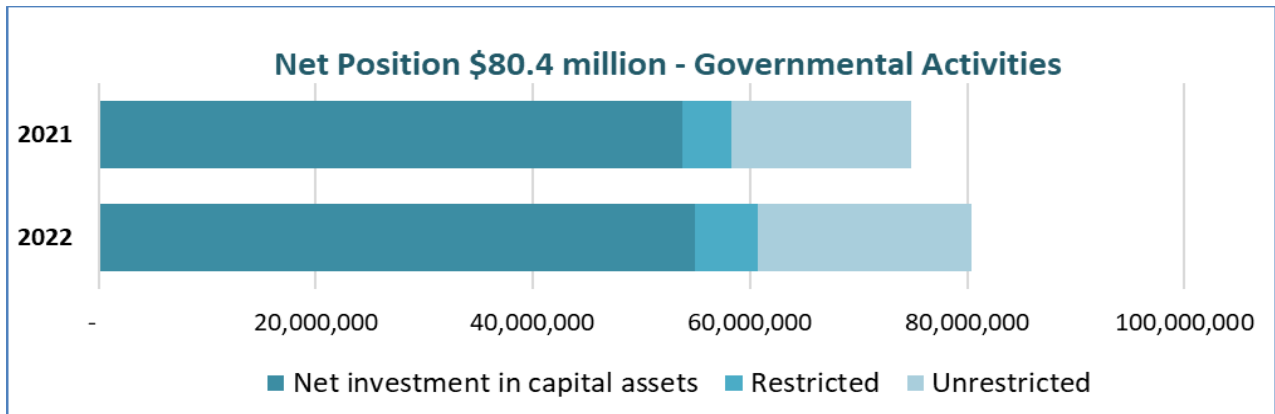
An additional portion of the city's net position of \$6.8 million (6%) represents resources that are subject to restrictions on how they may be used. Restricted net assets increased \$1.3 million (24%) from the prior year. This increase is related to increases in amounts restricted for specific purposes within governmental activities, specifically, a in amounts restricted for the Community Center.

The remaining balance of \$25.9 million (23%) is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. Unrestricted net assets increased \$3.7 million (17%) from the prior year for both governmental activities and business type activities. This includes \$19.6 million in unrestricted assets for governmental activities and \$6.3 million in

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business-type activities.

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.



Changes in Net Position

The following table shows the *changes in net position* for both governmental and business-type activities from the prior year. Total revenues for the City of \$24.8 million exceeded expenses of \$17.6 million by \$7.2 million.

Management's Discussion and Analysis

CHANGES IN NET POSITION

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
<u>Program revenues</u>						
Charges for services	\$ 2,235,098	\$ 1,813,516	\$ 5,616,813	\$ 5,204,771	\$ 7,851,911	\$ 7,018,287
Operating grants & contributions	159,038	387,875	-	-	159,038	387,875
Capital grants & contributions	1,756,972	832,305	319,161	117,907	2,076,133	950,212
Total Program Revenues	4,151,108	3,033,696	5,935,974	5,322,678	10,087,082	8,356,374
<u>General revenues:</u>						
Property taxes	1,623,256	1,435,607	-	-	1,623,256	1,435,607
Sales and use taxes	10,912,211	9,974,825	-	-	10,912,211	9,974,825
Other taxes	1,778,271	1,336,731	-	-	1,778,271	1,336,731
Other	316,262	340,679	115,835	13,142	432,097	353,821
Total General Revenues	14,630,000	13,087,842	115,835	13,142	14,745,835	13,100,984
Total revenues	18,781,108	16,121,538	6,051,809	5,335,820	24,832,917	21,457,358
Expenses:						
General government	2,936,450	2,129,911	-	-	2,936,450	2,129,911
Marketing & promotion	136,687	145,086	-	-	136,687	145,086
Parks and recreation	4,213,560	3,739,779	-	-	4,213,560	3,739,779
Public works	3,099,671	3,181,564	-	-	3,099,671	3,181,564
Public safety	2,824,992	2,665,211	-	-	2,824,992	2,665,211
Interest on long-term debt	325,012	397,234	-	-	325,012	397,234
Sewer	-	-	3,079,148	3,101,069	3,079,148	3,101,069
Trash	-	-	858,192	805,587	858,192	805,587
Devils Canyon Center	-	-	41,779	39,465	41,779	39,465
Irrigation water	-	-	105,144	105,496	105,144	105,496
Total expenses	13,536,372	12,258,785	4,084,263	4,051,617	17,620,635	16,310,402
Increase (decrease) in net position before transfers	5,244,736	3,862,753	1,967,546	1,284,203	7,212,282	5,146,956
Transfers	244,125	269,675	(244,125)	(269,675)	-	-
Increase in net position	5,488,861	4,132,428	1,723,421	1,014,528	7,212,282	5,146,956
Net position - beginning	74,870,823	70,738,395	30,995,728	29,981,200	105,866,551	100,719,595
Net position - ending	\$80,359,684	\$74,870,823	\$32,719,149	\$30,995,728	\$ 113,078,833	\$105,866,551

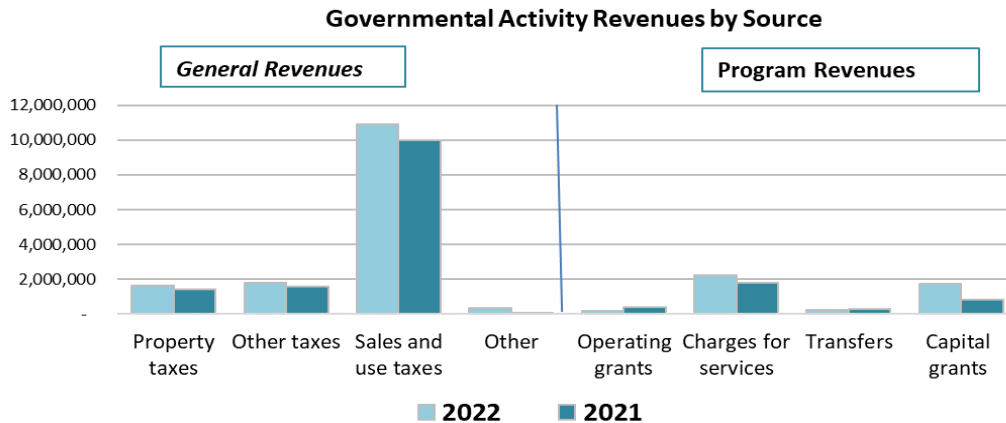
Governmental Activities

Revenues. Total revenues for governmental activities increased \$2.7 million (16%) in 2022. Factors contributing to this increase included:

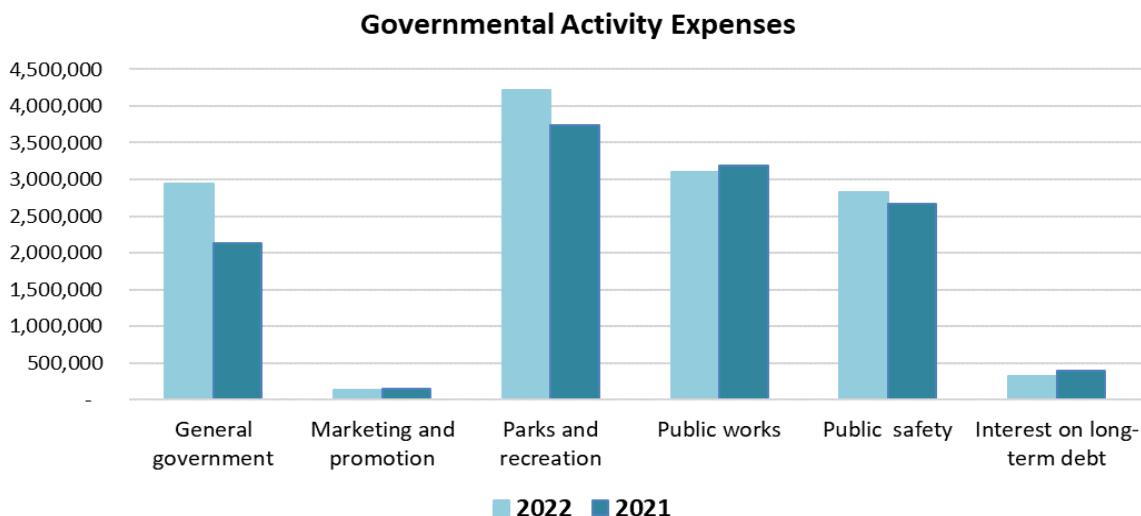
- an increase of \$937,386 (9.4%) in sales and use tax due to inflationary factors, increased tourism activity, and general improvement in the local economy,
- an increase of \$924,667 (111%) in capital grants and contributions
- an increase of \$421,582 (23%) in charges for services with the majority of these charges related to user fees at the Fruita Community Center and other recreation program revenues which were adversely impacted by the COVID pandemic in the prior two years,

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- an increase of \$441,540 (33%) in other taxes with increases in, severance and mineral lease taxes and franchise fees on utilities, and
- an increase of \$210,734 (1050%) in investment earnings due to higher interest rates.



Expenses. Total expenses for governmental activities increased \$1.3 million (10%) in 2022. This increase in expenses was due to 1) inflationary factors, 2) continuing to return to a more normal state of operations at the Fruita Community Center compared to the prior years affected by COVID, and 3) increases in staffing, labor costs, legal fees, IT services and other general government expenses. Expenses for interest on long term debt, public works operations and marketing all declined in 2022.

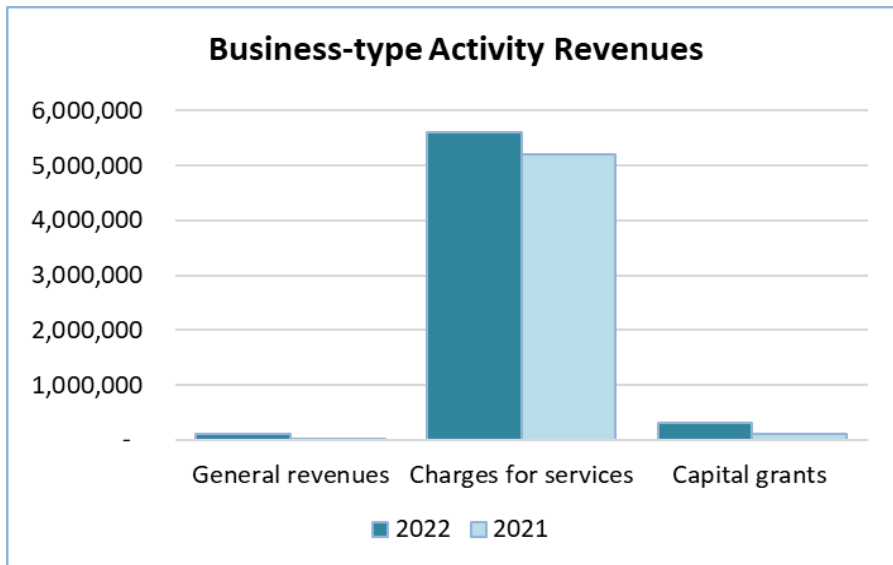


Business-type Activities

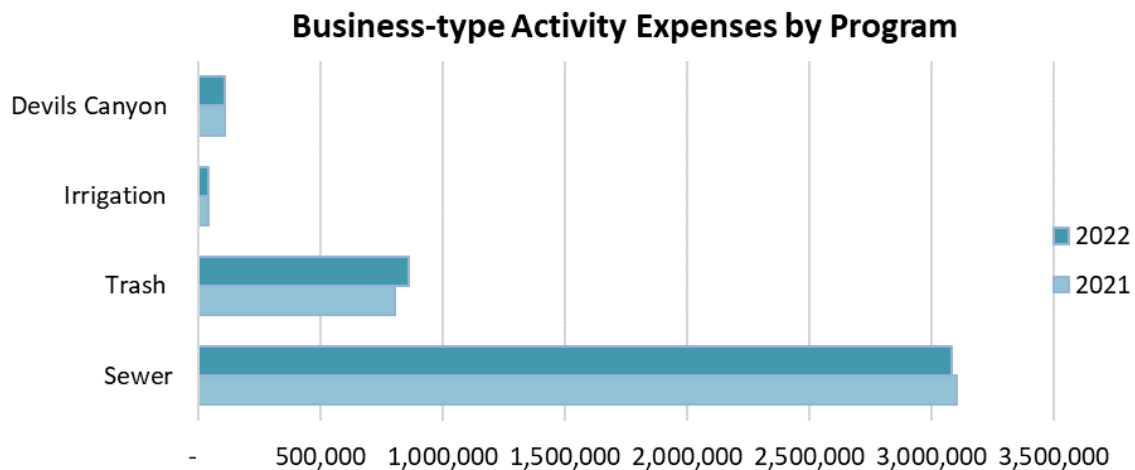
Revenues. Total revenues for business-type activities increased \$715,989 (13%) in 2022. Factors contributing to this increase included:

Management's Discussion and Analysis

- an increase in charges for services of \$412,042 (8%),
- an increase in capital grants and contributions of \$201,254 (171%), and
- a \$102,693 increase in general revenues from insurance awards and investment earnings.



Expenses. Total expenses for business-type activities increased by \$32,646 (1%) in 2022. This increase reflects the increase in contract services for trash collection.

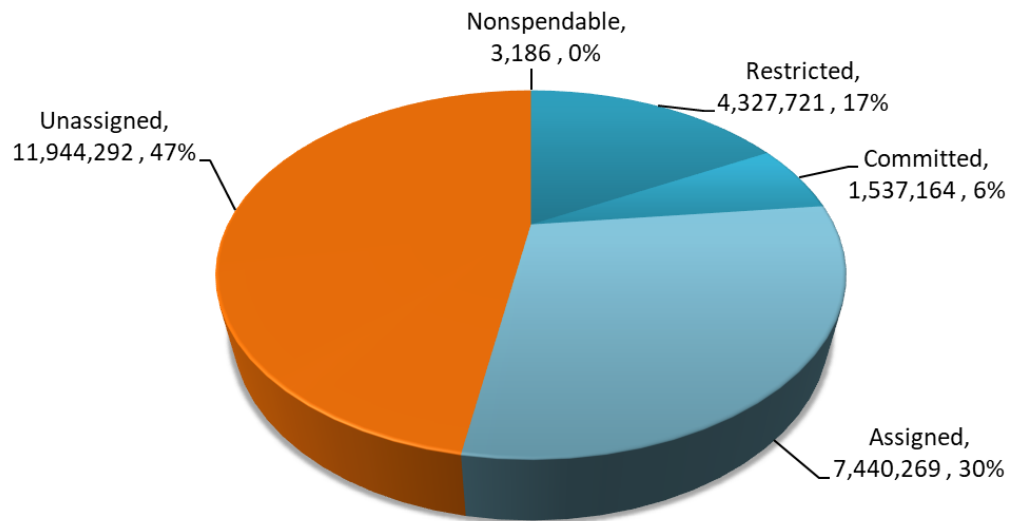


Management's Discussion and Analysis

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

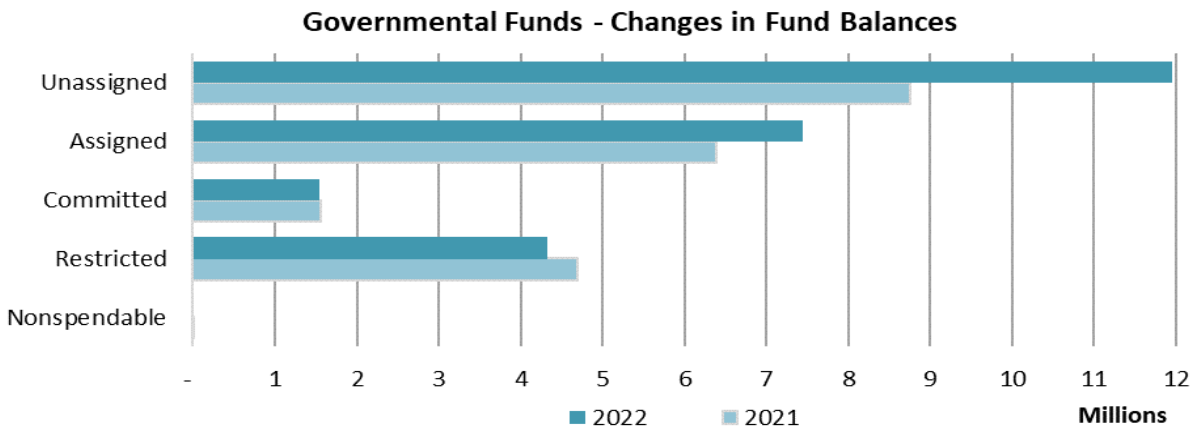
As noted earlier, the City of Fruita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Fruita's governmental funds is to provide information on near-term inflows (revenues), outflows (expenses) and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. 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 Balance of Governmental Funds - \$25.3 million



As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$25.3 million, an increase of \$3.9 million (18%) from the prior year. Approximately 47% (\$11.9 million) of the total fund balance amount consists of unassigned fund balance which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned.

Management's Discussion and Analysis



Reasons for significant changes in fund balances are described in the following analysis of the individual funds.

Analysis of Individual Governmental Funds

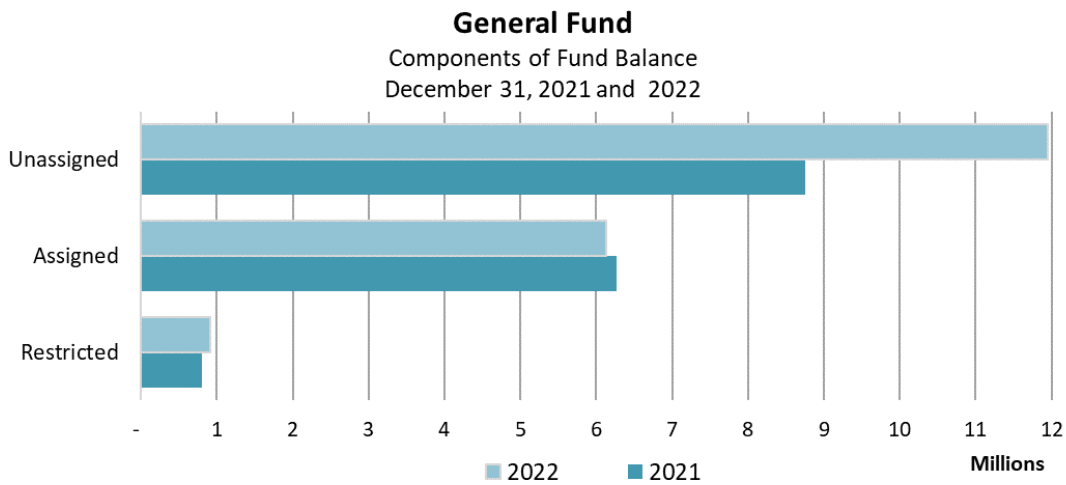
General Fund. The general fund is the chief operating fund of the City of Fruita. At the end of the current fiscal year *total fund balances* of \$19.0 million increased \$3.2 million (20%) from the prior year while *unassigned fund balance* of \$11.9 million increased \$3.2 million (36%) from the prior year. *Unassigned fund balance* represents 140% of the total general fund expenditures, while *total fund balance* represents 223% of that same amount.

Unassigned fund balance of \$11.9 million includes an operating reserve of \$2.1 million which represents 25% of 2022 general fund expenses, excluding transfers and capital equipment.

Assigned fund balances of \$6.1 million decreased \$138,014 (-2%) in 2022 from the prior year. This decrease is due to the reduction of assignment of fund balances to offset subsequent year (2023) budgeted expenses of \$4.2 million for capital project expenses.

Restricted fund balances of \$920,601 increased \$116,641 (15%) from the prior year with the addition of funds received, but not spent, from the portion of county sales tax dedicated for public safety purposes.

Management's Discussion and Analysis



The following information highlights the significant factors resulting in the \$3.2 million (20%) increase in total fund balances for the general fund from the prior year.

Revenues of \$12.4 million exceeded expenses and other financing uses of \$9.3 million by \$3.2 million. Revenues increased \$1.3 from the prior year. Increases in tax revenues of just under \$1.0 million accounted for 76% of the increase in revenues and increases in investment earnings of \$141,000 accounted for 11% of the increase in revenues.

Expenses of \$8.5 million increased \$653,256 (8%) from the prior year. Increases in personnel expenses accounted for 77% of the increase and include additional staff and increases in compensation and benefits. Purchased services increased 23% with the chipseal and street striping projects completed in 2022 (but not in the prior year), as well as increases IT services and software subscriptions. Capital equipment purchases decreased 63% from the prior year.

Other financing uses of \$748,692 consist primarily of transfers to other funds for capital projects and remained unchanged from the prior year with a 2% increase in other financing uses.

Community Center Fund. The community center fund accounts for the operations of the Fruita Community Center. At the end of the current fiscal year, the fund balance of the community center fund increased \$395,795 (10%) to \$4.0 million. Significant reasons for this increase in fund balance follows:

Revenues of \$3.6 million exceeded expenses and other financing uses of \$3.2 million by \$395,795. Revenues increased \$452,772 (12%) from the prior year. Revenues are generated

Management's Discussion and Analysis

from a dedicated 1% city sales and use tax which increased 9%, and user fees and charges which increased 17% from the prior year and reflect a year of being fully opened to the public after pandemic related closures in 2020 and 2021.

Expenses of \$2.6 million increased \$843,619 (32%) from the prior year. Operational expenses increased \$375,894 (18%) from the prior year and capital expenses increased \$463,984 (94%) with significant improvements to the swimming pool.

Non-major Governmental Funds. Non-major governmental funds include the Marketing and Promotion fund, the Conservation Trust Fund, the Economic Development Fund, and the Public Places Funds. At the end of the current fiscal year, the fund balance of these funds increased \$269,220 to \$1,156,179. Revenues of \$557,986 exceeded expenses and other financing uses of \$288,766 by \$269,220.

Analysis of Proprietary Funds

The City of Fruita's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements but in more detail.

Sewer Fund. The Sewer Fund accounts for operations of the wastewater collection and treatment system. At the end of the current fiscal year, the net position of the sewer fund increased \$1.6 million (5%) to \$31.2 million. Of the \$1.6 million increase, the amount invested in fixed assets increased \$1 million (4%) and unrestricted net position, including amounts designated for equipment replacement and capacity improvements, increased \$609,083 (12%).

Operating Revenues and Expenses. Operating revenues and expenses resulted in an operating income of \$847,057, an increase of \$256,096 (43%) from the prior year. *Operating revenues* of \$3.7 million increased \$184,538 (5%) from the prior year. *Operating expenses* of \$2.9 million decreased \$71,558 (-2%) from the prior year. The most significant decrease was in purchased services.

Non-operating revenues/expenses. Non-operating revenues and expenses of \$253,248 increased \$250,840 from the prior year and reflects increased revenues from grants for capital projects, investment income, insurance damage awards and system development contributions

Capital contributions.

Capital contributions include plant investment fees (sewer taps) and increased \$55,634 (9%)

Management's Discussion and Analysis

from the prior year. This reflects an increase in the number of permits issued in 2022 for new construction.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. Amendments were made to the General Fund budget throughout the year from an original appropriation of \$15.8 million to a final budget appropriation of \$16.1 million. Differences between the original budget and the final amended budget are noted in the following table. The most significant reason for these differences is the reappropriation of funds for capital projects initially budgeted for in the prior year but not completed.

General Fund Budget Original budget compared to Final Budget				
Description	Original budget	Final Budget	Variance	% Change from Original Budget
Revenues	\$ 10,802,300	\$ 10,924,145	\$ 121,845	1%
Expenses	(9,486,700)	(9,838,220)	(351,520)	4%
Other Financing Uses	(6,074,275)	(5,987,515)	86,760	-1%
Excess revenues (expenses)	\$ (4,758,675)	\$ (4,901,590)	\$ (142,915)	3%

Final budget compared to actual results

General Fund Budget Final Budget vs Actuals				
Description	Final Budget	Actual	Difference	% Diff
Revenues	\$ 10,924,145	\$ 12,423,467	\$ 1,499,322	14%
Expenses	(9,838,220)	(8,510,813)	1,327,407	-13%
Other Financing Uses	(5,987,515)	(748,692)	5,238,823	-87%
Excess revenues (expenses)	\$ (4,901,590)	\$ 3,163,962	\$ 8,065,552	-165%

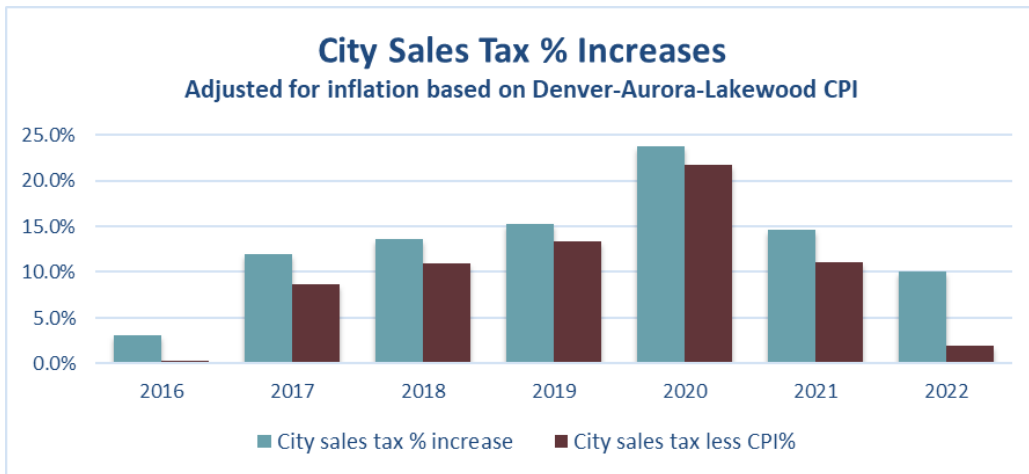
Revenues of \$12.4 million exceeded final budgeted revenues by \$1.5 million and account for 19% of the total \$8.1 million positive variance. The following revenue sources represent 80% of the total difference in budgeted versus actual revenues.

Management's Discussion and Analysis

Significant Variations Final Budgeted Revenues vs Actual Revenues

<u>Description</u>	<u>Final Budget</u>	<u>Actual</u>		<u>% Chg</u>
		<u>Revenues</u>	<u>Difference</u>	
City sales tax	\$ 3,116,000	\$ 3,451,733	\$ 335,733	11%
Use taxes	1,010,000	1,231,703	221,703	22%
County sales tax	3,050,000	3,380,155	330,155	11%
Intergovernmental	642,500	805,576	163,076	25%
Investment earnings	10,000	157,382	147,382	1474%
	<u>\$ 7,828,500</u>	<u>\$ 9,026,549</u>	<u>\$ 1,198,049</u>	<u>15%</u>

City and county sales tax revenues came in at 11% over budgeted amounts and increased 10% and 9%, respectively from the prior year. This increase primarily reflects inflationary influences. Adjusting for the 2022 8% annual consumer price index (CPI) for the Denver-Aurora-Lakewood area, this amounts to a real growth of 2% in city sales tax revenues. The following chart shows the five-year history of percentage increases in city sales tax revenues, and the same percentage adjusted for the annual CPI for the year.



Use tax revenues increased 22% over the prior year and includes a 28% increase in use tax on building materials with approximately 98 new residential units, and a 2% increase in use tax on motor vehicles. Intergovernmental revenues include severance and mineral lease taxes which increased 115% (\$159,336) from the prior year and are directly related to oil and gas activity. Investment earnings reflect the increase in interest rates and amount of cash available for investments. This increase in interest rates is also attributable to inflationary factors.

Expenses of \$8.5 million were under the final budgeted amount of \$9.8 million by \$1.3 million

Management's Discussion and Analysis

(13%) and account for 16% of the total \$8.1 million positive variance between the final budget and actual revenues and expenses. The following table shows the variances between final budget and actual expenses by department.

Final Budgeted Expenses vs Actual Expenses				
	<u>Final budget</u>	<u>Actual expenses</u>	<u>\$ Variance</u>	<u>% Variance</u>
General government	\$ 696,375	\$ 670,137	\$ (26,238)	-4%
Administration	941,392	815,281	(126,111)	-13%
Engineering	473,475	424,616	(48,859)	-10%
Community development	503,265	491,288	(11,977)	-2%
Public safety	2,719,300	2,622,645	(96,655)	-4%
Public works	1,933,521	1,751,075	(182,446)	-9%
Parks and recreation	1,410,200	1,220,385	(189,815)	-13%
Non-departmental	603,675	302,434	(301,241)	-50%
Debt service P & I	-	5,573	5,573	N/A
Capital outlay	557,017	207,379	(349,638)	-63%
Total expenses	\$ 9,838,220	\$ 8,510,813	\$ (1,327,407)	-13%

Non-departmental expenses were under budget by 50%. This difference was due to unspent contingency funds for general operations. *Capital outlay* was under budget by 63% and reflects supply chain delays where equipment was ordered in 2022 but not received.

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 \$5.2 million and accounts for 87% of the total \$8.1 million positive variance. This variance from budget to actual was due to a reduction in transfers to the capital projects fund due to delays in construction of capital projects due to a variety of factors.

Other Financing Sources (Uses) - Final Budget vs Actuals				
	<u>Final budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Transfers in	\$ 250,125	\$ 250,125	\$ -	0%
Transfers out	(6,237,640)	(1,114,556)	5,123,084	-82%
Insurance damage awards	-	3,638	3,638	N/A
Capital lease proceeds	-	27,386	27,386	N/A
Sale of capital assets	-	84,715	84,715	100%
Total other financing uses	\$ (5,987,515)	\$ (748,692)	\$ 5,238,823	-87%

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2022 was \$105,302,749, net of accumulated depreciation and amortization. Capital assets include land, buildings, machinery, equipment, vehicles, park and recreation facilities, roads, highways, wastewater reclamation facility, sewer collection lines, and irrigation distribution system. Capital assets, net of depreciation, increased \$2.2 million in 2022 (2.8%) Capital asset additions of \$5.4 million for the year ended December 31, 2022 included the following:

Capital Asset Additions			
Governmental Funds		Proprietary Funds	
Overlays	\$ 283,247	HVAC Units at Devils Canyon Center	\$ 111,788
Peach Way drainage	104,897	Irrigation system - W Pabor Way	11,835
Land	32,128	Computer equipment	2,495
Bike park improvements	51,763	Biosolids building canvas	57,678
Sidewalk improvements	112,148	SH 6 sewer line replacement	1,062,965
Computer equipment	46,927	WWTF and sewer equipment	34,314
Equipment	460,138	Office equipment	3,056
Office equipment	44,207	Construction in progress:	
Mobile equipment	2,500	H2S Mitigation	76,253
Construction in progress:		Sludge removal vortex design	45,034
Pine Street Bridge	626,020	Subdivision infrastructure	
Mulberry Street Plaza	50,466	Village at Country Creek North	28,853
Fremont St ROW acquisition	12,239	Village at Country Creek F#6	23,016
Maple Street ROW acquisition	3,313	Iron Wheel Subdivision	141,505
Civic Center remodel	69,899		
Reed Park design	50,513		
Prospector Park playground	62,093		
FCC Gym Floor replacement	44,142		
Subdivision infrastructure			
Village at Country Creek North	168,159		
Village at Country Creek F#6	271,582		
Iron Wheel F1	1,297,080		
Total	\$ 3,793,461	Total	\$ 1,598,792

*Includes fleet maintenance equipment

Depreciation expense of \$3.9 million included \$2.5 million in governmental activities, including

Management's Discussion and Analysis

the internal service fund and \$1.4 million in business type activities. The City disposed of \$279,324 in capital assets with a book value of \$71,742. Additional information on the City of Fruita's capital assets can be found in the Notes to the Financial Statements.

Long-term Debt. At the end of the current fiscal year, the City of Fruita had total debt outstanding of \$24.6 million. Of this amount, \$14.2 million is a loan backed by user fees and charges of the sewer system, \$10.0 million represents bonds for the Fruita Community Center backed by sales and use tax revenues, \$140,308 is backed by a performance obligation of the City to provide future irrigation water on Pinyon Mesa, and \$233,888 is for compensated absences payable from future revenues of the City. The City of Fruita's total debt decreased by \$1.4 million (5%) in 2022.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Factors which were considered in development of the 2023 Annual Budget include the following:

- Implementation of the City's Strategic Plan (2022-2025)
- Inflationary pressures are projected to influence both income and expenditures. The 2023 Budget foresees increased costs across various sectors (personnel, supplies, purchased services, and capital). Revenues obtained by the City from sales and use taxes are projected to decrease by 3% in 2023 compared to the actual revenues of 2022. This decline is attributed to reduced discretionary spending as inflation affects individual residents of Fruita, prompting them to curtail their non-essential expenses.
- Increases in monthly charges for services for sewer (2%) and trash collection (16%) to offset some of the increased costs of providing these services.
- The addition of a building inspection program to the Community Development Department with approximately 30% of the expenses projected to be offset by revenues from building inspection fees.
- Robust investments in capital projects of \$10.8 million (\$6.2 million in the Capital Projects Fund, \$1 million in the Community Center Fund and \$3.6 million in Sewer Fund) and equipment of \$856,630.
- Other factors that continue to impact the City's budget include long lead times and supply chain issues for acquisition of equipment.

Management's Discussion and Analysis

REQUESTS FOR INFORMATION

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, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 24,347,994	\$ 7,953,402	\$ 32,301,396
Restricted cash - loan covenants	4,017,964	940,028	4,957,992
Receivables	1,712,495	758,692	2,471,187
Intergovernmental receivable	2,068,529	-	2,068,529
Lease receivable	894,694	-	894,694
Inventories	3,186	-	3,186
Capital assets not being depreciated	10,492,891	1,203,472	11,696,363
Capital assets, net of accumulated depreciation/amortization	<u>55,093,611</u>	<u>38,512,775</u>	<u>93,606,386</u>
Total Assets	<u>98,631,364</u>	<u>49,368,369</u>	<u>147,999,733</u>
LIABILITIES			
Accounts payable	887,421	198,061	1,085,482
Accrued interest payable	90,820	85,450	176,270
Customer deposits payable	34,175	-	34,175
Unearned revenues	4,361,942	2,108,713	6,470,655
Noncurrent liabilities:			
Due within one year:			
Bonds, notes, leases, compensated absences	618,848	1,070,534	1,689,382
Due in more than one year:			
Bonds, notes, leases, compensated absences	<u>9,792,145</u>	<u>13,186,462</u>	<u>22,978,607</u>
Total Liabilities	<u>15,785,351</u>	<u>16,649,220</u>	<u>32,434,571</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	1,607,295	-	1,607,295
Lease related	<u>879,034</u>	<u>-</u>	<u>879,034</u>
Total Deferred Inflows of Resources	<u>2,486,329</u>	<u>-</u>	<u>2,486,329</u>
NET POSITION			
Net investment in capital assets	54,864,194	25,470,574	80,334,768
Restricted for:			
Debt service	748,200	940,028	1,688,228
Economic development	80,104	-	80,104
Marketing and promotion	261,781	-	261,781
Community center	3,163,229	-	3,163,229
Parks and open space	490,392	-	490,392
Streets and drainage	216,090	-	216,090
Public safety	507,482	-	507,482
Inventory	3,186	-	3,186
Emergency reserves	400,000	-	400,000
Unrestricted	<u>19,625,026</u>	<u>6,308,547</u>	<u>25,933,573</u>
Total Net Position	<u>\$ 80,359,684</u>	<u>\$ 32,719,149</u>	<u>\$ 113,078,833</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, 2022

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
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,936,450	\$ 314,700	\$ 59,847	\$ -	\$ (2,561,903)	\$ -	\$ (2,561,903)
Marketing and promotion	136,687	-	-	-	(136,687)	-	(136,687)
Parks and recreation	4,213,560	1,519,256	71,267	-	(2,623,037)	-	(2,623,037)
Public works	3,099,671	369,369	-	1,756,972	(973,330)	-	(973,330)
Public safety	2,824,992	18,920	27,924	-	(2,778,148)	-	(2,778,148)
Interest on long-term debt	325,012	12,853	-	-	(312,159)	-	(312,159)
Total governmental activities	<u>13,536,372</u>	<u>2,235,098</u>	<u>159,038</u>	<u>1,756,972</u>	<u>(9,385,264)</u>	<u>-</u>	<u>(9,385,264)</u>
BUSINESS-TYPE ACTIVITIES							
Sewer	3,079,148	4,435,810	-	314,661	-	1,671,323	1,671,323
Trash	858,192	933,289	-	-	-	75,097	75,097
Devils Canyon Center	41,779	111,788	-	-	-	70,009	70,009
Irrigation water	105,144	135,926	-	4,500	-	35,282	35,282
Total business-type activities	<u>4,084,263</u>	<u>5,616,813</u>	<u>-</u>	<u>319,161</u>	<u>-</u>	<u>1,851,711</u>	<u>1,851,711</u>
Total government	<u>\$ 17,620,635</u>	<u>\$ 7,851,911</u>	<u>\$ 159,038</u>	<u>\$ 2,076,133</u>	<u>(9,385,264)</u>	<u>1,851,711</u>	<u>(7,533,553)</u>
General Revenues:							
Property taxes					1,623,256	-	1,623,256
Sales and use taxes					10,912,211	-	10,912,211
Lodging taxes					363,586	-	363,586
Severance tax					222,370	-	222,370
Highway users tax					461,073	-	461,073
Franchise fees					510,087	-	510,087
Other shared taxes					221,155	-	221,155
Unrestricted investment earnings					232,905	57,737	290,642
Insurance awards					47,780	57,678	105,458
Gain (loss) on sale of capital assets					35,577	420	35,997
Transfers					244,125	(244,125)	-
Total general revenues and transfers					<u>14,874,125</u>	<u>(128,290)</u>	<u>14,745,835</u>
Change in net position					5,488,861	1,723,421	7,212,282
Net position - beginning					<u>74,870,823</u>	<u>30,995,728</u>	<u>105,866,551</u>
Net position - ending					<u>\$ 80,359,684</u>	<u>\$ 32,719,149</u>	<u>\$ 113,078,833</u>

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

City of Fruita, Colorado
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	Major Funds			Nonmajor Funds		Total
	General	Capital Projects	Community Center	Debt Service	Other Nonmajor Funds	
ASSETS						
Cash and investments	\$ 18,138,053	\$ 1,258,207	\$ 3,722,253	\$ -	\$ 1,204,561	\$ 24,323,074
Accounts receivable	41,613	-	47,338	-	-	88,951
Property taxes receivable	1,607,295	-	-	-	13,608	1,620,903
Intergovernmental receivables	1,733,145	-	335,384	-	-	2,068,529
Lease receivable	264,386	-	630,308	-	-	894,694
Notes receivable	-	-	-	-	2,641	2,641
Inventories	3,186	-	-	-	-	3,186
Restricted cash	232,577	3,037,187	-	748,200	-	4,017,964
Total Assets	\$ 22,020,255	\$ 4,295,394	\$ 4,735,283	\$ 748,200	\$ 1,220,810	\$ 33,019,942
LIABILITIES						
Accounts payable	277,370	463,439	77,031	-	64,631	882,471
Deposits payable	32,025	-	2,150	-	-	34,175
Unearned revenues	849,086	3,502,725	10,131	-	-	4,361,942
Total Liabilities	1,158,481	3,966,164	89,312	-	64,631	5,278,588
DEFERRED INFLOWS OF RESOURCES						
Unavailable property tax revenue	1,607,295	-	-	-	-	1,607,295
Leases	260,567	-	618,467	-	-	879,034
Total deferred inflows of resources	1,867,862	-	618,467	-	-	2,486,329
FUND BALANCES						
Nonspendable for inventories	3,186	-	-	-	-	3,186
Restricted:						
Debt Service	-	-	-	748,200	-	748,200
Economic development	-	-	-	-	80,104	80,104
Marketing	-	-	-	-	261,781	261,781
Community center	-	-	1,626,065	-	-	1,626,065
Parks and open space	-	20,148	-	-	336,429	356,577
Public places	-	-	-	-	133,815	133,815
Streets and drainage	13,119	202,971	-	-	-	216,090
Public safety	507,482	-	-	-	-	507,482
Emergency reserve	400,000	-	-	-	-	400,000
Committed:	-	-	1,537,164	-	-	1,537,164
Assigned:						
Equipment replacement reserve	1,519,233	-	17,100	-	-	1,536,333
Subsequent year expenses	4,219,510	28,600	847,175	-	344,050	5,439,335
Health insurance reserve	328,468	-	-	-	-	328,468
Capital projects	-	77,511	-	-	-	77,511
Scholarship Program	36,344	-	-	-	-	36,344
Art Acquisition Fund	14,649	-	-	-	-	14,649
War memorial maintenance	7,629	-	-	-	-	7,629
Unassigned:						
Unassigned	9,869,229	-	-	-	-	9,869,229
Operating reserve	2,075,063	-	-	-	-	2,075,063
Total fund balances	18,993,912	329,230	4,027,504	748,200	1,156,179	25,255,025
Total liabilities, deferred inflows of resources and fund balances	\$ 22,020,255	\$ 4,295,394	\$ 4,735,283	\$ 748,200	\$ 1,220,810	\$ 33,019,942

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, 2022

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

Total fund balances of governmental funds	\$ 25,255,025	
Capital assets of \$93,542,345, net of accumulated depreciation of \$27,978,181, used in governmental activities are not financial resources and, therefore, are not reported in the funds. This excludes \$22,338 in capital assets net of accumulated depreciation included in the internal service fund.		65,564,164
Internal service funds are used to charge the costs of fleet maintenance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		37,121
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Sales and use tax revenue bonds payable	(9,080,000)	
Non-monetary performance obligation payable	(140,308)	
Leases payable	(35,006)	
Compensated absences	(204,506)	
Accrued interest payable on long-term debt	(90,820)	
Total long-term liabilities		(9,550,640)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Premium on revenue bonds	(979,118)	
Discount on revenue bonds	33,132	
		(945,986)
Net position of governmental activities		\$ 80,359,684

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, 2022

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Capital Projects	Community Center	Debt Service	Other Nonmajor Funds	
REVENUES						
Taxes:						
Property	\$ 1,623,256	\$ -	\$ -	\$ -	\$ -	\$ 1,623,256
City sales	3,451,733	-	1,725,867	-	-	5,177,600
County sales	3,380,155	-	-	-	-	3,380,155
County sales - Public safety	506,689	-	-	-	-	506,689
Use tax	1,231,703	-	616,064	-	-	1,847,767
Other	730,800	-	-	-	363,586	1,094,386
Licenses and permits	65,987	-	-	-	-	65,987
Intergovernmental	805,576	33,314	-	-	191,483	1,030,373
Charges for services	249,384	-	1,164,722	-	2,585	1,416,691
Fines, forfeitures, assessments	97,592	-	-	-	-	97,592
Development impact fees	-	168,763	-	-	-	168,763
Investment earnings	157,382	43,875	17,930	12,853	332	232,372
Interest on leases	3,039	-	10,347	-	-	13,386
Rents and royalties	47,140	-	76,123	-	-	123,263
Donations	38,750	-	2,975	-	-	41,725
Miscellaneous	34,281	-	9,195	-	-	43,476
Total revenues	<u>12,423,467</u>	<u>245,952</u>	<u>3,623,223</u>	<u>12,853</u>	<u>557,986</u>	<u>16,863,481</u>
EXPENDITURES						
Current:						
General government	670,137	-	-	-	-	670,137
Administration	815,281	-	-	-	-	815,281
Engineering	424,616	-	-	-	-	424,616
Community development	491,288	-	-	-	-	491,288
Economic Development	-	-	-	-	2,500	2,500
Marketing and promotion	-	-	-	-	134,187	134,187
Public safety	2,622,645	-	-	-	-	2,622,645
Public works	1,751,075	10,162	-	-	-	1,761,237
Parks and recreation	1,220,385	-	2,147,916	-	-	3,368,301
Public Places	-	-	-	-	41,624	41,624
Non-departmental	302,434	-	-	-	-	302,434
Debt service						
Principal retirement	5,537	-	3,665	365,000	-	374,202
Interest and fiscal charges	36	-	76	378,200	-	378,312
Capital outlay	207,379	1,279,983	495,387	-	41,942	2,024,691
Total expenditures	<u>8,510,813</u>	<u>1,290,145</u>	<u>2,647,044</u>	<u>743,200</u>	<u>220,253</u>	<u>13,411,455</u>
Excess (deficiency) of revenues over expenditures	<u>3,912,654</u>	<u>(1,044,193)</u>	<u>976,179</u>	<u>(730,347)</u>	<u>337,733</u>	<u>3,452,026</u>
OTHER FINANCING SOURCES (USES)						
Insurance rebates and awards	3,638	-	-	-	-	3,638
Capital lease proceeds	27,386	-	16,821	-	-	44,207
Sale of capital assets	84,715	-	44,142	-	-	128,857
Transfers in	250,125	1,088,068	95,000	730,347	12,000	2,175,540
Transfers (out)	(1,114,556)	-	(736,347)	-	(80,513)	(1,931,416)
Total other financing sources (uses)	<u>(748,692)</u>	<u>1,088,068</u>	<u>(580,384)</u>	<u>730,347</u>	<u>(68,513)</u>	<u>420,826</u>
Net change in fund balances	<u>3,163,962</u>	<u>43,875</u>	<u>395,795</u>	<u>-</u>	<u>269,220</u>	<u>3,872,852</u>
Fund balances - beginning	<u>15,829,950</u>	<u>285,355</u>	<u>3,631,709</u>	<u>748,200</u>	<u>886,959</u>	<u>21,382,173</u>
Fund balances - ending	<u>\$ 18,993,912</u>	<u>\$ 329,230</u>	<u>\$ 4,027,504</u>	<u>\$ 748,200</u>	<u>\$ 1,156,179</u>	<u>\$ 25,255,025</u>

City of Fruita, Colorado
**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, 2022

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

Net change in fund balances - total governmental funds \$ 3,872,852

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	2,024,691	
Depreciation expense (excluding internal service)	<u>(2,450,047)</u>	(425,356)

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. (22,604)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net position.

Donation of capital assets	1,756,972	
Gain on sale of assets	<u>(49,139)</u>	1,707,833

Bonds and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liability in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are ferred and amortized in the statement of activities.

Principal repayments on non-monetary performance obligation	12,392	
Principal repayments on special revenue bonds	365,000	
Amortization of premiums and discounts on special revenue bonds	55,646	
Leases issued	(44,207)	
Principal repayments on leases	<u>9,201</u>	398,032

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)	(45,525)	
Accrued interest payable	<u>3,630</u>	(41,895)

Rounding adjustment		(1)
Change in net position of governmental activities		<u><u>\$ 5,488,861</u></u>

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, 2022 (With comparative totals for 2021)

	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			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	
ASSETS										
Current assets:										
Cash and investments	\$ 7,372,511	\$ 5,805,717	\$ 173,645	\$ 168,915	\$ 195,529	\$ 194,874	\$ 211,717	\$ 191,896	\$ 7,953,402	\$ 24,920
Restricted cash - loan covenants	940,028	944,609	-	-	-	-	-	-	940,028	-
Interest receivable	-	-	-	-	-	-	-	-	-	-
Accounts receivable	601,984	563,144	153,210	144,075	-	-	3,498	3,549	758,692	-
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	-
Total current assets	<u>8,914,523</u>	<u>7,313,470</u>	<u>326,855</u>	<u>312,990</u>	<u>195,529</u>	<u>194,874</u>	<u>215,215</u>	<u>195,445</u>	<u>9,652,122</u>	<u>24,920</u>
Non-current assets:										
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	87,000	87,000	-	-	1,672,564	541,898	-	-	1,759,564	-
Systems	53,310,847	51,976,289	-	-	-	-	54,018	49,420	53,364,865	-
Equipment	1,687,489	1,677,410	-	-	50,960	-	864	1,080	1,739,313	22,338
Construction in progress	142,587	98,227	-	-	-	-	-	-	142,587	-
Less accumulated depreciation	(17,239,350)	(15,855,762)	-	-	(1,111,617)	-	-	-	(18,350,967)	-
Total capital assets, net	<u>38,752,583</u>	<u>38,747,174</u>	<u>-</u>	<u>-</u>	<u>837,421</u>	<u>767,412</u>	<u>126,243</u>	<u>121,861</u>	<u>39,716,247</u>	<u>22,338</u>
Total non-current assets	<u>38,752,583</u>	<u>38,747,174</u>	<u>-</u>	<u>-</u>	<u>837,421</u>	<u>767,412</u>	<u>126,243</u>	<u>121,861</u>	<u>39,716,247</u>	<u>22,338</u>
Total assets	<u>47,667,106</u>	<u>46,060,644</u>	<u>326,855</u>	<u>312,990</u>	<u>1,032,950</u>	<u>962,286</u>	<u>341,458</u>	<u>317,306</u>	<u>49,368,369</u>	<u>47,258</u>
LIABILITIES										
Current liabilities:										
Accounts Payable	54,402	93,054	143,335	135,672	-	-	324	1,223	198,061	4,949
Accrued interest payable	85,450	99,666	-	-	-	-	-	-	85,450	-
Compensated absences	22,590	19,470	-	-	-	-	1,605	1,804	24,195	5,188
Notes and leases payable - current maturity	1,046,339	975,000	-	-	-	-	-	-	1,046,339	-
Unearned revenues	2,108,713	1,050,000	-	-	-	-	-	-	2,108,713	-
Total current liabilities	<u>3,317,494</u>	<u>2,237,190</u>	<u>143,335</u>	<u>135,672</u>	<u>-</u>	<u>-</u>	<u>1,929</u>	<u>3,027</u>	<u>3,462,758</u>	<u>10,137</u>
Noncurrent liabilities:										
Notes payable (net of premium)	13,186,462	14,281,609	-	-	-	-	-	-	13,186,462	-
Total noncurrent liabilities	<u>13,186,462</u>	<u>14,281,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,186,462</u>	<u>-</u>
Total liabilities	<u>16,503,956</u>	<u>16,518,799</u>	<u>143,335</u>	<u>135,672</u>	<u>-</u>	<u>-</u>	<u>1,929</u>	<u>3,027</u>	<u>16,649,220</u>	<u>10,137</u>
NET POSITION										
Net investment in capital assets	24,506,910	23,490,565	-	-	837,421	767,412	126,243	121,861	25,470,574	22,338
Restricted for loan covenants	940,028	944,151	-	-	-	-	-	-	940,028	-
Unrestricted:										
Designated for equipment replacement	1,220,309	1,529,583	-	-	-	-	6,400	-	1,226,709	-
Designated for capacity improvements	686,000	-	-	-	-	-	-	-	686,000	-
Other unrestricted	3,809,903	3,577,546	183,520	177,318	195,529	194,874	206,886	192,418	4,395,838	14,783
Total net position	<u>\$ 31,163,150</u>	<u>\$ 29,541,845</u>	<u>\$ 183,520</u>	<u>\$ 177,318</u>	<u>\$ 1,032,950</u>	<u>\$ 962,286</u>	<u>\$ 339,529</u>	<u>\$ 314,279</u>	<u>\$ 32,719,149</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, 2022 (With comparative totals for 2021)

	Business-type Activities - Enterprise Funds									Governmental
	Major Fund		Non-Major Funds						Totals	Fleet Maintenance
	Sewer		Trash		Devils Canyon Center		Irrigation Water			Internal Service
	2022	2021	2022	2021	2022	2021	2022	2021	2022	Fund
OPERATING REVENUES										
Charges for services	\$ 3,743,322	\$ 3,561,044	\$ 933,289	\$ 879,061	\$ 111,788	\$ -	\$ 135,926	\$ 128,589	\$ 4,924,325	\$ 328,334
Other revenues	6,488	4,228	-	-	-	1,483	-	-	6,488	-
Total operating revenues	<u>3,749,810</u>	<u>3,565,272</u>	<u>933,289</u>	<u>879,061</u>	<u>111,788</u>	<u>1,483</u>	<u>135,926</u>	<u>128,589</u>	<u>4,930,813</u>	<u>328,334</u>
OPERATING EXPENSES										
Personnel services	871,992	886,288	-	-	-	-	78,550	78,290	950,542	196,110
Purchased services	245,829	348,151	858,192	805,587	-	-	7,581	8,509	1,111,602	50,219
Supplies	392,099	347,999	-	-	-	-	11,560	13,073	403,659	97,645
Depreciation	1,392,833	1,391,873	-	-	41,779	39,465	7,453	5,624	1,442,065	2,238
Total operating expenses	<u>2,902,753</u>	<u>2,974,311</u>	<u>858,192</u>	<u>805,587</u>	<u>41,779</u>	<u>39,465</u>	<u>105,144</u>	<u>105,496</u>	<u>3,907,868</u>	<u>346,212</u>
Operating income (loss)	847,057	590,961	75,097	73,474	70,009	(37,982)	30,782	23,093	1,022,945	(17,878)
NONOPERATING REVENUES (EXPENSES)										
Intergovernmental revenue	121,287	-	-	-	-	-	-	-	121,287	-
Investment income	56,884	3,459	105	45	655	298	93	40	57,737	-
System development contributions	193,374	116,407	-	-	-	-	-	-	193,374	-
Gain (Loss) on disposal of equipment	420	9,300	-	-	-	-	-	-	420	40
Insurance awards	57,678	-	-	-	-	-	-	-	57,678	17,838
Interest expense and amortization	(176,395)	(126,758)	-	-	-	-	-	-	(176,395)	-
Total nonoperating revenues (expenses)	<u>253,248</u>	<u>2,408</u>	<u>105</u>	<u>45</u>	<u>655</u>	<u>298</u>	<u>93</u>	<u>40</u>	<u>254,101</u>	<u>17,878</u>
Income (Loss) before contributions and transfers	1,100,305	593,369	75,202	73,519	70,664	(37,684)	30,875	23,133	1,277,046	-
Capital contributions - tap fees	686,000	630,366	-	-	-	-	4,500	1,500	690,500	-
Transfers out	(165,000)	(165,000)	(69,000)	(69,000)	-	(25,175)	(10,125)	(10,500)	(244,125)	-
Change in net position	1,621,305	1,058,735	6,202	4,519	70,664	(62,859)	25,250	14,133	1,723,421	-
Net position - beginning	29,541,845	28,483,110	177,318	172,799	962,286	1,025,145	314,279	300,146	30,995,728	37,121
Net position - ending	<u>\$ 31,163,150</u>	<u>\$ 29,541,845</u>	<u>\$ 183,520</u>	<u>\$ 177,318</u>	<u>\$ 1,032,950</u>	<u>\$ 962,286</u>	<u>\$ 339,529</u>	<u>\$ 314,279</u>	<u>\$ 32,719,149</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, 2022 (With comparative totals for 2021)

	Business-type Activities - Enterprise Funds								Governmental	
	Major Fund		Trash		Non-Major Funds		Irrigation Water		Totals	Fleet Maintenance
	Sewer				Devils Canyon Center					Internal Service Fund
	2022	2021	2022	2021	2022	2021	2022	2021	2022	
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	\$ 3,710,970	\$ 3,556,438	\$ 924,154	\$ 870,160	\$ 111,788	\$ 1,483	\$ 135,977	\$ 128,311	\$ 4,882,889	\$ -
Cash from interfund services	-	-	-	-	-	-	-	-	-	328,334
Payments to suppliers & service providers	(652,220)	(688,465)	(850,529)	(796,424)	-	-	(19,176)	(21,713)	(1,521,925)	(155,517)
Payments to employees for salaries & benefits	(865,465)	(885,722)	-	-	-	-	(79,613)	(77,932)	(945,078)	(195,750)
Net cash provided by operating activities	<u>2,193,285</u>	<u>1,982,251</u>	<u>73,625</u>	<u>73,736</u>	<u>111,788</u>	<u>1,483</u>	<u>37,188</u>	<u>28,666</u>	<u>2,415,886</u>	<u>(22,933)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Insurance awards	57,678	-	-	-	-	-	-	-	57,678	17,838
Operating transfers	(165,000)	(165,000)	(69,000)	(69,000)	-	(25,175)	(10,125)	(10,500)	(244,125)	-
Net cash used by non-capital financing activities	<u>(107,322)</u>	<u>(165,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>-</u>	<u>(25,175)</u>	<u>(10,125)</u>	<u>(10,500)</u>	<u>(186,447)</u>	<u>17,838</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital contributions - plant investment fees	686,000	630,366	-	-	-	-	4,500	1,500	690,500	-
Capital contributions - grants	121,287	-	-	-	-	-	-	-	121,287	-
Capital contributions - unearned revenues	1,058,713	1,166,407	-	-	-	-	-	-	1,058,713	-
Gain/loss on sale of assets	420	9,300	-	-	-	-	-	-	420	40
Acquisition of capital assets	(1,229,580)	(906,458)	-	-	(111,788)	-	(11,835)	(18,350)	(1,353,203)	(7,299)
Principal paid on capital debt	(976,717)	(910,000)	-	-	-	-	-	-	(976,717)	-
Interest paid on capital debt	(240,757)	(261,632)	-	-	-	-	-	-	(240,757)	-
Net cash provided (used) by capital and related financing activities	<u>(580,634)</u>	<u>(272,017)</u>	<u>-</u>	<u>-</u>	<u>(111,788)</u>	<u>-</u>	<u>(7,335)</u>	<u>(16,850)</u>	<u>(699,757)</u>	<u>(7,259)</u>
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest received on investments	56,884	3,459	105	45	655	298	93	40	57,737	-
Net cash provided by investing activities	<u>56,884</u>	<u>3,459</u>	<u>105</u>	<u>45</u>	<u>655</u>	<u>298</u>	<u>93</u>	<u>40</u>	<u>57,737</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,562,213	1,548,693	4,730	4,781	655	(23,394)	19,821	1,356	1,587,419	(12,354)
Cash and cash equivalents, January 1	6,750,326	5,201,633	168,915	164,134	194,874	218,268	191,896	190,540	7,306,011	37,274
Cash and cash equivalents, December 31	<u>\$ 8,312,539</u>	<u>\$ 6,750,326</u>	<u>\$ 173,645</u>	<u>\$ 168,915</u>	<u>\$ 195,529</u>	<u>\$ 194,874</u>	<u>\$ 211,717</u>	<u>\$ 191,896</u>	<u>\$ 8,893,430</u>	<u>\$ 24,920</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, 2022 (With comparative totals for 2021)

	Business-type Activities - Enterprise Funds								Governmental Activities	
	Sewer		Trash		Non-Major Funds		Irrigation Water		Totals	Fleet Maintenance
					Devils Canyon Center					Internal Service Fund
	2022	2021	2022	2021	2022	2021	2022	2021	2022	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	\$ 847,057	\$ 590,961	\$ 75,097	\$ 73,474	\$ 70,009	\$ (37,982)	\$ 30,782	\$ 23,093	\$ 1,022,945	\$ (17,878)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation and amortization expense	1,392,833	1,391,873	-	-	41,779	39,465	7,453	5,624	1,442,065	2,238
(Increase) decrease in accounts receivable	(38,840)	(8,834)	(9,135)	(8,901)	-	-	51	(278)	(47,924)	-
Increase (decrease) in accounts payable	(10,885)	7,776	7,663	9,163	-	-	(234)	(41)	(3,456)	(7,016)
Increase (decrease) in compensated absences payable	3,120	475	-	-	-	-	(864)	268	2,256	(277)
Total adjustments	1,346,228	1,391,290	(1,472)	262	41,779	39,465	6,406	5,573	1,392,941	(5,055)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,193,285</u>	<u>\$ 1,982,251</u>	<u>\$ 73,625</u>	<u>\$ 73,736</u>	<u>\$ 111,788</u>	<u>\$ 1,483</u>	<u>\$ 37,188</u>	<u>\$ 28,666</u>	<u>\$ 2,415,886</u>	<u>\$ (22,933)</u>
Schedule of non-cash capital and related financing activities										
Contributions of capital assets	193,374	116,407	-	-	-	-	-	-	193,374	-

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, 2022

	<u>Money Purchase Plan - General</u>	<u>Money Purchase Plan - Executive</u>	<u>Money Purchase Plan - Police</u>	<u>Private Purpose Trust Fund</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 39,560
Accounts receivable	-	-	-	-
Investments at fair value	<u>1,996,970</u>	<u>43,156</u>	<u>3,174,428</u>	<u>-</u>
Total assets	<u>1,996,970</u>	<u>43,156</u>	<u>3,174,428</u>	<u>39,560</u>
LIABILITIES				
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,560</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,560</u>
NET POSITION				
Held in trust for:				
Forfeitures	\$ 3,488	\$ -	\$ -	\$ -
Pension benefits	<u>1,993,482</u>	<u>43,156</u>	<u>3,174,428</u>	<u>-</u>
Total net position	<u>\$ 1,996,970</u>	<u>\$ 43,156</u>	<u>\$ 3,174,428</u>	<u>\$ -</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, 2022

	<u>Money Purchase Plan - General</u>	<u>Money Purchase Plan - Executive</u>	<u>Money Purchase Plan - Police</u>	<u>Private Purpose Trust Fund</u>
ADDITIONS				
Employer contributions	\$ 177,035	\$ 15,000	\$ 169,025	\$ -
School land dedication fees	-	-	-	77,440
Plan member contributions	-	-	120,733	-
Roll over from City Retirement Plan	-	-	-	-
Total contributions	<u>177,035</u>	<u>15,000</u>	<u>289,758</u>	<u>77,440</u>
Investment Earnings				
Net investment gain (loss)	<u>(407,491)</u>	<u>(5,767)</u>	<u>(582,271)</u>	<u>-</u>
Total Additions	<u>(230,456)</u>	<u>9,233</u>	<u>(292,513)</u>	<u>77,440</u>
DEDUCTIONS				
Benefits	209,334	-	629,319	-
Roll over to Money Purchase Plan	-	-	-	-
Forfeitures	13,063	-	12,144	77,440
Administrative expenses	348	162	6,626	-
Total Deductions	<u>222,745</u>	<u>162</u>	<u>648,089</u>	<u>77,440</u>
Change in net position	(453,201)	9,071	(940,602)	-
Total net position - beginning	2,450,171	34,085	4,115,030	-
Total net position - ending	<u>\$ 1,996,970</u>	<u>\$ 43,156</u>	<u>\$ 3,174,428</u>	<u>\$ -</u>

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

Notes to Financial Statements

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City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Fruita have been prepared in conformity with 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 City of Fruita's significant accounting policies are described below.

A. Reporting Entity

The City of Fruita, Colorado is a municipal corporation which 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 accompanying financial statements present the government. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization's governing board and can impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the City. Based on the application of this criteria, the City does not include additional organizations within its reporting entity.

B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the City. Fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are generally supported by taxes and intergovernmental revenues and other nonexchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service fund, while business-type activities incorporate data from the City of Fruita's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

D. Basis of Presentation – Fund financial statements

The fund financial statements provide information about the City of Fruita’s funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. To provide consistency from year to year, the Debt Service Fund (a non-major governmental fund) is displayed in a separate column in the governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Non-major proprietary funds are also reported in separate columns. Column headings indicate whether a fund is classified as a major or non-major fund.

The City of Fruita reports the following 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.

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.

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.

The City of Fruita reports the following major proprietary funds:

Sewer Fund – The Sewer Fund accounts for the activities of wastewater collection and treatment system activities.

Additionally, the City of Fruita reports the following fund types:

The *internal service fund* accounts for fleet maintenance and management services provided to other departments of the City of Fruita.

The *private-purpose trust fund* accounts for school land dedication contributions made from new residential development for the benefit of Mesa County School District #51.

The *pension trust funds* account for the activities of the various defined contribution

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

retirement plans of the City of Fruita.

Certain activities occur during the year involving transfers of resources between funds. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 75 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences, are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City of Fruita the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Property taxes, sales taxes, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for these revenue sources (within 75 days of year end). All other revenues are considered to be measurable and available only when cash is received by the City.

F. Budgetary Information

1) Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, proprietary funds and internal service funds. Fiduciary funds for the employees' retirement plan and the agency trust fund for school land dedication fees do not have appropriated budgets since other means control the use of these resources.

The appropriated budget is prepared by fund, department and program. The City Manager may make transfers of appropriations with a department. Transfer of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations is at the individual fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget.

2) Excess of Expenditures Over Appropriations

Colorado statutes prohibit expenditures on a total fund basis in excess of amounts appropriated. For the year ended December 31, 2022, the Devils Canyon Center Fund was over budget by the amount of building improvements made by the lessee in lieu of rent payments pursuant to the terms of the lease agreement. This may be a violation of State budget law.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1) Cash and cash equivalents

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the City of Fruita's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2) Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit, are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3) Inventories.

Inventories are valued at cost using the first-in, first-out (FIFO) method and consist of fuel. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

4) Capital assets.

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years with the exception of Sewer Fund capital assets which are defined as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Infrastructure assets are defined as assets or projects which have a cost of more than \$10,000 and a useful life of more than five years.

As the City of Fruita acquires or constructs capital assets, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity, efficiency or estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

5) *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*. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City of Fruita does not have any items under this category for the current fiscal year.

In addition to liabilities, the statement of financial position reports a separate section for *deferred inflows of resources*. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City of Fruita has two items that qualifies for reporting in this category which includes unavailable property tax revenue and lease related revenues. 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.

6) *Net position.*

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on their use either by external parties or by law through the enabling legislation.
- *Unrestricted* net position is the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that does not meet the definition of the two preceding categories.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Net position flow assumption. Sometimes the City of Fruita will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City of Fruita's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

7) Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liability and deferred inflows of resources is called "fund balance". The City of Fruita's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that are either not in a spendable form or legally or contractually required to remain intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by adoption of a resolution committing fund balance for a specified purpose by the Fruita City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose or the Council adopts another resolution to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the City of Fruita for specific purposes but do not meet the criteria to be classified as committed. The Council has authorized the City Manager to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignments. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* fund balance represents the residual amount for the general fund that is not included in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the City of Fruita will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed,

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

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assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City of Fruita's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8) Leases

Lessee: The City of Fruita is a lessee for noncancellable leases of copier equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City of Fruita initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City of Fruita determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City of Fruita uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease and any extension periods reasonably expected to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City of Fruita monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Lessor: The City of Fruita is a lessor for use of facilities, land, and other property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City of Fruita initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City of Fruita uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City of Fruita monitors changes in circumstances that would require remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Revenues and expenditure/expenses

1) Program revenues.

Amounts reported as *program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2) Property taxes

Property taxes attach as an enforceable lien on real property. Property taxes may be paid in installments with one-half of the total amount due payable on February 28 and the second

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 2022 taxes collectible in 2023 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.

3) Compensated absences.

Vacation.

The City of Fruita's policy permits full time employees to accumulate earned but unused vacation benefits up to one year's accumulation of vacation leave with a maximum of 96 to 168 hours, depending on years of service and job type which are eligible for payment upon separation from employment with the City. The liability for such leave is reported as incurred in the governmental-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave.

Accumulated sick leave lapses when employees leave the employment of the City of Fruita and, upon separation from service, no monetary obligation exists.

4) Proprietary funds operating and nonoperating 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.

NOTE 2. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Investments

Pursuant to the Fruita City Charter, funds not needed for current operations may be invested pursuant to Colorado Revised Statutes. The City Council is required to designate depositories for

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

city funds. General objectives for investment of the City of Fruita funds, in priority order, are 1) safety with a goal to mitigate credit and interest rate risk; 2) liquidity to ensure that funds are available for operating and capital requirements; and 3) rate of return with an objective of attaining a market rate. For banks and savings and loan associations, designated depositories must be designated as eligible public depositories under the Colorado Public Deposit Protection Act (PDPA) and meet minimum credit criteria based on a credit analysis provided by a commercially available bank rating service.

The City of Fruita utilizes a pooled cash and investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

1) Cash deposits with financial institutions

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank's failure, the City of Fruita's deposits may not be returned to it. The City's deposit policy requires that depositories belong to the Federal Depository Insurance Corporation (FDIC), qualify as an eligible depository of public funds in the state pursuant to the Public Deposit Protection Act (PDPA), and have a satisfactory bank rating. The PDPA requires that all deposits be secured by federal deposit insurance or secured by collateral with another financial institution securing 102% of the market value of public funds held which exceed the amount insured by federal deposit insurance.

The composition of all cash held by the City at December 31, 2022, excluding \$39,560 in collateralized deposits for the Private Purpose Trust Fund, was as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Cash on hand	\$ -	\$ 1,800
Insured deposits	500,000	500,000
Deposits collateralized	20,062,128	19,526,648
	\$ 20,562,128	\$ 20,028,448

2) 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Banker’s acceptances of certain banks
- Certain money market funds

The City’s investments include the external investment pools, 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 and (COLOTRUST) www.colotrust.com.

The CSAFE and COLOTRUST cash investments are valued at \$1 net asset value (NAV) per share and are calculated on an amortized cost basis which approximates fair value as provided for by GASB Statement 79.

The CSAFE CORE investments are valued at \$2 NAV per share and are calculated on a fair value basis as provided for by GASB Statements 31 and 72. Redemptions are limited to three per month and require a twenty-four hour notice.

The COLOTRUST EDGE investments are valued at a variable NAV of approximately \$10 per share. Investments are calculated on a fair value basis as provided for by GASB Statements 31 and 72. Redemptions are unlimited and met on a transaction date plus five business days’ basis.

As of December 31, 2022, the City had the following investments:

<u>Investment type</u>	<u>Rating</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>
Investment pools			
CSAFE cash investments	AAAmmf	\$ 5,679,251	< 60 days
CSAFE CORE	AAAf/S1	4,673,470	< 180 days
COLOTRUST cash investments	AAAm	5,164,595	< 60 days
COLOTRUST EDGE	AAAf/S1	<u>1,713,624</u>	> 60 days
		<u>\$ 17,230,940</u>	

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.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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.

3) Restricted Cash and Investments

Restricted cash and investments are recorded for the following purposes:

	<u>2022</u>
<u>Governmental activities</u>	
Development impact fees	\$ 3,269,764
Bond reserves	<u>748,200</u>
Total Governmental Funds	4,017,964
 <u>Business-type activities</u>	
Loan covenants	<u>940,028</u>
Total Restricted Cash	<u><u>\$ 4,957,992</u></u>

B. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows.

City of Fruita, Colorado
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December 31, 2022

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital assets, not being depreciated</u>				
Land	\$ 8,816,002	\$ 403,048	\$ -	\$ 9,219,050
Construction in progress	359,657	918,684	(4,500)	1,273,841
Total capital assets not being depreciated	<u>9,175,659</u>	<u>1,321,732</u>	<u>(4,500)</u>	<u>10,492,891</u>
<u>Capital assets, being depreciated</u>				
Buildings and other structures	21,982,427	-	-	21,982,427
Infrastructure	43,339,625	1,868,244	-	45,207,869
Machinery and equipment	15,567,719	559,278	(263,534)	15,863,463
Right-to-use leased equipment	-	44,207	-	44,207
Total capital assets being depreciated	<u>80,889,771</u>	<u>2,471,729</u>	<u>(263,534)</u>	<u>83,097,966</u>
<u>Less accumulated depreciation for:</u>				
Buildings and other structures	(7,585,772)	(679,897)	-	(8,265,669)
Infrastructure	(11,137,532)	(1,119,758)	-	(12,257,290)
Machinery and equipment	(7,020,558)	(643,095)	191,792	(7,471,861)
Right-to-use leased equipment	-	(9,535)	-	(9,535)
Total accumulated depreciation	<u>(25,743,862)</u>	<u>(2,452,285)</u>	<u>191,792</u>	<u>(28,004,355)</u>
Total capital assets being depreciated, net	<u>55,145,909</u>	<u>19,444</u>	<u>(71,742)</u>	<u>55,093,611</u>
Governmental activities capital assets, net	<u>\$ 64,321,568</u>	<u>\$ 1,341,176</u>	<u>\$ (76,242)</u>	<u>\$ 65,586,502</u>

Depreciation/amortization expense was charged to functions/programs of governmental activities as follows:

Governmental activities

General government	\$ 148,239
Park and recreation	805,342
Public works	1,292,230
Public safety	204,236
Internal service funds*	<u>2,238</u>
Total depreciation expense - governmental activities	<u>\$ 2,452,285</u>

*Depreciation of capital assets held by the City of Fruita's internal service fund is charged to the various functions based on their usage of the assets.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

<u>Business-type Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
<u>Capital assets, not being depreciated</u>				
Land	\$ 1,046,173	\$ -	\$ -	\$ 1,046,173
Source of supply	14,712	-	-	14,712
Construction in progress	98,227	121,287	(76,927)	142,587
Total capital assets not being depreciated	<u>1,159,112</u>	<u>121,287</u>	<u>(76,927)</u>	<u>1,203,472</u>
<u>Capital assets, being depreciated</u>				
Buildings	1,691,256	111,788	-	1,803,044
Wastewater treatment facility	29,412,879	78,219	-	29,491,098
Distribution and collection system	24,304,006	1,268,174	-	25,572,180
Machinery and equipment	1,742,073	16,268	(15,790)	1,742,551
Right-to-use leased equipment	-	3,056	-	3,056
Total capital assets being depreciated	<u>57,150,214</u>	<u>1,477,505</u>	<u>(15,790)</u>	<u>58,611,929</u>
<u>Less accumulated depreciation for:</u>				
Buildings	(1,121,386)	(42,691)	-	(1,164,077)
Wastewater treatment facility	(7,223,437)	(789,843)	-	(8,013,280)
Distribution and collection system	(9,019,179)	(523,171)	-	(9,542,350)
Machinery and equipment	(1,308,877)	(84,652)	15,790	(1,377,739)
Right-to-use leased equipment	-	(1,708)	-	(1,708)
Total accumulated depreciation	<u>(18,672,879)</u>	<u>(1,442,065)</u>	<u>15,790</u>	<u>(20,099,154)</u>
Total capital assets being depreciated, net	<u>38,477,335</u>	<u>35,440</u>	<u>-</u>	<u>38,512,775</u>
Business-type activities capital assets, net	<u>\$ 39,636,447</u>	<u>\$ 156,727</u>	<u>\$ (76,927)</u>	<u>\$ 39,716,247</u>

C. Unearned Revenues

Unearned revenues are reported 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* were as follows:

Governmental activities

Development impact fees	\$ 3,033,525
Grants	1,258,481
Unallocated utility billing receipts	69,936
Total unearned revenue for governmental activities	<u>\$ 4,361,942</u>

Business-type activities

Grants	\$ 2,108,713
Total unearned revenue for proprietary funds	<u>\$ 2,108,713</u>
Total All Funds	<u>\$ 6,470,655</u>

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

D. Leases Receivable

For the year ended 12/31/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 10/10/2017, the City of Fruita, CO entered into a 180-month lease as Lessor for the use of the Greenway Business Park lake as a Wakeboard Park with three additional 60-month extension options. An initial lease receivable was recorded in the amount of \$63,679 at 1/1/2022. As of 12/31/2022, the value of the lease receivable is \$58,375. The lessee was required to make an annual payment of \$5,304.50 in 2022. Future payments either 1) increase by 3% per year or 2) are based on 1% of the gross revenue, whichever is greater. The lease has an interest rate of 1.2450%. The value of the deferred inflow of resources as of 12/31/2022 was \$57,890, and City of Fruita, CO recognized lease revenue of \$5,789 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On 03/16/2021, the City of Fruita, CO entered into a 24-month lease as Lessor for the use of Billboard. An initial lease receivable was recorded in the amount of \$35,809 at 1/1/2022. As of 12/31/2022, the value of the lease receivable is \$23,848. The lessee is required to make annual fixed payments of \$12,000.00. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of 12/31/2022 was \$24,791, and City of Fruita, CO recognized lease revenue of \$11,018 during the fiscal year. The lessee has one extension option for 24 months.

On 05/02/2000, the City of Fruita, CO entered into a 60-month lease as Lessor for the use of the Water Tank for cellular equipment with five additional 60-month extension options. An initial lease receivable was recorded in the amount of \$200,111 at 1/1/2022. As of 12/31/2022, the value of the lease receivable is \$177,986. The lessee is required to make monthly fixed payments of \$2,011. The lease has an interest rate of 1.1610%. The value of the deferred inflow of resources as of 12/31/2022 was \$175,330, and City of Fruita, CO recognized lease revenue of \$24,782 during the fiscal year. The lessee has one extension option remaining for 60 months.

On 09/26/2019, the City of Fruita, CO entered into a 60-month lease as Lessor for the use of farm/crop land. An initial lease receivable was recorded in the amount of \$4,029 at 1/1/2022. As of 12/31/2022, the value of the lease receivable is \$2,016. The lessee is required to make annual fixed payments of \$2,025. The lease has an interest rate of 0.4257%. The value of the deferred inflow of resources as of 12/31/2022 was \$2,556, and City of Fruita, CO recognized

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

lease revenue of \$1,472 during the fiscal year.

On 01/24/2019, the City of Fruita, CO entered into a 60 month lease as Lessor for the use of the Fruita Community Center rooftop for cellular equipment with four additional 60 month extension options. An initial lease receivable was recorded in the amount of \$647,571 at 1/1/2022. As of 12/31/2022, the value of the lease receivable is \$630,308. The lessee is required to make monthly fixed payments of \$2,189. Additionally, there are monthly other reasonably certain payments of \$100 for utility usage. The lease has an interest rate of 1.6220%. The value of the deferred inflow of resources as of 12/31/2022 was \$618,467, and City of Fruita, CO recognized lease revenue of \$29,104 during the fiscal year.

The City also had several non-GASB 87 short-term lease receivables in the amount of \$2,161 at 12/31/2022.

Fiscal Year	Principal and Interest Expected to Maturity		
	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 58,170	\$ 12,882	\$ 71,052
2024	57,660	12,216	69,876
2025	47,211	11,537	58,748
2026	52,396	10,867	63,263
2027	54,030	10,151	64,181
2028-2032	214,089	40,475	254,564
2033-2037	157,412	27,132	184,544
2038-2042	195,923	12,872	208,795
2043-2044	55,641	606	56,247
	<u>\$ 892,532</u>	<u>\$ 138,738</u>	<u>\$ 1,031,270</u>

E. Construction commitments

The City of Fruita has active construction projects as of December 31, 2022. The projects include Pine Street bridge construction, Civic Center remodel and the Mulberry Street plaza construction. At year end, the City of Fruita’s commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Civic Center Remodel	\$ -	\$ 347,943.00
Mulberry Plaza Construction	-	355,315.00
Pine Street Bridge	686,841.00	1,184,956.35

The related appropriations for these commitments technically lapse at the end of the year but are reappropriated and become part of the subsequent year’s budget because performance

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

under the contract is expected in the following year.

F. Leases Payable

For the year ended 12/31/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 03/16/2021, the City entered into a 60-month lease as Lessee for the use of a Sharp Copier at the Fruita Community Center. An initial lease liability was recorded in the amount of \$16,821 as of 01/01/2022. As of 12/31/2022, the value of the lease liability is \$13,160. The City is required to make monthly fixed payments of \$295. The lease has an interest rate of 0.5517%. The estimated useful life was 52 months as of 01/02/2022. The value of the right to use asset as of 12/31/2022 of \$16,821 with accumulated amortization of \$3,862 is included with Equipment on the Lease Class activities table found below.

On 07/28/2017, the City entered into a 60-month lease as Lessee for the use of Canon copiers at the Public Works and Wastewater Treatment facilities. An initial lease liability was recorded in the amount of \$6,111 as of 01/01/2022. As of 12/31/2022, the value of the lease liability is \$2,678. The City is required to make monthly fixed payments of \$282. The lease has an interest rate of 0.3300%. The estimated useful life was 210 months as of 01/01/2022. The value of the right to use asset as of 12/31/2022 of \$6,111 with accumulated amortization of \$3,416 is included with Equipment on the Lease Class activities table found below. The City has one 12 month extension option on this lease..

On 10/18/2022, City of Fruita, CO entered into a 60 month lease as Lessee for the use of Sharp Copiers at the Fruita Civic Center. An initial lease liability was recorded in the amount of \$17,898 as of 01/01/2022. As of 12/31/2022, the value of the lease liability is \$17,176.70. The City is required to make monthly fixed payments of \$321. The lease has an interest rate of 3.3050%. The Equipment estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of 12/31/2022 of \$17,898 with accumulated amortization of \$721 is included with Equipment on the Lease Class activities table found below.

<u>Asset Class</u>	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Equipment	\$ 47,263	\$ 11,243
Total Leases	\$ 47,263	\$ 11,243

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

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Principal and Interest Requirements to Maturity

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	8,497	582	9,079
2024	7,291	447	7,738
2025	7,427	311	7,738
2026	5,297	173	5,470
2027	3,160	48	3,208

Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	1,339	2	1,341

G. Long-term Liabilities

1) Revenue Bonds

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 primarily to refinance at a lower interest rate \$12,180,000 of outstanding 2009A and 2009B Sales and Use Tax Revenue Bonds originally issued for construction of the community center. The net proceeds were deposited with an escrow agent and were used to redeem the outstanding bonds on October 1, 2019. The refunding bonds are to be repaid through a dedicated one cent sales and use tax that was implemented in January of 2009. A debt service reserve fund was established in accordance with provisions of the bond ordinance in the amount of \$748,200.

The City is obligated under the agreement to make semi-annual payments each April 1, and October 1 beginning October 1, 2019 and ending October 1, 2039. The outstanding balance on these bonds at December 31, 2022 was \$9,080,000. The unamortized premium on the bonds was \$979,118 and the unamortized discount on the bonds is \$33,133. 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, 2022 was \$378,200 in the Debt Service Fund.

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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
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Year ended Dec. 31	Governmental Activities		
	Principal	Interest	Total
2023	385,000	363,200	748,200
2024	400,000	347,800	747,800
2025	415,000	331,800	746,800
2026	430,000	315,200	745,200
2027	450,000	298,000	748,000
2028-2032	2,525,000	1,206,000	3,731,000
2033-2037	3,070,000	659,200	3,729,200
2038-2039	1,405,000	84,800	1,489,800
	<u>\$ 9,080,000</u>	<u>\$ 3,606,000</u>	<u>\$ 12,686,000</u>

2) Loans Payable

The City entered into a loan agreement in 2010 with the Colorado Water Resources and Power Development Authority (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 \$940,028 of net position. This includes \$419,161 for the three-month operating reserve and \$520,867 as the pro rata amount reserved for the next principal and interest payments on the debt. This loan contains a provision that, in an event of default, the Authority has the right to take any action permitted or required pursuant to the Loan Agreement and whatever other action may appear necessary to collect the amounts due including, without limitation, to obtain ex parte the appointment of a receiver of the sewer system.

The bonds underlying this loan were refunded in 2021 by the Authority and the loan payment schedule was revised to include credits each year to be applied against the loan interest first with any remaining credits applied to principal. Principal reductions due to refunding savings credits do not reduce the total loan payable until the period the credits are realized. Total credits of \$2,018,852 are scheduled to be realized over the life of the loan with \$236,220 scheduled to be applied to the principal balance and the remaining credits of \$1,782,632 to be applied to annual interest expense.

The outstanding balance on this note at December 31, 2022 was \$13,730,000. The unamortized premium on the loan for the wastewater treatment facility is \$501,462 and the

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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, 2022 was \$226,533 in the Sewer Fund.

Year Ending Dec. 31	Business-type Activities			Total
	Principal	Interest	Credits	
2023	1,045,000	373,208	(170,002)	1,248,206
2024	1,120,000	335,302	(165,297)	1,290,005
2025	1,185,000	306,138	(168,624)	1,322,514
2026	1,255,000	275,520	(165,575)	1,364,945
2027	1,325,000	241,710	(168,010)	1,398,700
2028-2032	7,800,000	639,232	(834,032)	7,605,200
	<u>\$ 13,730,000</u>	<u>\$ 2,171,110</u>	<u>\$ (1,671,540)</u>	<u>\$ 14,229,570</u>

3) Non-monetary Performance Obligation Note Payable

In 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 exchange of water rights and land were applied to the nonmonetary amortization schedule in 2016.

A credit of \$12,392 was applied to this obligation in 2022 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 was \$140,308 at December 31, 2022.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

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Governmental Activities			
Non-monetary performance obligation			
Year ended Dec. 31	Principal	Interest	Total Credit
2023	12,888	5,612	18,500
2024	13,403	5,097	18,500
2025	13,939	4,561	18,500
2026	14,497	4,003	18,500
2027	15,077	3,423	18,500
2028-2032	70,504	7,573	78,077
	\$ 140,308	\$ 30,269	\$ 170,577

4) Changes in Long-term Liabilities.

Changes in long term obligations of the City for the year ended December 31, 2022, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds					
2019 FCC Refunding Bonds	9,445,000	-	(365,000)	9,080,000	385,000
Discount on bonds	(35,082)	1,949	-	(33,133)	-
Premium on bonds	1,036,714	-	(57,595)	979,119	-
Total bonds payable	10,446,632	1,949	(422,595)	10,025,986	385,000
Performance obligation note	152,700	-	(12,392)	140,308	12,888
Leases payable	-	44,207	(9,201)	35,006	11,267
Compensated absences, net	163,531	46,162	-	209,693	209,693
Governmental activity long term liabilities	\$10,762,863	\$ 92,318	\$ (444,188)	\$10,410,993	\$ 618,848

The internal service fund predominately serves the governmental funds. Accordingly, their long-term liabilities of \$5,188 in compensated absences are included as part of the above totals for governmental activities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Loans payable					
Sewer WWTF	\$14,705,000	\$ -	\$ (975,000)	\$13,730,000	\$ 1,045,000
Premium on loan	551,609	-	(50,146)	501,463	-
Total loans payable	15,256,609	-	(1,025,146)	14,231,463	1,045,000
Leases payable	-	3,055	(1,717)	1,338	1,339
Compensated absences, net	21,274	2,921	-	24,195	24,195
Business-type activity long term liabilities	\$15,277,883	\$ 5,976	\$(1,026,863)	\$14,256,996	\$ 1,070,534

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

H. Fund Balance

1) Minimum fund balance policy.

The Council has adopted a financial policy to maintain an operating reserve in the General Fund and Community Center Fund in an amount equal to twenty-five percent (25%) of the current year’s operating expenses. This amount is intended to provide fiscal stability, offset unanticipated reductions in revenues or short-term increases in expenditures, and provide resources for cash flow management. The operating reserve of \$2,075,063 is reflected in the unassigned fund balance in the General Fund. Any use of the operating reserve shall be approved by the Fruita City Council and replaced as soon as possible thereafter.

2) Committed fund balance.

The Committed fund balance of \$1,537,164 in the Community Center Fund also represents a commitment to an operating reserve of twenty-five percent (25%) of the current year’s operating expenses in the amount of \$537,164 and a facility/equipment improvement reserve in the amount of \$1,000,000 for future facility and equipment improvements.

I. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2022, is as follows

Fund	Transfers in:					Transfers out
	General	Capital Projects	Community Center	Debt Service	Nonmajor Governmental	
General	\$ -	\$ 1,007,555	\$ 95,000	\$ -	\$ 12,000	\$ 1,114,555
Conservation Trust	-	80,513	-	-	-	80,513
Community Center	6,000	-	-	730,347	-	736,347
Devils Canyon Center	-	-	-	-	-	-
Sewer	165,000	-	-	-	-	165,000
Trash	69,000	-	-	-	-	69,000
Irrigation Water	10,125	-	-	-	-	10,125
Total transfers in	<u>\$250,125</u>	<u>\$ 1,088,068</u>	<u>\$ 95,000</u>	<u>\$730,347</u>	<u>\$ 12,000</u>	<u>\$ 2,175,540</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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

community center and to the marketing and promotion fund for marketing services based on annual revenue from lease of the billboard, 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, and 4) move funds to the capital projects fund for various capital projects.

J. Pension Plans

The City of Fruita maintains three defined contribution pension 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. There is no liability for benefits under the plan beyond the City's contributions. All plan assets are held by Mission Square Retirement (formerly ICMA-RC). Investments are managed by the plan's trustee under various investment options. The plan members choose from the available investment options. Plan provisions and contribution requirements are established and may be amended by the City Council.

1) City of Fruita Money Purchase Plan

The City of Fruita Money Purchase Plan is a defined contribution retirement plan for all full-time employees, other than sworn police officers and the city manager, established in accordance with Internal Revenue Code (IRC) Section 401(a).

Under this plan, the City contributes four and one-half percent (4 ½%) of the employee's eligible compensation as defined by the plan. No contributions are required or made by employees to the plan. Effective January 1, 2022, the City amended the plan to provide an additional 1 ½% match to participants that contribute 1 ½% to the City's voluntary 457 plan. For the year ended December 31, 2022, the City made all required contributions to the City of Fruita Money Purchase Pension Plan and recognized pension expense of \$177,035. There were 70 active participants in the plan in 2022.

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. For the year ended December 31, 2022, forfeitures of \$14,952 were used to offset contributions.

2) City of Fruita Money Purchase Plan - Executive

The City of Fruita Executive Pension Plan is a defined contribution retirement plan for designated executive employees established in accordance with Internal Revenue Code (IRC) Section 401(a).

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
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Under this plan, the City contributes ten percent (10%) of the amount of the employee's eligible compensation as defined by the plan. No contributions are required or made by employees to the plan. For the year ended December 31, 2022, the City made all required contributions to the Fruita Executive Pension Plan and recognized pension expense of \$15,000. There was 1 active participants in the plan in 2022.

Vesting of the City's contribution is 100% upon employment.

3) Fruita Police Pension Plan

The Fruita Police Pension Plan is a defined contribution retirement plan for all sworn police officers established in accordance with Internal Revenue Code (IRC) Section 401(a).

Under this plan the employee contributes a mandatory ten percent (10%) of eligible compensation. Effective January 1, 2022, the City increased its contribution from twelve and one-half percent (12 ½%) to a fourteen percent (14%) retirement contribution. For the year ended December 31, 2022, the City made all required contributions to the Fruita Police Pension Plan and recognized pension expense of \$169,025.

The City's contribution for each employee becomes 20% vested at the completion of two years of service, 40% at the completion of three years of service, 60% at the completion of four years of service and 100% vested at the completion of five years of service. The employee is 100% vested in their contribution.

Non-vested City contributions are forfeited upon termination of employment. Such forfeitures are used to offset future contributions and plan expenses. For the year ended December 31, 2021, forfeitures of \$12,144 were used to offset contributions. There were 19 active participants in the plan in 2022.

4) Deferred Compensation Other Employee Benefit Plan

The City of Fruita offers its employees a deferred compensation plan created in accordance with IRC Section 457. This plan, available to all City employees, permits them to defer a portion of their salary until future years on a discretionary basis up to a statutory maximum of \$19,500. Plan provisions and contribution requirements are established and may be amended by the City Council. Investments are managed by Mission Square Retirement (formerly) ICMA Retirement Corporation under various investment options and all plan assets are held in trust for the exclusive benefit of the participants.

NOTE 3. RISK MANAGEMENT

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The City is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. For these risks of loss, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by the intergovernmental agreements of over 200 Colorado municipalities and affiliated public entities to provides workers compensation, property, vehicle and casualty insurance coverage to its members for risks of loss.

Coverages is provided through pooling of self-insured losses and the purchase of excess insurance coverage to limit large losses and minimize exposure on large risks.

CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and the 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. The City has not been informed of any excess losses that may have been incurred by the pool. As a member of CIRSA, the City owns a proportionate share of CIRSA's net position. The City's equity at December 31, 2022 in the property/casualty insurance pool is \$142,822 and \$193,655 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 4. CONTINGENCIES AND COMMITMENTS
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A. Risk Management

The City is self-insured for property and liability insurance. As discussed in Note 3, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). 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.

B. Pending Litigation

The City does not have any currently open litigation cases. The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations that may occur. Although the outcome of these lawsuits is not determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material effect the financial condition of the City.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

C. TABOR Amendment

In November 1992, the Colorado Constitution was amended to add various revenue and expenditure limits and other specific requirements of state and local governments. For example, prior voter approval is necessary to increase the City's real property tax revenues from one year to the next in excess of the rate of inflation plus a growth factor; any new tax, tax rate increase; mill levy increase; extension of an expiring tax which causes a net tax revenue gain; or new long-term financial obligations. Any revenue collected, kept, or spent in violation of these provisions must be refunded with interest.

Voters of the City have approved increases in tax rates with the revenues approved as exceptions to the revenue and spending limits imposed by TABOR as follows:

- In 2020 voters approved a 3% increase in lodger's tax for the purposes of Public Places and Economic Development.
- In 2008 voters approved a 1% increase in the sales and use tax rate for the construction and operation of the Fruita Community Center.
- In 1996 voters approved a 3% lodger's for the purpose of Marketing and Promoting the city.

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.

The TABOR amendment also requires local governments to establish an Emergency Reserve of least three percent of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2022, the emergency reserve of \$400,000 is reported as restricted fund balance/net position in the General Fund/Governmental Activities.

NOTE 5. CONDUIT DEBT OBLIGATIONS

To further healthcare in the City, the City of Fruita issued Healthcare Revenue Bonds, Series 2017A and 2017B that meet the definition of a conduit debt obligation. The bonds refinanced the Series 2008 bonds and provided additional funds for construction. The bonds are secured by real property and equipment of the Lower Valley Hospital Association (LVHA) and are payable solely from payments received from the LVHA. The City has not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2022

payments from LVHA and maintenance of the tax-exempt status of the conduit debt obligation. At December 31, 2022, there was an outstanding principal amount payable of \$38,875,000, none of which was recognized as a liability of the City of Fruita.

***Required
Supplementary Information***

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City of Fruita, Colorado

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

For the year ended December 31, 2022

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes:				
Property	\$ 1,622,000	\$ 1,622,000	\$ 1,623,256	\$ 1,256
City sales	3,116,000	3,116,000	3,451,733	335,733
County sales	3,050,000	3,050,000	3,380,155	330,155
County sales - public safety	435,000	435,000	506,689	71,689
Use tax	1,010,000	1,010,000	1,231,703	221,703
Other	626,300	626,300	730,800	104,500
Licenses and permits	32,700	32,700	65,987	33,287
Intergovernmental revenue	604,500	642,500	805,576	163,076
Charges for services	210,000	217,510	249,384	31,874
Fines and forfeitures	17,300	83,635	97,592	13,957
Investment earnings	10,000	10,000	157,382	147,382
Interest on leases	-	-	3,039	3,039
Rents and royalties	45,500	45,500	47,140	1,640
Donations	21,000	31,000	38,750	7,750
Miscellaneous	2,000	2,000	34,281	32,281
Total revenues	<u>10,802,300</u>	<u>10,924,145</u>	<u>12,423,467</u>	<u>1,499,322</u>
EXPENDITURES				
Current:				
General government	694,725	696,375	670,137	26,238
Administration	922,600	941,392	815,281	126,111
Engineering	473,275	473,475	424,616	48,859
Community development	472,325	503,265	491,288	11,977
Public safety	2,690,725	2,719,300	2,622,645	96,655
Public works	1,860,475	1,933,521	1,751,075	182,446
Parks and recreation	1,362,800	1,410,200	1,220,385	189,815
Non-departmental	677,050	603,675	302,434	301,241
Debt service				
Principal retirement	-	-	5,537	(5,537)
Interest and fiscal charges	-	-	36	(36)
Capital equipment	332,725	557,017	207,379	349,638
Total expenditures	<u>9,486,700</u>	<u>9,838,220</u>	<u>8,510,813</u>	<u>1,327,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,315,600</u>	<u>1,085,925</u>	<u>3,912,654</u>	<u>2,826,729</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250,125	250,125	250,125	-
Transfers out	(6,324,400)	(6,237,640)	(1,114,556)	5,123,084
Insurance rebates and damage awards	-	-	3,638	3,638
Capital lease proceeds	-	-	27,386	27,386
Sale of capital assets	-	-	84,715	84,715
Total other financing sources and (uses)	<u>(6,074,275)</u>	<u>(5,987,515)</u>	<u>(748,692)</u>	<u>5,238,823</u>
NET CHANGE IN FUND BALANCE	\$ (4,758,675)	\$ (4,901,590)	\$ 3,163,962	\$ 8,065,552
Fund balances - beginning	14,257,650	14,257,650	15,829,950	1,572,300
Fund balances - ending	<u>\$ 9,498,975</u>	<u>\$ 9,356,060</u>	<u>\$ 18,993,912</u>	<u>\$ 9,637,852</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, 2022

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
City sales	\$ 1,558,000	\$ 1,558,000	\$ 1,725,867	\$ 167,867
Use tax	505,000	505,000	616,064	111,064
Intergovernmental Revenue	-	-	-	-
Charges for services	1,190,300	1,190,300	1,164,722	(25,578)
Investment income	3,600	3,600	17,930	14,330
Interest on leases	-	-	10,347	10,347
Rents and royalties	67,500	67,500	76,123	8,623
Donations	-	-	2,975	2,975
Miscellaneous	-	-	9,195	9,195
Total revenues	<u>3,324,400</u>	<u>3,324,400</u>	<u>3,623,223</u>	<u>298,823</u>
EXPENDITURES				
Current				
Personnel services	1,631,400	1,631,400	1,569,131	62,269
Purchased services	241,345	246,484	231,952	14,532
Supplies	276,675	340,866	346,833	(5,967)
Special Projects	-	-	-	-
Debt service:				
Leases - Principal payments	-	-	3,665	(3,665)
Leases - Interest payments	-	-	76	(76)
Capital expenses	485,050	491,200	495,387	(4,187)
Contingency	36,330	-	-	-
Total expenditures	<u>2,670,800</u>	<u>2,709,950</u>	<u>2,647,044</u>	<u>62,906</u>
Excess of revenues over expenditures	<u>653,600</u>	<u>614,450</u>	<u>976,179</u>	<u>361,729</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	95,000	95,000	95,000	-
Transfers out	(748,600)	(748,600)	(736,347)	12,253
Leases (as lessee)	-	-	16,821	16,821
Insurance awards	-	39,150	44,142	4,992
Total other financing sources (uses)	<u>(653,600)</u>	<u>(614,450)</u>	<u>(580,384)</u>	<u>34,066</u>
NET CHANGE IN FUND BALANCE	-	-	395,795	395,795
Fund balances - beginning	<u>3,476,803</u>	<u>3,476,803</u>	<u>3,631,709</u>	<u>154,906</u>
Fund balances - ending	<u>\$ 3,476,803</u>	<u>\$ 3,476,803</u>	<u>\$ 4,027,504</u>	<u>\$ 550,701</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, 2022

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	<u>Conservation Trust</u>	<u>Economic Development</u>	<u>Marketing & Promotion</u>	<u>Public Places</u>	
ASSETS					
Cash and cash equivalents	\$ 612,421	\$ 77,463	\$ 298,412	\$ 216,265	1,204,561
Taxes receivable	-	-	6,804	6,804	13,608
Notes receivable	-	2,641	-	-	2,641
Total Assets	<u>\$ 612,421</u>	<u>\$ 80,104</u>	<u>\$ 305,216</u>	<u>\$ 223,069</u>	<u>1,220,810</u>
LIABILITIES					
Accounts payable	41,942	-	3,435	19,254	64,631
Total Liabilities	<u>41,942</u>	<u>-</u>	<u>3,435</u>	<u>19,254</u>	<u>64,631</u>
FUND BALANCE					
Restricted					
Parks and open space	336,429	-	-	-	336,429
Economic development	-	80,104	-	-	80,104
Marketing and promotion	-	-	261,781	-	261,781
Public places	-	-	-	133,815	133,815
Assigned					
Subsequent year expense	234,050	-	40,000	70,000	344,050
Total Fund Balances	<u>570,479</u>	<u>80,104</u>	<u>301,781</u>	<u>203,815</u>	<u>1,156,179</u>
Total liabilities and fund balances	<u>\$ 612,421</u>	<u>\$ 80,104</u>	<u>\$ 305,216</u>	<u>\$ 223,069</u>	<u>1,220,810</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, 2022

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	<u>Conservation Trust</u>	<u>Economic Development</u>	<u>Marketing & Promotion</u>	<u>Public Places</u>	
REVENUES					
Taxes					
Lodger's tax	\$ -	\$ -	\$ 181,794	\$ 181,792	\$ 363,586
Investment income	239	\$ -	93	-	332
Intergovernmental revenue	171,483	-	-	20,000	191,483
Charges for services	-	-	2,585	-	2,585
Total revenues	<u>171,722</u>	<u>-</u>	<u>184,472</u>	<u>201,792</u>	<u>557,986</u>
EXPENDITURES					
Current					
Economic development	-	2,500	-	-	2,500
Marketing and promotion	-	-	134,187	-	134,187
Parks and recreation	-	-	-	-	-
Public places	-	-	-	41,624	41,624
Capital outlay	41,942	-	-	-	41,942
Total expenditures	<u>41,942</u>	<u>2,500</u>	<u>134,187</u>	<u>41,624</u>	<u>220,253</u>
Excess (deficiency) of revenues over (under) expenditures	129,780	(2,500)	50,285	160,168	337,733
OTHER FINANCING SOURCES					
Transfers in	-	-	12,000	-	12,000
Transfers out	(80,513)	-	-	-	(80,513)
Total other financing sources	<u>(80,513)</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>(68,513)</u>
NET CHANGE IN FUND BALANCE	\$ 49,267	\$ (2,500)	\$ 62,285	\$ 160,168	\$ 269,220
Fund balances - beginning	<u>521,212</u>	<u>82,604</u>	<u>239,496</u>	<u>43,647</u>	<u>886,959</u>
Fund balances - ending	<u><u>\$ 570,479</u></u>	<u><u>\$ 80,104</u></u>	<u><u>\$ 301,781</u></u>	<u><u>\$ 203,815</u></u>	<u><u>\$ 1,156,179</u></u>

See accompanying independent auditor's report.

City of Fruita, Colorado
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended December 31, 2022

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 3,760,000	\$ 3,774,905	\$ 33,314	\$ (3,741,591)
Development impact fees	325,900	404,500	168,763	(235,737)
Donations	90,000	90,000	-	(90,000)
Investment earnings	-	-	43,875	43,875
Total revenues	<u>4,175,900</u>	<u>4,269,405</u>	<u>245,952</u>	<u>(4,023,453)</u>
EXPENDITURES				
Current:				
Street improvements	-	40,435	10,162	30,273
Contingency	1,800,000	1,800,000	-	1,800,000
Capital Outlay				
Community Development	825,000	825,000	50,466	774,534
Drainage improvements	242,000	129,000	104,897	24,103
Street improvements	5,597,400	5,449,875	943,737	4,506,138
Building improvements	1,300,000	1,300,000	69,899	1,230,101
Parks and recreation	1,455,000	1,516,835	110,984	1,405,851
Total expenditures	<u>11,219,400</u>	<u>11,061,145</u>	<u>1,290,145</u>	<u>9,771,000</u>
Excess (deficiency) of revenues over (under) expenditures	(7,043,500)	(6,791,740)	(1,044,193)	5,747,547
OTHER FINANCING SOURCES				
Transfers in	<u>7,025,200</u>	<u>6,773,440</u>	<u>1,088,068</u>	<u>(5,685,372)</u>
Total other financing sources (uses)	<u>7,025,200</u>	<u>6,773,440</u>	<u>1,088,068</u>	<u>(5,685,372)</u>
NET CHANGE IN FUND BALANCE	\$ (18,300)	\$ (18,300)	\$ 43,875	(62,175)
Fund balances - beginning	<u>285,355</u>	<u>285,355</u>	<u>285,355</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 267,055</u></u>	<u><u>\$ 267,055</u></u>	<u><u>\$ 329,230</u></u>	<u><u>\$ (62,175)</u></u>

See accompanying independent auditor's report.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**DEBT SERVICE FUND**

For the year ended December 31, 2022

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 600	\$ 600	\$ 12,853	\$ 12,253
Total revenues	<u>600</u>	<u>600</u>	<u>12,853</u>	<u>12,253</u>
EXPENDITURES				
Debt service				
Principal retirement	365,000	365,000	365,000	-
Interest and fiscal charges	378,200	378,200	378,200	-
Total expenditures	<u>743,200</u>	<u>743,200</u>	<u>743,200</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(742,600)	(742,600)	(730,347)	12,253
OTHER FINANCING SOURCES (USES)				
Transfers in	742,600	742,600	730,347	(12,253)
Total other financing sources (uses)	<u>742,600</u>	<u>742,600</u>	<u>730,347</u>	<u>(12,253)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balances - beginning	<u>757,839</u>	<u>757,839</u>	<u>748,200</u>	\$ (9,639)
Fund balances - ending	<u>\$ 757,839</u>	<u>\$ 757,839</u>	<u>\$ 748,200</u>	<u>\$ (9,639)</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, 2022

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 150,000	\$ 150,000	\$ 171,483	\$ 21,483
Investment income	100	100	239	139
Total revenues	<u>150,100</u>	<u>150,100</u>	<u>171,722</u>	<u>21,622</u>
EXPENDITURES				
Current				
Culture and recreation	-	-	-	-
Capital outlay				
Culture and recreation	100,000	100,000	41,942	58,058
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>41,942</u>	<u>58,058</u>
Excess (deficiency) of revenues over (under) expenditures	50,100	50,100	129,780	79,680
OTHER FINANCING USES				
Transfers out	(407,800)	(407,800)	(80,513)	327,287
Total other financing sources (uses)	<u>(407,800)</u>	<u>(407,800)</u>	<u>(80,513)</u>	<u>327,287</u>
NET CHANGE IN FUND BALANCE	(357,700)	(357,700)	49,267	406,967
Fund balances - beginning	<u>513,432</u>	<u>513,432</u>	<u>521,212</u>	<u>7,780</u>
Fund balances - ending	<u>\$ 155,732</u>	<u>\$ 155,732</u>	<u>\$ 570,479</u>	<u>\$ 414,747</u>

See accompanying independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
ECONOMIC DEVELOPMENT FUND
For the year ended December 31, 2022**

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Lodger's tax	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Economic development assistance	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	-
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	-
Excess (deficiency) of revenues over (under) expenditures	(2,500)	(2,500)	(2,500)	-
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(2,500)	(2,500)	(2,500)	-
Fund balances - beginning	<u>67,050</u>	<u>67,050</u>	<u>82,604</u>	\$ 15,554
Fund balances - ending	<u>\$ 64,550</u>	<u>\$ 64,550</u>	<u>\$ 80,104</u>	<u>\$ 15,554</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, 2022

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Lodger's tax	\$ 131,000	\$ 131,000	\$ 181,794	\$ 50,794
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	2,585	2,585
Investment income	-	-	93	93
Total revenues	131,000	131,000	184,472	53,472
EXPENDITURES				
Current				
Marketing and promotion	143,000	143,000	134,187	8,813
Total expenditures	143,000	143,000	134,187	8,813
Excess (deficiency) of revenues over (under) expenditures	(12,000)	(12,000)	50,285	62,285
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	12,000	-
Total other financing sources (uses)	12,000	12,000	12,000	-
NET CHANGE IN FUND BALANCE	-	-	62,285	62,285
Fund balances - beginning	203,049	203,049	239,496	36,447
Fund balances - ending	\$ 203,049	\$ 203,049	\$ 301,781	\$ 98,732

See accompanying independent auditor's report.

City of Fruita, Colorado
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
PUBLIC PLACES FUND
For the year ended December 31, 2022

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Lodger's tax	\$ 131,000	\$ 131,000	\$ 181,792	\$ 50,792
Intergovernmental revenue	-	20,000	20,000	-
Total revenues	<u>131,000</u>	<u>151,000</u>	<u>201,792</u>	<u>50,792</u>
EXPENDITURES				
Public places	42,000	62,000	41,624	20,376
Total expenditures	<u>42,000</u>	<u>62,000</u>	<u>41,624</u>	<u>20,376</u>
Excess (deficiency) of revenues over (under) expenditures	89,000	89,000	160,168	71,168
OTHER FINANCING USES				
Transfers out	(100,000)	(100,000)	-	100,000
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	(11,000)	(11,000)	160,168	171,168
Fund balances - beginning	<u>29,775</u>	<u>29,775</u>	<u>43,647</u>	<u>13,872</u>
Fund balances - ending	<u>\$ 18,775</u>	<u>\$ 18,775</u>	<u>\$ 203,815</u>	<u>\$ 185,040</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, 2022

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 3,675,000	\$ 3,675,000	\$ 3,743,322	\$ 68,322
Investment income	5,000	5,000	56,884	51,884
Miscellaneous	2,000	2,000	6,488	4,488
Total revenues	3,682,000	3,682,000	3,806,694	124,694
OPERATING EXPENSES				
Personnel services	967,150	967,150	868,872	98,278
Purchased services	317,200	305,030	245,829	59,201
Supplies	382,600	412,228	392,099	20,129
Debt service:				
Principal retirement	975,000	975,000	976,717	(1,717)
Interest and fiscal charges	242,500	242,500	240,757	1,743
Capital expenses	1,316,000	2,408,342	1,201,813	1,206,529
Contingency	55,150	20,150	-	20,150
Total expenses	4,255,600	5,330,400	3,926,087	1,404,313
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	1,050,000	1,050,000	121,287	(928,713)
Capital contributions - tap fees	385,000	385,000	686,000	301,000
Gain on sale of equipment	-	-	420	420
Insurance awards	-	57,675	57,678	3
Transfers out	(465,000)	(300,000)	(165,000)	135,000
Total other financing sources (uses)	970,000	1,192,675	700,385	(492,290)
CHANGE IN NET POSITION - BUDGET BASIS	\$ 396,400	\$ (455,725)	\$ 580,992	\$ 1,036,717
GAAP BASIS ADJUSTMENTS				
Deduct depreciation			(1,392,833)	
Deduct change in accrued compensated absences			(3,120)	
Add change in accrued interest payable			14,216	
Add contributions from development			193,374	
Add principal retirement			976,717	
Add capital expenses			1,201,813	
Add premium on bonds			50,146	
CHANGE IN NET POSITION - GAAP BASIS			\$ 1,621,305	
Net position, January 1			29,541,845	
Net position, December 31			\$ 31,163,150	

See accompanying independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
TRASH FUND
For the year ended December 31, 2022**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 910,000	\$ 934,000	\$ 933,289	\$ (711)
Investment income	-	-	105	105
Total revenues	<u>910,000</u>	<u>934,000</u>	<u>933,394</u>	<u>(606)</u>
OPERATING EXPENSES				
Purchased services	841,000	865,000	858,192	6,808
Transfers out	69,000	69,000	69,000	-
Total expenses	<u>910,000</u>	<u>934,000</u>	<u>927,192</u>	<u>6,808</u>
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,202</u>	<u>\$ 6,202</u>
GAAP BASIS ADJUSTMENTS			<u>-</u>	
CHANGE IN NET POSITION - GAAP BASIS			6,202	
Net position, January 1			<u>177,318</u>	
Net position, December 31			<u>\$ 183,520</u>	

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, 2022

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ 111,788	\$ 111,788
Investment income	-	-	655	655
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>112,443</u>	<u>112,443</u>
OPERATING EXPENSES				
Capital expenses	-	-	111,788	(111,788)
Total expenses	<u>-</u>	<u>-</u>	<u>111,788</u>	<u>(111,788)</u>
NON-OPERATING REVENUES (EXPENSES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ -</u>	<u>\$ -</u>	\$ 655	<u>\$ 655</u>
GAAP BASIS ADJUSTMENTS				
Deduct depreciation			(41,779)	
Add capital expenses			<u>111,788</u>	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ 70,664</u>	
Net position, January 1			<u>962,286</u>	
Net position, December 31			<u>\$ 1,032,950</u>	

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, 2022

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 134,000	\$ 134,000	\$ 135,926	\$ 1,926
Investment income	50	50	93	43
Total operating revenues	<u>134,050</u>	<u>134,050</u>	<u>136,019</u>	<u>1,969</u>
OPERATING EXPENSES				
Personnel services	87,875	89,640	78,749	10,891
Purchased services	10,975	7,975	7,581	394
Supplies	19,975	12,525	11,560	965
Contingency	2,700	2,700	-	2,700
Transfers out	10,125	10,125	10,125	-
Total operating expenses	<u>131,650</u>	<u>122,965</u>	<u>108,015</u>	<u>14,950</u>
NON-OPERATING REVENUES (EXPENSES)				
Capital contributions - tap fees	5,000	5,000	4,500	(500)
Capital projects and equipment	(7,400)	(11,835)	(11,835)	-
Total non-operating revenues (expenses)	<u>(2,400)</u>	<u>(6,835)</u>	<u>(7,335)</u>	<u>(500)</u>
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ -</u>	<u>\$ 4,250</u>	<u>\$ 20,669</u>	<u>\$ 16,419</u>
GAAP BASIS ADJUSTMENTS				
Add capital expenses			11,835	
Deduct change in accrued compensated absences			199	
Deduct depreciation			(7,453)	
Total GAAP Basis Adjustments			<u>4,581</u>	
CHANGE IN NET POSITION - GAAP BASIS			25,250	
Net position, January 1			<u>314,279</u>	
Net position, December 31			<u>\$ 339,529</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, 2022

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 401,100	\$ 401,100	\$ 328,334	\$ (72,766)
Other revenues	-	-	-	-
Total operating revenues	401,100	401,100	328,334	(72,766)
OPERATING EXPENSES				
Personnel services	228,750	228,750	195,473	33,277
Purchased services	40,400	57,586	50,219	7,367
Supplies	99,700	100,764	97,645	3,119
Capital equipment	17,000	16,000	7,299	8,701
Contingency	15,250	15,250	-	15,250
Total operating expenses	401,100	418,350	350,636	67,714
NON-OPERATING REVENUES (EXPENSES)				
Gain on sale of equipment	-	-	40	40
Insurance awards	-	17,250	17,838	588
Total non-operating revenues	-	17,250	17,878	628
CHANGE IN NET POSITION - BUDGET BASIS	\$ -	\$ -	\$ (4,424)	\$ (4,424)
GAAP BASIS ADJUSTMENTS				
Add capital expenses			7,299	
Deduct change in accrued compensated absences			(637)	
Deduct depreciation			(2,238)	
Total GAAP Basis Adjustments			4,424	
CHANGE IN NET POSITION - GAAP BASIS			-	
Net position, January 1			37,121	
Net position, December 31			\$ 37,121	

See accompanying independent auditor's report.

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

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/22

This Information From The Records Of: City of Fruita	Prepared By: Christa Yamashita
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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. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 2,250,018.48
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 583,275.61
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 76,286.67
2. General fund appropriations	\$ 820,394.23	b. Snow and ice removal	\$ 24,082.54
3. Other local imposts (from page 2)	\$ 1,214,819.67	c. Other	\$ 249,525.94
4. Miscellaneous local receipts (from page 2)	\$ 1,380.00	d. Total (a. through c.)	\$ 349,895.15
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 180,420.80
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 485,401.29
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 3,849,011.33
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 2,036,593.90	b. Redemption	
B. Private Contributions	\$ 1,287,411.00	c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 525,006.43	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 3,849,011.33	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 3,849,011.33

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		\$ 3,849,011.33	\$ 3,849,011.33		\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
 YEAR ENDING (mm/yy):
12/22

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 856,327.31	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 147,000.00	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	\$ 1,380.00
5. Specific Ownership &/or Other	\$ 211,492.36	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 1,214,819.67	h. Other	
c. Total (a. + b.)	\$ 1,214,819.67	i. Total (a. through h.)	\$ 1,380.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 461,072.82	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	\$ 55,619.89	d. Federal Transit Administration	
d. CDOT Grant	\$ 8,313.72	e. U.S. Corps of Engineers	
e. Other		f. Other Federal	
f. Total (a. through e.)	\$ 63,933.61	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 525,006.43	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		\$ 414,099.56	\$ 414,099.56
b. Engineering Costs		\$ 1,453.19	\$ 1,453.19
c. Construction:			
(1). New Facilities		\$ 846,991.00	\$ 846,991.00
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 909,266.29	\$ 909,266.29
(4). System Enhancement And Operation		\$ 78,208.44	\$ 78,208.44
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 1,834,465.73	\$ 1,834,465.73
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 2,250,018.48	\$ 2,250,018.48
<i>(Carry forward to page 1)</i>			

Notes and Comments: