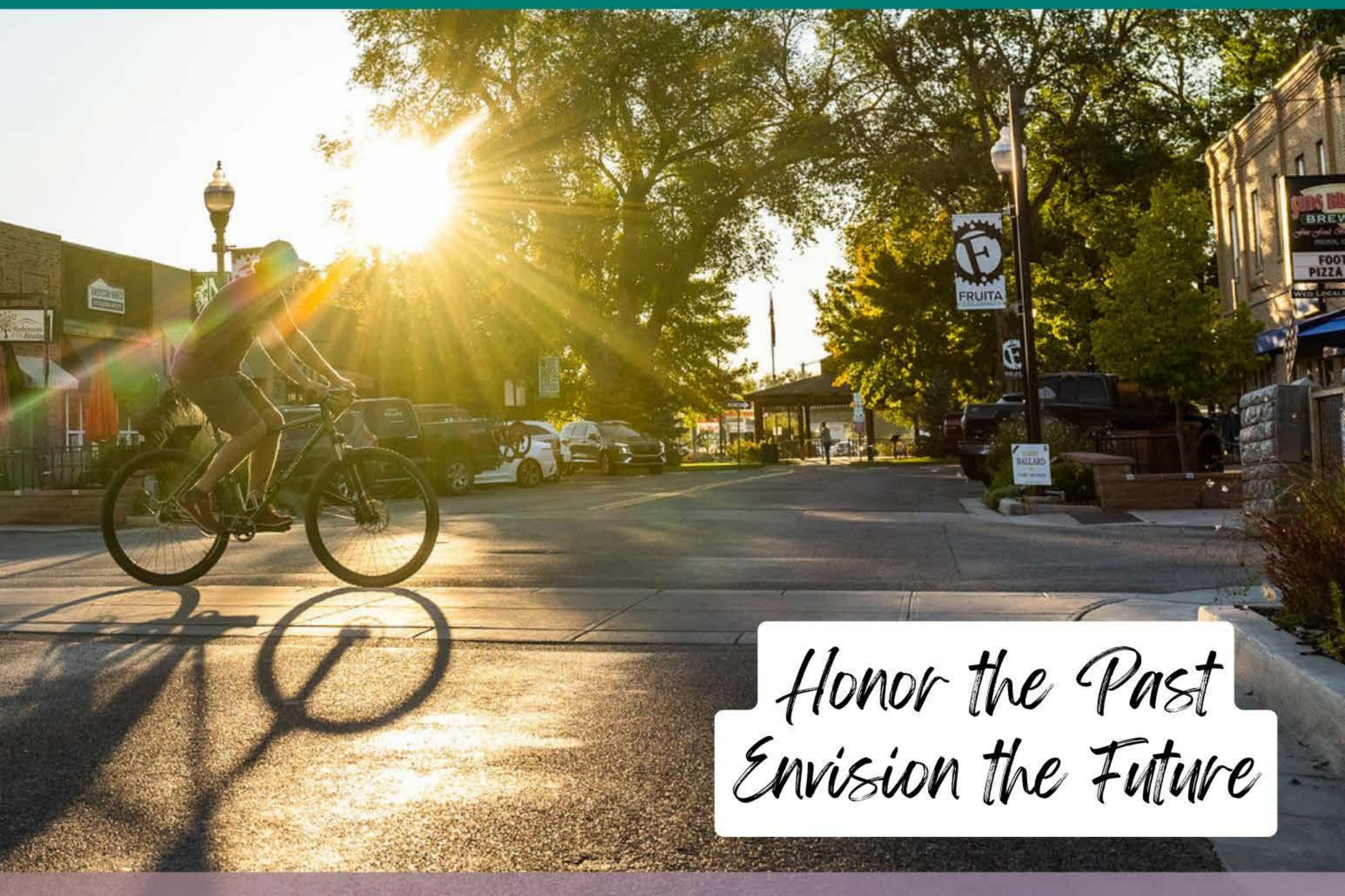
FRUITA
COLORADO

2025 Financial Statements

Fiscal Year Ending December 31, 2025



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Envision the Future

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City of Fruita
General Purpose Financial Statements
Fiscal Year Ended December 31, 2025

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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Fruita

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fruita (the “City”), as of and for the year ended December 31, 2025, 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 accompanying financial statements 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 as of December 31, 2025, 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 (“U.S. GAAP”).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

The City’s management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

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 U.S. GAAS 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 U.S. GAAS, 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

U.S. GAAP require that the Management's Discussion and Analysis in section B 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 section B in accordance with U.S. GAAS, 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.

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 non-major fund financial statements, individual fund budgetary comparison information, and the *Local Highway Finance Report* in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, individual fund budgetary comparison information, and the *Local Highway Finance Report* in Section F 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
June 11, 2026

Management's Discussion and Analysis

This discussion and analysis of the City of Fruita's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2025. Please read this in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

The City of Fruita currently enjoys a strong financial position in part due to sound budgetary practices and a healthy local economy. The following information represents highlights of the City's financial condition as of December 31, 2025.

- *Net Position.* The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2025 by $143,116,365 (*net position*). Of this amount, $27,958,812 (20%) is unrestricted and available for spending at the City's discretion. The City's total net position increased $7,874,769 from the prior year.

- *Fund Balances.* The City's governmental funds reported a combined fund balance of $26,922,955 at December 31, 2025. The City's governmental fund balances decreased by $3,383,489 from the previous year. Of this total, $7,658,153 (28%) is unassigned and available for discretionary spending by the City.

- *General Fund – Fund Balance.* At the end of the current fiscal year *the total fund balance* of the General Fund was $15,983,195, with $7,658,153 unassigned and available for discretionary spending by the City. The City's General Fund balance decreased by $4,477,114 from the prior year.

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, parks and recreation, housing, economic development, 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 Supplementary Information.

- ***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the city's own programs. The City of Fruita maintains two different types of fiduciary funds. The Pension Trust Funds are used to report resources held in trust for employees as part of three separate defined contribution retirement plans and a Private Purpose Trust Fund which is used to report resources held in trust for Mesa County School District #51.

Notes to the financial statements

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

Other information

In addition to the basic financial statements 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.

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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 $143,116,365 at December 31, 2025 and increased $7,874,769 from the prior year for both governmental and business-type activities.

	CITY OF FRUITA - NET POSITION					
	Governmental Activities		Business-type Activities		Total	
ASSETS	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	$ 32,367,531	$ 34,775,148	$ 11,087,074	$ 10,581,233	$ 43,454,605	$ 45,356,381
Capital assets	85,394,431	75,744,671	41,295,782	41,083,464	126,690,213	116,828,135
Total assets	117,761,962	110,519,819	52,382,856	51,664,697	170,144,818	162,184,516
LIABILITIES						
Current and other liabilities	3,520,224	2,676,601	1,647,988	1,784,852	5,168,212	4,461,453
Long term liabilities	9,812,545	9,257,143	9,261,283	10,553,053	19,073,828	19,810,196
Total liabilities	13,332,769	11,933,744	10,909,271	12,337,905	24,242,040	24,271,649
TOTAL DEFERRED INFLOWS OF RESOURCES	2,786,413	2,671,271	-	-	2,786,413	2,671,271
NET POSITION						
Net investment in capital assets	74,408,882	65,880,746	30,642,533	29,350,546	105,051,415	95,231,292
Restricted	9,021,395	7,599,983	1,084,743	1,116,984	10,106,138	8,716,967
Unrestricted	18,212,503	22,434,075	9,746,309	8,859,262	27,958,812	31,293,337
TOTAL NET POSITION	**$ 101,642,780**	**$ 95,914,804**	**$ 41,473,585**	**$ 39,326,792**	**$ 143,116,365**	**$ 135,241,596**

The largest portion of the City's net position at December 31, 2025 (73%) is invested in capital assets (e.g., land, infrastructure, buildings, machinery, equipment and vehicles), less accumulated depreciation and amortization and any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Activities

This statement presents information showing how the City's net position changed during the fiscal year. It reflects the cost of program services and the charges for services, grants, and other contributions. The following detail reflects the total cost of services supported by program revenues and general revenues, resulting in the overall change in net position for the current and prior fiscal year.

Statement of Activities	Governmental activities		Business-type activities		Total	
Revenues:	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Program revenues						
Charges for services	$ 2,646,376	$ 2,810,034	$ 5,704,640	$ 5,470,583	$ 8,351,016	$ 8,280,617
Operating grants & contributions	622,941	592,030	3,390	65,421	626,331	657,451
Capital grants & contributions	4,053,413	4,883,338	1,141,276	1,225,579	5,194,689	6,108,917
Total Program Revenues	7,322,730	8,285,402	6,849,306	6,761,583	14,172,036	15,046,985
General revenues:						
Property taxes	1,862,704	2,094,299	-	-	1,862,704	2,094,299
Sales and use taxes	12,445,950	11,156,754	-	-	12,445,950	11,156,754
Other taxes	1,252,384	1,367,446	-	-	1,252,384	1,367,446
Other	943,015	1,870,659	229,897	252,508	1,172,912	2,123,167
Total General Revenues	16,504,053	16,489,158	229,897	252,508	16,733,950	16,741,666
Total revenues	23,826,783	24,774,560	7,079,203	7,014,091	30,905,986	31,788,651
Expenses:						
General government	4,720,304	4,433,599	-	-	4,720,304	4,433,599
Housing	543,617	1,275,758	-	-	543,617	1,275,758
Marketing & promotion	227,993	231,331	-	-	227,993	231,331
Parks and recreation	5,080,339	4,636,311	-	-	5,080,339	4,636,311
Public works	3,703,692	3,345,859	-	-	3,703,692	3,345,859
Public safety	3,795,608	3,324,244	-	-	3,795,608	3,324,244
Interest on long-term debt	272,379	297,017	-	-	272,379	297,017
Sewer	-	-	3,338,546	3,284,477	3,338,546	3,284,477
Trash	-	-	1,187,128	1,108,003	1,187,128	1,108,003
Devils Canyon Center	-	-	43,936	43,936	43,936	43,936
Irrigation water	-	-	117,675	110,786	117,675	110,786
Total expenses	18,343,932	17,544,119	4,687,285	4,547,202	23,031,217	22,091,321
Increase (decrease) in net position before transfers	5,482,851	7,230,441	2,391,918	2,466,889	7,874,769	9,697,330
Transfers	245,125	245,125	(245,125)	(245,125)	-	-
Increase in net position	5,727,976	7,475,566	2,146,793	2,221,764	7,874,769	9,697,330
Net position - Beginning	95,914,804	88,439,238	39,326,792	37,105,028	135,241,596	125,544,266
Net position - Ending	$ 101,642,780	$ 95,914,804	$ 41,473,585	$ 39,326,792	$ 143,116,365	$ 135,241,596

Overall, total revenues decreased by $882,665 from the previous year. Key drivers of the City's decreased revenue were decreased property taxes stemming from last year's State backfill payments, decreases in capital grants as the City expended its remaining allocation of ARPA funds, and a reduction in other governmental revenue chiefly due to a one-time gain on debt extinguishment recorded in 2024.

Overall, total expenses increased by $939,896 from the previous year. Key drivers of the City's increased expenses were costs relating to general government and parks and recreation, along with general inflationary activity.

ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

General Fund: At December 31, 2025, the City's General Fund has an ending fund balance of $15,983,195. The City's General Fund's balance decreased by $4,477,114 during 2025 due to decreased property taxes and charges for services and increased expenditure growth due to increased operations and general inflationary activity.

Community Center Fund: At December 31, 2025, the City's Community Center Fund has an ending fund balance of $4,685,586. The City's Community Center Fund's balance increased by $218,028 during 2025.

Capital Projects Fund: At December 31, 2025, the City's Capital Projects Fund has an ending fund balance of $4,504,150. The City's Capital Projects Fund's balance increased by $980,199 during 2025.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's general fund budget was amended during 2025. Original appropriated expenditures, including transfers to other funds, were $14,957,650 whereas final appropriated expenditures were $22,402,250. Actual 2025 expenditures, including transfers to other funds, were lower than final budgeted amounts by $2,719,556. The main driver of this variance was transfers that were budgeted to other funds but did not occur.

Significant revenue budget variances were as follows:

Significant Revenue Variations - Final Budget vs Actual

Description	Final Budget	Actual Revenues	Variance	% Chg
Use tax	1,050,000	1,498,486	448,486	43%
Charges for services	452,000	739,585	287,585	64%
Investment income	425,000	650,934	225,934	53%

The key driver of the use tax variance was increased building permit activity, most notably due to a major hailstorm in summer of 2025 that caused significant damages. Charges for services and investment income came in over budget due to conservative budgeting.

Significant expenditure budget variances were as follows:

Final Budgeted Expenditures vs Actual Expenditures				
	Final budget	Actual	$ Variance	% Variance
Community development	1,007,525	778,772	228,753	23%
Public works	2,549,425	2,184,197	365,228	14%
Non-departmental	723,400	535,021	188,379	26%
Debt service P & I	-	151,938	(151,938)	100%

The City budgets conservatively for expenditures, it is not uncommon for actual expenditures to be lower than budgeted amounts. The City budgets for debt service payments (principal and interest on leases and SBITA's) in other accounts and then annually adjusts these payments to debt service accounts.

A detailed schedule of the City's general fund revenues, expenditures, and variances to budget can be found in the Required Supplemental Information section of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2025, net of accumulated depreciation and amortization and outstanding capital-related debt, was $105,051,415. Capital assets include land, buildings, machinery, equipment, vehicles, park and recreation facilities, roads, highways, wastewater reclamation facility, sewer collection lines, and irrigation distribution system.

The City's net capital assets increased by $9,862,078 during 2025, which is the amount that capital additions exceeded asset disposals and depreciation and amortization expense.

A detailed classification of the City's capital asset activity for 2025 can be found in the Notes to the Financial Statements.

Long-term Debt. At the end of the current fiscal year, the City of Fruita had total debt outstanding of $21,266,738 (net of unamortized premiums and discounts on outstanding debt). Of this amount, $10,502,897 is a loan backed by user fees and charges of the sewer system, $8,416,463 represents bonds for the Fruita Community Center backed by sales and use tax revenues, $1,148,115 is for leases payable from future revenues of City, $530,811 is for subscriptions payable from future revenues of the City, and $639,763 is for compensated absences payable from future revenues of the City.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At December 31, 2025, the City's net position was $143,116,365. The City's subsequent year budget anticipates $27.1 million of revenues, $28.2 million of expenses, and a decrease in net position of $1.1 million.

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 Finance Director, 325 E. Aspen, Fruita, Colorado, 81521.

Basic Financial Statements

City of Fruita, Colorado

Statement of Net Position

December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	21,408,138	9,092,445	$ 30,500,583
Restricted cash and investments	5,004,752	1,041,184	6,045,936
Receivables	5,096,071	875,548	5,971,619
Notes receivable	170,000	-	170,000
Leases receivable	677,608	-	677,608
Prepaid expenses	5,000	-	5,000
Inventories	5,962	77,897	83,859
Capital assets not being depreciated	20,508,696	1,652,974	22,161,670
Capital assets, net of accumulated depreciation	64,885,735	39,642,808	104,528,543
TOTAL ASSETS	117,761,962	52,382,856	170,144,818
LIABILITIES			
Accounts payable	1,523,730	328,968	1,852,698
Accrued interest payable	103,823	45,396	149,219
Customer deposits payable	268,782	-	268,782
Unearned revenues	704,603	-	704,603
Long-term liabilities			
Due within one year:			
Bonds and loans payable	430,000	1,255,000	1,685,000
Leases and subscriptions payable	162,219	1,500	163,719
Accrued compensated absences	327,067	17,124	344,191
Due in more than one year:			
Bonds and loans payable	7,986,463	9,247,897	17,234,360
Leases and subscriptions payable	1,510,676	4,531	1,515,207
Arbitrage rebate payable	28,689	-	28,689
Accrued compensated absences	286,717	8,855	295,572
TOTAL LIABILITIES	13,332,769	10,909,271	24,242,040
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	2,152,963	-	2,152,963
Lease related	633,450	-	633,450
TOTAL DEFERRED INFLOWS OF RESOURCES	2,786,413	-	2,786,413
NET POSITION			
Net investment in capital assets	74,408,882	30,642,533	105,051,415
Restricted for:			
Community Center	1,605,572	-	1,605,572
Debt service	770,304	1,041,184	1,811,488
Economic development	1,998	-	1,998
Emergency reserves	836,242	-	836,242
Marketing and promotion	240,746	-	240,746
Parks, open space and public places	1,694,903	-	1,694,903
Plastic Pollution Reduction Act	-	43,559	43,559
Public safety	445,170	-	445,170
Streets and drainage	3,426,460	-	3,426,460
Unrestricted	18,212,503	9,746,309	27,958,812
TOTAL NET POSITION	$ 101,642,780	$ 41,473,585	$ 143,116,365

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, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
FUNCTIONS/PROGRAMS	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
GOVERNMENTAL ACTIVITIES							
General government	$ 4,720,304	$ 735,997	$ 32,452	$ 601,909	$ (3,349,946)	$ -	$ (3,349,946)
Housing	543,617	-	-	1,625,940	1,082,323	-	1,082,323
Marketing and promotion	227,993	1,037	-	-	(226,956)	-	(226,956)
Parks and recreation	5,080,339	1,656,967	48,432	464,857	(2,910,083)	-	(2,910,083)
Public works	3,703,692	244,480	540,057	1,360,707	(1,558,448)	-	(1,558,448)
Public safety	3,795,608	7,895	2,000	-	(3,785,713)	-	(3,785,713)
Interest on long-term debt	272,379	-	-	-	(272,379)	-	(272,379)
TOTAL GOVERNMENTAL ACTIVITIES	18,343,932	2,646,376	622,941	4,053,413	(11,021,202)	-	(11,021,202)
BUSINESS-TYPE ACTIVITIES							
Sewer	3,338,546	4,273,172	3,390	1,139,776	-	2,077,792	2,077,792
Trash	1,187,128	1,295,380	-	-	-	108,252	108,252
Devils Canyon Center	43,936	-	-	-	-	(43,936)	(43,936)
Irrigation water	117,675	136,088	-	1,500	-	19,913	19,913
TOTAL BUSINESS-TYPE ACTIVITIES	4,687,285	5,704,640	3,390	1,141,276	-	2,162,021	2,162,021
TOTAL PRIMARY GOVERNMENT	$ 23,031,217	$ 8,351,016	$ 626,331	$ 5,194,689	(11,021,202)	2,162,021	(8,859,181)
General Revenues and Transfers:							
Property taxes					1,862,704	-	1,862,704
Sales and use taxes					12,445,950	-	12,445,950
Lodging taxes					402,436	-	402,436
Severance tax					77,903	-	77,903
Franchise fees					502,804	-	502,804
Other shared taxes					269,241	-	269,241
Investment income					900,566	218,009	1,118,575
Gain on sale of capital assets					42,449	7,775	50,224
Insurance proceeds					-	4,113	4,113
Transfers					245,125	(245,125)	-
Total general revenues and transfers					16,749,178	(15,228)	16,733,950
Change in net position					5,727,976	2,146,793	7,874,769
Net position - Beginning:					95,914,804	39,326,792	135,241,596
Net position - Ending					$ 101,642,780	$ 41,473,585	$ 143,116,365

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

City of Fruita, Colorado

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2025

	General	Community Center	Capital Projects	Debt Service	Non-major Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 14,592,365	$ 4,384,839	$ 1,416,283	$ 22,104	$ 821,856	$ 21,237,447
Restricted cash and investments	252,989	-	4,003,563	748,200	-	5,004,752
Receivables:						
Accounts	40,794	-	-	-	-	40,794
Interest	1,729	994	-	-	3,417	6,140
Lease	187,794	489,814	-	-	-	677,608
Taxes	2,152,963	-	-	-	24,089	2,177,052
Notes	-	-	-	-	170,000	170,000
Intergovernmental	1,897,038	373,138	601,909	-	-	2,872,085
Prepaid assets	5,000	-	-	-	-	5,000
Inventories	5,962	-	-	-	-	5,962
Total assets	19,136,634	5,248,785	6,021,755	770,304	1,019,362	32,196,840
LIABILITIES						
Accounts payable	453,368	110,716	910,361	-	39,642	1,514,087
Deposits payable	264,135	4,647	-	-	-	268,782
Unearned revenues	97,359	-	607,244	-	-	704,603
Total liabilities	814,862	115,363	1,517,605	-	39,642	2,487,472
DEFERRED INFLOWS OF RESOURCES						
Unavailable property tax revenue	2,152,963	-	-	-	-	2,152,963
Lease revenue	185,614	447,836	-	-	-	633,450
Total deferred inflows of resources	2,338,577	447,836	-	-	-	2,786,413
FUND BALANCES						
Nonspendable	10,962	-	-	-	173,417	184,379
Restricted	1,585,749	1,605,572	4,323,164	770,304	736,128	9,020,917
Committed	-	1,645,914	-	-	-	1,645,914
Assigned	6,728,331	1,434,100	180,986	-	70,175	8,413,592
Unassigned	7,658,153	-	-	-	-	7,658,153
Total fund balances	15,983,195	4,685,586	4,504,150	770,304	979,720	26,922,955
Total liabilities, deferred inflows of resources and fund balances	$ 19,136,634	$ 5,248,785	$ 6,021,755	$ 770,304	$ 1,019,362	$ 32,196,840

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

City of Fruita, Colorado

RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2025

Total Governmental Fund Balances		$ 26,922,955
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities (excluding Fleet Maintenance) are not financial resources and, therefore, are not reported in the funds.		
Capital assets	120,767,004	
Accumulated depreciation/amortization	(35,397,373)	
Net adjustment		85,369,631
Some liabilities, including bonds, notes, leases and subscriptions payable, as well as compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Sales and use tax revenue bonds payable	(7,880,000)	
Lease liability	(1,142,084)	
Subscription liability	(530,811)	
Accrued interest payable	(103,827)	
Arbitrage rebate liability	(28,689)	
Unamortized bond premium	(555,252)	
Unamortized bond discount	18,790	
Compensated absences payable	(608,220)	
Net adjustment		(10,830,093)
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.		180,287
Net Position of Governmental Activities		$ 101,642,780

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, 2025

	General	Community Center	Capital Projects	Debt Service	Non-major Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 1,862,704	$ -	$ -	$ -	$ -	$ 1,862,704
City sales	4,043,957	2,021,979	-	-	-	6,065,936
County sales	3,592,596	-	-	-	-	3,592,596
County sales - Public safety	540,144	-	-	-	-	540,144
Use tax	1,498,486	748,788	-	-	-	2,247,274
Other	746,052	-	-	-	402,436	1,148,488
Licenses and permits	72,895	-	-	-	-	72,895
Intergovernmental	727,060	5,000	886,745	-	1,790,794	3,409,599
Charges for services	739,585	1,421,550	-	-	1,037	2,162,172
Fines, forfeitures, assessments	17,213	-	-	-	-	17,213
Development impact fees	31,903	-	922,647	-	-	954,550
Investment income	650,934	64,189	167,668	34,234	2,682	919,707
Interest on leases	2,088	7,459	-	-	-	9,547
Rents	40,412	81,705	-	-	-	122,117
Donations	48,622	10,825	-	-	-	59,447
Miscellaneous	25,785	5,974	-	-	-	31,759
Total revenues	14,640,436	4,367,469	1,977,060	34,234	2,196,949	23,216,148
EXPENDITURES						
Current:						
General government	1,803,449	-	-	-	-	1,803,449
Administration	1,291,384	-	-	-	-	1,291,384
Engineering	588,159	-	-	-	-	588,159
Community development	778,772	-	-	-	-	778,772
Economic development	-	-	-	-	15,014	15,014
Housing	-	-	-	-	543,785	543,785
Marketing and promotion	-	-	-	-	203,124	203,124
Public safety	3,527,434	-	-	-	-	3,527,434
Public works	2,184,197	-	-	-	-	2,184,197
Parks and recreation	1,397,052	2,583,656	-	-	-	3,980,708
Public places	-	-	-	-	10,500	10,500
Non-departmental	535,021	-	-	-	-	535,021
Debt service						
Principal	135,784	7,792	-	415,000	21,226	579,802
Interest and fiscal charges	16,154	399	-	332,200	2,774	351,527
Capital outlay	844,399	924,641	7,482,750	-	2,646,480	11,898,270
Total expenditures	13,101,805	3,516,488	7,482,750	747,200	3,442,903	28,291,146
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,538,631	850,981	(5,505,690)	(712,966)	(1,245,954)	(5,074,998)
OTHER FINANCING SOURCES (USES)						
Lease proceeds	14,369	-	-	-	1,132,118	1,146,487
Subscription financing	54,253	-	-	-	-	54,253
Sale of capital assets	55,832	247	-	-	-	56,079
Insurance awards	189,565	-	-	-	-	189,565
Transfers in	251,125	95,000	6,485,889	722,200	405,100	7,959,314
Transfers (out)	(6,580,889)	(728,200)	-	-	(405,100)	(7,714,189)
Total other financing sources (uses)	(6,015,745)	(632,953)	6,485,889	722,200	1,132,118	1,691,509
NET CHANGE IN FUND BALANCES	(4,477,114)	218,028	980,199	9,234	(113,836)	(3,383,489)
Fund balances - Beginning	20,460,309	4,467,558	3,523,951	761,070	1,093,556	30,306,444
Fund balances - Ending	$ 15,983,195	$ 4,685,586	$ 4,504,150	$ 770,304	$ 979,720	$ 26,922,955

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

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, 2025

Net change in fund balances - Total Governmental Funds		$ (3,383,489)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense, net of the internal service fund, in the current period.		
Capitalized expenditures	12,395,903	
Depreciation / Amortization expense	(3,133,172)	
Net adjustment		9,262,731
Internal service funds are used to charge the costs of fleet maintenance to individual funds. The net income of the internal service fund is included in governmental activities.		99,985
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		(14,340)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net position.		
Contributed capital assets		407,309
Bonds and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liability in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal repayments on special revenue bonds	415,000	
Principal repayments on leases	37,434	
Principal repayments on subscriptions	127,369	
Amortization of premium on special revenue bonds	77,853	
Amortization of discount on special revenue bonds	(2,634)	
SBITAs issued	(54,253)	
Leases issued	(1,146,486)	
Net adjustment		(545,717)
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.		
Change in compensated absences	(70,928)	
Change in arbitrage rebate liability	(28,689)	
Change in accrued interest payable	1,114	
Net adjustment		(98,503)
Change in net position of governmental activities		$ 5,727,976

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

City of Fruita, Colorado

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities
	Sewer	**Trash**	**Devils Canyon Center**	**Irrigation Water**	**Totals**	**Fleet Maint. Internal Service Fund**
ASSETS						
Current assets:						
Cash and investments	$ 8,392,467	$ 196,907	$ 204,223	$ 298,848	$ 9,092,445	$ 170,691
Restricted cash and investments	1,041,184	-	-	-	1,041,184	-
Accounts receivable	666,042	206,336	-	3,170	875,548	-
Inventories	62,060	-	-	15,837	77,897	-
Total current assets	10,161,753	403,243	204,223	317,855	11,087,074	170,691
Non-current assets:						
Capital assets, not being depreciated	1,350,099	-	225,514	77,361	1,652,974	-
Capital assets, net of accumulated depreciation	39,125,747	-	480,092	36,969	39,642,808	24,802
Total capital assets, net	40,475,846	-	705,606	114,330	41,295,782	24,802
Total non-current assets	40,475,846	-	705,606	114,330	41,295,782	24,802
TOTAL ASSETS	50,637,599	403,243	909,829	432,185	52,382,856	195,493
LIABILITIES						
Current liabilities:						
Accounts payable	228,797	98,806	-	1,365	328,968	9,643
Accrued interest payable	45,396	-	-	-	45,396	-
Compensated absences	15,286	-	-	1,838	17,124	2,962
Notes payable	1,255,000	-	-	-	1,255,000	-
Leases and subscriptions payable	1,500	-	-	-	1,500	-
Total current liabilities	1,545,979	98,806	-	3,203	1,647,988	12,605
Noncurrent liabilities:						
Compensated absences	8,301	-	-	554	8,855	2,601
Notes payable (net of premium)	9,247,897	-	-	-	9,247,897	-
Leases and subscriptions payable	4,531	-	-	-	4,531	-
Total noncurrent liabilities	9,260,729	-	-	554	9,261,283	2,601
TOTAL LIABILITIES	10,806,708	98,806	-	3,757	10,909,271	15,206
NET POSITION						
Net investment in capital assets	29,822,597	-	705,606	114,330	30,642,533	24,801
Restricted for debt service	1,041,184	-	-	-	1,041,184	-
Restricted for PPRA bag fee	-	43,559	-	-	43,559	-
Unrestricted:						
Designated for equipment replacement	1,225,372	-	-	12,800	1,238,172	-
Designated for capacity improvements	1,868,919	-	-	-	1,868,919	-
Other unrestricted	5,872,819	260,878	204,223	301,298	6,639,218	155,486
TOTAL NET POSITION	**$ 39,830,891**	**$ 304,437**	**$ 909,829**	**$ 428,428**	**$ 41,473,585**	**$ 180,287**

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, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities
	Sewer	Trash	Devils Canyon Center	Irrigation Water	Totals	Fleet Maint. Internal Service Fund
OPERATING REVENUES						
Charges for services	$ 4,273,172	$ 1,295,380	$ -	$ 136,088	$ 5,704,640	$ 448,275
Other revenues	3,390	-	-	-	3,390	-
Total operating revenues	4,276,562	1,295,380	-	136,088	5,708,030	448,275
OPERATING EXPENSES						
Personnel services	969,399	-	-	85,511	1,054,910	203,597
Purchased services	301,919	1,187,128	-	9,701	1,498,748	49,353
Supplies	424,777	-	-	13,260	438,037	89,357
Depreciation and amortization	1,553,744	-	43,936	9,203	1,606,883	5,944
Total operating expenses	3,249,839	1,187,128	43,936	117,675	4,598,578	348,251
Operating income (loss)	1,026,723	108,252	(43,936)	18,413	1,109,452	100,024
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenue	437,986	-	-	-	437,986	-
Investment income	215,361	328	2,031	289	218,009	-
Gain (loss) on disposal of equipment	7,775	-	-	-	7,775	-
Insurance awards	4,113	-	-	-	4,113	-
Interest and amortization expense	(88,707)	-	-	-	(88,707)	(39)
Total nonoperating revenues (expenses)	576,528	328	2,031	289	579,176	(39)
INCOME (LOSS) BEFORE CONTRIBUTIONS	1,603,251	108,580	(41,905)	18,702	1,688,628	99,985
CAPITAL CONTRIBUTIONS						
Capital contributions - Development	64,790	-	-	-	64,790	-
Capital contributions - Plant investment fee	637,000	-	-	1,500	638,500	-
Transfers (out)	(165,000)	(70,000)	-	(10,125)	(245,125)	-
CHANGE IN NET POSITION	2,140,041	38,580	(41,905)	10,077	2,146,793	99,985
Net position - Beginning	37,690,850	265,857	951,734	418,351	39,326,792	80,302
Net position - Ending	$ 39,830,891	$ 304,437	$ 909,829	$ 428,428	$ 41,473,585	$ 180,287

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, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities
	Sewer	Trash	Devils Canyon Center	Irrigation Water	Totals	Fleet Maint. Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$4,242,190	$ 1,277,351	$ -	$ 135,916	$ 5,655,457	$ -
Cash from interfund services	-	-	-	-	-	448,274
Payments to suppliers and service providers	(569,674)	(1,273,646)	-	(21,503)	(1,864,823)	(135,466)
Payments to employees for salaries and benefits	(969,398)	-	-	(85,493)	(1,054,891)	(205,452)
Net cash provided/(used) by operating activities	2,703,118	3,705	-	28,920	2,735,743	107,356
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating transfers	(165,000)	(70,000)	-	(10,125)	(245,125)	-
Net cash provided/(used) by non-capital financing activities	(165,000)	(70,000)	-	(10,125)	(245,125)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions - Plant investment fees	637,000	-	-	1,500	638,500	-
Capital contributions - Grants	157,780	-	-	-	157,780	-
Sale of capital assets	11,889	-	-	-	11,889	-
Acquisition of capital assets	(1,552,168)	-	-	-	(1,552,168)	-
Principal paid on loans and right-to-use assets	(1,192,851)	-	-	-	(1,192,851)	(1,461)
Interest paid on loans and right-to-use assets	(137,807)	-	-	-	(137,807)	(145)
Net cash provided/(used) by capital and related financing activities	(2,076,157)	-	-	1,500	(2,074,657)	(1,606)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received on investments	215,361	328	2,032	289	218,010	-
Net cash provided/(used) by investing activities	215,361	328	2,032	289	218,010	-
Net increase (decrease) in cash and cash equivalents	677,322	(65,967)	2,032	20,584	633,971	105,750
Cash and cash equivalents - Beginning	8,756,329	262,874	202,191	278,264	9,499,658	64,941
Cash and cash equivalents - Ending	$ 9,433,651	$ 196,907	$ 204,223	$ 298,848	$ 10,133,629	$ 170,691

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, 2025

	Business-type Activities - Enterprise Funds					Governmental Activities
	Sewer	**Trash**	**Devils Canyon Center**	**Irrigation Water**	**Totals**	**Fleet Maint. Internal Service Fund**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	$ 1,026,723	$ 108,252	$ (43,936)	$ 18,413	$ 1,109,452	$ 100,024
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	1,553,744	-	43,936	9,203	1,606,883	5,944
(Increase) decrease in accounts receivable	(34,372)	(18,029)	-	(172)	(52,573)	-
(Increase) decrease in prepaid expenses	194,718	-	-	-	194,718	-
(Increase) decrease in inventories	(19,844)	-	-	1,822	(18,022)	-
Increase (decrease) in accounts payable	176,867	(86,518)	-	(364)	89,985	3,243
Increase (decrease) in subscription assets	(194,718)	-	-	-	(194,718)	-
Increase (decrease) in compensated absences payable	-	-	-	18	18	(1,855)
Total adjustments	1,676,395	(104,547)	43,936	10,507	1,626,291	7,332
Net Cash Provided by (Used for) Operating Activities	$ 2,703,118	$ 3,705	$ -	$ 28,920	$ 2,735,743	$ 107,356
Ending cash per Statement of Cash Flows is comprised of:						
Amounts reported on the Statement of Net Position						
Cash and investments	$ 8,392,467	$ 196,907	$ 204,223	$ 298,848	$ 9,092,445	$ 170,691
Restricted cash and investments	1,041,184	-	-	-	1,041,184	-
	$ 9,433,651	$ 196,907	$ 204,223	$ 298,848	$ 10,133,629	$ 170,691
Schedule of non-cash capital and related financing activities						
Contributions of capital assets	$ 64,790	$ -	$ -	$ -	$ 64,790	$ -

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, 2025

	Money Purchase Plan - General	Money Purchase Plan - Executive	Money Purchase Plan - Police	Private Purpose Trust Fund	Total
ASSETS					
Cash and cash equivalents	$ -	$ -	$ -	$ 268,129	$ 268,129
Investments	3,685,350	67,511	4,904,054	-	8,656,915
Accounts receivable	6,993	452	7,153	-	14,598
Total assets	3,692,343	67,963	4,911,207	268,129	8,939,642
LIABILITIES					
Accounts payable	-	-	-	268,129	268,129
Total liabilities	-	-	-	268,129	268,129
NET POSITION					
Held in trust for:					
Pension benefits	3,692,343	67,963	4,911,207	-	8,671,513
Total net position	$ 3,692,343	$ 67,963	$ 4,911,207	$ -	$ 8,671,513

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

City of Fruita, Colorado

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the year ended December 31, 2025

	Money Purchase Plan - General	Money Purchase Plan - Executive	Money Purchase Plan - Police	Private Purpose Trust Fund	Total
ADDITIONS					
Employer contributions	$ 263,801	$ 17,492	$ 225,976	$ -	$ 507,269
Employee contributions	287,869	41,708	-	-	329,577
School land dedication fees	-	-	-	79,018	79,018
Plan member contributions and rollovers	-	-	1,218,086	-	1,218,086
Total contributions	551,670	59,200	1,444,062	79,018	2,133,950
Investment earnings					
Net investment gain (loss)	492,498	8,876	554,492	-	1,055,866
Total additions	1,044,168	68,076	1,998,554	79,018	3,189,816
DEDUCTIONS					
Benefits	164,282	-	141,383	-	305,665
Forfeitures	-	-	-	79,018	79,018
Administrative expenses	7,472	113	5,856	-	13,441
Total deductions	171,754	113	147,239	79,018	398,124
CHANGE IN NET POSITION	872,414	67,963	1,851,315	-	2,791,692
Net position - Beginning	2,819,929	-	3,059,892	-	5,879,821
Net position - Ending	$ 3,692,343	$ 67,963	$ 4,911,207	$ -	$ 8,671,513

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

Notes to Financial Statements

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Fruita, Colorado (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governments and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

B. 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, including the Fruita Housing Authority (Housing Authority) blended component unit, and the fleet maintenance internal service fund. Business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds 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.

On the Statement of Activities, amounts reported as program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues also include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating revenues of the City's enterprise funds are primarily from charges for sewer, trash and irrigation services. Transfers to the General Fund for operating expenses - including the proprietary funds' share of utility billing, collections, audit, administration, and other services - are categorized under nonoperating expenses.

C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the City'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. Major funds are defined as the General Fund and any other fund whose revenues, expenditures/expenses, assets and deferred outflows of resources, or liabilities and deferred inflows of resources are at least 10 percent of the corresponding total for all funds of that category or type (i.e., total governmental or total enterprise funds) and at least 5 percent of the corresponding total for all governmental and enterprise funds combined, as well as any funds that the City has judgmentally deemed politically important.

The City 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.

Debt Service Fund – The Debt Service Fund is used to account for the principal and interest payments on the City's governmental debt obligations.

The City reports the following major proprietary funds:

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

Irrigation Water Fund – The Irrigation Water Fund accounts for the activities relating to the provision of irrigation water.

Devils Canyon Center Fund – The Devils Canyon Center accounts for the activity relating to the lease of the Devils Canyon Center.

Trash Fund – The Trash Fund accounts for the activities of trash and recycling collections.

Additionally, the City reports the following fund types:

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

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

The *pension trust funds* account for the activities of the various defined contribution retirement plans of the City.

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

1) Long-term Economic Focus and Accrual Basis.

   Both the governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when 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.

2) Current Financial Focus and Modified Accrual Basis.

   The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual; that is, 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 except for principal and interest on general long-term debt and compensated absences which are recognized as expenditures when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under financed purchases are reports as other financing sources.

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

E. FINANCIAL REPORTING ENTITY

The City is a municipal corporation which was established in 1884 and operates under a City Council-Manager form of government with six elected council members, an elected mayor and an appointed manager, subject to the provisions of Article XX of the Colorado Constitution and The Municipal Home Rule Act of 1971. The accompanying financial statements include the accounts of all City operations.

GASB has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e., the City, and (b) any organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it can appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the City.

In conformity with generally accepted accounting principles, the following component unit is included in the financial reporting entity as a blended component unit. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are presented as funds of the primary government.

Fruita Housing Authority (Housing Authority). The Housing Authority was established by the City Council under Resolution 2022-02, as amended by Resolution 2022-02a, and further amended by Resolution 2022-41 as a body corporate pursuant to Colorado Housing Authorities Law (C.R.S. §29-4-201, *et seq.)* as it may be amended from time to time. The purpose of the Housing Authority is to assist the City in meeting its goals of housing for those who want to live in Fruita and maintain various types of housing within the City by fostering and coordinating cooperation with partners to create affordable housing through tax abatement programming. The Mayor and City Council serve as ex-officio members of the Board of Commissioners of the Housing Authority and the boundaries of the Housing Authority are defined as the City limits.

F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

1) Cash and cash equivalents

The City's cash and investments include cash on hand, demand deposits, and non-negotiable certificates of deposit.

2) Investments

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

3) Receivables

The City's receivables are comprised mainly of loans, leases, accounts, taxes and grants.

4) Inventories

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

5) Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

6) Restricted assets

For governmental activities and governmental funds, certain cash is classified as restricted because its use is limited to a) debt service and b) use of development impact fees for capital projects. Business-type activities report restricted cash because its use is limited to debt service.

7) Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets – such as roads, bridges, sidewalks, and similar items - and are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position.

Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life more than three years with the exception of Sewer Fund capital assets, which are defined as assets with an individual cost of more than $7,500 and an estimated useful life in excess of three years. Infrastructure assets are defined as assets or projects which have a cost of more than $10,000 and a useful life of more than five years.

As the City 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, which 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.

Depreciation is computed using the straight-line method over the estimated useful life of the asset. Lease and subscription assets are amortized over the lease/subscription term or the life of the asset, whichever is less. Land, source of supply (water shares) and construction in progress are not depreciated.

The estimated useful lives of the City's capital assets are as follows:

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

8) Compensated absences

Vacation and sick benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and the City has estimated it is more likely than not that the City will compensate the employees through paid time off or some other means. The liability for such leave is reported as incurred in the government-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.

9) Deferred inflows and outflows of resources

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 has two items that qualifies for reporting in this category - unavailable property tax revenue and lease related revenues. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources (revenue) in the period they are collected. Lease-related revenues primarily consist of payments received by the City from leasing out assets such as land, buildings, or equipment to third parties under various lease agreements. The timing for recognizing lease-related revenues as inflows of resources is dependent on the terms and conditions outlined in the lease agreements, which may include upfront payments, periodic payments, or other arrangements.

In addition to assets, the Statement of Financial Position reports 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 does not have any items that qualify for reporting in this category.

10) Leases and subscription-based information technology arrangements

a. Leases

City as lessee:

Leases are defined as the right to use an underlying asset. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. Leases with terms of 12 months or less or that transfer ownership of the underlying asset are exempt from recognition and are expensed as incurred.

Lease assets are initially measured as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and lease payments.

- Discount Rate: The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.

- Lease Term: The lease term includes the non-cancellable period of the lease and any extension periods reasonably expected to be exercised.

- Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the City is reasonably certain to exercise. The lease payments may be subject to annual adjustments, and such variable payments are recognized as an expense when the estimated adjustment differs from fixed payments initially used to measure the liability.

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

City as lessor:

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

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

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

- Discount Rate: The discount rate is the interest rate implicit in the lease, or the City's incremental borrowing rate if the implicit rate is not determinable.

- Lease Term: The lease term includes the non-cancellable period of the lease and extended term(s) that the City is reasonably certain the lessee will exercise.

- Lease Receipts: Lease receipts included in the measurement of the lease receivable are composed of fixed payments and minimum guaranteed payments from the lessee.

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

b. <u>Subscription-Based Information Technology Arrangements (SBITA)</u>

A SBITA is a contract that conveys control of the right-to-use a third-party's information technology software. SBITAs with the maximum possible term under the SBITA contract of 12 months or less are considered short term SBITAs and recognized as outflows of resources.

The City recognizes a subscription liability and an intangible right to use subscription asset at the commencement of the contract unless the SBITA is considered a short term SBITA or the contract is considered a transfer of ownership of the underlying assets. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term using the City's incremental borrowing rate. A subscription asset is initially recorded at the initial measurement of the subscription liability, plus subscription payments made at the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription term begins when the City has obtained control of the right to use the underlying subscription asset and the subscription asset is placed into service.

A subscription asset is amortized on a straight line basis over the shorter of the subscription term or the useful life of the underlying subscription asset. Remeasurement of the subscription liability occurs when there is a change in the subscription term or other significant factors impacting the liability.

The City calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. For SBITAs that do not have implicit interest rates, the incremental borrowing rate is used. The incremental borrowing rate is the interest rate the City would have to pay if it borrowed the funds necessary to obtain the SBITA.

11) Unearned revenues

Unearned revenues arise when potential revenues does not meet both the "measurable and available" criteria for recognition in the current period or when potential revenues is unearned. This includes development impact fees subject to refund if not spent on the purpose for which collected, grant revenues, and unallocated credit balances on utility accounts. In subsequent periods, when revenue recognition criteria are met or when the City has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

12) 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. At times, the City may allocate funds for specific purposes using resources from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. To determine the amounts reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption is necessary regarding the sequence in which these resources are deemed to be utilized. It is the policy of the City to apply restricted net position before unrestricted net position when calculating resource utilization. This means that restricted resources are considered to be depleted first before turning to unrestricted resources.

13) Comparative Information

The financial statements and related notes include certain prior year comparative information. Accordingly, such information should be read in conjunction with the City's financial statements for the fiscal year ended December 31, 2024, from which these totals were derived.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY BASIS OF ACCOUNTING

The annual budget is prepared on a budgetary basis of accounting which differs from the basis of accounting used for financial reporting purposes according to GAAP for proprietary funds. The budgetary basis differs from GAAP primarily because certain revenues and expenditures are recognized on a cash basis rather than on the modified accrual or accrual basis. Adjustments necessary to convert the results of operations and fund balances at the end of the year from the budgetary basis to GAAP basis are provided in the individual fund financial statements.

B. BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1) Budget Preparation. The City Charter sets forth the budget requirements for the City. The City Manager shall direct the preparation of a proposed budget which is required to be submitted to the City Council 90 days prior to the end of the current fiscal year. The budget shall include proposed revenues and expenditures, estimates of current year revenues, and expenses along with any surplus funds, and a comparison with the prior year's budget. Expenses are broken down by department, and further broken by expense category such as personnel, operating, capital and other expenses.

   a. Public Hearings: Public hearings on the proposed budget are conducted to obtain citizen input and feedback.

   b. Budget Adoption: The budget is legally enacted through passage of a resolution by the City Council.

   c. Budgetary Control: The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the department level.

   d. Budget Amendments: The City Council is required to approve any supplemental or emergency appropriations amending the adopted budget as well as any transfers between departments or from contingency accounts. The City Manager is authorized to transfer budgeted amounts within any department; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council.

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

2) Budgetary Compliance. During the fiscal year ended December 31, 2025, expenditures in the Marketing & Promotion fund, Housing Authority fund, and Trash fund exceeded the respective appropriated amounts. This may be a violation of state statute.

3) Fiduciary funds. Fiduciary funds for employee retirement plans and the agency trust fund for school land dedication fees do not have appropriated budgets since other means control the use of these resources.

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. The amendment - known as the Taxpayers' Bill of Rights (TABOR) - requires prior voter approval 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 tax for the purpose of marketing and promoting the city.

The City has received voter approval to retain all revenues, including grants, that exceed the fiscal year spending limit for the purpose of implementing the City's capital improvement plan and maintaining capital improvements until December 31, 2024. In April 2024, this approval was extended, allowing the City to continue retaining excess revenues for capital improvements until December 31, 2030.

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, 2025, the emergency reserve of $836,242 is reported as restricted fund balance/net position in the General Fund/Governmental Activities.

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Pursuant to the 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 funds, in priority order, are 1) safety with a goal to mitigate credit and interest rate risk; 2) liquidity to ensure that funds are available for operating and capital requirements; and 3) rate of return with an objective of attaining a market rate.

For banks and savings and loan associations, designated depositories must be designated as eligible public depositories under the Colorado Public Deposit Protection Act (PDPA) and meet minimum credit criteria based on a credit analysis provided by a commercially available bank rating service.

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

1) Cash deposits with financial institutions

The City's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held under 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, 2025, including fiduciary funds was as follows:

	Bank Balance	Carrying Balance
Cash on hand	$ -	$ 1,900
Checking	5,146,945	6,042,819
Money market	13,749,705	13,749,703
Certificates of deposit*	2,063,085	2,063,085
Investment pools	23,614,056	23,614,056
	$ 44,573,791	$ 45,471,563

*Non-negotiable

Cash and investments as of December 31, 2025 were reported in the financial statements as follows:

Government-wide Statement of Net Position	Cash and investments	Restricted cash and investments	Total
Governmental activities	$ 21,408,138	$ 5,004,752	$ 26,412,890
Business-type activities	9,092,445	1,041,184	10,133,629
Fiduciary Funds Statement of Net Position			
Money Purchase Plan - General	-	3,685,350	3,685,350
Money Purchase Plan - Executive	-	67,511	67,511
Money Purchase Plan - Police	-	4,904,054	4,904,054
Private-purpose trust fund	268,129	-	268,129
Total cash and investments	$ 30,768,712	$ 14,702,851	$ 45,471,563

2) Investments

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 a twenty-four hour notice.

The COLOTRUST EDGE investments are valued at a variable NAV of approximately $9.97 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, 2025, the City had the following investments:

Investment type	Rating	Market Value	Weighted Average Maturity
Investment pools:			
CSAFE	AAAmmf	$ 8,602,851	< 60 days
CSAFE CORE	AAAf/S1	$ 5,425,784	> 90 days
COLOTRUST	AAAm	7,594,424	< 60 days
COLOTRUST EDGE	AAAf/S1	1,990,997	> 60 days
		$ 23,614,056	

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 manages its exposure to fair value losses arising from changing 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.

3) Restricted Cash and Investments

Restricted cash and investments as of December 31, 2025 were recorded for the following purposes:

Governmental activities		
Development impact fees	$	4,256,552
Bond reserves		748,200
Total Governmental Activities		5,004,752
Business-type activities		
Loan covenants		1,041,184
Total Restricted Cash	$	6,045,936

B. Loans Receivable

In 2023, the Housing Authority executed a promissory note with IndiBuild Fruita LLLP in the amount of $170,000. The note matures on July 31, 2063 , at which time all unpaid principal and accrued interest is due, and is secured by a subordinate deed of trust on the project. The note bears interest at an annual rate of 1%, compounded annually. Annual payments are required to the extent of available cash flow.

In 2025, the Housing Authority recognized $1,711 of interest income on the promissory note. As of December 31, 2025, the Housing Authority has $170,000 as a note receivable and $3,417 as interest receivable.

C. Leases Receivable

The City leases property to various entities. The lease agreements have various fixed monthly or annual payments and certain leases are subject to annual increases at a fixed rate or based on variable rates subject to annual revenue. The City has 5 active leases with interest rates that range from 0.4260% to 2.5110% per annum with maturity dates that range between 2027 and 2050. The total combined value of the leases receivable at December 31, 2025 is $677,608, and the combined value of the deferred inflow of resources is $633,450. During 2025, the City recognized $111,467 in lease revenue and $9,547 in interest revenue.

Lease receivable activity for the years following December 31, 2025 for governmental type activities is as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 58,860	$ 9,955	$ 68,815
2027	50,869	9,248	60,117
2028	51,736	8,565	60,301
2029	52,620	7,871	60,491
2030	22,930	7,303	30,233
2031 - 2035	92,558	31,814	124,372
2036 - 2040	96,896	24,458	121,354
2041 - 2045	119,832	15,758	135,590
2046 - 2050	131,307	4,939	136,246
	$ 677,608	$ 119,911	$ 661,273

D. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2025 was as follows:

	Transfers in						
Transfers out	General	Marketing	Community Center	Housing Authority	Capital Projects	Debt Service	Total transfers out
General	$ -	$ -	$ 95,000	$ -	$ 6,485,889	$ -	$ 6,580,889
Economic Dev.	-	-	-	405,100	-	-	405,100
Community Center	6,000	-	-	-	-	722,200	728,200
Sewer	165,000	-	-	-	-	-	165,000
Trash	70,000	-	-	-	-	-	70,000
Irrigation Water	10,125	-	-	-	-	-	10,125
Total transfers in	$ 251,125	$ -	$ 95,000	$ 405,100	$ 6,485,889	$ 722,200	$ 7,959,314

During the year operating transfers were 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 Fund.

3) Move sales and use tax revenues from the Community Center Fund to the Debt Service Fund to fund debt service principal and interest payments.

4) Move funds to the Capital Projects Fund for various capital projects.

5) Move funds to Fruita Housing Authority to fund community housing projects.

E. Capital Assets

The City's governmental activities capital asset activity for 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 10,712,018	$ 2,524,005	$ -	$ 13,236,023
Construction in progress	1,713,056	6,841,935	(1,282,318)	7,272,673
Total capital assets not being depreciated	12,425,074	9,365,940	(1,282,318)	20,508,696
Capital assets, being depreciated:				
Buildings and other structures	24,011,984	742,302	(41,260)	24,713,026
Infrastructure	54,047,933	1,077,862	-	55,125,795
Machinery and equipment	16,993,690	1,698,691	(258,026)	18,434,355
Right-to-use lease assets	56,062	1,146,486	-	1,202,548
SBITAs	823,286	54,253	(32,381)	845,158
Total capital assets being depreciated	95,932,955	4,719,594	(331,667)	100,320,882
Less accumulated depreciation for:				
Buildings and other structures	(9,654,814)	(791,039)	29,712	(10,416,141)
Infrastructure	(15,394,459)	(1,421,239)	-	(16,815,698)
Machinery and equipment	(7,348,138)	(768,799)	255,943	(7,860,994)
Right-to-use lease assets	(23,900)	(38,275)	-	(62,175)
SBITAs	(192,047)	(119,764)	31,672	(280,139)
Total accumulated depreciation	(32,613,358)	(3,139,116)	317,327	(35,435,147)
Total capital assets being depreciated, net	63,319,597	1,580,478	(14,340)	64,885,735
Governmental activities capital assets, net	$ 75,744,671	$ 10,946,418	$ (1,296,658)	$ 85,394,431

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

Governmental activities	
General government	$ 326,187
Park and recreation	1,069,738
Public works	1,522,192
Public safety	215,055
	3,133,172
Internal service funds*	5,944
Total depreciation/amortization expense	$ 3,139,116

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

The City's business-type capital asset activity for 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,046,173	$ -	$ -	$ 1,046,173
Source of supply	20,712	-	-	20,712
Construction in progress	174,641	1,151,266	(739,818)	586,089
Total capital assets not being depreciated	1,241,526	1,151,266	(739,818)	1,652,974
Capital assets, being depreciated:				
Buildings	1,803,043	-	-	1,803,043
Wastewater treatment facility	31,910,751	49,940	-	31,960,691
Distribution and collection system	27,284,297	887,064	-	28,171,361
Machinery and equipment	1,769,503	268,502	(67,936)	1,970,069
Right-to-use lease equipment	-	7,529	-	7,529
SBITAs	20,082	194,718	-	214,800
Total capital assets being depreciated	62,787,676	1,407,753	(67,936)	64,127,493
Less accumulated depreciation for:				
Buildings	(1,253,779)	(44,850)	-	(1,298,629)
Wastewater treatment facility	(9,593,677)	(878,927)	-	(10,472,604)
Distribution and collection system	(10,618,139)	(581,042)	-	(11,199,181)
Machinery and equipment	(1,467,703)	(70,590)	67,936	(1,470,357)
Right-to-use lease equipment	-	(1,447)	-	(1,447)
SBITAs	(12,440)	(30,027)	-	(42,467)
Total accumulated depreciation	(22,945,738)	(1,606,883)	67,936	(24,484,685)
Total capital assets being depreciated, net	39,841,938	(199,130)	-	39,642,808
Business-type activities capital assets, net	$ 41,083,464	$ 952,136	$ (739,818)	$ 41,295,782

Depreciation/amortization expense was charged to functions/programs of business-type activities as follows:

Business-type activities	
Sewer Fund	$ 1,553,744
Devils Canyon Center Fund	43,936
Irrigation Water Fund	9,203
Total depreciation/amortization expense	$ 1,606,883

F. Unearned Revenues

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

Governmental activities		
Development impact fees	$	533,382
Grants and donations		89,657
Unallocated billing receipts		81,564
Total - Governmental	$	704,603
Business-type activities		
Total - Proprietary	$	-
Total all funds	$	704,603

G. Construction Commitments

The City has active construction projects as of December 31, 2025. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Governmental activities:		
S Mesa St - Capital	$ 848,164	$ 1,764,836
19 Road - Capital	4,958,069	646,100
Total governmental activities	5,806,233	2,410,936
Business-type activities:		
UV Redundancy - Sewer	$ 47,118	$ 47,932
S Mesa St - Sewer	137,808	102,192
19 Road - Sewer	332,703	343,047
Total business-type activities	517,629	493,171
Total	$ 6,323,862	$ 2,904,107

The related appropriations for these commitments technically lapse at the end of the year but are reappropriated and become part of the subsequent year's budget because performance under the contract is expected to be completed in the following year.

H. Long-term Debt – Governmental Activities

1) Revenue Bonds

In 2019, the City issued $10,115,000 in Sales and Use Tax Revenue Refunding Bonds (2019 Refunding Bonds) with an interest rate of 4% per annum. 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 and were used to redeem the outstanding bonds on October 1, 2019. The 2019 Refunding Bonds are to be repaid through a dedicated one cent sales and use tax that was implemented in January 2009. A debt service reserve 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 until maturity on October 1, 2039. The outstanding balance on these bonds at December 31, 2025 was $7,880,000, the unamortized premium on the bonds was $555,253, and the unamortized discount on the bonds was $18,790. Interest and escrow agent fee payments for 2025 of $332,200 was recorded 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
2026	$ 430,000	$ 315,200	$ 745,200
2027	450,000	298,000	748,000
2028	465,000	280,000	745,000
2029	485,000	361,400	846,400
2030	505,000	242,000	747,000
2031 - 2035	2,840,000	890,800	3,730,800
2036 - 2040	2,705,000	275,800	2,980,800
	$ 7,880,000	$ 2,663,200	$ 10,543,200

2) Leases Payable

As of December 31, 2025, the City's governmental activities had 5 active leases payable that bear interest between 0.3300% and 3.305% per annum and mature between 2026 and 2076. At December 31, 2025, the total combined lease liability was $1,142,084. The net book value of the right to use asset, as of December 31, 2025, was $1,140,373.

Annual debt service requirements to maturity for leases payable are as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 34,321	$ 4,191	$ 38,512
2027	32,448	3,849	36,297
2028	27,449	3,582	31,031
2029	23,843	3,444	27,287
2030	20,630	3,370	24,000
2031-2035	104,175	15,825	120,000
2036-2040	105,908	14,092	120,000
2041-2045	107,669	12,331	120,000
2046-2050	109,459	10,541	120,000
2051-2055	111,280	8,720	120,000
2056-2060	113,130	6,870	120,000
2061-2065	115,012	4,988	120,000
2066-2070	116,924	3,076	120,000
2071-2075	118,869	1,131	120,000
2076	967	74	1,041
	$ 1,142,084	$ 96,084	$ 1,238,168

Details of the City's lease assets are as follows:

	Governmental Activities As of Fiscal Year-end			
Asset Class	Lease Asset Value		Accumulated Amortization	
Equipment	$	70,431	$	40,013
Buildings		1,132,117		22,162
Total Leases	$	1,202,548	$	62,175

3) Subscription Based Information Technology Arrangements (SBITAs).

As of December 31, 2025, governmental activities of the City had 12 active subscriptions with interest rates that range from 2.4260% to 3.7420% per annum and maturities ranging from 2026 to 2031. The liability was projected using contractual future payments discounted using incremental borrowing rates published by Debt Books. As of December 31, 2025, the total combined subscription liability was $530,811. The net book value of the SBITA asset, as of December 31, 2025, was $565,019.

Annual debt service requirements to maturity for governmental SBITAs payable are as follows:

	Governmental Activities					
Fiscal Year	Principal Payments		Interest Payments		Total Payments	
2026	$	127,898	$	17,584	$	145,482
2027		123,242		13,764		137,006
2028		123,581		10,022		133,603
2029		74,033		6,258		80,291
2030		47,967		3,340		51,307
2031		34,090		1,211		35,301
	$	530,811	$	52,179	$	582,990

I. Long-term Debt – Business-type Activities

1) Loan Payable

The City entered into a loan agreement in 2010 with the Colorado Water Resources and Power Development Authority (CWRPDA) 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% per annum. 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 until maturity on September 1, 2032. The loan agreement requires compliance with specified covenants and obligations- accordingly, the City has restricted $1,041,184 of net position in the Sewer Fund.

The bonds underlying this loan were refunded in 2021 by CWRPDA 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, 2025 was $10,380,000, and the unamortized premium on the loan for the wastewater treatment facility is $122,897. Interest expense on the loan for 2025 was $137,807 in the Sewer Fund.

Annual debt service requirements to maturity for business-type loans payable are as follows:

	Business-type Activities			
Year Ending Dec. 31	Principal	Interest	Credits	Total
2026	$ 1,255,000	$ 275,520	$ (165,575)	$ 1,364,945
2027	1,325,000	241,710	(168,010)	1,398,700
2028	1,400,000	206,279	(169,554)	1,436,725
2029	1,480,000	169,030	(164,335)	1,484,695
2030	1,555,000	129,800	(166,680)	1,518,120
2031 - 2032	3,365,000	134,122	(333,462)	3,165,660
	$ 10,380,000	$ 1,156,461	$ (1,167,616)	$ 10,368,845

2) Leases Payable

As of December 31, 2025, the City's business-type activities had one active lease payable that bears interest at 0.3300% per annum and matures in 2029. At December 31, 2025, the lease liability was $6,031. The net book value of the right to use asset, as of December 31, 2025, was $6,082.

Annual debt service requirements to maturity for leases payable are as follows:

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 1,500	$ 18	$ 1,518
2027	1,505	13	1,518
2028	1,510	8	1,518
2029	1,516	3	1,519
	$ 6,031	$ 42	$ 6,073

3) Subscription Based Information Technology Arrangements (SBITAs)

As of December 31, 2025, business-type activities of the City had 1 active subscription, which matures in 2030. The liability was projected using contractual future payments discounted using an incremental borrowing rate of 0.00% as published by DebtBooks. The City shows no liability for this SBITA as the entire term was prepaid. As of December 31, 2025, the value of the subscription liability was $0 and the net book value of the SBITA asset was $172,333.

There are no annual debt service requirements to maturity for business-type SBITAs payable.

J. Changes in Long-term Liabilities.

The following tables represent changes in long term obligations of the City for the year ended December 31, 2025. The internal service fund predominately serves the governmental funds. Accordingly, their long-term liabilities and compensated absences payable are included as part of the following totals for governmental activities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds:					
2019 FCC Refunding Bonds	$ 8,295,000	$ -	$ (415,000)	$ 7,880,000	$ 430,000
Discount on bonds	(21,424)	-	2,634	(18,790)	-
Premium on bonds	633,106	-	(77,853)	555,253	-
Total bonds payable	$ 8,906,682	$ -	$ (490,219)	$ 8,416,463	$ 430,000
Leases payable	33,032	1,146,486	(37,434)	1,142,084	34,321
SBITAs payable	603,927	54,253	(127,369)	530,811	127,898
Arbitrage rebate payable	-	28,689	-	28,689	-
Compensated absences, net	542,855	70,929	-	613,784	327,067
Total	$ 10,086,496	$ 1,300,357	$ (655,022)	$ 10,731,831	$ 919,286

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Loans payable:					
Sewer WWTF loan	$ 11,565,000	$ -	$ (1,185,000)	$ 10,380,000	$ 1,255,000
Premium on loan	161,166	-	(38,269)	122,897	-
Total loans payable	$ 11,726,166	$ -	$ (1,223,269)	$ 10,502,897	$ 1,255,000
Leases payable	-	7,403	(1,372)	6,031	1,500
SBITAs payable	6,353	-	(6,353)	-	-
Compensated absences, net	25,960	19	-	25,979	17,124
Total	$ 11,758,479	$ 7,422	$ (1,230,994)	$ 10,534,907	$ 1,273,624

*The change in accrued compensated absences is presented as a net change.

The compensated absence liability will be paid from the following funds from which the employees' salaries are paid: General Fund, Community Center Fund, Marketing and Promotion Fund, Irrigation Water Fund, Sewer Fund, and Fleet Maintenance Internal Service Fund.

K. Conduit Debt Obligations

To further healthcare in the City, the City issued Healthcare Revenue Bonds, Series 2017A and 2017B, that meet the definition of a conduit debt obligation. Conduit debt is where one entity (the City) issues debt for the benefit of a third party, who is wholly responsible for repayment. 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 by 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, 2025, there was an outstanding principal amount payable of $36,625,000, none of which was recognized as a liability of the City.

L. Fund Balance Disclosures

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance". It serves as a measure of the financial resources available for future spending and provides insight into the financial health and stability of the City. The City'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 purposes specified in a resolution adopted by City Council committing fund balance for a specified purpose 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 for specific purposes but do not meet the criteria to be classified as committed. Fund balance may be assigned by the City Council or the City Manager. Unlike commitments, assignments generally only exist temporarily. Additional action does not normally have to be taken for the removal of the assignments.

- *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.

  Fund balance flow assumption. It is the City's policy to consider restricted fund balance to have been depleted first 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.

The Council has adopted a financial policy to maintain an operating reserve in the General Fund equal to 25% of the current year's operating expenses. This amount is intended to provide fiscal stability, offset unanticipated reductions in revenues or short-term increases in expenditures, and provide resources for cash flow management. The operating reserve of $2,905,488 is reflected in the unassigned fund balance in the General Fund. Any use of the operating reserve must be approved by the Fruita City Council and replaced as soon as possible thereafter.

The Council has also adopted a financial policy to maintain an operating reserve in the Community Center Fund in an amount equal to 25% of the current year's operating expenses. The Committed fund balance of $1,645,914 in the Community Center Fund represents this operating reserve of 25% of the current year's operating expenses in the amount of $645,914 plus a facility/equipment improvement reserve in the amount of $1,000,000 for future facility and equipment improvements.

As of December 31, 2025, fund balances were composed of the following:

	General	Capital Projects	Community Center	Debt Service	Nonmajor Funds	Total
FUND BALANCES						
Nonspendable						
Inventories	$ 5,962	$ -	$ -	$ -	$ -	$ 5,962
Prepaid items	5,000	-	-	-	-	5,000
Notes receivable	-	-	-	-	173,417	173,417
Restricted						
Debt service	-	-	-	770,304	-	770,304
Economic development	-	-	-	-	1,998	1,998
Housing Authority	-	-	-	-	(478)	(478)
Marketing and promotion	-	-	-	-	240,746	240,746
Community Center	-	-	1,605,572	-	-	1,605,572
Parks and open space	-	1,201,041	-	-	235,359	1,436,400
Public places	-	-	-	-	258,503	258,503
Streets and drainage	304,337	3,122,123	-	-	-	3,426,460
Public safety	445,170	-	-	-	-	445,170
Emergency reserve	836,242	-	-	-	-	836,242
Committed for Community Center	-	-	1,645,914	-	-	1,645,914
Assigned						
Art acquisition	16,577	-	-	-	-	16,577
Capital projects	-	180,986	-	-	-	180,986
Equipment replacement	1,766,819	-	-	-	-	1,766,819
Health insurance reserve	328,468	-	-	-	-	328,468
Parks and open space	565,530	-	-	-	-	565,530
Scholarship program	44,248	-	-	-	-	44,248
Subsequent year expenditures	4,004,400	-	1,434,100	-	70,175	5,508,675
War memorial maintenance	2,289	-	-	-	-	2,289
Unassigned:						
Unassigned	4,752,665	-	-	-	-	4,752,665
Operating reserve	2,905,488	-	-	-	-	2,905,488
Total fund balances	$ 15,983,195	$ 4,504,150	$ 4,685,586	$ 770,304	$ 979,720	$ 26,922,955

NOTE 4. OTHER INFORMATION

A. Deferred Compensation Plan

The City offers its full time, year-round employees a deferred compensation plan created in accordance with section 457 of the Internal Revenue Code (457 Plan). The 457 Plan permits eligible employees to defer a portion of their salary until future years. All compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the participants and their beneficiaries. Compensation deferred under the 457 Plan is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not contribute to the 457 Plan; however, the City does match participating employees' contributions through a contribution to the City's 401(a) plan as discussed below. Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. Investment decisions within the 457 Plan are determined by the individual participants and, therefore, the 457 Plan's investment concentration varies between participants. Mission Square Retirement is the Trustee of the 457 Plan and the City, accordingly, has no liability for losses under the plan. However, the City does have the duty of due care that would be required of an ordinary prudent investor. Consequently, the 457 Plan is not part of the City's financial statements.

B. Pension Plans

The City 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 Colorado Retirement Association. 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 4 ½% of the employee's eligible compensation as defined by the plan. Employees are required to contribute 3% to the plan. The City contributes an additional 1 ½% match to participants that contribute 1 ½% to the City's voluntary 457 deferred compensation plan. For the year ended December 31, 2025, the City made all required contributions to the City of Fruita Money Purchase Pension Plan in the amount of $263,801. There were 81 active participants in the plan as of December 31, 2025.

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, 2025, forfeitures of $0 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 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, 2025, the City made all required contributions to the Fruita Executive Pension Plan in the amount of $17,492. There was one active participant in the plan at December 31, 2025.

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 fourteen percent (14%) to the retirement plan. For the year ended December 31, 2025, the City made all required contributions to the Fruita Police Pension Plan in the amount of $225,976.

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, 2025, there were no forfeitures used to offset contributions. There were 23 active participants in the plan as of December 31, 2025.

C. 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 283 Colorado municipalities and affiliated public entities to provide property, vehicle and casualty insurance coverage to its members for risks of loss and 134 members to provide workers' compensation coverage. Coverage 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. As a member of CIRSA, the City owns a proportionate share of CIRSA's net position.

CIRSA's combined financial information for the year ended December 31, 2025 is summarized as follows:

Assets:	
Current assets	$ 61,128,754
Noncurrent assets	68,206,248
Total assets	129,335,002
Current liabilities	36,313,804
Noncurrent liabilities	36,345,462
Total liabilities	72,659,266
Net position	$ 56,675,736
Total contributions and other revenue	$ 64,322,044
Total expenses and distributions	(45,456,929)
Change in net position	$ 18,865,115

D. 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.

E. Related Party Transactions

In 2025, The City paid RHEMA Music and Clothing a total of $45,000 for concert production expenses. RHEMA is owned by a city council member. All payments made were in accordance with the City's Municipal Code and were appropriate for services provided.

Required Supplementary Information

City of Fruita, Colorado

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

GENERAL FUND

For the year ended December 31, 2025

	Budget			Variance with
REVENUES	**Original**	**Final**	**Actual Amounts**	**Final Budget-Positive (Negative)**
Taxes:				
Property	$ 1,909,000	$ 1,909,000	$ 1,862,704	$ (46,296)
City sales	3,700,000	3,700,000	4,043,957	343,957
County sales	3,400,000	3,400,000	3,592,596	192,596
County sales - Public safety	510,000	510,000	540,144	30,144
Use tax	1,050,000	1,050,000	1,498,486	448,486
Other	741,000	741,000	746,052	5,052
Licenses and permits	66,000	66,000	72,895	6,895
Intergovernmental	608,000	670,225	727,060	56,835
Charges for services	446,000	452,000	739,585	287,585
Fines and forfeitures	31,500	31,500	17,213	(14,287)
Development impact fees	25,000	25,000	31,903	6,903
Investment income	425,000	425,000	650,934	225,934
Interest on leases	-	-	2,088	2,088
Rents	50,500	50,500	40,412	(10,088)
Donations	30,000	35,500	48,622	13,122
Miscellaneous	2,500	2,500	25,785	23,285
Total revenues	12,994,500	13,068,225	14,640,436	1,572,211
EXPENDITURES				
General government	1,762,325	1,869,825	1,803,449	66,376
Administration	1,321,350	1,347,515	1,291,384	56,131
Engineering	647,200	647,200	588,159	59,041
Community development	957,525	1,007,525	778,772	228,753
Public safety	3,657,500	3,660,900	3,527,434	133,466
Public works	2,319,725	2,549,425	2,184,197	365,228
Parks and recreation	1,498,575	1,519,725	1,397,052	122,673
Non-departmental	817,900	723,400	535,021	188,379
Debt service				
Principal	-	-	135,784	(135,784)
Interest and fiscal charges	-	-	16,154	(16,154)
Capital outlay	673,550	821,735	844,399	(22,664)
Total expenditures	13,655,650	14,147,250	13,101,805	1,045,445
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(661,150)	(1,079,025)	1,538,631	2,617,656
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	-	14,369	14,369
Subscription financing	-	-	54,253	54,253
Sale of capital assets	-	-	55,832	55,832
Insurance awards and refunds	-	-	189,565	189,565
Transfers in	251,125	251,125	251,125	-
Transfers (out)	(1,302,000)	(8,255,000)	(6,580,889)	1,674,111
Total other financing sources and (uses)	(1,050,875)	(8,003,875)	(6,015,745)	1,988,130
NET CHANGE IN FUND BALANCE	(1,712,025)	(9,082,900)	(4,477,114)	4,605,786
Fund balance - Beginning	12,675,937	12,675,937	20,460,309	7,784,372
Fund balance - Ending	$ 10,963,912	$ 3,593,037	$ 15,983,195	$ 12,390,158

City of Fruita, Colorado

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

COMMUNITY CENTER SPECIAL REVENUE FUND

For the year ended December 31, 2025

	Budget			Variance with
	Original	Final	Actual Amounts	Final Budget-Positive (Negative)
REVENUES				
Taxes				
City sales	$ 1,850,000	$ 1,850,000	$ 2,021,979	$ 171,979
Use tax	525,000	525,000	748,788	223,788
Intergovernmental revenue	-	-	5,000	5,000
Charges for services	1,423,000	1,423,000	1,421,550	(1,450)
Investment income	35,000	35,000	64,189	29,189
Interest on leases	-	-	7,459	7,459
Rents	85,500	85,500	81,705	(3,795)
Donations	-	-	10,825	10,825
Miscellaneous	-	-	5,974	5,974
Total revenues	3,918,500	3,918,500	4,367,469	448,969
EXPENDITURES				
Current:				
Personnel services	2,053,400	2,013,400	1,882,310	131,090
Purchased services	330,450	370,450	321,991	48,459
Supplies	453,250	453,250	379,355	73,895
Contingency	40,000	40,000	-	40,000
Recreation	2,877,100	2,877,100	2,583,656	293,444
Debt service				
Principal	-	-	7,792	(7,792)
Interest	-	-	399	(399)
Capital outlay	353,000	982,500	924,641	57,859
Total expenditures	3,230,100	3,859,600	3,516,488	343,112
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	688,400	58,900	850,981	792,081
OTHER FINANCING SOURCES (USES)				
Sale of equipment	-	-	247	247
Transfers in	95,000	95,000	95,000	-
Transfers out	(728,200)	(728,200)	(728,200)	-
Total other financing sources (uses)	(633,200)	(633,200)	(632,953)	247
NET CHANGE IN FUND BALANCE	55,200	(574,300)	218,028	792,328
Fund balance - Beginning	3,391,974	3,391,974	4,467,558	1,075,584
Fund balance - Ending	$ 3,447,174	$ 2,817,674	$ 4,685,586	$ 1,867,912

Supplementary Information

City of Fruita, Colorado

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

CAPITAL PROJECTS FUND

For the year ended December 31, 2025

	Budget			Variance with Final Budget-
	Original	**Final**	**Actual Amounts**	**Positive (Negative)**
REVENUES				
Intergovernmental	$ 2,250,000	$ 4,241,000	$ 886,745	$ (3,354,255)
Development impact fees	-	191,200	922,647	731,447
Investment income	-	-	167,668	167,668
Total revenues	2,250,000	4,432,200	1,977,060	(2,455,140)
EXPENDITURES				
Capital outlay				
Community development	-	298,800	278,593	20,207
Street improvements	3,200,000	12,728,200	6,797,470	5,930,730
Building improvements	205,000	205,000	191,589	13,411
Parks and recreation	40,000	242,000	215,098	26,902
Total expenditures	3,445,000	13,474,000	7,482,750	5,991,250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,195,000)	(9,041,800)	(5,505,690)	3,536,110
OTHER FINANCING SOURCES (USES)				
Transfers in	1,195,000	8,148,000	6,485,889	(1,662,111)
Total other financing sources (uses)	1,195,000	8,148,000	6,485,889	(1,662,111)
NET CHANGE IN FUND BALANCE	-	(893,800)	980,199	1,873,999
Fund balance - Beginning	2,992,942	2,992,942	3,523,951	531,009
Fund balance - Ending	$ 2,992,942	$ 2,099,142	$ 4,504,150	$ 2,405,008

City of Fruita, Colorado

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

DEBT SERVICE FUND

For the year ended December 31, 2025

	Budget			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget- Positive (Negative)**
REVENUES				
Investment income	$ 25,000	$ 25,000	$ 34,234	$ 9,234
Total revenues	25,000	25,000	34,234	9,234
EXPENDITURES				
Debt service:				
Principal	415,000	415,000	415,000	-
Interest and fiscal charges	332,200	332,200	332,200	-
Total expenditures	747,200	747,200	747,200	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(722,200)	(722,200)	(712,966)	9,234
OTHER FINANCING SOURCES (USES)				
Transfers in	722,200	722,200	722,200	-
Total other financing sources (uses)	722,200	722,200	722,200	-
NET CHANGE IN FUND BALANCE	-	-	9,234	9,234
Fund balance - Beginning	748,200	748,200	761,070	12,870
Fund balance - Ending	$ 748,200	$ 748,200	$ 770,304	$ 12,870

City of Fruita, Colorado

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2025

	Special Revenue Funds					
	Conservation Trust	**Economic Development**	**Marketing & Promotion**	**Public Places**	**Fruita Housing Authority**	**Total Nonmajor Governmental Funds**
ASSETS						
Cash and cash equivalents	$ 235,359	$ -	$ 332,144	$ 254,353	$ -	$ 821,856
Taxes receivable	-	8,462	11,477	4,150	-	24,089
Interest receivable	-	-	-	-	3,417	3,417
Notes receivable	-	-	-	-	170,000	170,000
Total assets	$ 235,359	$ 8,462	$ 343,621	$ 258,503	$ 173,417	$ 1,019,362
LIABILITIES						
Accounts payable	-	6,464	32,700	-	478	39,642
Total liabilities	-	6,464	32,700	-	478	39,642
FUND BALANCES						
Nonspendable	-	-	-	-	173,417	173,417
Restricted						
Parks and open space	235,359	-	-	-	-	235,359
Economic development	-	1,998	-	-	-	1,998
Housing	-	-	-	-	(478)	(478)
Marketing and promotion	-	-	240,746	-	-	240,746
Public places	-	-	-	258,503	-	258,503
Assigned						
Subsequent year expenditures	-	-	70,175	-	-	70,175
Total fund balances	235,359	1,998	310,921	258,503	172,939	979,720
Total liabilities and fund balances	$ 235,359	$ 8,462	$ 343,621	$ 258,503	$ 173,417	$ 1,019,362

City of Fruita, Colorado

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2025

	Special Revenue Funds					
	Conservation Trust	**Economic Development**	**Marketing & Promotion**	**Public Places**	**Fruita Housing Authority**	**Total Nonmajor Governmental Funds**
REVENUES						
Taxes						
Lodger's tax	$ -	$ 134,642	$ 200,641	$ 67,153	$ -	$ 402,436
Intergovernmental	164,854	-	-	-	1,625,940	1,790,794
Charges for services	-	-	1,037	-	-	1,037
Investment income	681	-	290	-	1,711	2,682
Total revenues	165,535	134,642	201,968	67,153	1,627,651	2,196,949
EXPENDITURES						
Economic development	-	15,014	-	-	-	15,014
Housing	-	-	-	-	543,785	543,785
Marketing and promotion	-	-	203,124	-	-	203,124
Public places	-	-	-	10,500	-	10,500
Debt service:						
Principal	-	10,613	10,613	-	-	21,226
Interest	-	1,387	1,387	-	-	2,774
Capital outlay	-	566,059	579,984	-	1,500,437	2,646,480
Total expenditures	-	593,073	795,108	10,500	2,044,222	3,442,903
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	165,535	(458,431)	(593,140)	56,653	(416,571)	(1,245,954)
OTHER FINANCING SOURCES (USES)						
Lease proceeds	-	566,059	566,059	-	-	1,132,118
Total other financing sources (uses)	-	160,959	566,059	-	405,100	1,132,118
NET CHANGE IN FUND BALANCES	165,535	(297,472)	(27,081)	56,653	(11,471)	(113,836)
Fund balances - Beginning	69,824	299,470	338,002	201,850	184,410	1,093,556
Fund balances - Ending	$ 235,359	$ 1,998	$ 310,921	$ 258,503	$ 172,939	$ 979,720

City of Fruita, Colorado

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

CONSERVATION TRUST SPECIAL REVENUE FUND

For the year ended December 31, 2025

	Budget			Variance with
	Original	Final	Actual Amounts	Final Budget-Positive (Negative)
REVENUES				
Intergovernmental	$ 160,000	$ 160,000	$ 164,854	$ 4,854
Investment income	-	-	681	681
Total revenues	160,000	160,000	165,535	5,535
EXPENDITURES				
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	160,000	160,000	165,535	5,535
Fund balance - Beginning	64,554	64,554	69,824	5,270
Fund balance - Ending	$ 224,554	$ 224,554	$ 235,359	$ 10,805

City of Fruita, Colorado

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

ECONOMIC DEVELOPMENT FUND

For the year ended December 31, 2025

	Budget Original	Budget Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
Lodger's tax	$ 120,000	$ 120,000	$ 134,642	$ 14,642
Total revenues	120,000	120,000	134,642	14,642
EXPENDITURES				
Economic development assistance	415,000	415,000	15,014	399,986
Capital outlay	-	-	566,059	(566,059)
Debt Service				
Principal	12,000	12,000	10,613	1,387
Interest	-	-	1,387	(1,387)
	427,000	427,000	593,073	(166,073)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(307,000)	(307,000)	(458,431)	(151,431)
OTHER FINANCING USES				
Transfers (out)	(5,100)	(5,100)	(405,100)	(400,000)
Capital lease proceeds	-	-	566,059	566,059
Total other financing sources (uses)	(5,100)	(5,100)	160,959	166,059
NET CHANGE IN FUND BALANCE	(312,100)	(312,100)	(297,472)	14,628
Fund balance - Beginning	395,800	395,800	299,470	$ (96,330)
Fund balance - Ending	$ 83,700	$ 83,700	$ 1,998	$ (81,702)

City of Fruita, Colorado

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

MARKETING AND PROMOTION SPECIAL REVENUE FUND

For the year ended December 31, 2025

	Budget Original	Budget Final	Actual Amounts	Variance with Final Budget-Positive (Negative)
REVENUES				
Lodger's tax	$ 180,000	$ 180,000	$ 200,641	$ 20,641
Charges for services	-	-	1,037	1,037
Investment income	-	-	290	290
Total revenues	180,000	180,000	201,968	21,968
EXPENDITURES				
Current				
Marketing and promotion	207,000	238,000	203,124	34,876
Capital outlay	-	-	579,984	(579,984)
Debt Service				
Principal	-	-	10,613	(10,613)
Interest	-	-	1,387	(1,387)
Total expenditures	207,000	238,000	795,108	(557,108)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,000)	(58,000)	(593,140)	(535,140)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	-	12,000
Capital lease proceeds	-	-	566,059	(566,059)
Total other financing sources (uses)	12,000	12,000	566,059	(554,059)
NET CHANGE IN FUND BALANCE	(15,000)	(46,000)	(27,081)	(1,089,199)
Fund balance - Beginning	327,772	327,772	338,002	10,230
Fund balance - Ending	$ 312,772	$ 281,772	$ 310,921	$ 29,149

City of Fruita, Colorado

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

PUBLIC PLACES FUND

For the year ended December 31, 2025

	Budget			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Lodger's tax	$ 60,000	$ 60,000	$ 67,153	$ 7,153
Total revenues	60,000	60,000	67,153	7,153
EXPENDITURES				
Public places	19,000	19,000	10,500	8,500
Total expenditures	19,000	19,000	10,500	8,500
NET CHANGE IN FUND BALANCE	41,000	41,000	56,653	15,653
Fund balance - Beginning	183,986	183,986	201,850	17,864
Fund balance - Ending	$ 224,986	$ 224,986	$ 258,503	$ 33,517

City of Fruita, Colorado

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

FRUITA HOUSING AUTHORITY FUND

For the year ended December 31, 2025

	Budget			Variance with
	Original	**Final**	**Actual Amounts**	**Final Budget-Positive (Negative)**
REVENUES				
Intergovernmental	$ -	$ 1,500,000	$ 1,625,940	$ 125,940
Charges for services	50,000	50,000	-	(50,000)
Investment income	-	-	1,711	1,711
Total revenues	50,000	1,550,000	1,627,651	77,651
EXPENDITURES				
Operating expenditures	55,100	55,100	17,845	37,255
Passthrough grant for housing assistance	-	1,900,000	525,940	1,374,060
Capital Outlay	-	-	1,500,437	1,500,437
Total expenditures	55,100	1,955,100	2,044,222	2,911,752
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,100)	(405,100)	(416,571)	2,989,403
OTHER FINANCING SOURCES				
Transfers in	5,100	405,100	405,100	-
Total other financing sources (uses)	5,100	405,100	405,100	-
NET CHANGE IN FUND BALANCE	-	-	(11,471)	2,989,403
Fund balance - Beginning	-	-	184,410	184,410
Fund balance - Ending	$ -	$ -	$ 172,939	$ 172,939

City of Fruita, Colorado

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

SEWER FUND

For the year ended December 31, 2025

	Budget			
	Original	Final	Actual Amounts	Variance with Final Budget-Positive (Negative)
OPERATING REVENUES				
Charges for services	$ 4,110,000	$ 4,110,000	$ 4,273,172	$ 163,172
Other	2,000	2,000	3,390	1,390
Total operating revenues	4,112,000	4,112,000	4,276,562	164,562
OPERATING EXPENSES				
Personnel services	1,084,425	1,084,425	969,399	115,026
Purchased services	826,850	901,725	301,919	599,806
Supplies	538,225	534,525	424,777	109,748
Capital expenses	995,325	2,937,450	1,754,411	1,183,039
Total operating expenses	3,444,825	5,458,125	3,450,506	2,007,619
Operating income (loss) - Budget basis	667,175	(1,346,125)	826,056	2,172,181
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental	200,000	700,000	437,986	(262,014)
Investment income	130,000	130,000	215,361	85,361
Proceeds from sale of equipment	-	-	7,775	7,775
Insurance awards	-	5,000	4,113	(887)
Interest and fiscal charges	(137,515)	(137,515)	(137,807)	(292)
Principal payments	(1,185,000)	(1,185,000)	(1,192,851)	7,851
Total non-operating revenues (expenses)	(992,515)	(487,515)	(665,423)	(162,206)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(325,340)	(1,833,640)	160,633	2,009,975
Transfers (out)	(165,000)	(165,000)	(165,000)	-
Capital contributions - Tap fees	500,000	500,000	637,000	137,000
CHANGE IN NET POSITION - BUDGET BASIS	$ 9,660	$ (1,498,640)	$ 632,633	2,131,273
RECONCILIATION TO GAAP BASIS				
Depreciation			(1,523,717)	
Accrued interest payable			10,832	
Developer contributions of capital assets			64,790	
Principal retirement			1,192,851	
Amortization on RTU assets			(30,027)	
Capital asset additions			1,754,411	
Amortization of premium on bonds			38,268	
Total GAAP Basis Adjustments			1,507,408	
CHANGE IN NET POSITION - GAAP BASIS			2,140,041	
Net position - Beginning			37,690,850	
Net position - Ending			$ 39,830,891	

City of Fruita, Colorado

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

TRASH FUND

For the year ended December 31, 2025

	Budget			Variance with
	Original	**Final**	**Actual Amounts**	**Final Budget- Positive (Negative)**
OPERATING REVENUES				
Charges for services	$ 1,230,000	$ 1,230,000	$ 1,295,380	$ 65,380
Total operating revenues	1,230,000	1,230,000	1,295,380	65,380
OPERATING EXPENSES				
Purchased services	1,160,000	1,160,000	1,187,128	(27,128)
Total operating expenses	1,160,000	1,160,000	1,187,128	(27,128)
Operating income (loss) - Budget basis	70,000	70,000	108,252	38,252
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	-	328	328
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	70,000	70,000	108,580	38,580
Transfers (out)	(70,000)	(70,000)	(70,000)	-
CHANGE IN NET POSITION - BUDGET BASIS	$ -	$ -	$ 38,580	$ 38,580
RECONCILIATION TO GAAP BASIS			-	
CHANGE IN NET POSITION - GAAP BASIS			38,580	
Net position - Beginning			265,857	
Net position - Ending			$ 304,437	

City of Fruita, Colorado

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

DEVILS CANYON CENTER FUND

For the year ended December 31, 2025

	Budget			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
OPERATING REVENUES				
Total operating revenues	-	-	-	-
OPERATING EXPENSES				
Total operating expenses	-	-	-	-
Operating income (loss) - Budget basis	-	-	-	-
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	-	2,031	2,031
CHANGE IN NET POSITION - BUDGET BASIS	$ -	$ -	$ 2,031	$ 2,031
RECONCILIATION TO GAAP BASIS				
Depreciation			(43,936)	
CHANGE IN NET POSITION - GAAP BASIS			$ (41,905)	
Net position - Beginning			951,734	
Net position - Ending			$ 909,829	

City of Fruita, Colorado

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

IRRIGATION WATER FUND

For the year ended December 31, 2025

	Budget			Variance with Final Budget- Positive (Negative)
	Original	**Final**	**Actual Amounts**	
OPERATING REVENUES				
Charges for services	$ 135,000	$ 135,000	$ 136,088	$ 1,088
Total operating revenues	135,000	135,000	136,088	1,088
OPERATING EXPENSES				
Personnel services	86,025	86,025	85,492	533
Purchased services	12,975	12,975	9,701	3,274
Supplies	20,975	20,975	13,260	7,715
Contingency	6,450	6,450	-	6,450
Total operating expenses	126,425	126,425	108,453	17,972
Operating income (loss) - Budget basis	8,575	8,575	27,635	19,060
NON-OPERATING REVENUES (EXPENSES)				
Investment income	50	50	289	239
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	8,625	8,625	27,924	19,299
Transfers (out)	(10,125)	(10,125)	(10,125)	-
Capital contributions - Tap fees	1,500	1,500	1,500	-
CHANGE IN NET POSITION - BUDGET BASIS	$ -	$ -	$ 19,299	$ 19,299
RECONCILIATION TO GAAP BASIS				
Change in accrued compensated absences			(19)	
Depreciation			(9,203)	
Total GAAP Basis Adjustments			(9,222)	
CHANGE IN NET POSITION - GAAP BASIS			10,077	
Net position - Beginning			418,351	
Net position - Ending			$ 428,428	

City of Fruita, Colorado

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

FLEET MAINTENANCE INTERNAL SERVICE FUND

For the year ended December 31, 2025

	Budget			Variance with Final Budget- Positive (Negative)
	Original	**Final**	**Actual Amounts**	
OPERATING REVENUES				
Charges for services	$ 448,275	$ 448,275	$ 448,275	$ -
Total operating revenues	448,275	448,275	448,275	-
OPERATING EXPENSES				
Personnel services	264,825	264,825	205,451	59,374
Purchased services	69,925	69,925	49,353	20,572
Supplies	109,850	109,850	89,357	20,493
Contingency	3,675	3,675	-	3,675
Total operating expenses	448,275	448,275	344,161	104,114
Operating income (loss) - Budget basis	-	-	104,114	104,114
NON-OPERATING REVENUES (EXPENSES)				
Interest and fiscal charges	-	-	(145)	(145)
Total non-operating revenues (expenses)	-	-	(145)	(145)
CHANGE IN NET POSITION - BUDGET BASIS	$ -	$ -	$ 103,969	$ 103,969
RECONCILIATION TO GAAP BASIS				
Change in compensated absences			1,854	
Depreciation and amortization			(5,944)	
Accrued interest payable			106	
Total GAAP Basis Adjustments			(3,984)	
CHANGE IN NET POSITION - GAAP BASIS			99,985	
Net position - Beginning			80,302	
Net position - Ending			$ 180,287	

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: CITY OF FRUITA	PREPARED BY: CHRISTA YAMASHITA CYAMASHITA@FRUITA.ORG	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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. Total (1 - (2 through 4))				

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 Assesments		a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	1,275,636	b. Other Misc. Local Receipts	
c. Total (a + b)	$ 1,275,636	**c. Total (a + b)**	$ -
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	540,057	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	652,564		
c. Total (a + b)	$ 652,564		
4. Total (1 + 2 + 3c)	$ 1,192,621	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	451,984
b. Engineering Costs	28,616
c. Construction Costs	6,542,628
d. Total Capital Outlay (a+ b + c)	$ 7,023,228

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LOCAL HIGHWAY FINANCE REPORT

STATE:	COLORADO
REPORT YEAR ENDING DATE(mm/yyyy):	12/2025

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. Amount 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.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	6,159,938
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,275,636
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ -
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)	$ -
7. Total (1 through 6)	$ 7,435,574
B. Private Contributions	288,533
C. Receipts from State government (from page 1, Item II.C.4)	$ 1,192,621
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 8,916,728

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 7,023,228
2. Maintenance:	681,652
3. Road and Street Services:	
a. Snow and Ice Removal	8,657
b. Other & Traffic Control Operations	294,254
c. Total (a + b)	$ 302,911
4. General Administration & Miscellaneous	199,395
5. Highway Law Enforcement and Safety	709,542
6. Total (1 through 5)	$ 8,916,728
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 8,916,728

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -