FRUITA
COLORADO

2021 Financial Statements

Fiscal Year Ending December 31, 2021

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

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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, 2021, 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, 2021, 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.

Honorable Mayor and City Council
City of Fruita, Colorado
Page Three

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.

July 15, 2022

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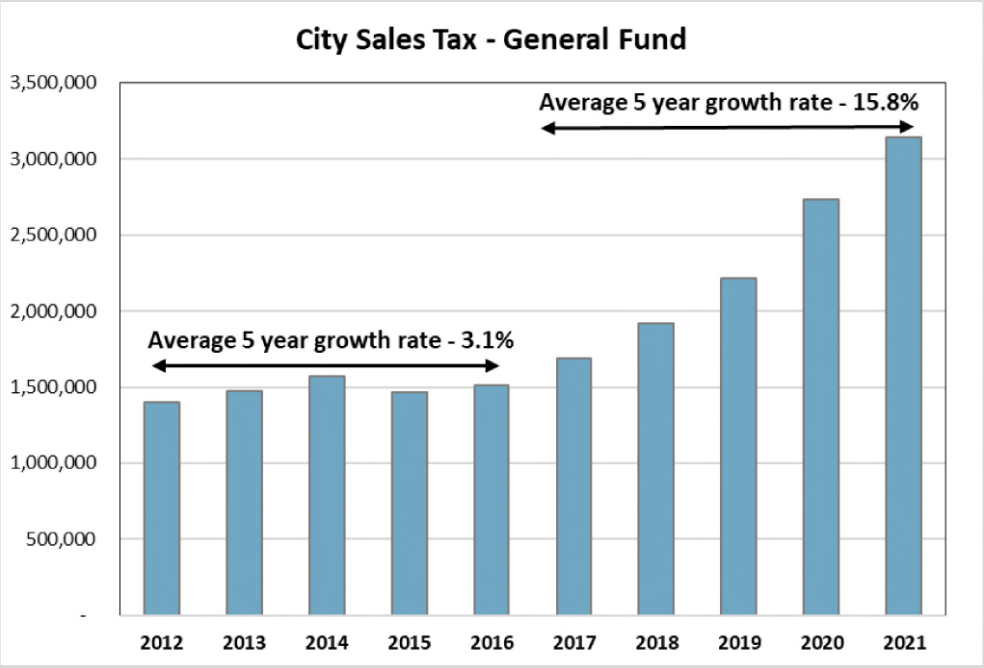
Management's Discussion and Analysis

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, 2021. Please read this in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- *Net Position.* The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2021 by $105.9 million (*net position*). The City's total net position increased $5.1 million (5%) from the prior year. This increase included an increase of $1 million (1%) in capital assets, $1.2 million (27%) in restricted assets, and $3.0 million (16%) in unrestricted assets.

- The City's General Fund revenues increased 3% from the prior year. However, the prior year revenue of $10.8 million included one-time grant revenue of $1.1 million from the Coronavirus Relief Fund. Excluding those revenues, the General Fund revenues increased $1.4 million (15%) from the prior year. This increase was primarily related to a $1.2 million (14%) increase in tax revenues. City sales tax revenues exceeded prior year revenues by 15%. This represents a 5-year double digit growth rate in city sales tax revenues.



This growth is due to a number of factors including destination source sales tax implementation in 2019, increased use of delivery-based consumption patterns, strong local and regional economy, and increased tourism.

- The General Fund *unassigned* fund balance of $8.7 million decreased 2% from the prior year but represents 111% of the total general fund expenditures. This reflects a healthy fund balance and is due to increased revenues and the intentional accumulation of funds for future capital projects.

- The General Fund *assigned* fund balance of $6.26 million increased 69% from the prior year. This increase is due to the assignment of $4.76 million in fund balance for 2022 capital projects.

- Community Center Fund revenues from charges for services increased 44% from the prior year. This increase is due to partial recovery of facility attendance and program registrations which were down 56% in the prior year due to closure and capacity restrictions at the facility because of the pandemic.

- Revenues from an additional 3% lodging tax went into effect on January 1, 2021. These revenues are dedicated to public places and economic development as determined by the City Council. The existing 3% lodging tax revenues dedicated to marketing and promotion increased 92% from 2020 when travel was restricted due to the pandemic and increased 35% from 2019 pre-pandemic levels. This indicates a strong tourism component of the local economy in 2021 but may also represent a short-term increase due to easing/elimination of travel restrictions, pent-up demand, and the desire to travel to outdoor destinations where pandemic issues were less of a concern.

- The bonds issued by the Colorado Water Resources and Power Development Authority (CWRPDA) that financed the 2010 loan for construction of the wastewater treatment facility construction were refunded in 2021 and the savings of $2.0 million was passed on to the City of Fruita in the form of credits of $160,000 to $170,000 on annual interest payments through the life of the loan (2032).

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 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 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 one fiduciary fund. The Private purpose trust fund 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

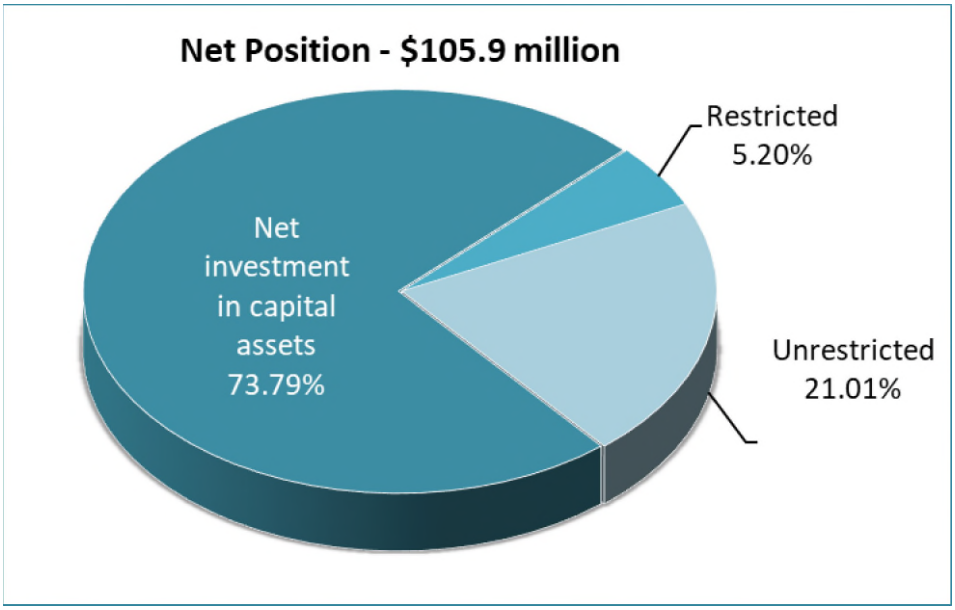
Net Position – Government-wide. As noted earlier, *Net Position* may serve over time as a useful indicator of a government's financial position. The city's assets exceeded its liabilities and deferred inflow of resources by $105.9 million at December 31, 2021.

NET POSITION						
	Governmental Activities		Business-type Activities		Total	
ASSETS	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Current and other assets	$26,955,317	$21,679,007	$ 8,016,779	$ 6,467,330	$ 34,972,096	$ 28,146,337
Capital assets	64,321,568	64,217,103	39,636,447	40,161,635	103,958,015	104,378,738
Total assets	91,276,885	85,896,110	47,653,226	46,628,965	138,930,111	132,525,075
LIABILITIES						
Current and other liabilities	4,021,891	2,536,899	1,379,615	410,301	5,401,506	2,947,200
Long term liabiities	10,762,863	11,185,869	15,277,883	16,237,464	26,040,746	27,423,333
Total liabilities	14,784,754	13,722,768	16,657,498	16,647,765	31,442,252	30,370,533
TOTAL DEFERRED INFLOWS OF RESOURCES	1,621,308	1,434,947	-	-	1,621,308	1,434,947
NET POSITION						
Net investment in capital assets	53,738,680	53,200,207	24,379,838	23,944,880	78,118,518	77,145,087
Restricted	4,560,002	3,360,043	944,151	963,442	5,504,153	4,323,485
Unrestricted	16,572,141	14,178,145	5,671,739	5,072,878	22,243,880	19,251,023
TOTAL NET POSITION	**$74,870,823**	**$70,738,395**	**$30,995,728**	**$29,981,200**	**$105,866,551**	**$ 100,719,595**

The largest portion of the city's net position (74%) is the investment of $78.1 million in capital assets (e.g., land, infrastructure, buildings, machinery, equipment and vehicles), less any related outstanding debt that was used to acquire those assets. The city uses these capital assets to provide a variety of services to its citizens. Accordingly, 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 $973,431 (1%) from the prior year.

An additional portion of the city's net position of $5.5 million (5%) represents resources that are subject to restrictions on how they may be used. Restricted net assets increased $1.2 million (27%) from the prior year. This increase is related to increases in amounts restricted for specific purposes within governmental activities, specifically, a 71% increase in amounts restricted for the Community Center.

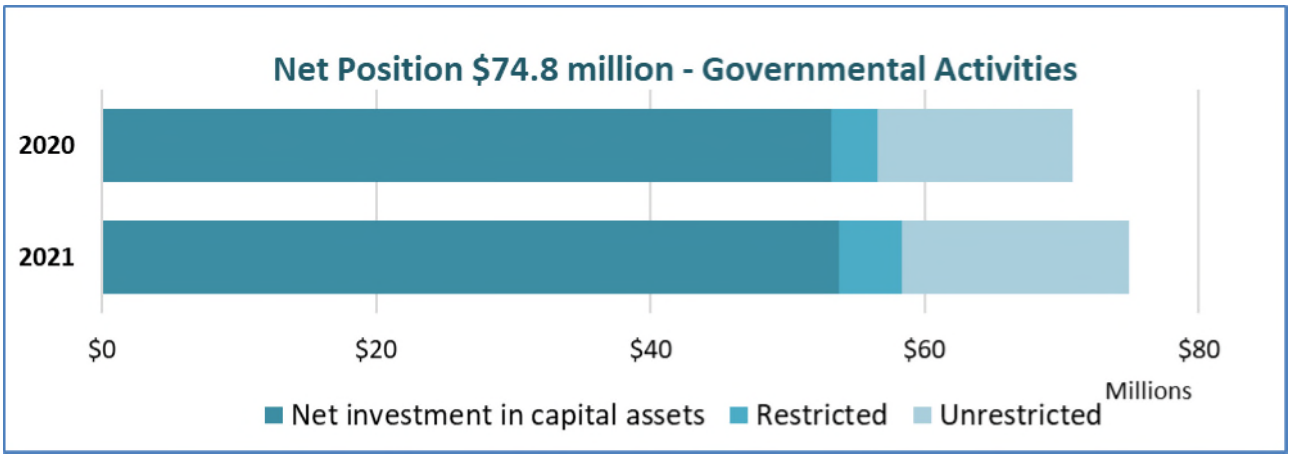
The remaining balance of $22.2 million (21%) is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. Unrestricted net assets increased $3.0 million (15.5%) from the prior year.



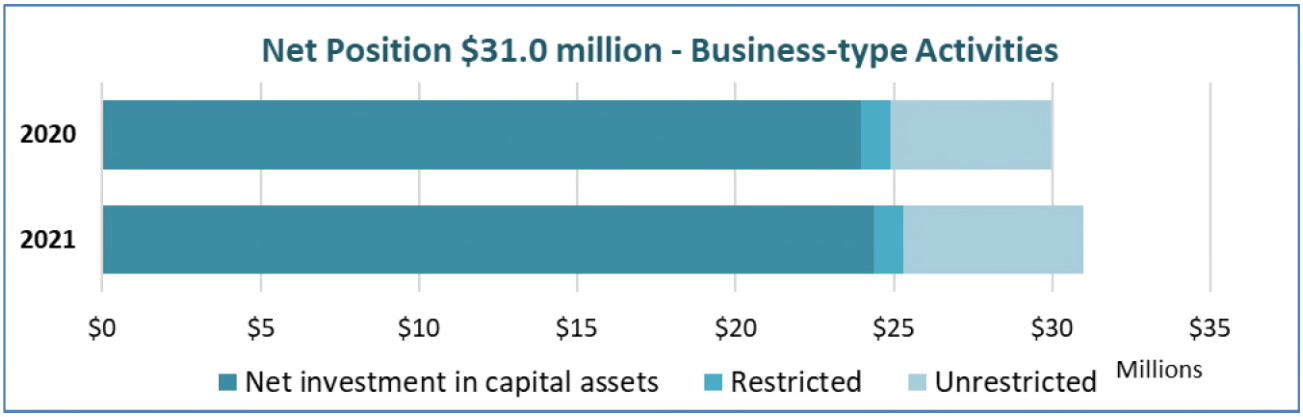
At the end of the current fiscal year, the city reports positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. The *Net Position* of governmental activities of $74.9 million increased

$4.1 million (5.8%) from the prior year. *Unrestricted net position* increased $2.4 million (17%), *restricted net position* increased $1.2 million (36%) and *investment in capital assets, net of related debt* increased $538,473 (1%).



Business-type Activities. The net position of business-type activities increased $1 million (3%) from the prior year. *Unrestricted net position* increased $0.6 million (12%), *restricted net position* decreased $19,291 (-2%) and *investment in capital assets, net of related debt* increased $434,958 (2%).



Changes in Net Position

The above charts show the *changes in net position* for both governmental and business-type activities from the prior year. Total revenues for the City of $21.46 million exceeded expenses of $16.31 million by $5.1 million as reflected in the following table showing *changes in net position*.

CHANGES IN NET POSITION

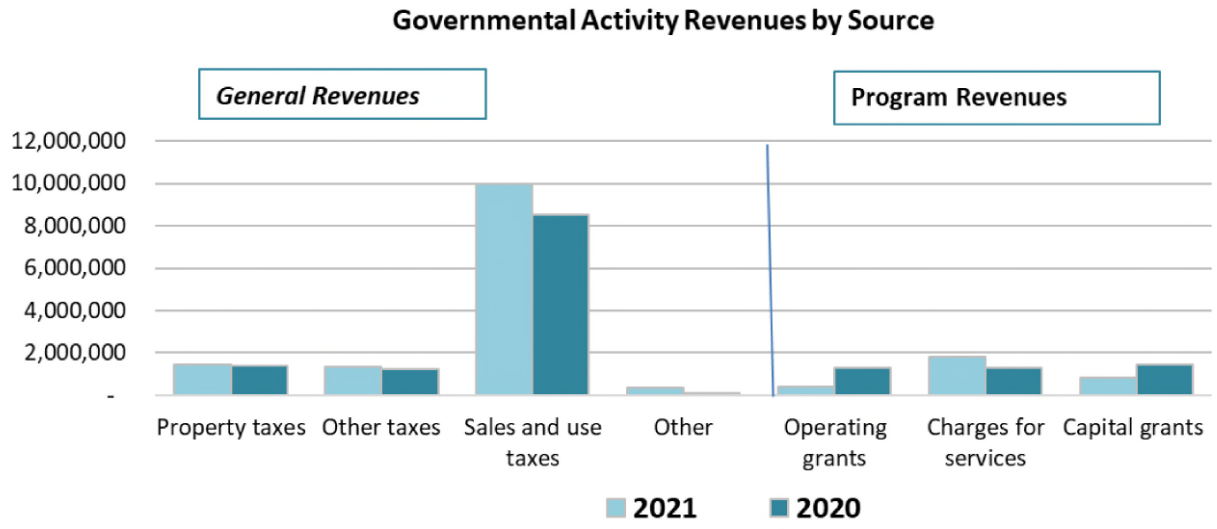
	Governmental activities		Business-type activities		Total	
Revenues:	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Program revenues						
Charges for services	$ 1,813,516	$ 1,307,022	$ 5,204,771	$ 5,223,980	$ 7,018,287	$ 6,531,002
Operating grants & contributions	387,875	1,280,569	-	-	387,875	1,280,569
Capital grants & contributions	832,305	1,456,563	117,907	502,064	950,212	1,958,627
Total Program Revenues	3,033,696	4,044,154	5,322,678	5,726,044	8,356,374	9,770,198
General revenues:						
Property taxes	1,435,607	1,409,457	-	-	1,435,607	1,409,457
Sales and use taxes	9,974,825	8,545,610	-	-	9,974,825	8,545,610
Other taxes	1,336,731	1,264,907	-	-	1,336,731	1,264,907
Other	340,679	105,515	13,142	29,556	353,821	135,071
Total General Revenues	13,087,842	11,325,489	13,142	29,556	13,100,984	11,355,045
Total revenues	16,121,538	15,369,643	5,335,820	5,755,600	21,457,358	21,125,243
Expenses:						
General government	2,129,911	2,557,439	-	-	2,129,911	2,557,439
Marketing & promotion	145,086	94,803	-	-	145,086	94,803
Parks and recreation	3,739,779	3,494,990	-	-	3,739,779	3,494,990
Public works	3,181,564	2,958,769	-	-	3,181,564	2,958,769
Public safety	2,665,211	2,417,792	-	-	2,665,211	2,417,792
Interest on long-term debt	397,234	410,791	-	-	397,234	410,791
Sewer	-	-	3,101,069	3,105,437	3,101,069	3,105,437
Trash	-	-	805,587	752,644	805,587	752,644
Devils Canyon Center	-	-	39,465	39,470	39,465	39,470
Irrigation water	-	-	105,496	106,690	105,496	106,690
Total expenses	12,258,785	11,934,584	4,051,617	4,004,241	16,310,402	15,938,825
Increase (decrease) in net position before transfers	3,862,753	3,435,059	1,284,203	1,751,359	5,146,956	5,186,418
Transfers	269,675	253,185	(269,675)	(253,185)	-	-
Increase in net position	4,132,428	3,688,244	1,014,528	1,498,174	5,146,956	5,186,418
Net position - beginning	70,738,395	67,050,151	29,981,200	28,483,026	100,719,595	95,533,177
Net position - ending	$74,870,823	$70,738,395	$30,995,728	$29,981,200	$ 105,866,551	$100,719,595

Governmental Activities

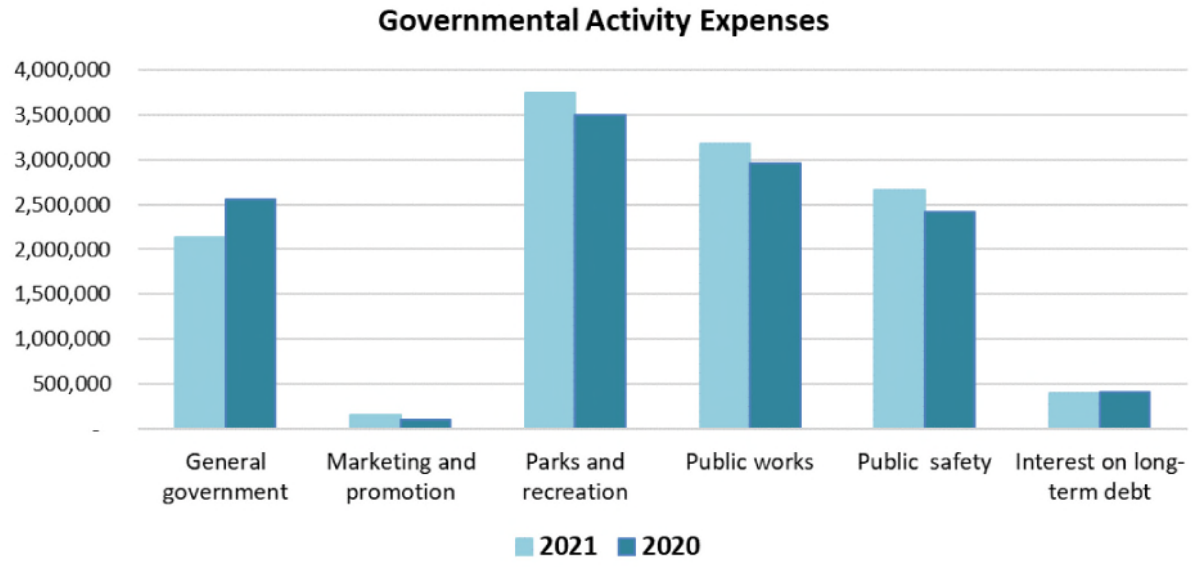
Revenues. Total revenues for governmental activities increased $0.75 million (5%) in 2021. Factors contributing to this increase included:

- an increase of $1.76 million (15.6%) in general revenues with the biggest contributor to the increase from sales and use taxes as a result of a variety of factors including "destination sourcing" sales taxes, increased tourism activity, and general improvement in the local economy,,
- an increase of $506,494 (39%) 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 year,

- a reduction in operating grants and contributions of $0.9 million (70%) with the majority of this reduction related to the receipt in the prior year of a $1.2 federal grant to provide relief from the pandemic, and
- a reduction of $0.6 million (43%) in capital grants and contributions related to specific capital construction projects in the prior year.



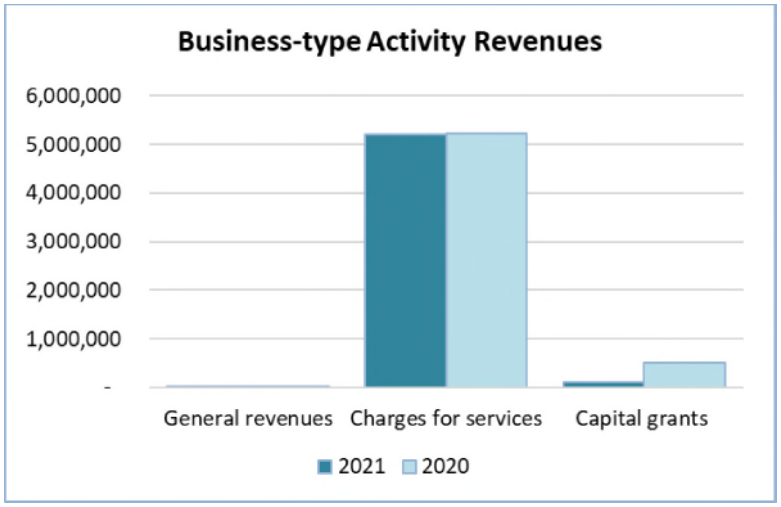
Expenses. Total expenses for governmental activities increased $0.3 million (3%) in 2021. This increase in expenses was due to normal inflationary factors and beginning to return to a more normal state of operations than the prior year's pandemic related changes in expenses.



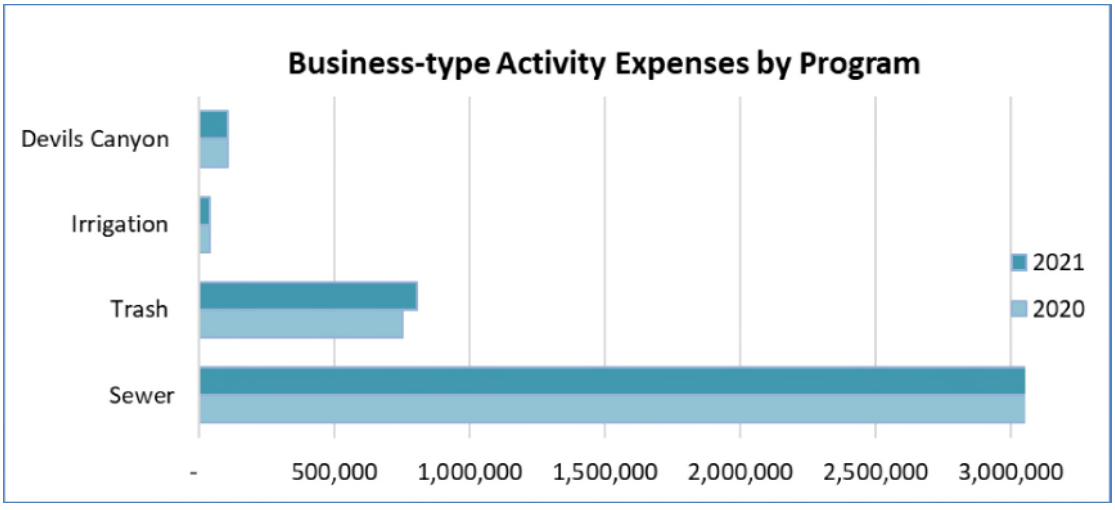
Business-type Activities

Revenues. Total revenues for business-type activities decreased $0.4 million (7%) in 2021. Factors contributing to this decrease included:

- a decrease in capital grants and contributions of $0.4 million (77%) which reflect the prior year's construction of sewer collection system improvements including the SH 6 sewer interceptor line and new subdivision developments, and
- a slight decrease in charges for services due to a reduction in the number of new dwelling units and applicable plant investment fees paid for those units.

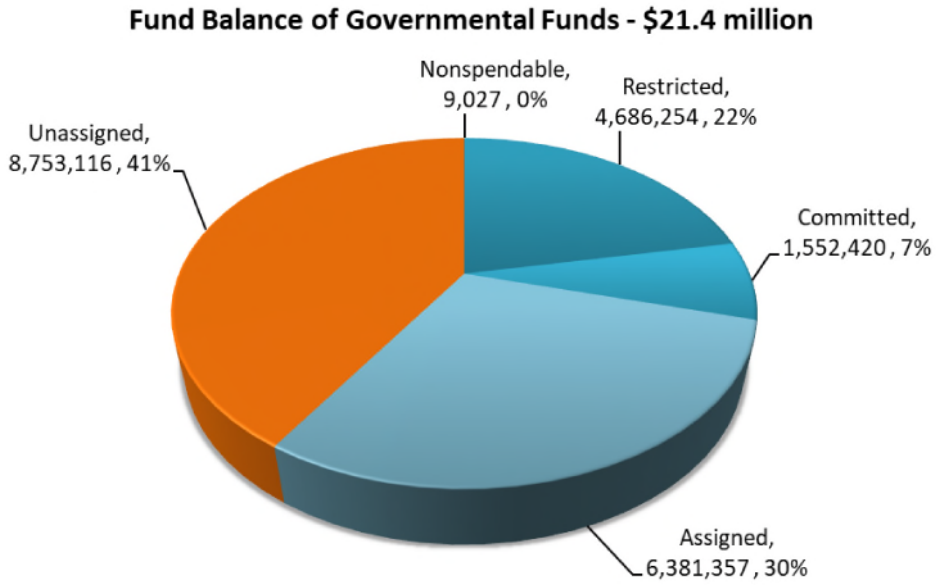


Expenses. Total expenses for business-type activities increased by $47,376 (1%) in 2021. This increase reflects the increase in contract services for trash collection.

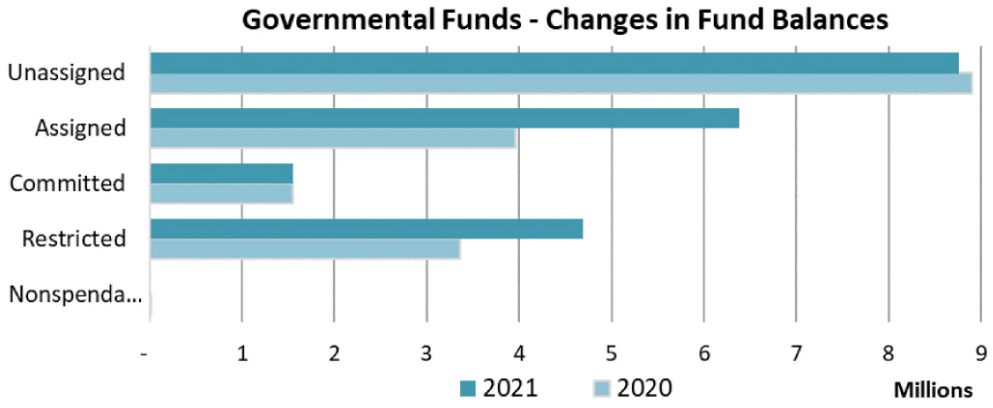


FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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 current year revenues, expenditures, 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.



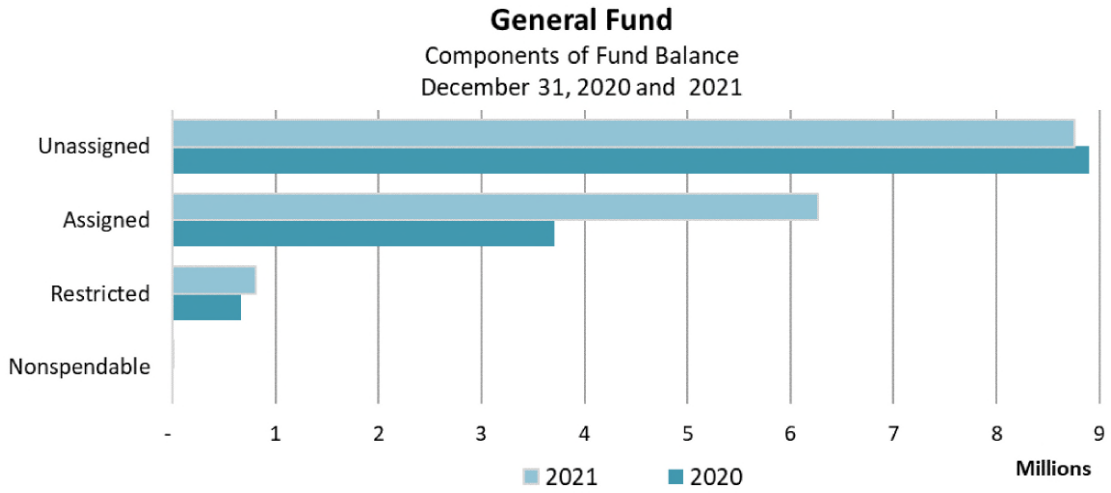
As of December 31, 2021, the City's governmental funds reported combined ending fund balances of $21.4 million, an increase of $3.6 million (20%) from the prior year. Approximately 41% ($8.75 million) of the total fund balance amount consists of unassigned fund balance which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned.



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

Analysis of Individual 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 $15.8 million increased $2.5 million (19%) from the prior year while *unassigned fund balance* of $8.75 million decreased $151,282 (2%) from the prior year. *Unassigned fund balance* represents 111% of the total general fund expenditures, while *total fund balance* represents 201% of that same amount.



Unassigned fund balance of $8.75 million includes an operating reserve of $1.8 million which represents 25% of 2021 general fund expenses, excluding transfers and capital equipment.

Assigned fund balances of $6.26 million increased $2.56 million (69%) in 2021 from the prior year. This increase is due to the additional assignment of fund balances to offset subsequent year (2022) budgeted expenses of $4.76 million for capital project expenses.

Restricted fund balances of $803,960 increased $137,336 (21%) 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.

The following information highlights the significant factors resulting in the $2.5 million (19%) increase in total fund balances for the general fund from the prior year.

Revenues. Revenues of $11.1 million increased $302,247 (3%) from the prior year. Factors affecting changes in revenue include:

Tax revenues from all sources increased $1.2 million (14%) from the prior year.

- City sales tax revenues increased $401,058 (15%) from the prior year due to the continuation of growth in destination source sales taxes, increased tourism activity with the relaxation of pandemic related restrictions, and inflationary factors. The retail trade, restaurant, and lodging segments of the city sales tax revenue increased $405,459 (21%) from the prior year while revenue from oil and gas activity decreased $108,080 (-69%). City sales tax revenues have experienced double digit increases (12% - 24%) for the last 5 years and have increased a total of 86% from 2017 thru 2021.
- County sales tax revenues, including the public safety tax, increased $624,509 (21%) from the prior year and reflects some of the same growth trends as city sales tax.
- Use tax revenues increased $135,413 (14%) from the prior year with vehicle use tax contributing to this increase. Use tax on building materials declined $6,131 (2%) from the prior year.

Intergovernmental revenues decreased $1,062,368 (59%) from the prior year. This decrease reflects the non-recurring revenue received in the prior year of $1.1 million of federal grant funds from the CARES act for mitigation of impacts of the pandemic.

Expenses. Expenses of $7.9 million decreased $76,612 (1%) from the prior year. Significant factors affecting expenses included the reduction in pandemic related mitigation expenses, the addition of three new positions (2 full time and 1 part time), salary and benefit increases, and 2021 being an off-year for the bi-annual chip seal program.

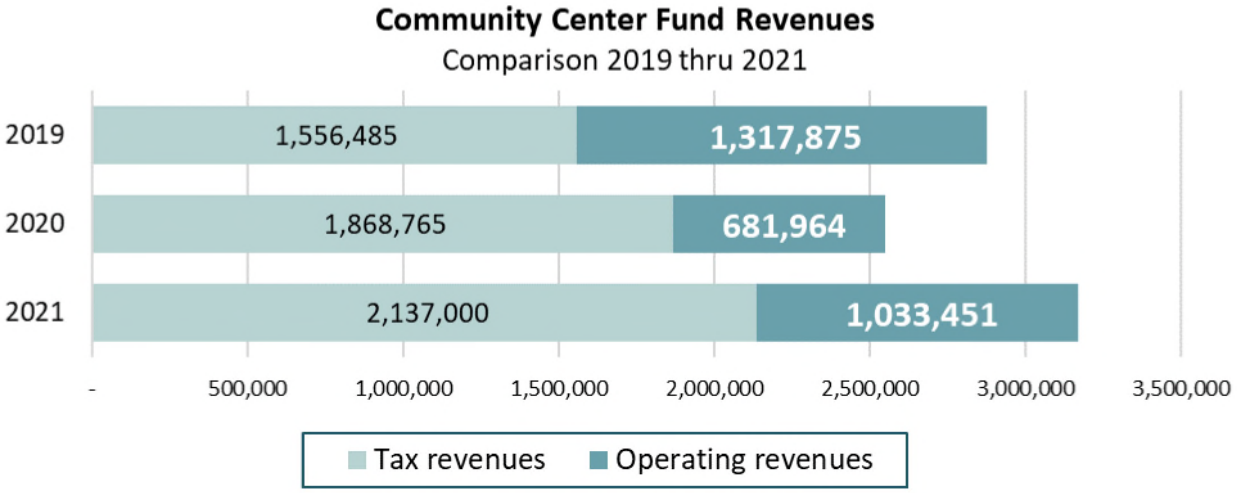
Other financing sources and uses. Other financing uses of $731,815 increased 59% from the prior year and reflect an increase in transfers from the general fund to the capital project fund of $393,171 (56%) from the prior year for capital project expenses.

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 $724,143 (20%) to $3.6 million. This increase is of significance due to improved, but continued, negative impacts of the pandemic on the recovery of attendance at the Community Center. Significant reasons for this increase in fund balance follows:

Revenues. Revenues increased $619,722 (20%) from the prior year. Revenues are generated from a dedicated 1% city sales and use tax, and user fees and charges.

Sales and use tax revenues. Revenue from city sales and use taxes is dedicated to make payments on the bonds issued for construction of the facility, 40% of operational costs, and the remainder, by policy, is designated for future or current capital equipment or improvements to the facility. Revenues from taxes increased $268,235 (13%) from the prior year for the same reasons noted in the General Fund.

User fees and charges. Revenues from user fees and charges increased $427,075 (44%) from the prior year. This increase was due to partial recovery of facility and program attendance as pandemic induced restrictions eased and people returned to the facility. The city continues to monitor the recovery of user fees and charges from pandemic related reductions for the long-term financial stability of the facility. The following chart shows the changes from 2019 pre-pandemic operating revenues through 2021 with 2021 operating revenues at 78% of 2019 pre-pandemic revenues.



Expenses. Expenses of $1.8 million remained unchanged from the prior.

Non-major Governmental Funds. Non-major governmental funds include the Marketing and Promotion fund, the Conservation Trust Fund and the newly created Economic Development and Public Places Funds. At the end of 2021, the fund balance of these funds increased $338,530 (62%) to $886,960. A sizable portion of this increase of $126,252 (37%) is due to the new revenue stream from the 3% increase in lodger's tax (from 3% to 6%) dedicated for public

places and economic development. Also, of note, is a significant increase in the base 3% lodging tax revenues dedicated to marketing and promotion of the city of 92% over the prior year. The prior year (2020) was negatively impacted by the pandemic and travel restrictions and concerns. However, the 2021 revenues were still up significantly from pre-pandemic (2019) levels by 35%. This increase is related to the City's reputation for outdoor activities and as a tourism destination, as well as people experiencing an increased desire to travel once pandemic restrictions were lifted and concerns eased.

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 $1.1 million (4%) to $29.6 million. Of the $1.1 million increase, the amount invested in fixed assets increased $461,697 (2%) and unrestricted net position, including amounts designated for equipment replacement, increased $616,329 (19%).

Operating Revenues and Expenses. Operating revenues and expenses resulted in an operating income of $590,961, a decrease of $190,084 (24%) from the prior year.

Operating revenues of $3.57 million increased $89,612 (3%) from the prior year and includes monthly charges for services. Residential charges increased $48,358 (1.6%) and commercial charges increased $40,053 (8.6%).

Operating expenses of $2.97 million increased $279,696 (10%) from the prior year. The most significant increase was in purchased services (65%) for engineering services, lift station repair and maintenance, and fleet maintenance charges.

Non-operating revenues/expenses. Non-operating revenues and expenses of $2,408 decreased $117,847 (98%) from the prior year and reflects revenue reductions from grants for capital projects, investment income and system development contributions of $401,911 which were offset by reductions in interest expense and amortization of $284,064. The In 2021, the Colorado Water and Power Development Authority (CWRPDA) refunded the bonds underlying the city's wastewater treatment facility loan and passed a pro-rated share of those savings on to the City in the form of annual interest credits of approximately $160,000 to $170,000 for a total reduction of $2.0 million in interest expense.

Capital contributions.

Capital contributions include plant investment fees (sewer taps) and increased $128,464 (21.7%) from the prior year. This reflects an increase in the number of permits issued in 2021 for new residential 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 $11.7 million to a final budget appropriation of $12.0 million. Differences between the General Fund original budget and the final amended budget include revisions to both projected revenues, expenditures, and other financing uses as noted in the following table. 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 until 2021.

General Fund Budgetary Changes

Description	Original Budget	Final Budget	Change in Budget
Revenues	$ 9,244,850	$ 9,350,075	$ 105,225
Expenses	(8,642,265)	(8,767,215)	(124,950)
Other Financing Uses	(2,796,125)	(2,966,050)	(169,925)
Excess revenues (expenses)	$ (2,193,540)	$ (2,383,190)	$ (189,650)

Final budget compared to actual results.

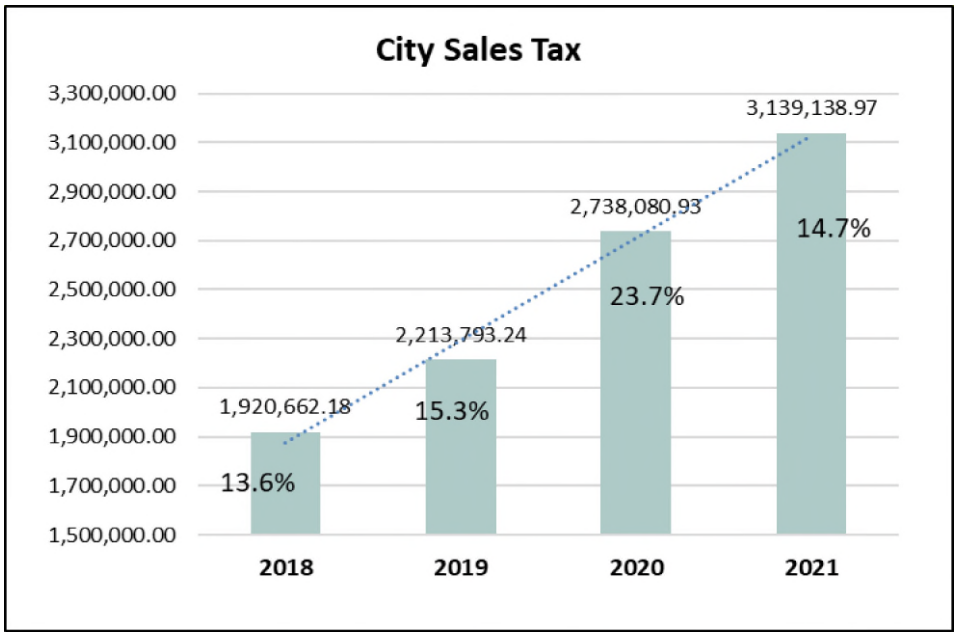
General Fund Budget
Final Budget vs Actuals

Description	Final Budget	Actual	Difference	% Diff
Revenues	$ 9,350,075	$ 11,134,828	$ 1,784,753	19%
Expenses	(8,767,215)	(7,857,557)	909,658	-10%
Other Financing Uses	(2,966,050)	(731,815)	2,234,235	-75%
Excess revenues (expenses)	$ (2,383,190)	$ 2,545,456	$ 4,928,646	-207%

Revenues of $11.1 million exceeded final budgeted revenues by $1.8 million (19%) and account for 36% of the total $4.9 million positive variance. Variances of $1.4 million in city sales and use tax and county sales tax revenues represent $1.4 million (79%) of the $1.8 million variance in revenues.

Sales and use tax revenues were budgeted conservatively for 2021 due to pandemic related uncertainties and in anticipation that increases from implementation of destination source sales tax revenues would begin to level off. However, that did not occur and the City continued to see significant increases in sales and use tax revenues in 2021 with the return of more

normal pre-pandemic activity and increased tourism activity.



Expenses of $7.9 million were under the final budgeted amount of $8.8 million by $0.9 million (10%) and account for 18% of the total $4.9 million positive variance. The following table shows the variances between final budget and actual expenses by department.

Significant Variations
Final Budgeted Expenses vs Actual Expenses

	Final budget	Actual expenses	Difference	% (Under) Over
General government	$ 577,525	$ 522,250	$ (55,275)	-10%
Administration	851,050	735,994	(115,056)	-14%
Community development	468,350	391,708	(76,642)	-16%
Public safety	2,531,100	2,474,546	(56,554)	-2%
Public works	1,928,000	1,779,315	(148,685)	-8%
Parks and recreation	1,298,090	1,116,060	(182,030)	-14%
Non-departmental	476,125	278,916	(197,209)	-41%
Capital outlay	636,975	558,768	(78,207)	-12%
Total expenses	$ 8,767,215	$ 7,857,557	$ (909,658)	-10%

Non-departmental expenses were under budget by 41%. This difference was due to unspent contingency funds for general operations.

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 $2.2 million (75%) and account for 45% of the total $4.9 million positive variance. This variance from budget to actual was primarily due to a reduction in transfers to the capital projects fund due to timing of capital projects.

Other Financing Sources (Uses) - Final Budget vs Actuals

	Final budget	Actual	Difference	% (Under) Over
Transfers in	$ 250,500	$ 250,500	$ -	0%
Transfers out	(3,257,050)	(1,098,457)	2,158,593	-66%
Insurance damage awards	40,500	53,515	13,015	N/A
Sale of capital assets	-	62,627	62,627	100%
Total other financing uses	$ (2,966,050)	$ (731,815)	$ 2,234,235	-75%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's capital assets for governmental and business-type activities as of December 31, 2021 were $103,958,015, net of accumulated depreciation. 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 decreased $420,723 in 2021 (less than 0.5%) Capital asset additions for the year ended December 31, 2021 included the following:

Capital Asset Additions

Governmental Funds		Proprietary Funds	
Overlays	$ 177,221	Ash Street Sewer replacement	$ 136,802
Maple Street improvements	256,911	Maple Street Sewer replacement	429,150
Roundabout improvements	222,958	Computer equiupment	2,992
Land	3,761	SH 6 Sewer replacement (CIP)	76,927
Fremont Street Design (CIP)	245,577	WWTF aeration system design (CIP)	21,300
Art/Sculptures	80,000	WWTF equipment	26,614
Big Salt Wash Trail Connections	54,704	Sewer collections equipment	11,864
Pine Street Bridge (CIP)	92,095	Sewer collections mobile equipmer	71,369
Sidewalk improvements	38,734	Ash Street Irrigation extension	18,350
Computer equipment	42,212		
Mobile equipment	471,297		
Buildings	8,756		
Equipment/Furniture	29,733		
Subdivision infrastructure		Subdivision infrastructure	
Grand Valley Estates F3	523,915	Grand Valley Estates F2	62,272
Orchard Ridge Ph 3	302,370	Orchard Ridge Ph 3	54,135
Total	$ 2,550,244	**Total**	$ 911,775

*CIP - Construction in Progress

Depreciation expense of $3.8 million included $2.4 million in governmental activities, including the internal service fund and $1.4 million in business type activities. The City disposed of $295,478 in capital assets with a book value of $8,545

Additional information on the City of Fruita's capital assets can be found in Note 3C to the Financial Statements.

Long-term Debt. At the end of the current fiscal year, the City of Fruita had total debt outstanding of $26 million. Of this amount, $15.2 million is a loan backed by user fees and charges of the sewer system, $10.4 million represents bonds backed by sales and use tax revenues, $152,700 is backed by a performance obligation of the City to provide future irrigation water on Pinyon Mesa, and $184,805 is for compensated absences payable from future revenues of the City. The City of Fruita's total debt decreased by $1.38 million (5%) in 2021.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Factors which were considered in development of the 2022 Annual Budget include the following:

- Continued recovery of user fees and charges for the Fruita Community Center to pre-pandemic levels
- Receipt of the 2nd round of America Rescue Plan funds from the federal government
- Increases in the rate of inflation were estimated at 5%, commodity shortages especially in housing, low interest rates, and labor shortages.

Factors which were not considered in the development of the 2022 Annual Budget include a current inflation rate of 9% instead of the 5% anticipated. Also not considered as part of the adoption of the 2022 Budget was the award of $1.7 million in CDOT grant funds for the $2.4 million South Mesa Street Gateway Multi-Modal Transportation project, and increased costs of $200,000 for the 16 Road Rail Crossing Project. Amendments to the 2022 Budget will be made as appropriate for these factors.

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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 19,746,705	$ 6,361,402	$ 26,108,107
Receivables	1,674,407	710,768	2,385,175
Intergovernmental receivable	1,980,240	-	1,980,240
Inventories	9,027	-	9,027
Restricted assets:			
Restricted cash	3,544,938	944,609	4,489,547
Capital assets (net of accumulated depreciation)			
Land	8,816,002	1,046,173	9,862,175
Source of supply	-	14,712	14,712
Buildings, net	14,396,655	569,870	14,966,525
Systems, net	32,202,093	37,474,269	69,676,362
Machinery and equipment, net	8,547,161	433,196	8,980,357
Construction in progress	359,657	98,227	457,884
Total Assets	91,276,885	47,653,226	138,930,111
LIABILITIES			
Accounts payable and other current liabilities	512,912	229,949	742,861
Accrued interest payable	94,450	99,666	194,116
Customer deposits payable	2,225	-	2,225
Unearned revenues	3,412,304	1,050,000	4,462,304
Noncurrent liabilities:			
Compensated absences payable	163,531	21,274	184,805
Due within one year: Bonds and notes	377,392	975,000	1,352,392
Due in more than one year: Bonds, notes, compensated absences	10,221,940	14,281,609	24,503,549
Total Liabilities	14,784,754	16,657,498	31,442,252
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	1,621,308	-	1,621,308
Total Deferred Inflows of Resources	1,621,308	-	1,621,308
NET POSITION			
Net investment in capital assets	53,738,680	24,379,838	78,118,518
Restricted for:			
Debt service	748,200	944,151	1,692,351
Marketing and promotion	239,496	-	239,496
Community center	2,067,889	-	2,067,889
Parks and open space	531,609	-	531,609
Streets and drainage	177,706	-	177,706
Public safety	395,102	-	395,102
Emergency reserves	400,000	-	400,000
Unrestricted	16,572,141	5,671,739	22,243,880
Total Net Position	$ 74,870,823	$ 30,995,728	$ 105,866,551

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, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
GOVERNMENTAL ACTIVITIES							
General government	$ 2,129,911	$ 310,901	$ 56,341	$ -	$ (1,762,669)	$ -	$ (1,762,669)
Marketing and promotion	145,086	10,000	-	-	(135,086)	-	(135,086)
Parks and recreation	3,739,779	1,292,658	321,228	6,020	(2,119,873)	-	(2,119,873)
Public works	3,181,564	131,595	7,146	826,285	(2,216,538)	-	(2,216,538)
Public safety	2,665,211	10,089	3,160	-	(2,651,962)	-	(2,651,962)
Interest on long-term debt	397,234	58,273	-	-	(338,961)	-	(338,961)
Total governmental activities	12,258,785	1,813,516	387,875	832,305	(9,225,089)	-	(9,225,089)
BUSINESS-TYPE ACTIVITIES							
Sewer	3,101,069	4,195,638	-	116,407	-	1,210,976	1,210,976
Trash	805,587	879,061	-	-	-	73,474	73,474
Devils Canyon Center	39,465	1,483	-	-	-	(37,982)	(37,982)
Irrigation water	105,496	128,589	-	1,500	-	24,593	24,593
Total business-type activities	4,051,617	5,204,771	-	117,907	-	1,271,061	1,271,061
Total government	$ 16,310,402	$ 7,018,287	$ 387,875	$ 950,212	(9,225,089)	1,271,061	(7,954,028)
General Revenues:							
Property taxes					1,435,607	-	1,435,607
Sales and use taxes					9,974,825	-	9,974,825
Lodging taxes					342,971	-	342,971
Severance tax					63,034	-	63,034
Highway users tax					483,729	-	483,729
Franchise fees					446,997	-	446,997
Other shared taxes					255,881	-	255,881
Unrestricted investment earnings					22,171	3,842	26,013
Gain (loss) on sale of capital assets					62,627	9,300	71,927
Transfers					269,675	(269,675)	-
Total general revenues and transfers					13,357,517	(256,533)	13,100,984
Change in net position					4,132,428	1,014,528	5,146,956
Net position - beginning					70,738,395	29,981,200	100,719,595
Net position - ending					$ 74,870,823	$ 30,995,728	$ 105,866,551

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

City of Fruita, Colorado

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2021

	Major Funds			Nonmajor Funds		
	General	Capital Projects	Community Center	Debt Service	Other Nonmajor Funds	Total
ASSETS						
Cash and investments	$ 15,152,724	$ 225,774	$ 3,409,160	$ -	$ 921,773	$ 19,709,431
Accounts receivable	36,039	-	-	-	-	36,039
Taxes receivable	1,621,308	-	-	-	14,419	1,635,727
Intergovernmental receivables	1,592,797	88,681	298,762	-	-	1,980,240
Notes receivable	-	-	-	-	2,641	2,641
Inventories	9,027	-	-	-	-	9,027
Restricted cash	246,865	2,549,873	-	748,200	-	3,544,938
Total Assets	$ 18,658,760	$ 2,864,328	$ 3,707,922	$ 748,200	$ 938,833	$ 26,918,043
LIABILITIES						
Accounts payable	255,133	118,688	74,338	-	51,873	500,032
Deposits payable	350	-	1,875	-	-	2,225
Unearned revenues	952,019	2,460,285	-	-	-	3,412,304
Total Liabilities	1,207,502	2,578,973	76,213	-	51,873	3,914,561
DEFERRED INFLOWS OF RESOURCES						
Unavailable property tax revenue	1,621,308	-	-	-	-	1,621,308
Total deferred inflows of resources	1,621,308	-	-	-	-	1,621,308
FUND BALANCES						
Nonspendable for inventories	9,027	-	-	-	-	9,027
Restricted:						
Debt Service	-	-	-	748,200	-	748,200
Economic development	-	-	-	-	82,604	82,604
Marketing	-	-	-	-	239,496	239,496
Community center	-	-	2,067,889	-	-	2,067,889
Parks and open space	-	10,397	-	-	521,212	531,609
Public places	-	-	-	-	43,648	43,648
Streets and drainage	8,858	168,848	-	-	-	177,706
Public safety	395,102	-	-	-	-	395,102
Emergency reserve	400,000	-	-	-	-	400,000
Committed:	-	-	1,552,420	-	-	1,552,420
Assigned:						
Equipment replacement reserve	1,119,233	-	11,400	-	-	1,130,633
Subsequent year expenses	4,758,675	-	-	-	-	4,758,675
Health insurance reserve	328,468	-	-	-	-	328,468
Capital projects	-	106,110			-	106,110
Scholorship Program	33,798	-	-	-	-	33,798
Art Acquisition Fund	15,985	-	-	-	-	15,985
War memorial maintenance	7,688	-	-	-	-	7,688
Court appointed counsel	-	-	-	-	-	-
Unassigned:						
Unassigned	6,928,769	-	-	-	-	6,928,769
Operating reserve	1,824,347	-	-	-	-	1,824,347
Total fund balances	15,829,950	285,355	3,631,709	748,200	886,960	21,382,174
Total liabilities, deferred inflows of resources and fund balances	$ 18,658,760	$ 2,864,328	$ 3,707,922	$ 748,200	$ 938,833	$ 26,918,043

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, 2021

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

Total fund balances of governmental funds		$ 21,382,174
Capital assets of $90,022,490, net of accumulated depreciation of $25,718,199, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		64,304,291
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	(9,445,000)	
Non-monetary performance obligation payable	(152,700)	
Compensated absences	(158,980)	
Accrued interest payable on long-term debt	(94,450)	
Total long-term liabilities		(9,851,130)
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	(1,036,714)	
Discount on revenue bonds	35,082	
		(1,001,632)
Rounding adjustment		-1
Net position of governmental activities		$ 74,870,823

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

City of Fruita, Colorado

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the year ended December 31, 2021

	Major Funds			Nonmajor Funds		
	General	Capital Projects	Community Center	Debt Service	Other Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 1,435,607	$ -	$ -	$ -	$ -	$ 1,435,607
City sales	3,139,139	-	1,569,570	-	-	4,708,709
County sales	3,098,608	-	-	-	-	3,098,608
County sales - Public safety	465,218	-	-	-	-	465,218
Use tax	1,134,860	-	567,430	-	-	1,702,290
Other	665,998	-	-	-	342,972	1,008,970
Licenses and permits	41,938	-	-	-	-	41,938
Intergovernmental	731,589	192,674	140	-	206,924	1,131,327
Charges for services	222,766	-	965,269	-	602	1,188,637
Fines, forfeitures, assessments	22,283	-	-	-	-	22,283
Development impact fees	-	6,401	-	-	-	6,401
Investment earnings	16,417	645	4,966	678	143	22,849
Rents and royalties	48,878	-	61,586	-	-	110,464
Donations	78,925	-	-	-	-	78,925
Miscellaneous	32,602	-	1,490	-	-	34,092
Total revenues	11,134,828	199,720	3,170,451	678	550,641	15,056,318
EXPENDITURES						
Current:						
General government	522,250	-	-	-	-	522,250
Administration	735,994	-	-	-	-	735,994
Community development	391,708	-	-	-	-	391,708
Economic Development	-	-	-	-	2,923	2,923
Marketing and promotion	-	-	-	-	142,164	142,164
Public safety	2,474,546	-	-	-	-	2,474,546
Public works	1,779,315	129,925	-	-	-	1,909,240
Parks and recreation	1,116,060	-	1,772,022	-	-	2,888,082
Public Places	-	-	-	-	49,024	49,024
Non-departmental	278,916	-	-	-	-	278,916
Debt service						
Principal retirement	-	-	-	350,000	-	350,000
Interest and fiscal charges	-	-	-	392,200	-	392,200
Capital outlay	558,768	1,115,782	31,403	-	-	1,705,953
Total expenditures	7,857,557	1,245,707	1,803,425	742,200	194,111	11,843,000
Excess (deficiency) of revenues over expenditures	3,277,271	(1,045,987)	1,367,026	(741,522)	356,530	3,213,318
OTHER FINANCING SOURCES (USES)						
Insurance rebates and awards	53,515	-	-	-	-	53,515
Sale of capital assets	62,627	-	-	-	-	62,627
Transfers in	250,500	1,046,632	95,000	731,883	12,000	2,136,015
Transfers (out)	(1,098,457)	-	(737,883)	-	(30,000)	(1,866,340)
Total other financing sources (uses)	(731,815)	1,046,632	(642,883)	731,883	(18,000)	385,817
Net change in fund balances	2,545,456	645	724,143	(9,639)	338,530	3,599,135
Fund balances - beginning	13,284,494	284,710	2,907,566	757,839	548,430	17,783,039
Fund balances - ending	$ 15,829,950	$ 285,355	$ 3,631,709	$ 748,200	$ 886,960	$ 21,382,174

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, 2021

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

Net change in fund balances - total governmental funds	$ 3,599,135
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	1,705,273
Depreciation expense (excluding internal service)	(2,416,310)
	(711,037)
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 capit assets sold.	(8,546)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	826,285
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, where these amounts are amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:	
Principal repayments on non-monetary performance obligation	11,915
Principal repayments on special revenue bonds	350,000
Amortization of premiums and discounts on special revenue bonds	55,646
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)	5,530
Accrued interest payable	3,500
Rounding adjustment	
Change in net position of governmental activities	$ 4,132,428

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

City of Fruita, Colorado

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

Dcember 31, 2021 (With comparative totals for 2020)

	Business-type Activities - Enterprise Funds									Governmental Activities
	Major Fund		Non-Major Funds							
	Sewer		Trash		Devils Canyon Center		Irrigation Water		Totals	Fleet Maintenance
	2021	2020	2021	2020	2021	2020	2021	2020	2021	Internal Service Fund
ASSETS										
Current assets:										
Cash and investments	$ 5,805,717	$ 4,238,191	$ 168,915	$ 164,134	$ 194,874	$ 218,268	$ 191,896	$ 190,540	$ 6,361,402	$ 37,274
Interest receivable	-	-	-	-	-	-	-	-	-	-
Accounts receivable	563,144	554,310	144,075	135,174	-	-	3,549	3,271	710,768	-
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	-
Total current assets	6,368,861	4,792,501	312,990	299,308	194,874	218,268	195,445	193,811	7,072,170	37,274
Non-current assets:										
Restricted cash:										
WWTF loan covenants	944,609	963,442	-	-	-	-	-	-	944,609	-
Capital assets										
Land	764,010	764,010	-	-	225,514	225,514	56,649	56,649	1,046,173	-
Source of supply	-	-	-	-	-	-	14,712	14,712	14,712	-
Buildings, net	27,972	28,885	-	-	541,898	581,363	-	11	569,870	-
Systems, net	37,424,849	38,021,913	-	-	-	-	49,420	36,467	37,474,269	-
Equipment, net	432,116	430,815	-	-	-	-	1,080	1,296	433,196	17,277
Construction in progress	98,227	-	-	-	-	-	-	-	98,227	-
Total capital assests, net	38,747,174	39,245,623	-	-	767,412	806,877	121,861	109,135	39,636,447	17,277
Total non-current assets	39,691,783	40,209,065	-	-	767,412	806,877	121,861	109,135	40,581,056	17,277
Total assets	46,060,644	45,001,566	312,990	299,308	962,286	1,025,145	317,306	302,946	47,653,226	54,551
LIABILITIES										
Current liabilities:										
Accounts Payable	93,054	98,312	135,672	126,509	-	-	1,223	1,086	229,949	12,879
Compensated absences	19,470	18,995	-	-	-	-	1,804	1,714	21,274	4,551
Notes payable - current maturity	568,750	530,833	-	-	-	-	-	-	568,750	-
Unearned revenues	1,050,000	-	-	-	-	-	-	-	1,050,000	-
Total current liabilities	1,731,274	648,140	135,672	126,509	-	-	3,027	2,800	1,869,973	17,430
Current liabilites payable from restricted assets:										
Accrued interest payable from restricted cash	99,666	184,394	-	-	-	-	-	-	99,666	-
Notes payable from restricted cash	406,250	379,167	-	-	-	-	-	-	406,250	-
Total current liabilities payable from restricted assets	505,916	563,561	-	-	-	-	-	-	505,916	-
Noncurrent liabilities:										
Notes payable (net of premium)	14,281,609	15,306,755	-	-	-	-	-	-	14,281,609	-
Total noncurrent liabilities	14,281,609	15,306,755	-	-	-	-	-	-	14,281,609	-
Total liabilities	16,518,799	16,518,456	135,672	126,509	-	-	3,027	2,800	16,657,498	17,430
NET POSITION										
Invested in capital assets, net of related debt	23,490,565	23,028,868	-	-	767,412	806,877	121,861	109,135	24,379,838	17,277
Restricted for loan covenants	944,151	963,442	-	-	-	-	-	-	944,151	-
Unrestricted:										
Designated for equipment replacement	1,529,583	1,483,566	-	-	-	-	-	-	1,529,583	-
Other unrestricted	3,577,546	3,007,234	177,318	172,799	194,874	218,268	192,418	191,011	4,142,156	19,844
Total net position	$ 29,541,845	$ 28,483,110	$ 177,318	$ 172,799	$ 962,286	$ 1,025,145	$ 314,279	$ 300,146	$ 30,995,728	$ 37,121

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

City of Fruita. Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the year ended December 31, 2021 (With comparative totals for 2020)

	Business-type Activities - Enterprise Funds									Governmental Activities
	Major Fund		Non-Major Funds							
	Sewer		Trash		Devils Canyon Center		Irrigation Water		Totals	Fleet Maintenance Internal Service Fund
	2021	2020	2021	2020	2021	2020	2021	2020	2021	
OPERATING REVENUES										
Charges for services	$ 3,561,044	$ 3,472,634	$ 879,061	$ 826,127	$ -	$ -	$ 128,589	$ 127,850	$ 4,568,694	$ 353,038
Other revenues	4,228	3,026	-	-	1,483	1,667	-	-	5,711	-
Total operating revenues	3,565,272	3,475,660	879,061	826,127	1,483	1,667	128,589	127,850	4,574,405	353,038
OPERATING EXPENSES										
Personnel services	886,288	813,813	-	-	-	-	78,290	78,727	964,578	204,980
Purchased services	348,151	210,660	805,587	752,644	-	-	8,509	8,579	1,162,247	44,777
Supplies	347,999	336,923	-	-	-	-	13,073	12,774	361,072	101,043
Depreciation	1,391,873	1,333,219	-	-	39,465	39,470	5,624	6,610	1,436,962	2,238
Total operating expenses	2,974,311	2,694,615	805,587	752,644	39,465	39,470	105,496	106,690		353,038
Operating income (loss)	590,961	781,045	73,474	73,483	(37,982)	(37,803)	23,093	21,160	649,546	-
NONOPERATING REVENUES (EXPENSES)										
Intergovernmental revenue	-	342,363	-	-	-	-	-	-	-	-
Investment income	3,459	25,763	45	64	298	422	40	57	3,842	-
System development contributions	116,407	159,701	-	-	-	-	-	-	116,407	-
Gain (Loss) on disposal of equipment	9,300	3,250	-	-	-	-	-	-	9,300	-
Interest expense and amortization	(126,758)	(410,822)	-	-	-	-	-	-	(126,758)	-
Total nonoperating revenues (expenses)	2,408	120,255	45	64	298	422	40	57	2,791	-
Income (Loss) before contributions and transfers	593,369	901,300	73,519	73,547	(37,684)	(37,381)	23,133	21,217	652,337	-
Capital contributions - tap fees	630,366	792,676	-	-	-	-	1,500	-	631,866	-
Transfers out	(165,000)	(165,000)	(69,000)	(59,000)	(25,175)	(18,685)	(10,500)	(10,500)	(269,675)	-
Change in net position	1,058,735	1,528,976	4,519	14,547	(62,859)	(56,066)	14,133	10,717	1,014,528	-
Net postion - beginning	28,483,110	26,954,134	172,799	158,252	1,025,145	1,081,211	300,146	289,429	29,981,200	37,121
Net position - ending	$ 29,541,845	$ 28,483,110	$ 177,318	$ 172,799	$ 962,286	$ 1,025,145	$ 314,279	$ 300,146	$ 30,995,728	$ 37,121

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, 2021 (With comparative totals for 2020)

	Business-type Activities - Enterprise Funds									Governmental Activities
	Major Fund		Non-Major Funds							
	Sewer		Trash		Devils Canyon Center		Irrigation Water		Totals	Fleet Maintenance Internal Service Fund
	2021	2020	2021	2020	2021	2020	2021	2020	2021	
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	$ 3,556,438	$ 3,443,570	$ 870,160	$ 815,193	$ 1,483	$ 1,667	$ 128,311	$ 127,256	$ 4,556,392	$ -
Cash from interfund services	-	-	-	-	-	-	-	-	-	353,038
Payments to suppliers	(688,465)	(548,938)	(796,424)	(746,252)	-	-	(21,713)	(23,746)	(1,506,602)	(141,878)
Payments to employees	(885,722)	(831,499)	-	-	-	-	(77,932)	(81,359)	(963,654)	(204,208)
Net cash provided by operating activities	1,982,251	2,063,133	73,736	68,941	1,483	1,667	28,666	22,151	2,086,136	6,952
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Operating transfers	(165,000)	(165,000)	(69,000)	(59,000)	(25,175)	(18,685)	(10,500)	(10,500)	(269,675)	-
Net cash used by non-capital financing activities	(165,000)	(165,000)	(69,000)	(59,000)	(25,175)	(18,685)	(10,500)	(10,500)	(269,675)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital contributions - plant investment fees	630,366	792,676	-	-	-	-	1,500	-	631,866	-
Capital contributions - grants	1,166,407	342,816	-	-	-	-	-	-	1,166,407	-
Gain/loss on sale of equipment	9,300	3,250	-	-	-	-	-	-	9,300	-
Principal paid on capital debt	(910,000)	(845,000)	-	-	-	-	-	-	(910,000)	-
Interest paid on capital debt	(261,632)	(474,127)	-	-	-	-	-	-	(261,632)	-
Purchase of capital assets	(906,458)	(1,940,966)	-	-	-	-	(18,350)	-	(924,808)	-
Net cash provided (used) by capital and related financing activities	(272,017)	(2,121,351)	-	-	-	-	(16,850)	-	(288,867)	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest received on investments	3,459	25,763	45	64	298	422	40	57	3,842	-
Net cash provided by investing activities	3,459	25,763	45	64	298	422	40	57	3,842	-
Net increase (decrease) in cash and cash equivalents	1,548,693	(197,455)	4,781	10,005	(23,394)	(16,596)	1,356	11,708	1,531,436	6,952
Cash and cash equivalents, January 1 (including $963,442 in the Sewer Fund reported in restricted accounts)	5,201,633	5,399,088	164,134	154,129	218,268	234,864	190,540	178,832	5,774,575	30,322
Cash and cash equivalents, December 31 (including $944,609 in the Sewer Fund reported in restricted accounts)	$ 6,750,326	$ 5,201,633	$ 168,915	$ 164,134	$ 194,874	$ 218,268	$ 191,896	$ 190,540	$ 7,306,011	$ 37,274

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, 2021 (With comparative totals for 2020)

	Business-type Activities - Enterprise Funds									Governmental Activities
			Non-Major Funds							
	Sewer		Trash		Devils Canyon Center		Irrigation Water		Totals	Fleet Maintenance Internal Service Fund
	2021	2020	2021	2020	2021	2020	2021	2020	2021	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	$ 590,961	$ 781,045	$ 73,474	$ 73,483	$ (37,982)	$ (37,803)	$ 23,093	$ 21,160	$ 649,546	$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation and amortization expense	1,391,873	1,333,219	-	-	39,465	39,470	5,624	6,610	1,436,962	2,238
(Increase) decrease in accounts receivable	(8,834)	(32,090)	(8,901)	(10,934)	-	-	(278)	(594)	(18,013)	-
Increase (decrease) in accounts payable	7,776	(17,487)	9,163	6,392	-	-	(41)	(2,413)	16,898	4,027
Increase (decrease) in compensated absences payable	475	(1,554)	-	-	-	-	268	(2,612)	743	687
Total adjustments	1,391,290	1,282,088	262	(4,542)	39,465	39,470	5,573	991	1,436,590	6,952
Net Cash Provided by (Used for) Operating Activities	$ 1,982,251	$ 2,063,133	$ 73,736	$ 68,941	$ 1,483	$ 1,667	$ 28,666	$ 22,151	$ 2,086,136	$ 6,952
Schedule of non-cash capital and related financing activities										
Contributions of capital assets	116,407	159,701	-	-	-	-	-	-	116,407	-

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, 2021

	Private Purpose Trust Fund
ASSETS	
Cash and cash equivalents	$ 190,864
Accounts receivable	$ -
Investments at fair value	-
Total assets	190,864
LIABILITIES	
Accounts payable	190,864
Total liabilities	190,864
NET POSITION	
Held in trust for:	
Pension benefits	-
Total net position	$ -

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

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Notes to Financial Statements

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The financial reporting entity consists of the City and organizations for which the City is financially accountable, and organizations which raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate, are part of the City. 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 are reported separately from business-type activities, which are generally financed with user fees charged to external customers. For the most part, the effect of interfund activity has been removed from these statements.

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.

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.

Certain activities occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. 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.

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.

Property taxes, sales taxes, franchise taxes and interest associated with the current fiscal period are all concerned 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.

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). Encumbrance account is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. 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, 2021, the City did not have any funds with expenses in excess of amounts appropriated.

G. Assets, Liabilities, and Net Position

1) Cash and investments.

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

2) Inventories.

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

3) 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 are defined by the City as equipment purchases with an initial, individual cost of more than $1,000 and an estimated useful life in excess of three years, and construction projects or infrastructure assets which have a cost of more than $10,000 and a useful life of more than five years.

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:

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

4) 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 one item that qualifies for reporting in this category which includes unavailable property tax revenue. 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.

5) 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.

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.

6) 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, 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.

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 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 2021 taxes collectible in 2022 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 Leave.

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. ACCOUNTING CHANGES

A. Adoption of New Accounting Pronouncements

Effective January 1, 2021, the City adopted GASB statement number 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements using the economic resources measurement focus. The City did not have any such interest cost incurred in 2021.

Effective January 1, 2021, the City adopted GASB Statement No. 93 and determined that it has not entered into any agreements in which variable payments made or received depend on an interbank offered rate (IBOR) and no amendments or replacement of financial instruments are necessary for the purpose of replacing LIBOR with other reference rates.

Effective January 1, 2021, the City adopted certain provisions of GASB Statement No. 97 related to defined contribution pensions plans, defined contribution OPEB plans, and other employee benefit plans which were effective upon issuance.

Effective January 1, 2021, the City adopted certain provisions of GASB Statement No. 99 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 which were effective upon issuance.

Other requirements of Statement No. 99 related to leases, PPPs, and SBITAs, financial guarantees and the classification and reporting of derivative instruments will be adopted on before the effective dates.

Several GASB statements have been issued but not yet been implemented by the City. The City intends to implement all statements by the required effective dates, including GASB Statement No. 87 concerning leases. This statement, issued June 2017, will be effective beginning with its fiscal year ending December 31, 2022 and establishes a single approach to accounting for and reporting leases by state and local governments. A government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides

exceptions from the single approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

NOTE 3. 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 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 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

Custodial credit risk. There is a risk that, in the event of a bank's failure, the City of Fruita's deposits may not be returned. 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, 2021 was as follows:

	Bank Balance	Carrying Balance
Cash on hand	$ -	$ 1,800
Insured deposits	500,000	500,000
Deposits collaterlized	17,305,835	16,540,434
	$ 17,805,835	$ 17,042,234

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
- 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) wsw.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 twenty-four hours 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, 2021, the City had the following investments:

Investment type	Rating	Market Value	Weighted Average Maturity
Investment pools			
CSAFE cash investments	AAAm	$ 3,082,254	< 60 days
CSAFE CORE	AAAf/S1	3,895,478	< 180 days
COLOTRUST cash investments	AAAm	5,075,786	< 60 days
COLOTRUST EDGE	AAAf/S1	1,692,766	> 60 days
		$ 13,746,284	

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

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

B. Unrestricted and Restricted Cash and Investments

Restricted cash and investments are recorded for the following purposes:

	2021
Governmental activities	
Development impact fees	$ 2,796,738
Bond reserves	748,200
Total Governmental Funds	3,544,938
Business-type activities	
Loan covenants	944,609
Total Restricted Cash	$ 4,489,547

C. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows.

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 8,671,664	$ 144,338	$ -	$ 8,816,002
Construction in progress	40,670	337,672	(18,685)	359,657
Total capital assets not being depreciated	8,712,334	482,010	(18,685)	9,175,659
Capital assets, being depreciated				
Buildings and other structures	21,670,713	311,714	-	21,982,427
Infrastructure	42,126,347	1,213,278	-	43,339,625
Machinery and equipment	15,297,460	543,242	(272,983)	15,567,719
Total capital assets being depreciated	79,094,520	2,068,234	(272,983)	80,889,771
Less accumulated depreciation for:				
Buildings and other structures	(6,917,780)	(667,992)	-	(7,585,772)
Infrastructure	(10,048,161)	(1,089,371)	-	(11,137,532)
Machinery and equipment	(6,623,810)	(661,185)	264,437	(7,020,558)
Total accumulated depreciation	(23,589,751)	(2,418,548)	264,437	(25,743,862)
Total capital assets being depreciated, net	55,504,769	(350,314)	(8,546)	55,145,909
Governmental activities capital assets, net	$ 64,217,103	$ 131,696	$ (27,231)	$ 64,321,568

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

Governmental activities	
General government	$ 132,716
Park and recreation	821,592
Public works	1,266,053
Public safety	195,949
Internal service funds*	2,238
Total depreciation expense - governmental activities	$ 2,418,548

* 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.

Business-type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated				
Land	$ 1,046,173	$ -	$ -	$ 1,046,173
Source of supply	14,712	-	-	14,712
Construction in progress	-	98,227	-	98,227
Total capital assets not being depreciated	1,060,885	98,227	-	1,159,112
Capital assets, being depreciated				
Buildings	1,691,256	-	-	1,691,256
Wastewater treatment facility	29,383,274	29,605		29,412,879
Distribution and collection system	23,603,297	700,709		24,304,006
Machinery and equipment	1,681,335	83,233	(22,495)	1,742,073
Total capital assets being depreciated	56,359,162	813,547	(22,495)	57,150,214
Less accumulated depreciation for:				
Buildings	(1,080,997)	(40,389)		(1,121,386)
Wastewater treatment facility	(6,438,044)	(785,393)	-	(7,223,437)
Distribution and collection system	(8,490,147)	(529,032)	-	(9,019,179)
Machinery and equipment	(1,249,224)	(82,148)	22,495	(1,308,877)
Total accumulated depreciation	(17,258,412)	(1,436,962)	22,495	(18,672,879)
Total capital assets being depreciated, net	39,100,750	(623,415)	-	38,477,335
Business-type activities capital assets, net	$ 40,161,635	$ (525,188)	$ -	$ 39,636,447

D. 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		
General Fund		
Impact fees for chipseal	$	238,008
Grants		645,574
Unallocated utility billing receipts		68,437
Total General Fund		952,019
Capital Projects Fund		
Grants and donations		89,657
Impact fees for open space, road and drainage improvements		2,370,628
Total Capital Projects Fund		2,460,285
Total unavailable/unearned revenue for governmental funds	$	3,412,304
Business-type activities		
Sewer Fund		
Grants		1,050,000
Total unavailable/unearned revenue for proprietary funds	$	1,050,000

E. 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, 2021 was $9,445,000. The unamortized premium on the bonds was $1,036,714 and the unamortized discount on the bonds is $35,082. 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, 2021 was $392,200 in the Debt Service Fund.

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

	Governmental Activities		
Year ended Dec. 31	Principal	Interest	Total
2022	365,000	377,800	742,800
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
2027-2031	2,430,000	1,303,200	3,733,200
2032-2036	2,950,000	777,200	3,727,200
2037-2039	2,070,000	167,600	2,237,600
	$ 9,445,000	$ 3,983,800	$ 13,428,800

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 $944,151 of net position. This includes $436,859 for the three-month operating reserve and $507,292 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, 2021 was $14,705,000. The unamortized premium on the loan for the wastewater treatment facility is $551,609 and the

outstanding notes and loans reported in the Statement of Net Position is reported net of this amount. Interest expense on loans payable for the year ended December 31, 2021 was $176,904 in the Sewer Fund.

	Business-type Activities			
Year Ending Dec. 31	Principal	Interest	Credits	Total
2022	975,000	408,899	(166,399)	1,217,500
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
2027-2031	7,400,000	835,506	(835,006)	7,400,500
2032	1,725,000	45,436	(167,036)	1,603,400
	$ 14,705,000	$ 2,580,009	$ (1,837,939)	$ 15,447,070

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 $11,915 was applied to this obligation in 2021 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 $152,700 at December 31, 2021.

	Governmental Activities		
	Non-monetary performance obligation		
Year ended Dec. 31	Principal	Interest	Total Credit
2022	12,392	6,108	18,500
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
2027-2031	81,660	10,839	92,499
2032	3,921	157	4,078
	$ 152,700	$ 36,377	$ 189,077

4) Changes in Long-term Liabilities.

Changes in long term obligations of the City for the year ended December 31, 2021, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds					
2019 FCC Refunding Bonds	9,795,000	-	(350,000)	9,445,000	365,000
Discount on bonds	(37,031)		1,949	(35,082)	-
Premium on bonds	1,094,309	-	(57,595)	1,036,714	-
Total bonds payable	10,852,278	-	(405,646)	10,446,632	365,000
Performance obligation note	164,615	-	(11,915)	152,700	12,392
Compensated absences	168,976	229,745	(235,190)	163,531	-
Governmental activity long term liabilities	$11,185,869	$229,745	$ (652,751)	$10,762,863	$ 377,392

The internal service fund predominately serves the governmental funds. Accordingly, their long-term liabilities of $4,551 in compensated absences are included as part of the above totals for governmental activities.

Compensated absences for governmental activities are typically liquidated by the General Fund and the Community Center Fund. It is estimated that compensated absences earned will equal the estimated compensated absences used within one year.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Loans payable					
Sewer WWTF	$15,615,000	$ -	$ (910,000)	$14,705,000	$ (975,000)
Premium on loan	601,755	-	(50,146)	551,609	-
Compensated absences	20,709	38,942	(38,377)	21,274	-
Business-type activity long term liabilities	$16,237,464	$ 38,942	$ (998,523)	$15,277,883	$ (975,000)

F. 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 $1,824,347 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 $1,552,420 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 $458,178, and a facility/equipment improvement reserve in the amount of $1,094,242 for future facility and equipment improvements.

G. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2021, is as follows

	Transfers in:					
Fund	General	Capital Projects	Community Center	Debt Service	Nonmajor Govern-mental	Transfers out
General	$ -	$ 991,457	$ 95,000	$ -	$ 12,000	$ 1,098,457
Conservation Trust	-	30,000	-	-	-	30,000
Community Center	6,000	-	-	731,883	-	737,883
Devils Canyon Center	-	25,175	-	-	-	25,175
Sewer	165,000	-	-	-	-	165,000
Trash	69,000	-	-	-	-	69,000
Irrigation Water	10,500	-	-	-	-	10,500
Total transfers in	$250,500	$ 1,046,632	$ 95,000	$731,883	$ 12,000	$ 2,136,015

During the year transfers are used to 1) move revenues from proprietary funds to the general fund to offset administrative costs associated with the activities of the proprietary funds including billing for services, financial administration such as payroll processing, accounts payable, investments, auditing and general oversight and planning of proprietary fund activities, 2) move general fund resources to provide an annual subsidy to the community center fund based on the historic funding of program activities from the general fund prior to creation of the community center, 3) move sales and use tax revenues from the community center fund to the debt service fund to fund debt service principal and interest payments, and 4) move funds to the capital projects fund for various capital projects.

H. 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. For the year ended December 31, 2021, the City made all required

contributions to the City of Fruita Money Purchase Pension Plan and recognized pension expense of $136,133 with $5,324 of that amount payable to ICMA at December 31, 2021. There were 65 active participants in the plan in 2021.

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, 2021, forfeitures of $2,993 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).

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, 2021, the City made all required contributions to the Fruita Executive Pension Plan and recognized pension expense of $13,881 with $534 of that amount payable to ICMA at December 31, 2021. There was 1 active participants in the plan in 2021.

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 and the City contributes twelve and one-half percent (12 ½%) retirement contribution. For the year ended December 31, 2021, the City made all required contributions to the Fruita Police Pension Plan and recognized pension expense of $143,428 with $5,822 of that amount payable to ICMA at December 31, 2021.

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 $18,845 were used to offset contributions. There were 18 active participants in the plan in 2021.

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 4. RISK MANAGEMENT

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, 2021 in the property/casualty insurance pool is $181,570 and $228,663 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 5. CONTINGENCIES AND COMMITTMENTS

A. Risk Management

The City is self-insured for property and liability insurance. As discussed in Note 4, 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.

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, 2021, the emergency reserve of $400,000 is reported as restricted fund balance/net position in the General Fund/Governmental Activities.

D. Construction

As of December 31, 2021, the City had entered into construction contracts totaling $2.4 million of which $2.3 million is still outstanding.

	Spent to Date	Remaining Commitment	Total
Governmental activities			
Pine Street Bridge	$ 87,525	$ 1,438,432	$ 1,525,957
Business-type activities			
SH 6 Sewer Replacement	-	847,425	847,425
Total construction commitments	$ 87,525	$ 2,285,857	$ 2,373,382

NOTE 6. 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 payments from LVHA and maintenance of the tax-exempt status of the conduit debt obligation. At December 31, 2021, there was an outstanding principal amount payable of $39,550,000, none of which was recognized as a liability of the City of Fruita.

NOTE 7. OPERATING LEASES

The City entered into a ten-year operating lease as a lessor on January 1, 2015 with a nonprofit corporation for the use of a building, grounds and equipment to be used as a quality science/learning center. Rental payments of $57,600 are to be made annually by the nonprofit corporation to the City and may by offset by various operating expenses including repairs and

improvements to the building pursuant to the terms of the lease agreement. In 2021, $57,600 of rental payments were offset by operating expenses.

Information for the building on lease is as follows:

Cost of building	$ 1,560,776
Accumulated depreciation	(1,018,878)
Carrying Amount	$ 541,898

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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, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
REVENUES	Original	Final	Actual Amounts	
Taxes:				
Property	$ 1,435,000	$ 1,435,000	$ 1,435,607	$ 607
City sales	2,575,000	2,575,000	3,139,139	564,139
County sales	2,537,000	2,537,000	3,098,608	561,608
County sales - public safety	375,000	375,000	465,218	90,218
Use tax	850,000	850,000	1,134,860	284,860
Other	596,200	596,200	665,998	69,798
Licenses and permits	31,450	31,450	41,938	10,488
Intergovernmental revenue	595,500	674,375	731,589	57,214
Charges for services	143,350	153,000	222,766	69,766
Fines and forfeitures	17,300	17,300	22,283	4,983
Investment earnings	25,000	25,000	16,417	(8,583)
Rents and royalties	41,050	41,050	48,878	7,828
Donations	21,000	37,700	78,925	41,225
Miscellaneous	2,000	2,000	32,602	30,602
Total revenues	9,244,850	9,350,075	11,134,828	1,784,753
EXPENDITURES				
Current:				
General government	577,525	577,525	522,250	55,275
Administration	841,150	851,050	735,994	115,056
Community development	338,075	468,350	391,708	76,642
Public safety	2,530,075	2,531,100	2,474,546	56,554
Public works	1,924,100	1,928,000	1,779,315	148,685
Parks and recreation	1,264,290	1,298,090	1,116,060	182,030
Non-departmental	551,200	476,125	278,916	197,209
Capital equipment	615,850	636,975	558,768	78,207
Total expenditures	8,642,265	8,767,215	7,857,557	909,658
Excess (deficiency) of revenues over (under) expenditures	602,585	582,860	3,277,271	2,694,411
OTHER FINANCING SOURCES (USES)				
Transfers in	250,500	250,500	250,500	-
Transfers out	(3,083,625)	(3,257,050)	(1,098,457)	2,158,593
Insurance rebates and damage awards	37,000	40,500	53,515	13,015
Sale of capital assets	-	-	62,627	62,627
Total other financing sources and (uses)	(2,796,125)	(2,966,050)	(731,815)	2,234,235
Change in fund balance - budgetary basis	$ (2,193,540)	$ (2,383,190)	$ 2,545,456	$ 4,928,646

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, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
City sales	$ 1,287,500	$ 1,287,500	$ 1,569,570	$ 282,070
Use tax	425,000	425,000	567,430	142,430
Intergovernmental Revenue	-	-	140	140
Charges for services	694,300	694,300	965,269	270,969
Investment income	3,600	3,600	4,966	1,366
Rents and royalties	50,250	50,250	61,586	11,336
Donations	-	-	-	-
Miscellaneous	-	-	1,490	1,490
Total revenues	2,460,650	2,460,650	3,170,451	709,801
EXPENDITURES				
Current				
Personnel services	1,438,625	1,438,525	1,321,544	116,981
Purchased services	194,175	212,645	211,168	1,477
Supplies	239,875	231,005	238,759	(7,754)
Special Projects	-	550	551	(1)
Capital expenses	38,600	38,600	31,403	7,197
Contingency	40,000	30,500	-	30,500
Total expenditures	1,951,275	1,951,825	1,803,425	148,400
Excess of revenues over expenditures	509,375	508,825	1,367,026	858,201
OTHER FINANCING SOURCES (USES)				
Transfers in	95,000	95,000	95,000	-
Transfers out	(745,200)	(745,200)	(737,883)	7,317
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	(650,200)	(650,200)	(642,883)	7,317
Change in fund balance - budgetary basis	$ (140,825)	$ (141,375)	$ 724,143	$ 865,518

See accompanying independent auditor's report.

Supplementary Information

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City of Fruita, Colorado

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2021

	Special Revenue Funds				
	Conservation Trust	Economic Development	Marketing & Promotion	Public Places	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 521,212	$ 76,358	$ 281,382	$ 42,821	921,773
Taxes receivable	-	3,605	7,209	3,605	14,419
Notes receivable	-	2,641	-	-	2,641
Total Assets	$ 521,212	$ 82,604	$ 288,591	$ 46,426	938,833
LIABILITIES					
Accounts payable	-	-	49,095	2,778	51,873
Total Liabilities	-	-	49,095	2,778	51,873
FUND BALANCE					
Restricted					
Parks and open space	521,212	-	-	-	521,212
Committed					0
Economic development	-	82,604	-	-	82,604
Marketing and promotion	-	-	239,496	-	239,496
Public places	-	-	-	43,648	43,648
Total Fund Balances	521,212	82,604	239,496	43,648	886,960
Total Liabilites and fund balances	$ 521,212	$ 82,604	$ 288,591	$ 46,426	938,833

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, 2021

	Special Revenue Funds				
	Conservation Trust	Economic Development	Marketing & Promotion	Public Places	Total Nonmajor Governmental Funds
REVENUES					
Taxes					
Lodger's tax	$ -	$ 85,527	$ 171,920	$ 85,525	$ 342,972
Investment income	103	$ -	40	-	143
Intergovernmental revenue	164,778	-	35,000	7,146	206,924
Charges for services	-	-	602	-	602
Donations	-	-	-	-	-
Total revenues	164,881	85,527	207,562	92,671	550,641
EXPENDITURES					
Current					
Economic development	-	2,923	-	-	2,923
Marketing and promotion	-	-	142,164	-	142,164
Parks and recreation	-	-	-	-	-
Public places	-	-	-	49,024	49,024
Capital outlay	-	-	-	-	-
Total expenditures	-	2,923	142,164	49,024	194,111
Excess (deficiency) of revenues over (under) expenditures	164,881	82,604	65,398	43,647	356,530
OTHER FINANCING SOURCES					
Transfers in	-	-	12,000	-	12,000
Transfers out	(30,000)	-	-	-	(30,000)
Change in fund balance - budgetary basis	$ 134,881	$ 82,604	$ 77,398	$ 43,647	$ 338,530

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, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	$ 91,000	$ 255,725	$ 192,674	$ (63,051)
Fines, forfeitures, assessments	-	-	-	-
Development impact fees	268,700	268,700	6,401	(262,299)
Donations	-	-	-	-
Investment earnings	-	-	645	645
Total revenues	359,700	524,425	199,720	(324,705)
EXPENDITURES				
Current:				
Traffic Circulation Plan	-	82,500	79,861	2,639
Way Finding Project	45,500	55,500	43,663	11,837
Business park rail crossing	190,000	225,000	6,401	
Capital Outlay				
Drainage improvmeents	50,000	50,000	-	50,000
Street improvements	3,273,600	3,212,950	1,061,078	2,151,872
Parks and recreation	157,000	157,000	54,704	102,296
Total expenditures	3,716,100	3,782,950	1,245,707	2,318,644
Excess (deficiency) of revenues over (under) expenditures	(3,356,400)	(3,258,525)	(1,045,987)	1,993,939
OTHER FINANCING SOURCES				
Transfers in	3,338,100	3,205,225	1,046,632	(2,158,593)
Change in fund balance - budgetary basis	$ (18,300)	$ (53,300)	$ 645	$ 53,945

See accompanying independent auditor's report.

City of Fruita, Colorado

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

DEBT SERVICE FUND

For the year ended December 31, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	$ 3,000	$ 3,000	$ 678	$ (2,322)
Total revenues	3,000	3,000	678	(2,322)
EXPENDITURES				
Debt service				
Principal retirement	350,000	350,000	350,000	-
Interest and fiscal charges	392,200	392,200	392,200	-
Total expenditures	742,200	742,200	742,200	-
Deficiency of revenues under expenditures	(739,200)	(739,200)	(741,522)	(2,322)
OTHER FINANCING SOURCES (USES)				
Transfers in	739,200	739,200	731,883	(7,317)
Change in fund balance - budgetary basis	$ -	$ -	$ (9,639)	$ (9,639)

See accompanying independent auditor's report.

City of Fruita, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
CONSERVATION TRUST SPECIAL REVENUE FUND
For the year ended December 31, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	$ 135,000	$ 135,000	$ 164,778	$ 29,778
Investment income	100	100	103	3
Total revenues	135,100	135,100	164,881	29,781
EXPENDITURES				
Current				
Culture and recreation	-	-	-	-
Capital outlay				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	135,100	135,100	164,881	29,781
OTHER FINANCING USES				
Transfers out	(30,000)	(30,000)	(30,000)	-
Change in fund balance - budgetary basis	$ 105,100	$ 105,100	$ 134,881	$ 29,781

See accompanying independent auditor's report.

City of Fruita, Colorado

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

ECONOMIC DEVELOPMENT FUND

For the year ended December 31, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Lodger's tax	$ 40,225	$ 40,225	$ 85,527	$ 45,302
Investment income	-	2,650	-	(2,650)
Total revenues	40,225	42,875	85,527	42,652
EXPENDITURES				
Economic development assisstance	2,500	5,600	2,923	2,677
Total expenditures	2,500	5,600	2,923	2,677
Excess (deficiency) of revenues over (under) expenditures	37,725	37,275	82,604	45,329
OTHER FINANCING USES				
Transfers out	-	-	-	-
Change in fund balance - budgetary basis	$ 37,725	$ 37,275	$ 82,604	$ 45,329

See accompanying independent auditor's report.

City of Fruita, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
MARKETING AND PROMOTION SPECIAL REVENUE FUND
For the year ended December 31, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Lodger's tax	$ 80,450	$ 82,800	$ 171,920	$ 89,120
Intergovernmental revenues	$ 35,000	$ 35,000	$ 35,000	-
Investment income	-	-	40	40
Charges for services	-	-	602	602
Total revenues	115,450	117,800	207,562	89,762
EXPENDITURES				
Current				
Marketing and promotion	147,450	149,800	142,164	7,636
Total expenditures	147,450	149,800	142,164	7,636
Excess (deficiency) of revenues over (under) expenditures	(32,000)	(32,000)	65,398	97,398
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	12,000	-
Change in fund balance - budgetary basis	$ (20,000)	$ (20,000)	$ 77,398	$ 97,398

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, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Lodger's tax	$ 40,225	$ 40,225	$ 85,525	$ 45,300
Intergovernmental revenue	$ -	$ 7,150	$ 7,146	$ (4)
Donations	-	1,850	-	(1,850)
Total revenues	40,225	49,225	92,671	43,446
EXPENDITURES				
Public places	40,225	49,225	49,024	201
Total expenditures	40,225	49,225	49,024	201
Excess (deficiency) of revenues over (under) expenditures	-	-	43,647	43,647
OTHER FINANCING USES				
Transfers out	-	-	-	-
Change in fund balance - budgetary basis	$ -	$ -	$ 43,647	$ 43,647

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, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 3,460,000	$ 3,560,000	$ 3,561,044	$ 1,044
Investment income	13,000	13,000	3,459	(9,541)
Capital contributions - tap fees	350,000	525,000	630,366	105,366
Miscellaneous	1,500	1,500	4,228	2,728
Total revenues	3,824,500	4,099,500	4,199,097	99,597
EXPENSES				
Personnel services	909,950	916,450	885,722	30,728
Purchased services	276,600	353,230	335,208	18,022
Supplies	332,400	363,585	347,999	15,586
Special Projects	-	13,000	12,943	57
Debt service:				
Principal retirement	910,000	910,000	910,000	-
Interest and fiscal charges	442,550	442,550	261,632	180,918
Capital expenses	606,350	1,697,935	777,018	920,917
Contingency	72,800	-	-	-
Total expenses	3,550,650	4,696,750	3,530,522	1,166,228
OTHER FINANCING SOURCES (USES)				
Gain on sale of equipment	-	-	9,300	9,300
Transfers in	7,500	-	-	-
Transfers out	(476,300)	(165,000)	(165,000)	-
Total other financing sources (uses)	(468,800)	(165,000)	(155,700)	9,300
Change in net position - budgetary basis	$ (194,950)	$ (762,250)	$ 512,875	$ 1,275,125

Adjustments from budgetary basis to GAAP	
Deduct depreciation	(1,391,873)
Deduct change in compensated absences payable	(475)
Deduct change in compensation payable	(91)
Add change in accrued interest payable	84,728
Add contributions from development	116,407
Add principal retirement	910,000
Add capital expenses	777,018
Add premium on bonds	50,146
Change in net position - GAAP basis	$ 1,058,735

See accompanying independent auditor's report.

City of Fruita, Colorado

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

TRASH FUND

For the year ended December 31, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 855,000	$ 878,000	$ 879,061	$ 1,061
Investment income	-	-	45	45
Total revenues	855,000	878,000	879,106	1,106
EXPENSES				
Purchased services	786,000	809,000	805,587	3,413
Transfers out	69,000	69,000	69,000	-
Total expenses	855,000	878,000	874,587	3,413
Change in net position - budgetary basis	$ -	$ -	$ 4,519	$ 4,519
Adjustments from budgetary basis to GAAP Basis to arrive at change in net position			-	
Change in net position - GAAP basis			$ 4,519	

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, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ -	$ -	$ -	$ -
Investment income	-	-	298	298
Miscellaneous	-	-	1,483	1,483
Total revenues	-	-	1,781	1,781
OTHER FINANCING SOURCES (USES)				
Transfers out	20,175	25,175	25,175	-
Total expenses	20,175	25,175	25,175	-
Change in net position - budgetary basis	$ (20,175)	$ (25,175)	$ (23,394)	$ 1,781
Adjustments from budgetary basis to GAAP				
Basis to arrive at change in net position				
Deduct depreciation			(39,465)	
Change in net position - GAAP basis			$ (62,859)	

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, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 126,575	$ 126,575	$ 128,589	$ 2,014
Investment income	50	50	40	(10)
Capital contributions - tap fees	-	-	1,500	1,500
Total revenues	126,625	126,625	130,129	3,504
EXPENSES				
Personnel services	85,225	85,225	77,931	7,294
Purchased services	11,500	10,900	8,509	2,391
Supplies	15,825	16,425	13,073	3,352
Capital equipment	-	18,350	18,350	-
Contingency	-	-	-	-
Transfers out	18,000	10,500	10,500	-
Total expenses	130,550	141,400	128,363	13,037
Change in net position - budgetary basis	$ (3,925)	$ (14,775)	$ 1,766	$ 16,541
Adjustments from budgetary basis to GAAP Basis to arrive at change in net position				
Add capital expenses			18,350	
Deduct change in compensation payable			(359)	
Deduct depreciation			(5,624)	
Change in net position - GAAP basis			$ 14,133	

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, 2021

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 342,550	$ 357,550	$ 353,038	$ -
Other revenues	-	-	-	-
Total revenues	342,550	357,550	353,038	-
EXPENDITURES				
Personnel services	210,400	210,400	204,207	6,193
Purchased services	36,350	45,575	44,777	798
Supplies	95,800	101,575	101,043	532
Capital equipment	2,000	2,000	-	2,000
Total expenditures	344,550	359,550	350,027	9,523
Change in net position - budgetary basis	$ (2,000)	$ (2,000)	$ 3,011	$ 9,523
Adjustments from budgetary basis to GAAP basis to arrive at change in net position				
Add capital expenses			-	
Add change in compensation payable			(773)	
Deduct depreciation			(2,238)	
Change in net position - GAAP basis			$ -	

See accompanying independent auditor's report.

Form Approved
The public report burden for this information collection is estimated to average 380 hours annually. OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Fruita
	YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of _) City of Fruita	Prepared By: Margaret Sell Phone: 970.639.4196

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	1,155,850
3. Other local imposts (from page 2)	1,115,666
4. Miscellaneous local receipts (from page 2)	1,110
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,272,626
B. Private Contributions	567,851
C. Receipts from State government (from page 2)	732,451
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	3,572,929

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,678,993
2. Maintenance:	696,202
3. Road and street services:	
a. Traffic control operations	17,624
b. Snow and ice removal	48,026
c. Other	251,992
d. Total (a. through c.)	317,642
4. General administration & miscellaneous	429,816
5. Highway law enforcement and safety	450,276
6. Total (1 through 5)	3,572,929
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	3,572,929

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	3,572,929	3,572,929	0	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2021

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes	842,223	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	6,401	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	1,110
5. Specific Ownership &/or Other	267,043	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,115,666	h. Other	
c. Total (a. + b.)	1,115,666	i. Total (a. through h.)	1,110
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	483,729	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	56,049	d. Federal Transit Admin	
d. Other (Specify) - CDOT Grants	192,674	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	248,723	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	732,451	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		145,077	145,077
b. Engineering Costs	5,000	251,978	256,978
c. Construction:			
(1). New Facilities		419,274	419,274
(2). Capacity Improvements			0
(3). System Preservation		521,727	521,727
(4). System Enhancement & Operation	284,273	51,663	335,937
(5). Total Construction (1) + (2) + (3) + (4)	284,273	992,665	1,276,938
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	289,273	1,389,719	1,678,993
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536

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