



# City of Fruita Financial Statements

Fiscal Year Ending December 31, 2022



# Financial Statement Components

1. Auditor's Reports

2. Management's Discussion and Analysis - MD&A

3. Basic Financial Statements

4. Notes to the Financial Statements

5. Required Supplementary Information

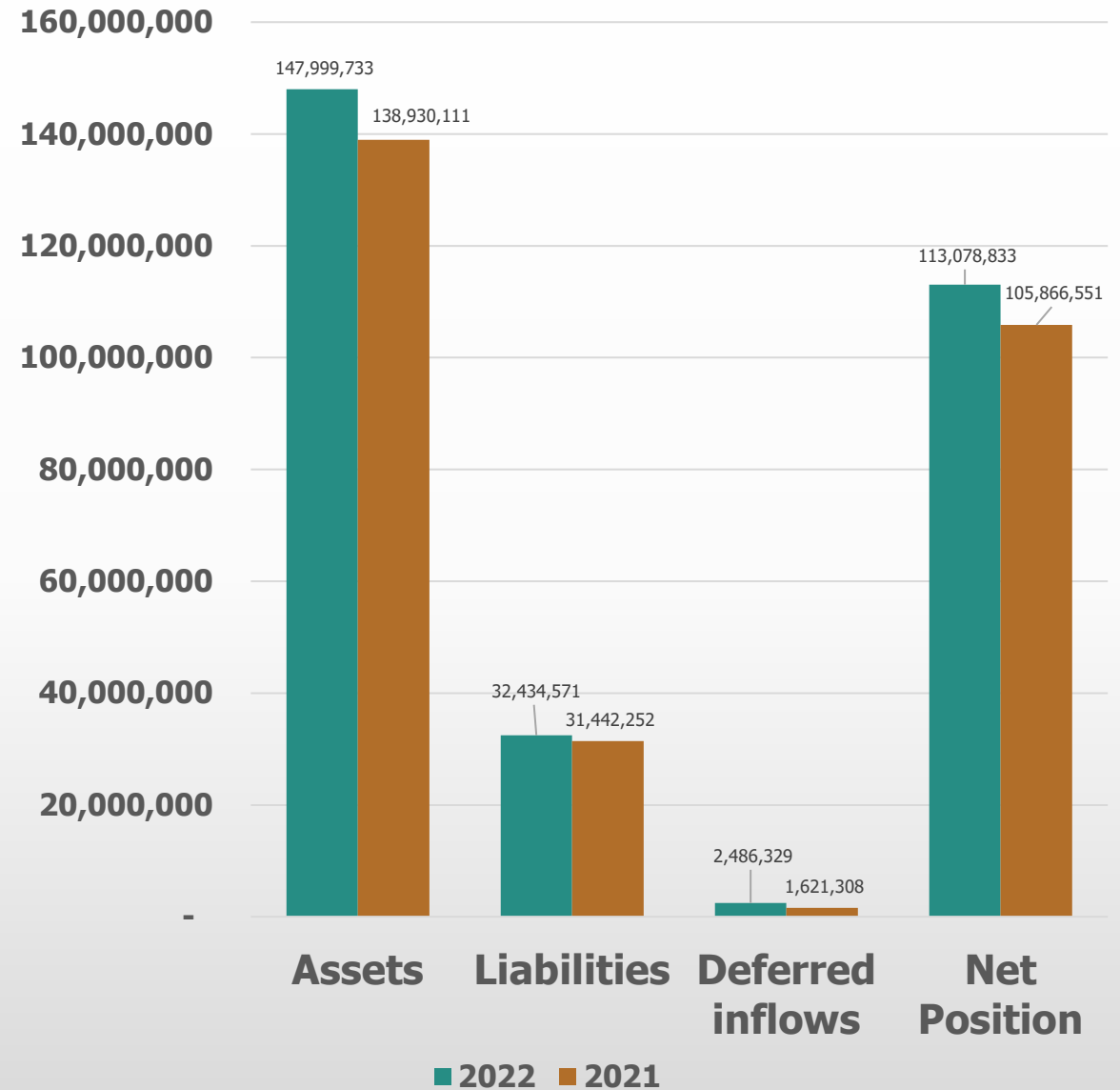
6. Supplementary Information

# Fund Types

Governmental Activities –  
primarily funded with tax and  
intergovernmental revenues

# Government Wide

## Assets, Liabilities and Deferred Inflows of Resources



# Highlights

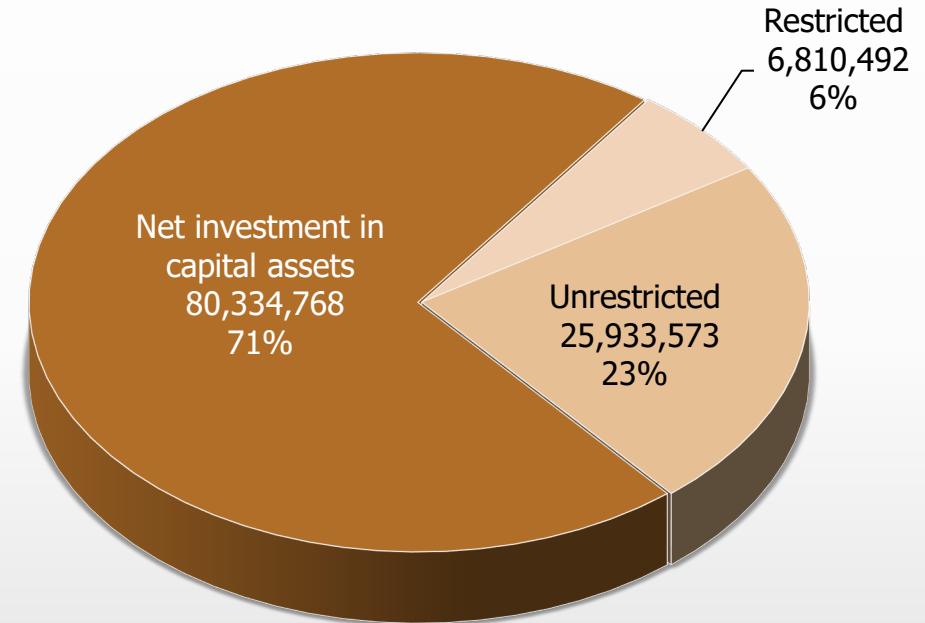
## Net Position

Net investment in capital assets =  
Capital assets less depreciation  
and outstanding debt for  
acquisition

Restricted assets = Assets with  
restrictions imposed by law - bond  
reserve funds,

Unrestricted assets = Amounts  
available for other purposes

### Net Position - \$113.1 million



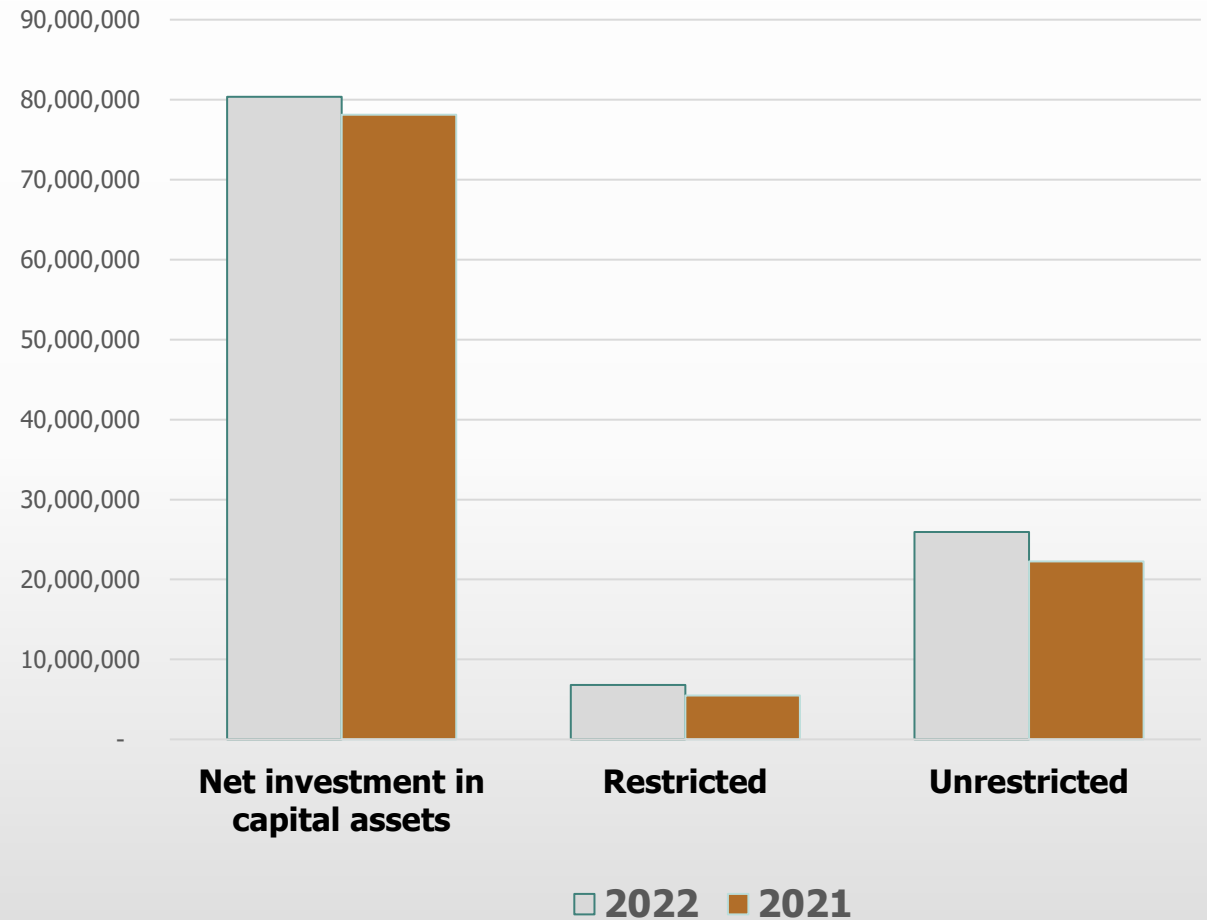
# Highlights

## Net Position

Increase of \$7.2 million (7%) from prior year

- \$2.2 million (3%) investment in capital assets, net of debt
- \$1.3 million (24%) in restricted assets
- \$3.7 million (17%) in unrestricted assets

### Net Position - Government Wide

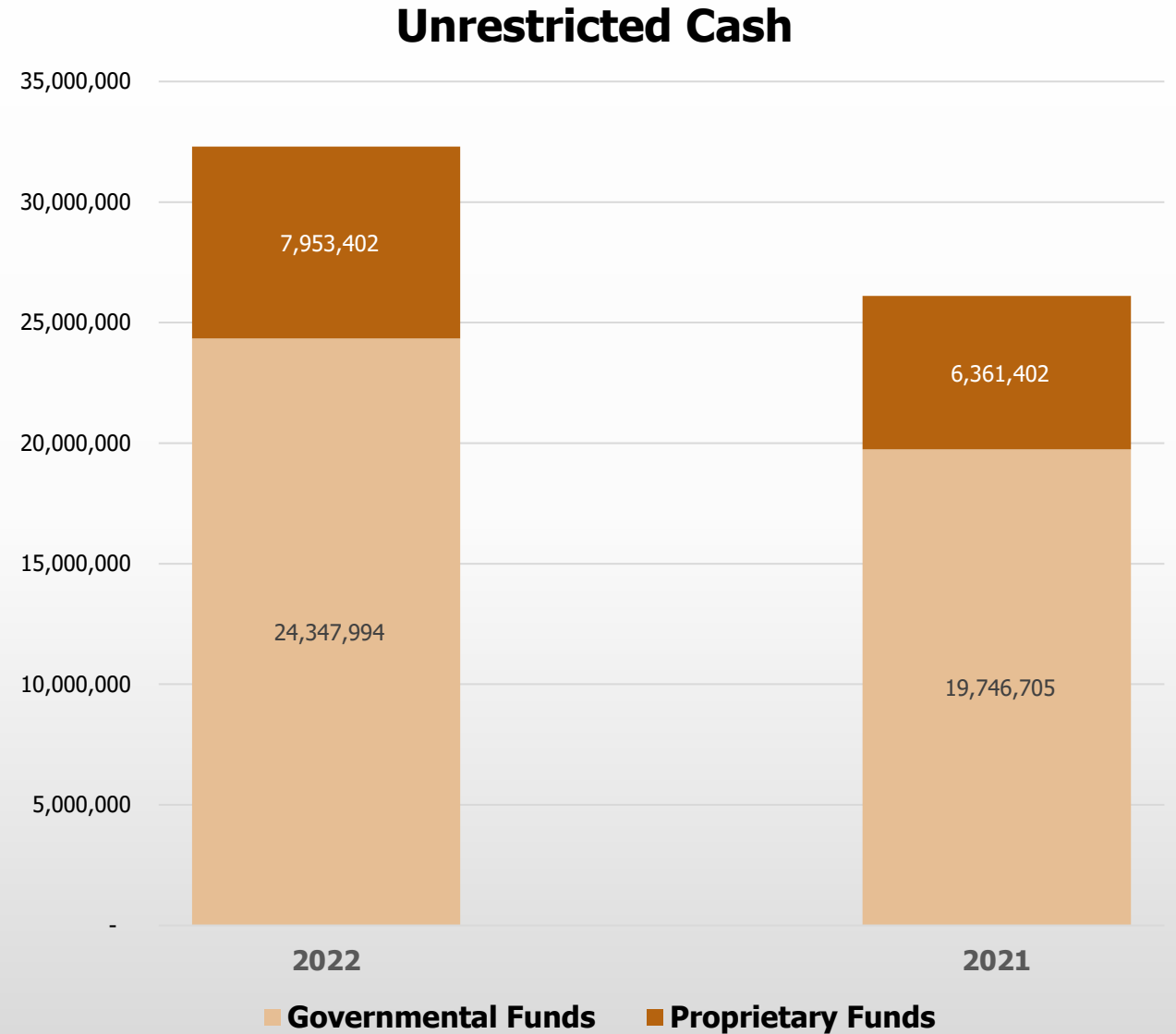


# Highlights - Assets

## Unrestricted Cash

Increase of \$6.2 million from prior year

- Governmental Funds - \$4.6 million
- Proprietary Funds - \$1.6 million



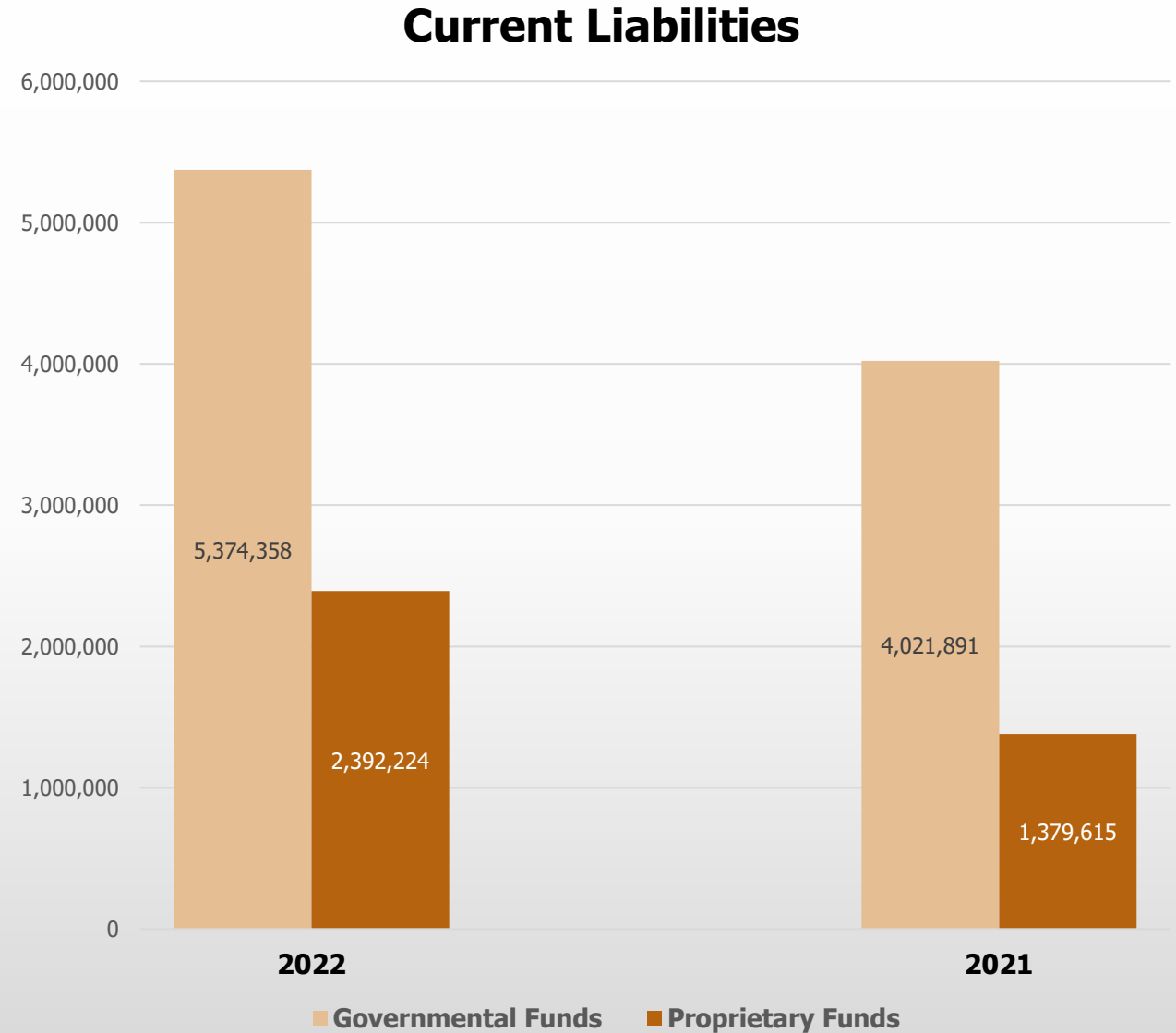
# Highlights - Liabilities

## Current Liabilities

Current liabilities of \$7.8 million  
Increase of \$2.4 million from prior year

Unearned revenues of \$6.5 million  
- \$2.0 million increase (grants and impacts fees)

Accounts payable of \$1.1 million  
- \$342,000 increase





# General Fund

## General Fund Budget Final Budget vs Actuals

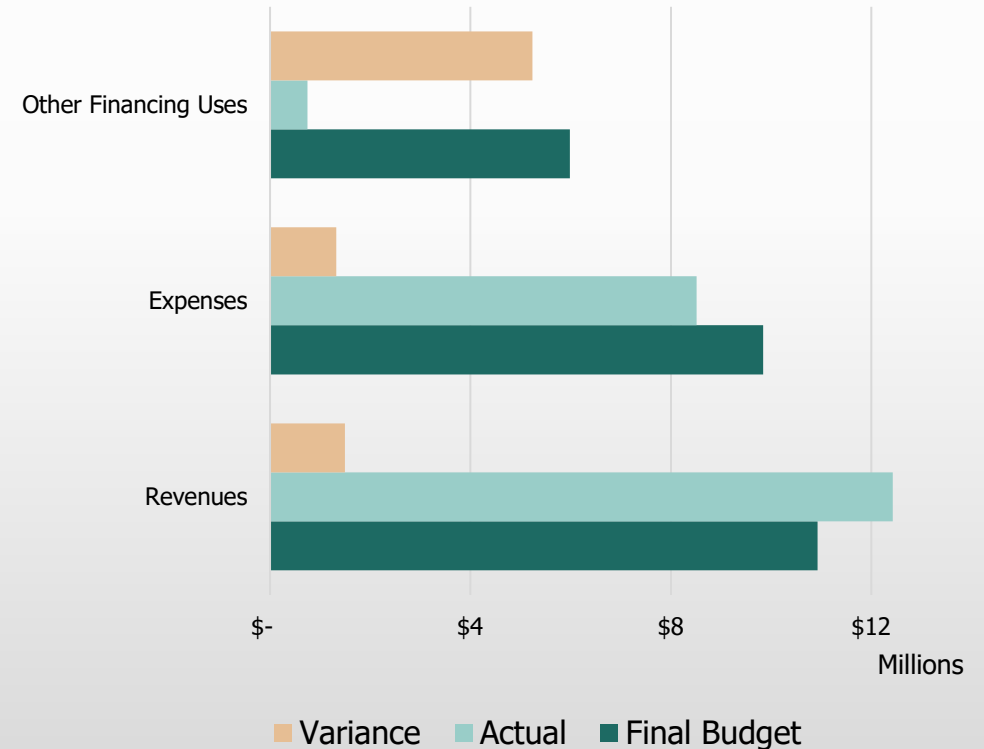
<u>Description</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>	<u>% of Variance</u>
Revenues	\$ 10,924,145	\$ 12,423,467	\$ 1,499,322	19%
Expenses	(9,838,220)	(8,510,813)	1,327,407	16%
Other Financing Uses	(5,987,515)	(748,692)	5,238,823	65%
<b>Excess revenues (expenses)</b>	<b>\$ (4,901,590)</b>	<b>\$ 3,163,962</b>	<b>\$ 8,065,552</b>	<b>100%</b>

Budget. Expenses and other financing uses were budgeted to exceed revenues by \$4.9 million with the use of fund balance to fund one-time capital projects.

Actual. Revenues exceeded expenses and other financing uses by \$3.2 million.

Variance. This resulted in a positive variance \$8.1 million.

## Final Budget to Actual



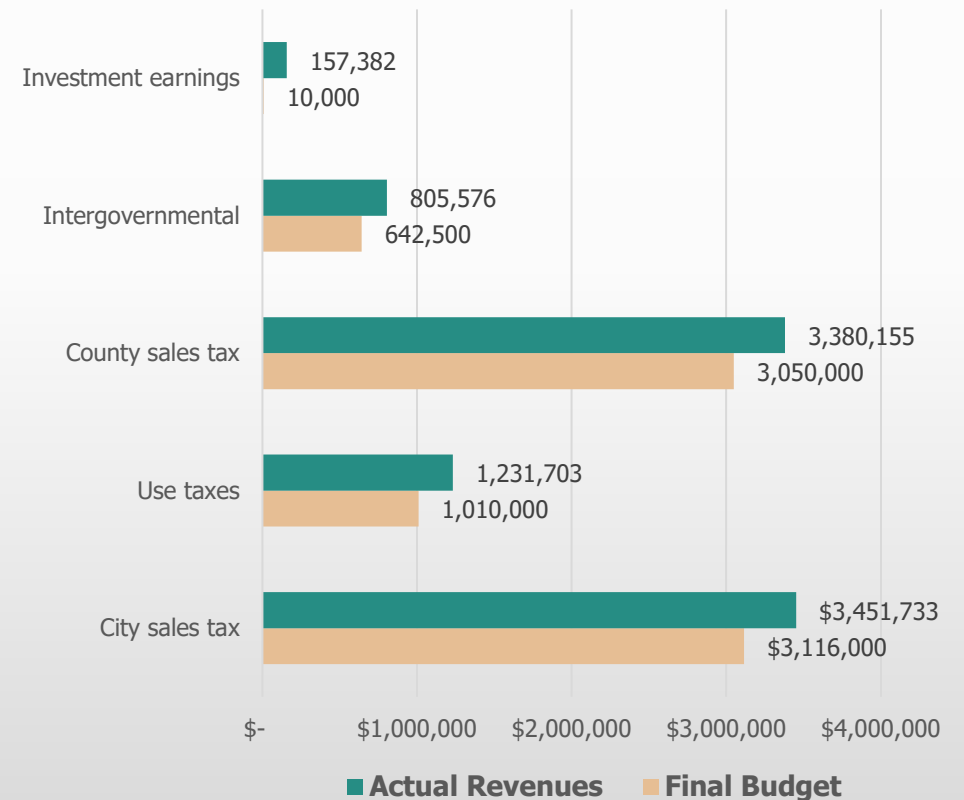
# General Fund Revenues

## 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>

Revenues of \$12.4 million exceeded budget by \$1.5 million. The above revenue sources account for \$1.2 million (80%) of the variance between budgeted and actual revenues.

### Revenues - Significant Variations



# General Fund Expenses

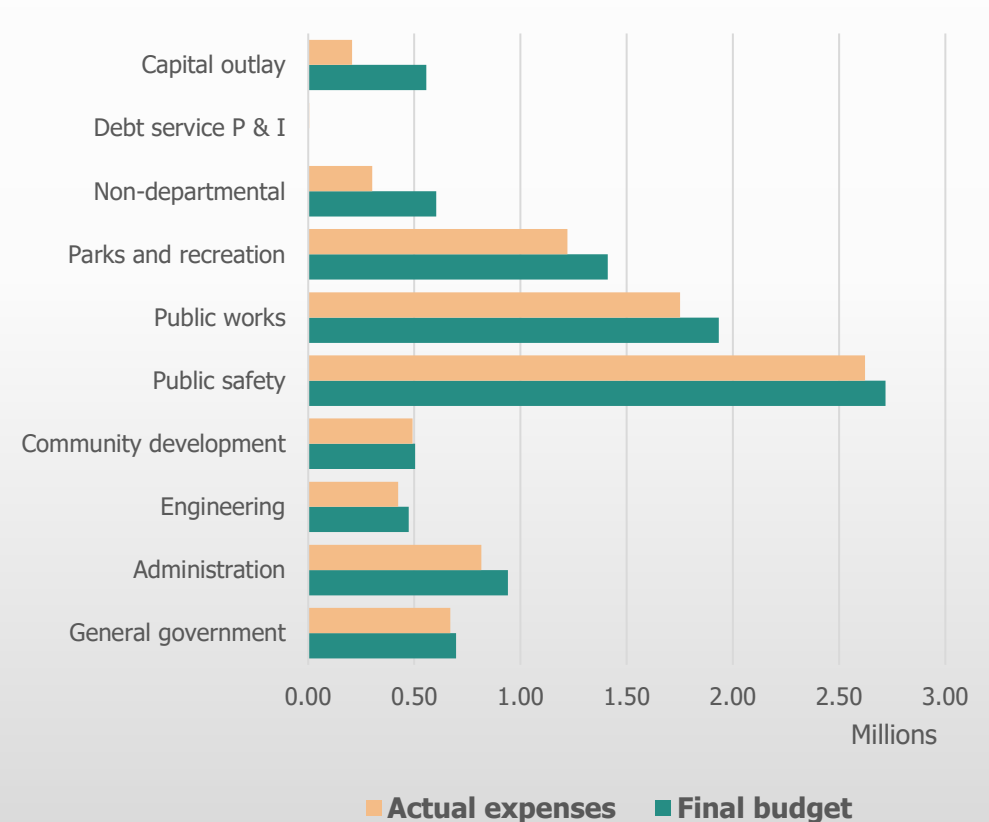
## Final Budgeted Expenses vs Actual Expenses

	<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%
<b>Total expenses</b>	<b>\$ 9,838,220</b>	<b>\$ 8,510,813</b>	<b>\$ (1,327,407)</b>	<b>-13%</b>

Expenses of \$8.5 million were under budget by \$1.3 million.

- Non-departmental expenses (unspent contingency funds) were under budget by \$301,241
- Capital outlay expenses (equipment ordered but not received) were under budget by \$349,638)
- Various departmental operating expenses were under budget as noted in the above table.

## Expenses



# General Fund Other Financing Sources (Uses)

## Other Financing Sources (Uses) - Final Budget vs Actuals

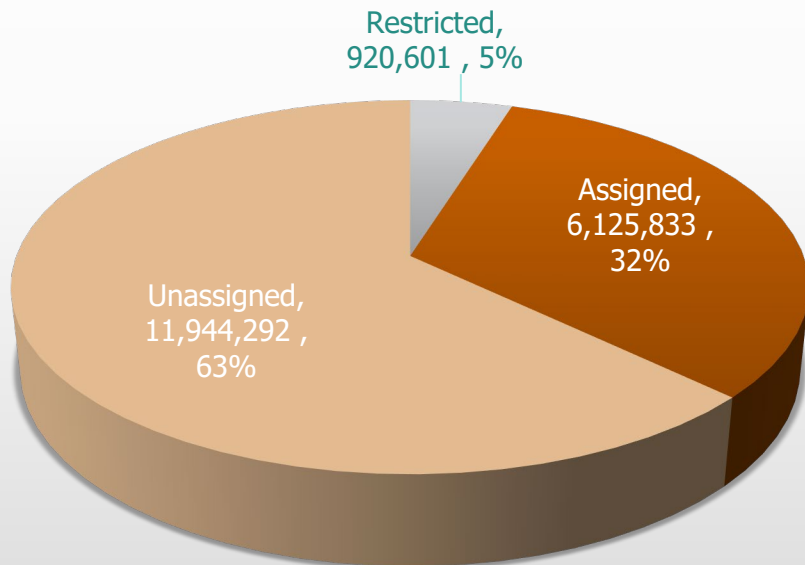
	<u>Final budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>Variance</u>
Transfers in	\$ 250,125	\$ 250,125	\$ -	0%
Transfers out	(6,237,640)	(1,114,556)	5,123,084	-82%
Insurance damage awards	-	3,638	3,638	N/A
Capital lease proceeds	-	27,386	27,386	N/A
Sale of capital assets	-	84,715	84,715	100%
<b>Total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

Other financing sources (uses) of (\$748,692) were under budget by \$5.2 million and account for 65% of the total budget variations in the General Fund.

- Transfers to other funds were budgeted at \$6.2 million and actual transfers were \$1.1 million resulting in \$5.1 million of the \$5.2 million variance. Transfers out represent funds to be transferred to other funds, primarily the Capital Project Fund. Due to various factors, a number of capital projects scheduled for construction in 2022 were postponed or not completed in 2022 and have been reappropriated in the 2023 Budget for completion.

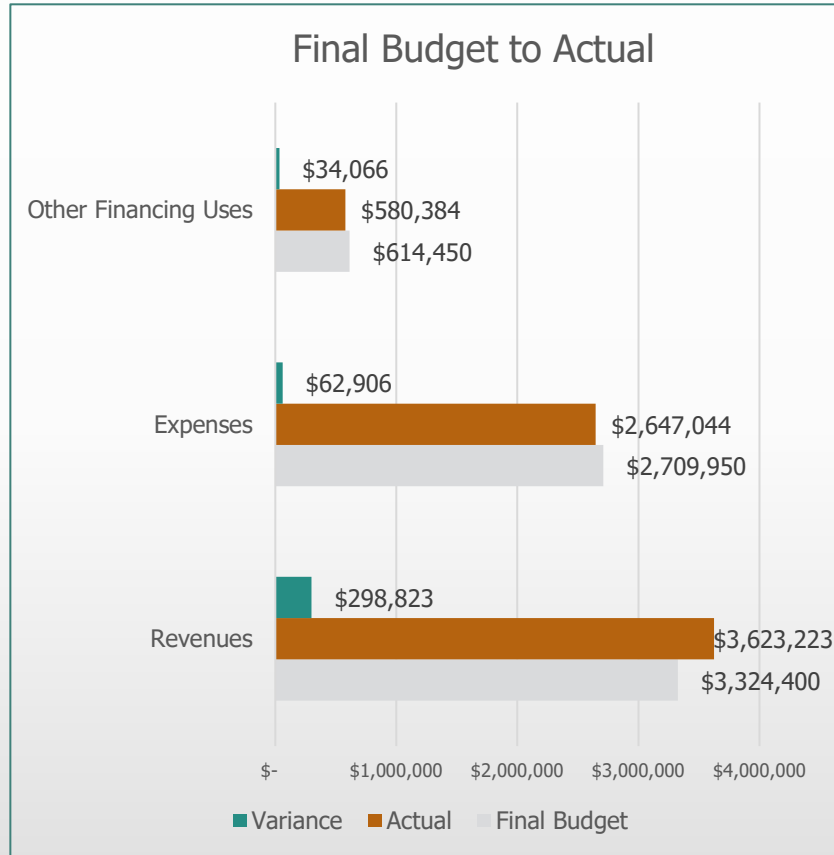
# General Fund – Fund Balance

## General Fund Balance - \$19.0 million



- ✓ Restricted funds of \$920,601 represent 5% of the fund balance and include amounts restricted for the TABOR Emergency reserve (\$400,000), public safety expenses from the dedicated portion of County sales tax (\$507,482) and interest on chip seal fees restricted for use in chipseal projects.
- ✓ Assigned funds of \$6.1 million represent 32% of the fund balance and include amounts assigned for specific purposes with the two largest amounts assigned for subsequent (2023) year expenses (\$4.2 million) and vehicle/equipment replacement (\$1.5 million).
- ✓ Unassigned funds of \$11.9 million represent 63% of the fund balance and includes the operating reserve of \$2.1 million which represents 25% of the 2022 operating expenses and the remaining \$9.9 million is unrestricted and may be used for any purposes of the City.

# Community Center Fund



## Community Center Fund Final Budget vs Actuals

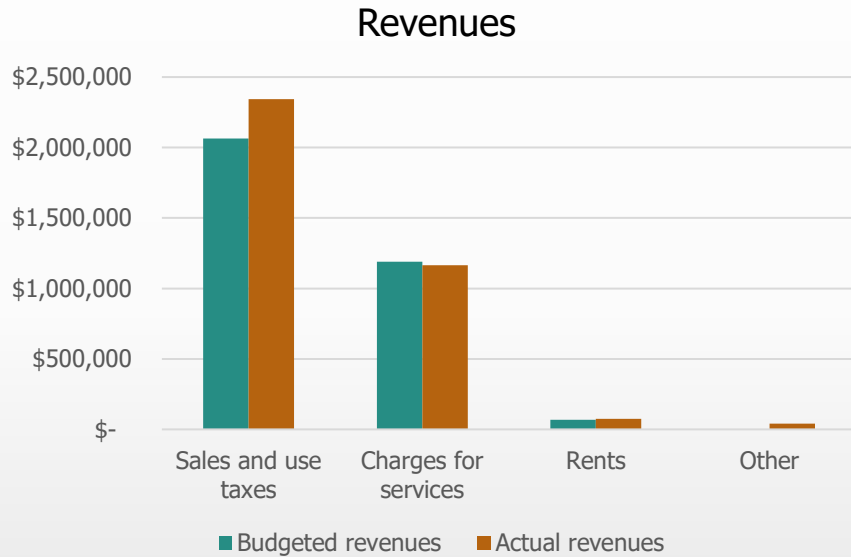
Description	Final Budget	Actual	Variance	% of Variance
Revenues	\$ 3,324,400	\$ 3,623,223	\$ 298,823	75%
Expenses	\$ 2,709,950	\$ 2,647,044	\$ 62,906	16%
Other Financing Uses	\$ 614,450	\$ 580,384	\$ 34,066	9%
<b>Excess revenues (expenses)</b>	<b>\$ -</b>	<b>\$ 395,795</b>	<b>\$ 395,795</b>	<b>100%</b>

Budget. Revenues, expenses and other financing uses were budgeted to have no impact on fact balance.

Actual. Revenues exceeded expenses and other financing uses by \$395,795.

Variance. This resulted in a positive variance \$395,795.

# Community Center Fund Revenues

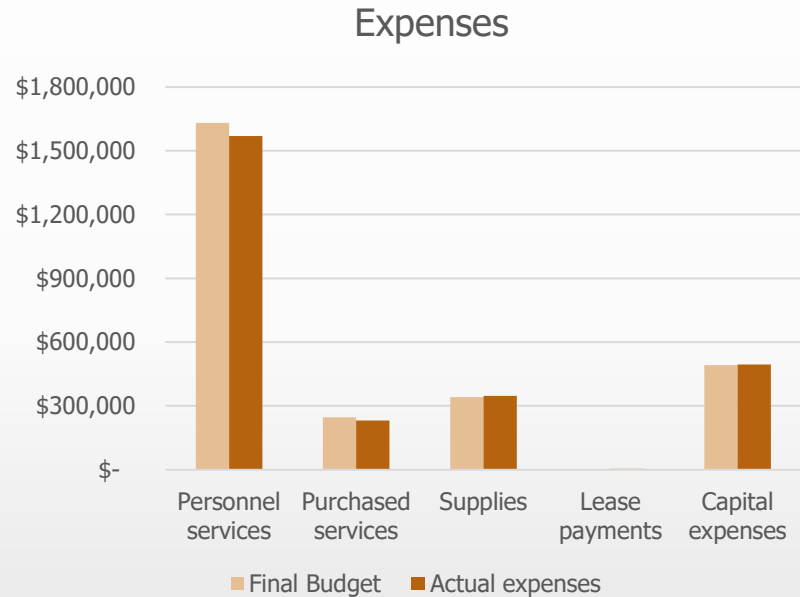


Revenue Source	Budgeted revenues	Actual revenues	Variance	% Chg
Sales and use taxes	\$ 2,063,000	\$ 2,341,931	\$ 278,931	14%
Charges for services	1,190,300	1,164,722	(25,578)	-2%
Rents	67,500	76,123	8,623	13%
Other	3,600	40,447	36,847	1024%
	<u>\$ 3,324,400</u>	<u>\$ 3,623,223</u>	<u>\$ 298,823</u>	<u>9%</u>

Revenues of \$3.6 million exceeded budget by \$298,823.

- Sales and use tax revenues account for the majority of this amount and exceeded budget amounts by \$278,981 (14%).
- Charges for services were under budgeted amounts by \$25,578 (2%).
- Other revenues (interest on investments) exceeded budgeted amounts by \$36,847 (1024%)

# Community Center Fund Expenses



## Community Center Fund Expenses - Budget to Actual

<u>Category</u>	<u>Final Budget</u>	<u>Actual expenses</u>	<u>Difference</u>	<u>% (Under) Over Budget</u>
Personnel services	\$ 1,631,400	\$ 1,569,131	\$ (62,269)	-4%
Purchased services	246,484	231,952	(14,532)	-6%
Supplies	340,866	346,833	5,967	2%
Lease payments	-	3,741	3,741	N/A
Capital expenses	491,200	495,387	4,187	1%
<b>Total operating expenses</b>	<b>\$ 2,709,950</b>	<b>\$ 2,647,044</b>	<b>\$ (62,906)</b>	<b>-2%</b>

Expenses of \$2.6 million were under budget by \$62,906 (2%).



# Community Center Fund Other Financing Sources (Uses)

## Other Financing Sources (Uses)

<u>Description</u>	<u>Final Budget</u>	<u>Actual source (use)</u>	<u>Difference</u>	<u>% (Under) Over Budget</u>
Transfers in	\$ 95,000	\$ 95,000	\$ -	0%
Transfers out	(734,500)	(734,500)	-	0%
Total other financing uses	<u>\$ (639,500)</u>	<u>\$ (639,500)</u>	<u>\$ -</u>	<u>0%</u>

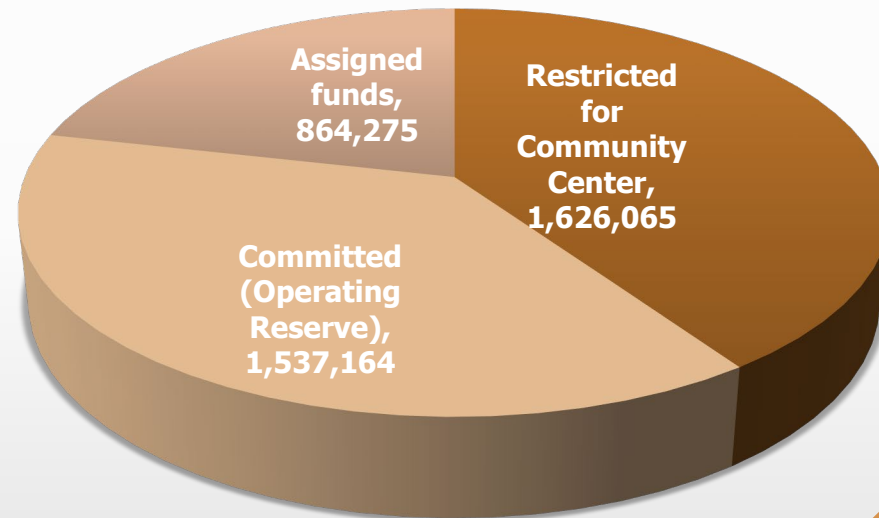
Other financing sources (uses) of (\$639,500) were on budget.

- Transfers to other funds of \$734,500 reflects the transfer to the Debt Service Fund for payment of the revenue bonds for construction of the Community Center.
- Transfers from other funds of \$95,000 reflects a transfer from the General Fund for a historical subsidy of recreation programs that occur at the Community Center.

# Community Center Fund – Fund Balance

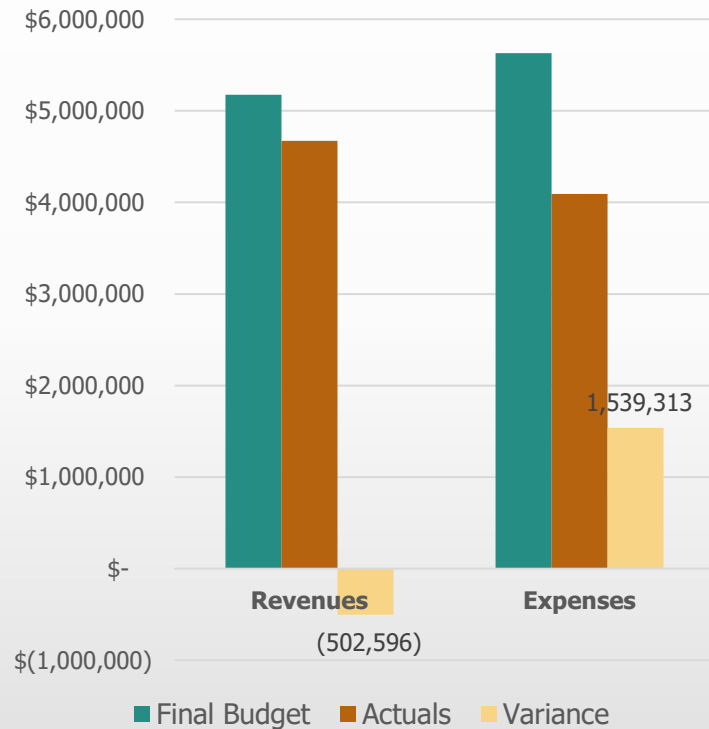
- ✓ Restricted funds of \$1.6 million represents 40% of the fund balance. These funds are restricted only in that the funds must be used for purposes of the Community Center.
- ✓ Assigned funds of \$864,275 include amounts assigned for vehicle replacement of \$17,100 and subsequent year (2023) expense of \$847,175 and represents 21% of the total fund balance.
- ✓ Committed funds of \$1.5 million represents 39% of the fund balance and includes \$1,000,000 set aside for facility improvements and the operating reserve of \$537,164 which represents 25% of the 2022 operating expenses.

## Community Center Fund Balance \$4.0 million



# Sewer Fund

Final Budget to Actual



## Sewer Fund Final Budget vs Actuals

<u>Description</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Variance</u>	<u>% of Variance</u>
Revenues	\$ 5,174,675	\$ 4,672,079	(502,596)	-48%
Expenses	5,630,400	4,091,087	1,539,313	148%
<b>Excess revenues (expenses)</b>	<b>\$ (455,725)</b>	<b>\$ 580,992</b>	<b>\$ 1,036,717</b>	<b>100%</b>

Budget. Expenses were budgeted to exceed revenues by \$455,725.

Actual. Revenues exceeded expenses by \$580,992.

Variance. This resulted in a positive variance \$1,036,717.

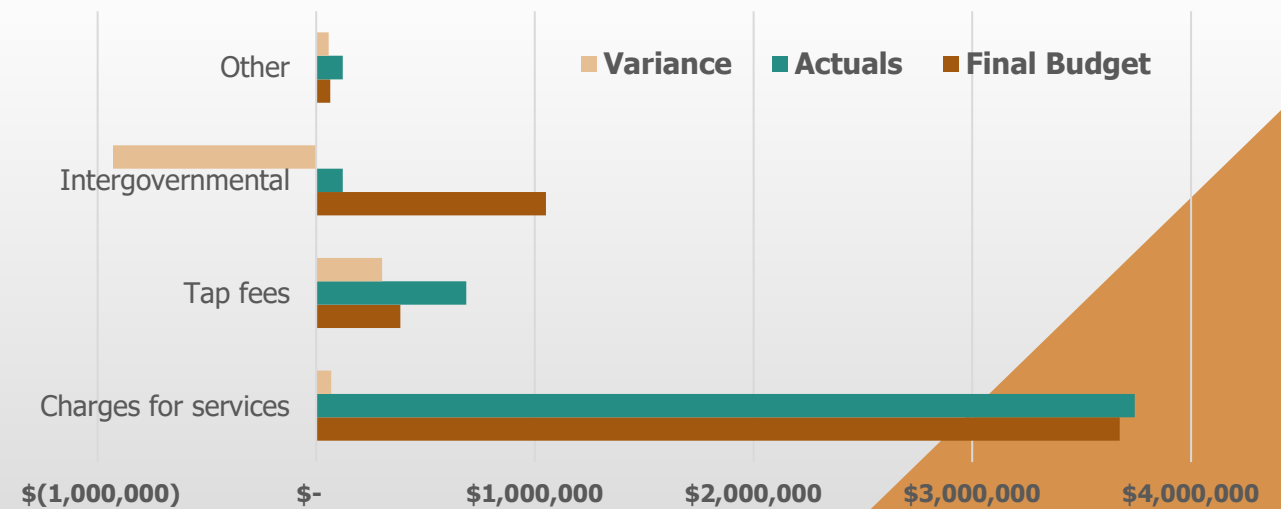
# Sewer Fund Revenues (budgetary basis)

Revenues of \$4.7 million were under budget by \$502,596 (10%).

- Intergovernmental revenues of \$121,470 were under budgeted amounts by \$928,713. The budget included ARPA grant funds for the H2S mitigation project. This project was delayed and is scheduled for completion in 2023.
- Tap fees of \$686,000 were over budget by \$301,000 and is based on new construction that occurred in 2022.

## Final Budget vs Actuals

Description	Final Budget	Actuals	Variance	% Diff
Charges for services	\$ 3,675,000	\$ 3,743,322	68,322	2%
Tap fees	\$ 385,000	\$ 686,000	301,000	78%
Intergovernmental	\$ 1,050,000	\$ 121,287	(928,713)	-88%
Other	\$ 64,675	\$ 121,470	56,795	88%
<b>Total revenues</b>	<b>\$ 5,174,675</b>	<b>\$ 4,672,079</b>	<b>\$ (502,596)</b>	<b>-10%</b>



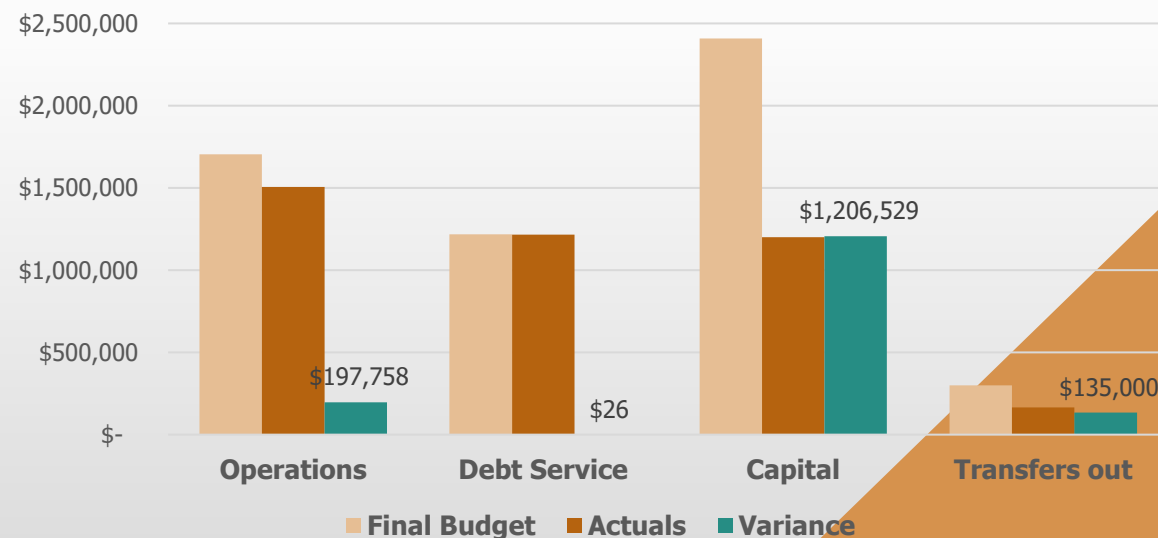
# Sewer Fund Expenses — (budgetary basis)

Expenses of \$4.1 million were under budget by \$1.5 million (27%).

- Capital expenses of \$1.2 million were under budget by \$1.2 million primarily due to postponement of the H2S mitigation project. This project is scheduled for completion in 2023.

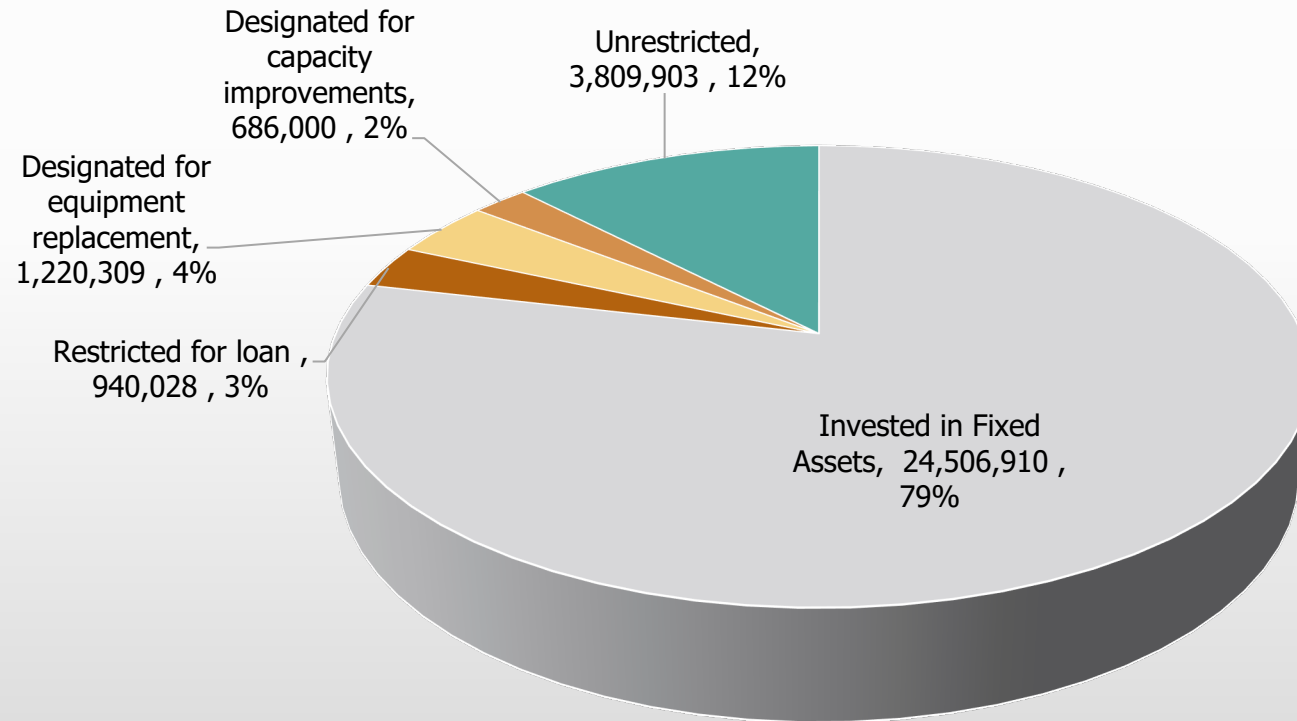
## Final Budget vs Actuals

	<u>Final Budget</u>	<u>Actuals</u>	<u>Variance</u>	<u>% Diff</u>
Operations	\$ 1,704,558	\$ 1,506,800	\$ 197,758	12%
Debt Service	1,217,500	1,217,474	\$ 26	0%
Capital	2,408,342	1,201,813	\$ 1,206,529	50%
Transfers out	300,000	165,000	\$ 135,000	45%
<b>Total Expenses</b>	<b>\$ 5,630,400</b>	<b>\$ 4,091,087</b>	<b>\$ 1,539,313</b>	<b>27%</b>

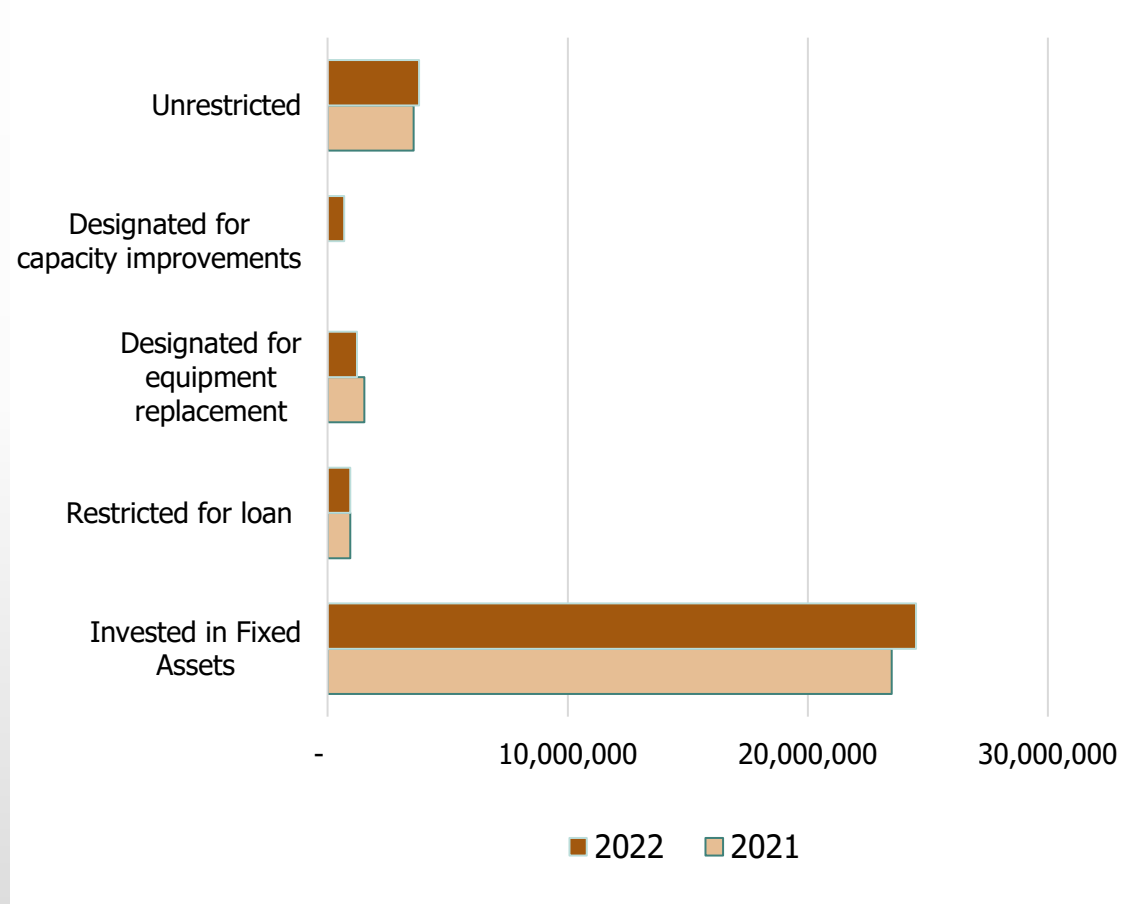


# Sewer Fund – Net Position

**Sewer Fund - Net Position - \$31.1 million**



# Sewer Fund – Net Position



The net position of the Sewer Fund increased by \$1.6 million from the prior year.

- ✓ Investments in capital assets, net of related debt, increased by \$1 million (4%)
- ✓ Amounts designated for equipment replacement decreased by \$309,274. This decrease is a result of reduction in the target amount for equipment replacement at the WWTF from \$1.1 million to \$750,000 and increase in vehicle/equipment replacement from \$411,308 to \$470,308.
- ✓ A new designation of net position in 2022 include amounts equal to tap fees received in 2022 for future capacity improvements in the sewer collection and sewer treatment systems.
- ✓ The unrestricted net position increased \$232,357.

# Capital Asset Additions

## Capital Asset Additions

<u>Governmental Funds</u>		<u>Proprietary Funds</u>	
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		
<b>Total</b>	<b>\$ 3,793,461</b>	<b>Total</b>	<b>\$ 1,598,792</b>



# Debt - (Long term)

The City's long-term debt decreased \$1.4 million in 2022 from the prior year. This includes a reduction of \$351,870 in governmental activities primarily due to principal payments on the 2019 FCC refunding bonds and a \$1.0 million reduction in business-type activities primarily due to principal payments on the WWTF loan from CWRPDA.

City of Fruita Outstanding Debt						
Type	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue bonds	\$ 10,025,986	\$10,446,632	\$ -	\$ -	\$10,025,986	\$10,446,632
Performance obligation	140,308	152,700	-	-	140,308	152,700
Loans payable	-	-	14,231,463	15,256,609	14,231,463	15,256,609
Leases payable	35,006	-	1,339	-	36,345	-
Compensated absences	209,693	163,531	24,195	21,274	233,888	184,805
Total	\$ 10,410,993	\$10,762,863	\$14,256,997	\$15,277,883	\$24,667,990	\$26,040,746

**Questions?**

