

CITY OF FRUITA, COLORADO

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2023



City of Fruita
General Purpose Financial Statements
Fiscal Year Ended December 31, 2023

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	iii
MANAGEMENT’S DISCUSSION AND ANALYSIS	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	23
Statement of Activities	24
Governmental Funds Financial Statements	
Balance Sheet	25
Reconciliation of Balance Sheet to Statement of Net Position	26
Statement of Revenues, Expenditures and Changes in Fund Balances	27
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	28
Proprietary Fund Financial Statements	
Statement of Net Position	29
Statement of Revenues, Expenses and Changes in Net Position	30
Statement of Cash Flows	31
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	33
Statement of Changes in Fiduciary Net Position	34
NOTES TO FINANCIAL STATEMENTS	37
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual – Major Governmental Funds	
General Fund	75
Community Center Fund	76

City of Fruita
General Purpose Financial Statements
Fiscal Year Ended December 31, 2023

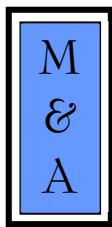
TABLE OF CONTENTS (continued)

SUPPLEMENTARY INFORMATION

Capital Projects Fund	79
Debt Service Fund	80
Combining Balance Sheet – Non-Major Governmental Funds	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Non-Major Governmental Funds	
Conservation Trust Fund	83
Economic Development Fund	84
Marketing and Promotion Fund	85
Public Places Fund	86
Fruita Housing Authority Fund	87
Schedule of Revenues, Expenses, and Changes in Net Position – Budget to Actual – Proprietary Funds	
Sewer Fund	88
Trash Fund	89
Devils Canyon Center Fund	90
Irrigation Water Fund	91
Fleet Maintenance Fund	92
Schedule of Receipts and Expenditures for Roads, Bridges and Streets	93

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97
Independent Auditor's Report on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	99
Schedule of Findings and Questioned Costs	102
Schedule of Expenditures of Federal Awards	105
Notes to Schedule of Expenditures of Federal Awards	106



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INDEPENDENT AUDITOR'S REPORT

**To the Members of City Council
City of Fruita, Colorado**

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fruita, Colorado (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Members of City Council
City of Fruita, Colorado

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.

Emphasis-of-Matter

As discussed in Note 4.F to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis 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 Management's Discussion and Analysis 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.

INDEPENDENT AUDITOR'S REPORT
To the Members of City Council
City of Fruita, Colorado

Required Supplementary Information (continued)

The budgetary comparison information on pages 75-76 is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. This budgetary comparison information 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, this 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 fund financial statements, individual fund budgetary information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in the Single Audit Section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, individual fund budgetary information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents are 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 combining fund financial statements, individual fund budgetary information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
August 15, 2024

Management's Discussion and Analysis

This discussion and analysis of the City of Fruita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2023. 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, 2023.

- *Net Position.* The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2023 by \$125.7 million (*net position*). The City's total net position increased \$10 million (9%) from the prior year. This increase included an increase of \$6.8 million (8%) in capital assets, a decrease of \$461,325 (5%) in restricted assets, and an increase of \$3.7 million (14%) in unrestricted assets.
- *Fund Balances.* The City's governmental funds reported a combined fund balance of \$29.5 million, an increase of \$2.0 million from the previous year. Of this total, \$7.8 million is unassigned and available for discretionary spending by the City. This \$7.8 million includes \$2.3 million designated as operating reserve funds, which represents 25% of the 2023 General Fund expenditures.

General Fund – Fund Balance. At the end of the current fiscal year *the total fund balance* of the General Fund was \$19.8 million, an increase of \$624,805 (3%) from the prior year. *Unassigned fund balance* of \$7.8 million reflects a decrease of \$4.1 million (35%) from the prior year. This reduction is primarily due to the assignment of an additional \$4.3 million for subsequent year (2024) capital project expenses for a total of \$8.5 million assigned for 2024 expenses. The \$7.8 million unassigned fund balance includes the 25% operating reserve of \$2.3 million.

- *General Fund Revenues and Expenses* - Revenues of \$13.3 million exceeded expenses and other financing uses of \$12.7 million by \$624,805. Revenues increased \$875,791 (7%) from the prior year and expenses increased \$3.2 million from the prior year. Of the total expenses, operating expenses increased \$1 million (13%), capital expenses increased \$2.1 million and debt expenses increased \$74,192.

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

- *The statement of net position* presents information on all the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.
- *The statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Management's Discussion and Analysis

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.

Management's Discussion and Analysis

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

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

Notes to the financial statements

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

Other information

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

Management's Discussion and Analysis

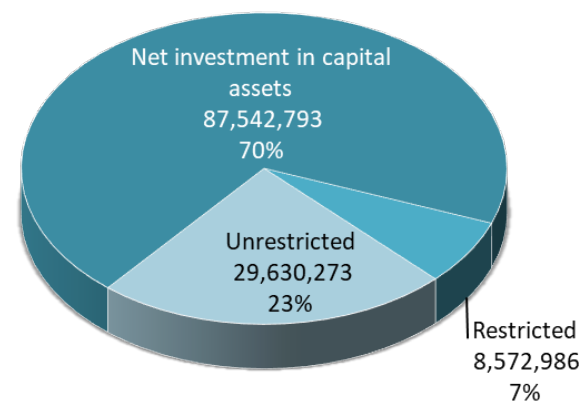
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Government-wide. The Net Position of the prior period has been restated for prior period adjustments. 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 \$125.7 million at December 31, 2023 and increased \$10 million from the prior year for both governmental and business-type activities.

CITY OF FRUITA - NET POSITION						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 34,736,598	\$33,044,862	\$ 9,622,047	\$ 9,652,122	\$ 44,358,645	\$ 42,696,984
Capital assets	69,720,226	65,586,502	41,452,482	39,716,247	111,172,708	105,302,749
Total assets	104,456,824	98,631,364	51,074,529	49,368,369	155,531,353	147,999,733
LIABILITIES						
Current and other liabilities	3,340,049	3,147,353	2,191,209	3,462,758	5,531,258	6,610,111
Long term liabilities	9,760,084	10,238,869	11,777,678	12,935,569	21,537,762	23,174,438
Total liabilities	13,100,133	13,386,222	13,968,887	16,398,327	27,069,020	29,784,549
TOTAL DEFERRED INFLOWS OF RESOURCES						
	2,716,281	2,486,329	-	-	2,716,281	2,486,329
NET POSITION						
Net investment in capital assets	59,224,576	55,036,318	28,318,217	25,721,467	87,542,793	80,757,785
Restricted	7,559,719	6,557,119	1,013,267	940,028	8,572,986	7,497,147
Unrestricted	21,856,115	21,165,376	7,774,158	6,308,547	29,630,273	27,473,923
TOTAL NET POSITION	\$88,640,410	\$82,758,813	\$37,105,642	\$32,970,042	\$ 125,746,052	\$ 115,728,855

Government-wide. The largest portion of the city's net position (70%) is the investment of \$87.6 million 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

Net Position - \$125.7 million



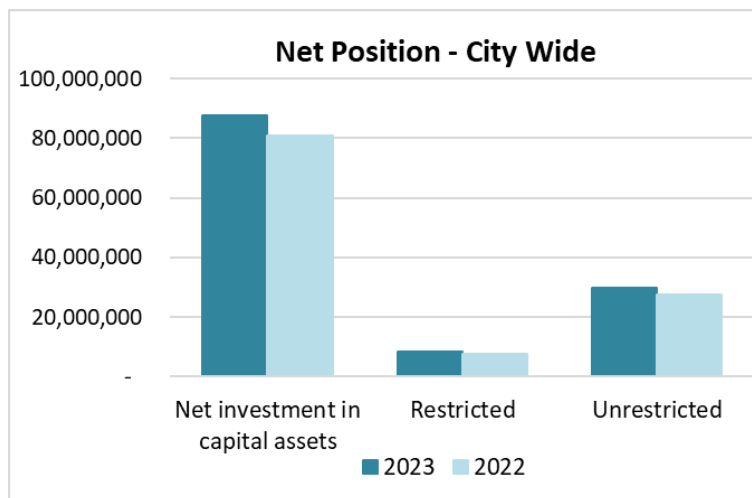
Management's Discussion and Analysis

assets are not available for future spending. Although the city's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The total increase in the City's investment in capital assets (net of related debt) for 2023 was \$6.8 million. This includes \$4.2 million in governmental-activities assets and \$2.6 million in business-type activity assets. More information on these capital assets can be found under the Capital Asset and Debt Administration section of this analysis and the Capital Assets notes in the Notes to the Financial Statements (Note 3E).

An additional portion of the city's net position of \$8.6 million (7%) represents resources that are subject to restrictions on how they may be used. Restricted net assets increased \$1.1 million (14%) from the prior year. This increase is related to increases in amounts restricted for specific purposes within governmental activities.

The remaining balance of \$29.6 million (23%) is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. Unrestricted net assets increased \$2.2 million (8%) from the prior year for both governmental activities and business type activities. This includes \$21.9 million in unrestricted assets for governmental activities and \$7.8 million in business-type activities.



At the end of the current fiscal year, the city reports positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The unrestricted net position equals 148% of total expenses in the statement of activities for governmental activities for 2023 and 178% of the total expenses for business-type activities.

Management's Discussion and Analysis

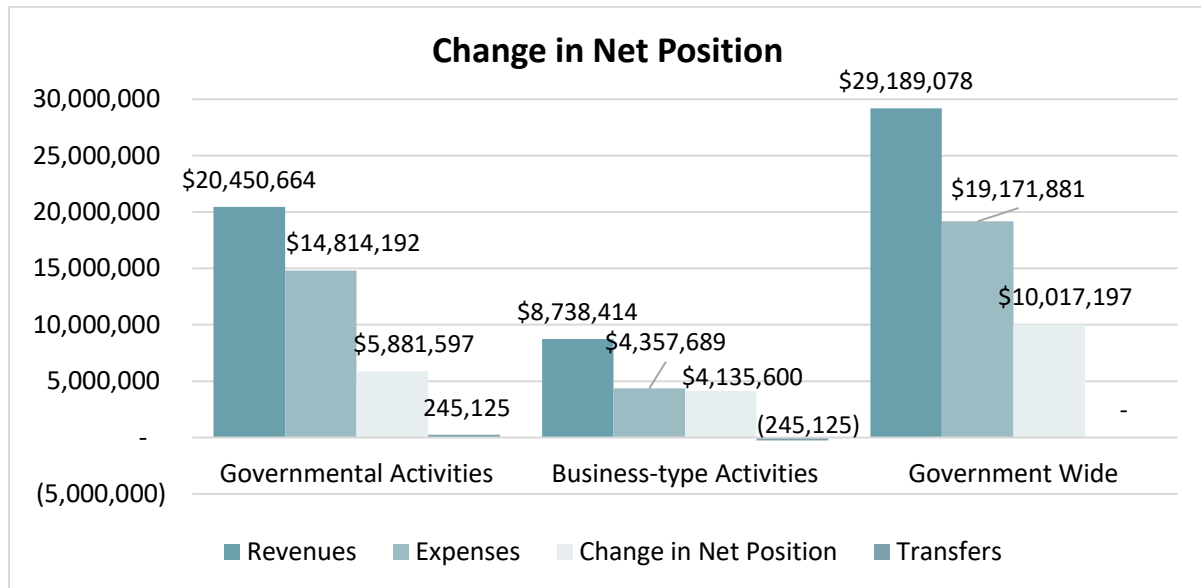
Statement of Activities

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.

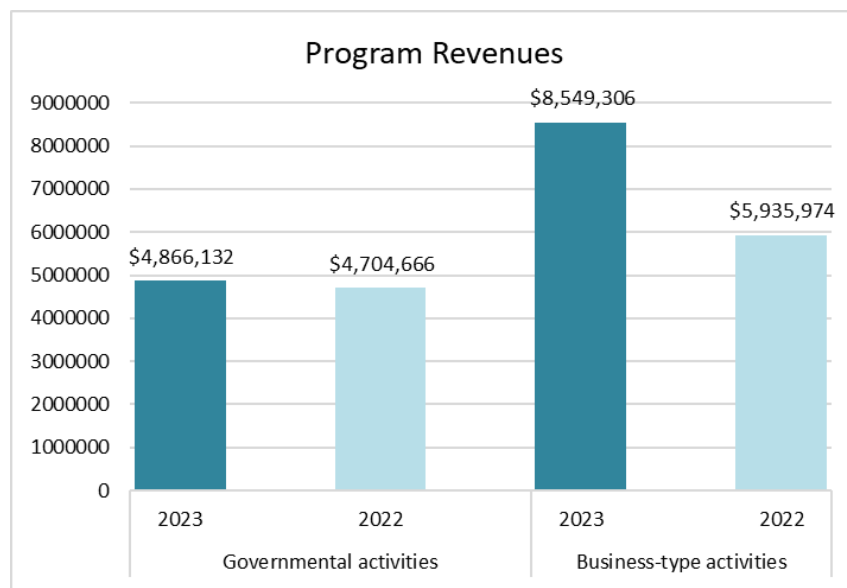
Statement of Activities						
	Governmental activities		Business-type activities		Total	
Revenues:	2023	2022	2023	2022	2023	2022
<u>Program revenues</u>						
Charges for services	\$ 2,292,385	\$ 2,222,245	\$ 5,142,069	\$ 5,616,813	\$ 7,434,454	\$ 7,839,058
Operating grants & contributions	140,024	159,038	-	-	140,024	159,038
Capital grants & contributions	2,433,723	2,323,383	3,407,237	319,161	5,840,960	2,642,544
Total Program Revenues	4,866,132	4,704,666	8,549,306	5,935,974	13,415,438	10,640,640
<u>General revenues:</u>						
Property taxes	1,607,015	1,623,256	-	-	1,607,015	1,623,256
Sales and use taxes	11,022,713	10,912,211	-	-	11,022,713	10,912,211
Other taxes	1,932,959	1,778,271	-	-	1,932,959	1,778,271
Other	1,021,845	329,115	189,108	115,835	1,210,953	444,950
Total General Revenues	15,584,532	14,642,853	189,108	115,835	15,773,640	14,758,688
Total revenues	20,450,664	19,347,519	8,738,414	6,051,809	29,189,078	25,399,328
<u>Expenses:</u>						
General government	3,663,797	2,936,450	-	-	3,663,797	2,936,450
Housing	60,600	-	-	-	60,600	-
Marketing & promotion	195,423	136,687	-	-	195,423	136,687
Parks and recreation	4,290,826	4,213,560	-	-	4,290,826	4,213,560
Public works	3,283,208	3,099,671	-	-	3,283,208	3,099,671
Public safety	3,038,125	2,824,992	-	-	3,038,125	2,824,992
Interest on long-term debt	282,213	293,984	-	-	282,213	293,984
Sewer	-	-	3,216,368	3,078,675	3,216,368	3,078,675
Trash	-	-	1,013,373	858,192	1,013,373	858,192
Devils Canyon Center	-	-	43,942	41,779	43,942	41,779
Irrigation water	-	-	84,006	105,144	84,006	105,144
Total expenses	14,814,192	13,505,344	4,357,689	4,083,790	19,171,881	17,589,134
Increase (decrease) in net position before transfers	5,636,472	5,842,175	4,380,725	1,968,019	10,017,197	7,810,194
Transfers	245,125	244,125	(245,125)	(244,125)	-	-
Increase in net position	5,881,597	6,086,300	4,135,600	1,723,894	10,017,197	7,810,194
Net position - beginning (restated)	82,758,812	76,672,512	32,970,042	31,246,148	115,728,854	107,918,660
Net position - ending	\$ 88,640,409	\$82,758,812	\$37,105,642	\$32,970,042	\$ 125,746,051	115,728,854

Revenues exceeded expenses by \$10 million for the year ended December 31, 2023 for the government as a whole and increased over the prior year by \$3.8 million (15%).

Management's Discussion and Analysis



Program revenues of \$13.4 million rose by \$2.8 million, mainly due to a \$3.2 million increase in capital grants and contributions associated with business-type (sewer fund) activities. Charges for services and operating grants decreased by \$436,471 (5%) largely due to a decline in sewer plant investment fees from new construction.

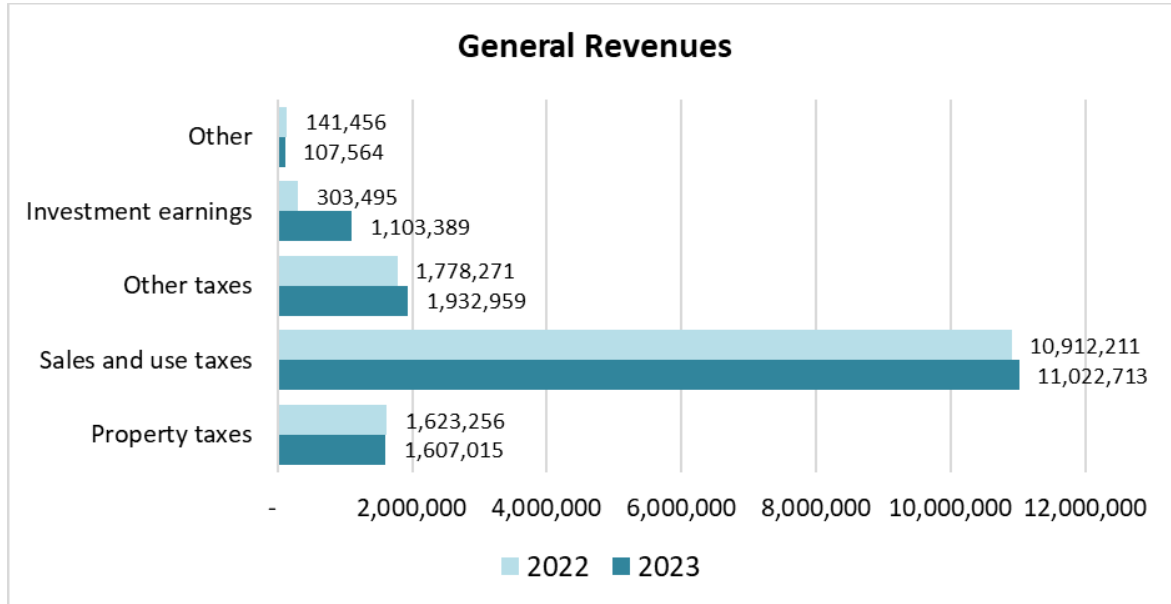


General revenues of \$15.8 million increased by \$1.0 million (7%). This growth was mainly attributed to increases in:

- earnings on investments (\$799,894)

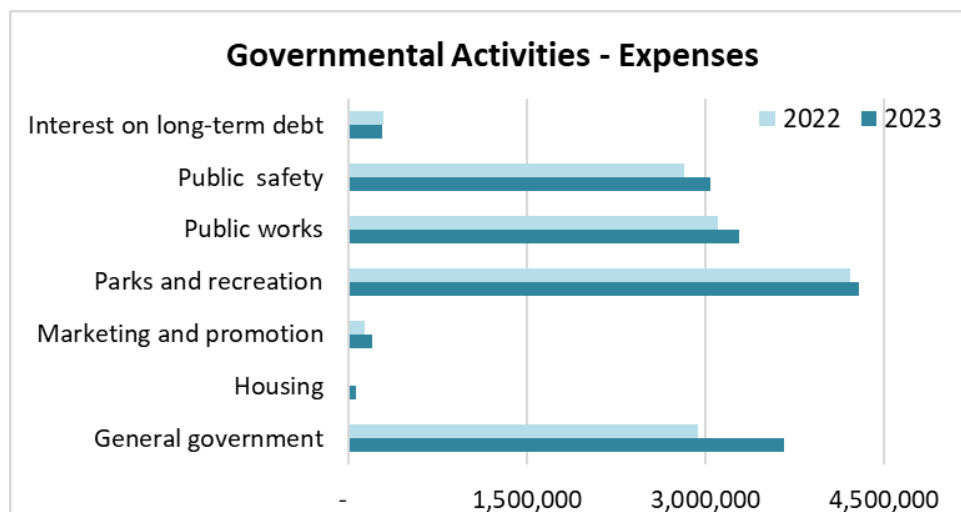
Management's Discussion and Analysis

- sales and use tax revenues (\$110,502) and
- severance tax revenues (\$109,905).



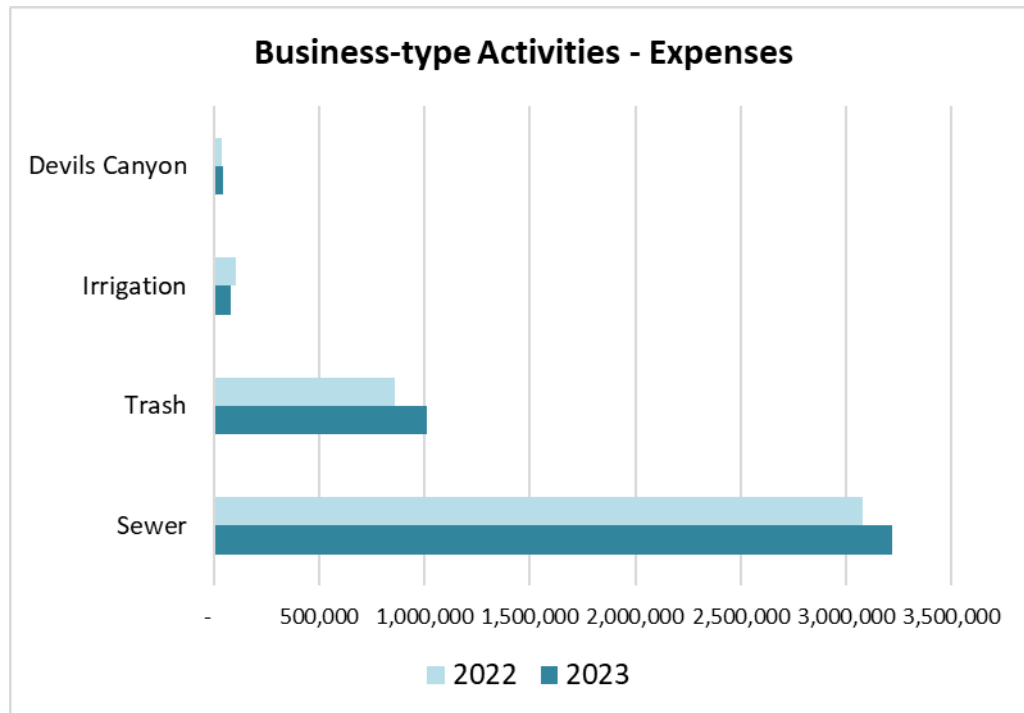
Program expenses. Total program expenses of \$19.2 million increased \$1.6 million (9%) in 2023.

- Governmental activities program expenses increased \$1.3 million (10%) from the prior year.
 - General government expenses increased 24% from the prior year (\$717,347)
 - Public safety expenses increased 7.5% (\$213,133), and
 - Public works expenses increased 6% (\$183,537).



Management's Discussion and Analysis

- Business-type activities increased \$273,899 (7%) from the prior year.
 - Trash collection expenses increased 18% (\$155,181),
 - Sewer/wastewater expenses increased 4.5% (\$137,693) and
 - Irrigation expenses decreased 20% (\$21,138) which partially offset increases in the sewer and trash activities.

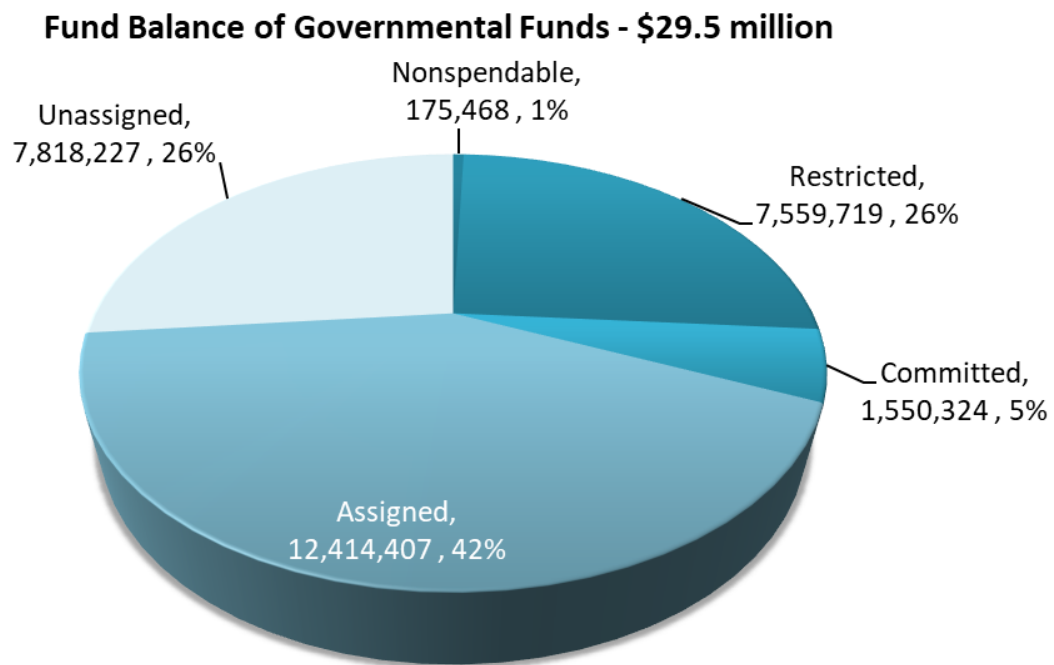


Management's Discussion and Analysis

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

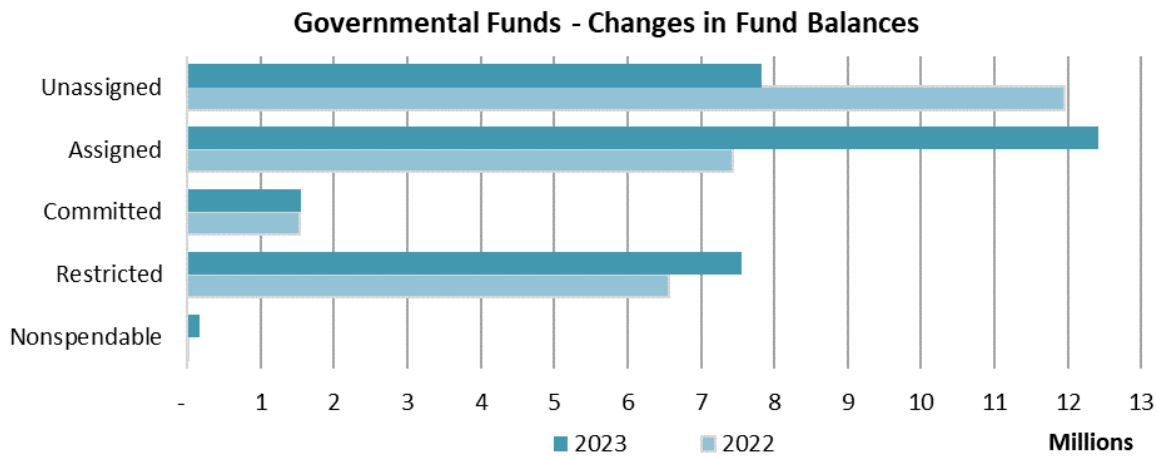
The focus of the City of Fruita's governmental funds is to provide information on short term inflows (revenues), outflows (expenses) and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds reported a combined fund balance of \$29.5 million, an increase of \$2 million (7%) from the prior year. Approximately 26% (\$7.8 million) of the total fund balance amount consists of unassigned fund balance. This \$7.8 million includes an operating reserve of \$2.3 million which represents 25% of the 2023 general fund expenses, excluding transfers and leaving \$5.5 million available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed or assigned.



The following chart shows changes in the categories of fund balances from the prior year.

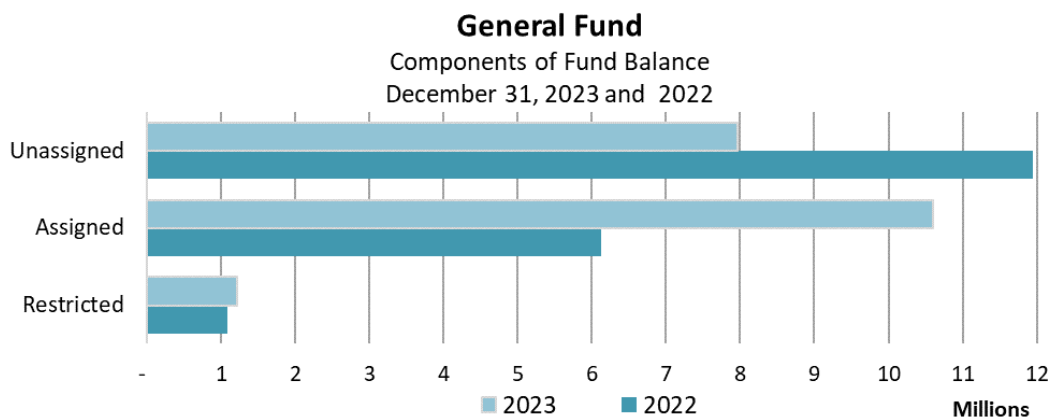
Management's Discussion and Analysis



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

Analysis of Individual Governmental Funds

General Fund. The general fund is the chief operating fund of the City of Fruita. At the end of the current fiscal year *total fund balances* of \$19.8 million increased \$624,805 (3%) from the prior year.



Unassigned fund balance of \$7.8 million decreased \$4.1 million (35%) from the prior year. This reduction is primarily due to the assignment of an additional \$4.3 million for subsequent year (2024) expenses for a total of \$8.5 million assigned for 2024 expenses. The \$7.8 million unassigned fund balance includes the 25% operating reserve of \$2.3 million.

Assigned fund balances of \$10.6 million increased \$4.5 million (73%) from the prior year. This increase is due to the assignment of \$4.3 million in previously unassigned fund balances to

Management's Discussion and Analysis

offset subsequent year (2024) budgeted expenses for capital projects, the creation of a new assignment of \$72,400 for parks and open space with funds received from the sale of property on Glade Park in 2023, the addition of \$112,065 to the capital equipment replacement fund (CERF), and \$5,385 in changes to other assigned fund balances.

Restricted fund balances of \$1.4 million increased \$276,203 (26%) from the prior year with the addition of funds \$156,943 to the TABOR emergency reserve, funds received but not spent, from the portion of county sales tax dedicated for public safety purposes and development impact fees received for future chipsealing of streets.

A detailed listing of various components of fund balances may be found in the notes to the financial statements (Note3 - L).

The following information highlights the significant factors resulting in the \$624,805 (3%) increase in total fund balances for the general fund from the prior year.

Significant changes in revenues from the prior year include:

- Investment earnings increased \$493,954 (314%).
- Charges for services increased \$207,639 (83%). This increase is a result of the new building inspection program and associated building permit fees.
- Intergovernmental revenues, primarily severance tax, increased \$83,217 (10%) as a result of increased oil and gas employment/activity.
- Tax revenues increased \$66,482. The increase in city and county sales tax revenues of \$215,548 (3%) from the prior year was offset by decreases in use tax revenues of \$137,068 (11%) and property tax revenues of \$16,241 (1%).

Expenses of \$11.5 million increased \$3.2 million (38%) from the prior year. The following information highlights significant changes in expenses:

- Operating expenses: Operating expenses (excluding capital and debt expenses) of \$9.2 million increased \$1 million (13%) from the previous year.
 - Personnel expenses increased \$833,710 (15%) and accounted for 80% of the operating cost increase of \$1 million. Increases included new personnel for the building inspection program, a police officer, an administrative assistant in the City Manager's office, and reclassification of the Assistant to the City Manager to an Assistant City Manager position. Also included are market increases and increases in benefit costs.

Management's Discussion and Analysis

- Purchased services increased \$100,818 (5%) and accounted for 10% of the \$1 million operating increase. This increase is primarily due to increased legal costs and pavement assessment services.
- Capital expenses: Capital expenses of \$2.2 million increased \$2.1 million from the prior year. Major capital expense activity included:
 - Purchase of 169 S Mulberry property for \$633,543, excluding donated capital of \$200,000, for community development purposes,
 - Purchase of Mesa County's interest in the beach property for \$251,993 for community development purposes,
 - Subscription based information technology (SBITA) services of \$693,298 for various software services,
 - Mobile equipment purchases of \$465,611,
 - Sidewalk replacements of \$97,796, and
 - Furniture and equipment purchases of \$82,733.
- Debt payments: Principal and interest payments of \$79,764 on right-to-use equipment and subscription services increased \$74,192 with the implementation of GASB 96 for SBITA right-to-use assets.

Other financing sources (uses) of \$1.2 million increased \$445,858 from the prior year. Significant changes include:

- Transfers to other funds of \$2.2 million increased \$1.1 million from the prior year with the most of this increase going to the capital projects fund for various capital projects.
- Capital proceeds of \$664,698 represent non-cash revenues for the acquisition of right-to-use assets (leases and SBITA's). This increase is due to implementation of GASB 96 in 2023.

Community Center Fund. The community center fund accounts for the operations of the Fruita Community Center. At the end of the current fiscal year, the fund balance of the community center fund increased \$626,870 (16%) to \$4.65 million. Significant reasons for this increase in fund balance follows:

Revenues of \$3.8 million exceeded expenses and other financing uses of \$3.1 million by \$626,870. Revenues increased \$134,198 (4%) from the prior year. Revenues are generated from a dedicated 1% city sales and use tax which increased 1% from the prior year, and user fees and charges which increased 3% from the prior year.

Management's Discussion and Analysis

Expenses of \$2.7 million increased \$16,093 (less than 1%) from the prior year.

- Operational expenses of \$2.2 million increased \$51,609 (2%) from the prior year,
- Debt payment expenses of \$9,009 (SBITA's and leases) increased \$5,268 (58%) from the prior year, and
- Capital expenses of \$454,603 decreased \$40,784 (8%) from the prior year.

Other financing sources (uses) of (\$467,414) had a positive change of \$112,970 (19%) from the prior year. This increase was primarily due to the receipt of an insurance damage award for the flooding of the gymnasium floor of \$129,199.

Non-major Governmental Funds. Non-major governmental funds include the Debt Service Fund, Marketing and Promotion fund, the Conservation Trust Fund, the Economic Development Fund, the Public Places Funds, and the newly created Fruita Housing Authority Fund. At the end of the current fiscal year, the fund balance of these funds increased \$131,728 to \$2,036,107.

Analysis of Proprietary Funds

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

Sewer Fund. The Sewer Fund accounts for operations of the wastewater collection and treatment system. At the end of the current fiscal year, the net position of the sewer fund increased \$4.1 million (13%) to \$35.5 million. Of the \$4.1 million increase, the amount invested in fixed assets increased \$2.6 million (11%), amounts restricted for the CWRPDA loan increased \$57,461 (6%) and unrestricted net position, including amounts designated for equipment replacement and capacity improvements, increased \$1.4 million (24 %).

Operating Revenues and Expenses. Operating revenues and expenses resulted in an operating income of \$810,786, a decrease of \$36,271 (4%) from the prior year.

Operating revenues of \$3.9 million increased \$136,350 (4%) from the prior year.

Operating expenses of \$3.1 million increased \$172,621 (6%) from the prior year.

- Personnel services increased \$68,872 (8%)
- Purchased services increased \$72,049 (29%)

Management's Discussion and Analysis

- Supplies increased \$24,683 (6%)
- Depreciation and amortization increased \$7,017 (1%)

Non-operating revenues/expenses. Non-operating revenues and expenses of \$2.9 million increased \$2.9 million from the prior year. Significant changes include:

- Intergovernmental revenues from grants of \$2.9 million increased \$2.8 million and
- Investment income of \$184,610 increased \$127,726 (225%),

Capital contributions. Capital contributions encompass the construction of new sewer infrastructure by private developers and the collection of plant investment fees (sewer taps). These contributions decreased by \$374,581 (43%) from the prior year, indicating a continued slowdown in new construction activities. The main factors contributing to this decline are:

- System Development Contributions: Contributions from new construction of \$49,610, represent a decrease of \$143,764 (74%) compared to the previous year. This drop reflects a reduction in new development.
- Plant Investment Fees (Sewer Taps): Revenue from plant investment fees decreased by \$230,817 (34%), further reflecting the decreased pace of new development and the reduced demand for new sewer connections.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. Amendments were made to the General Fund budget throughout the year from an original appropriation of \$13.4 million with a \$1.9 million decrease to fund balance to a final budget appropriation of \$16.8 million with a \$5.3 million decrease in fund balance. Differences between the original budget and the final amended budget are noted in the following table. The most significant reason for these differences is the reappropriation of funds for capital projects initially budgeted for in the prior year but not completed.

Management's Discussion and Analysis

General Fund Budget Original budget compared to Final Budget

Description	Original budget	Final Budget	Variance	% Change from Original Budget
Revenues	\$ 11,494,000	\$ 11,511,300	\$ 17,300	0%
Expenses	(10,909,335)	(12,264,885)	(1,355,550)	12%
Other Financing Uses	(2,459,575)	(4,540,925)	(2,081,350)	85%
Excess revenues (expenses)	\$ (1,874,910)	\$ (5,294,510)	\$ (3,419,600)	182%

Final budget compared to actual results

Overall, the General Fund balance increased by \$624,805 compared to a final budgeted decrease of \$5.3 million. The table below illustrates the distribution of this variance across revenues, expenses, and other financing sources.

General Fund - Final Budget vs Actuals

Description	Final Budget	Actual	Difference	% of Variance
Revenues	\$ 11,511,300	\$ 13,326,867	\$ 1,815,567	31%
Expenses	(12,264,885)	(11,507,522)	757,363	13%
Other Financing Uses	(4,540,925)	(1,194,540)	3,346,385	57%
Excess revenues (expenses)	\$ (5,294,510)	\$ 624,805	\$ 5,919,315	100%

Revenues of \$13.3 million exceeded final budgeted revenues of \$11.5 million by \$1.8 million and account for 31% of the total \$5.9 million positive variance. The following revenue sources represent 79% of the total difference in budgeted versus actual revenues.

Significant Revenue Variations - Final Budget vs Actual

Description	Final Budget	Actual Revenues	Difference	% Chg
Investment earnings	\$ 50,000	\$ 651,336	\$ 601,336	1203%
City sales tax	3,300,000	3,653,271	353,271	11%
Intergovernmental	597,300	888,793	291,493	49%
County sales tax	3,210,000	3,390,948	180,948	6%
	\$ 7,157,300	\$ 8,584,348	\$ 1,427,048	20%

Expenses of \$11.5 million were under the final budgeted amount of \$12.3 million by \$757,363 (6%) and account for 13% of the total \$5.9 million positive variance between the final budget and

Management's Discussion and Analysis

actual revenues and expenses. The following table shows the variances between final budget and actual expenses by department.

Final Budgeted Expenses vs Actual Expenses				
	<u>Final budget</u>	<u>Actual expenses</u>	<u>\$ Variance</u>	<u>% Variance</u>
General government	965,576	923,483	\$ (42,093)	-4%
Administration	972,016	861,267	(110,749)	-11%
Engineering	495,494	486,207	(9,287)	-2%
Community development	865,634	693,037	(172,597)	-20%
Public safety	2,948,554	2,804,040	(144,514)	-5%
Public works	2,074,498	1,848,022	(226,476)	-11%
Parks and recreation	1,447,430	1,257,272	(190,158)	-13%
Non-departmental	570,728	329,456	(241,272)	-42%
Debt service P & I	-	79,764	79,764	N/A
Capital outlay	1,924,955	2,224,974	300,019	16%
Total expenses	\$ 12,264,885	\$ 11,507,522	\$ (757,363)	-6%

Other Financing Sources (Uses) include special transactions which are not considered operating revenues and expenses. These include transfers to and from other funds, insurance damage awards, subscription, and lease financing, proceeds from sale of capital assets and other special revenue or expense items. Other financing sources (uses) had a favorable budget variance of \$3.3 million and accounts for 57% of the total \$5.9 million positive variance. This variance from budget to actual was due to a reduction in transfers to the capital projects fund due to delays in construction of capital projects due to a variety of factors and subscription/lease financing not included in the final budget.

Other Financing Sources (Uses) - Final Budget vs Actuals				
	<u>Final budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Transfers in	\$ 251,125	\$ 251,125	\$ -	0%
Transfers out	(4,801,200)	(2,218,569)	2,582,631	-54%
Insurance damage awards	-	642	642	N/A
Subscription/lease financing	-	664,698	664,698	N/A
Sale of capital assets	9,150	107,564	98,414	100%
Total other financing uses	\$ (4,540,925)	\$ (1,194,540)	\$ 3,346,385	-74%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for governmental and business-type activities as of December 31, 2023 was \$111,172,708 net of accumulated depreciation and amortization, an increase of \$5.9 million. Capital assets include land, buildings, machinery,

Management's Discussion and Analysis

equipment, vehicles, park and recreation facilities, roads, highways, wastewater reclamation facility, sewer collection lines, and irrigation distribution system. Capital asset events during the current fiscal year included the following:

Capital Asset Additions			
Governmental Funds		Proprietary Funds	
Pine Street Bridge	\$ 1,124,413	Computer equipment	49,226
169 S Mulberry property acquisition	833,544	Software subscriptions (SBITA)	20,082
Right to use assets (Lease &SBITA's)	733,898	Irrigation shares - Sycamore Estates	\$ 6,000
Mobile equipment	516,280	AED defibrillator	2,426
Mulberry Street Plaza	445,979	Construction in progress:	
Civic Center remodel	328,099	H2S Mitigation	1,849,456
Overlays	269,053	Removable Aeration System	1,049,238
Beach property acquisition	251,993	Mixer Bearing Assembly	162,825
Electric Vehicle charging stations	135,082	Subdivision infrastructure	
FCC Gym floor replacement	132,183	Orchard Ridge Ph4	31,660
FCC equipment	109,731	Sycamore Estates	17,950
Sidwalks	97,796		
FCC solar array	90,750		
Office furniture and equipment	89,199		
Dog Park	46,945		
Computer hardware	43,430		
Mulberry alley	31,418		
Parks equipment	36,559		
Other	4,970		
Construction in progress:			
Reed Park	346,922		
Broadband CNL	254,826		
19 Road ROW acquisition	95,766		
S Mesa Street design	29,234		
FCC Locker room retile	27,771		
Maple Street ROW acquisition	18,592		
FCC Waterslide design	15,000		
Fremont St ROW acquisition	12,869		
Subdivision infrastructure			
Orchard Ridge Ph 4	281,106		
Sycamore Estates Minor	269,130		
Dana Minor Subdivision	36,884		
Grand Avenue Townhomes	35,823		
Mulberry Multi-family	16,626		
Total	\$ 6,761,871	Total	\$ 3,188,863

*Includes fleet maintenance equipment

Management's Discussion and Analysis

Depreciation expense of \$4.1 million included \$2.6 million in governmental activities, including the internal service fund, and \$1.45 million in business type activities. The City disposed of \$235,683 in capital assets with a book value of \$4,970. Additional information on the City of Fruita's capital assets can be found in the Notes to the Financial Statements.

Long-term Debt. At the end of the current fiscal year, the City of Fruita had total debt outstanding of \$23.5 million. Of this amount, \$12.9 million is a loan backed by user fees and charges of the sewer system, \$9.4 million represents bonds for the Fruita Community Center backed by sales and use tax revenues, \$127,420 is backed by a performance obligation of the City to provide future irrigation water on Pinyon Mesa, and \$387,732 is for compensated absences payable from future revenues of the City. The City of Fruita's total debt decreased by \$1.2 million (5%) in 2023.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Factors which were considered in development of the 2024 Annual Budget include the following:

- Conservative growth in tax revenues of 2% with the continuation of reduced discretionary spending as inflation affects individual residents of Fruita, prompting them to curtail their non-essential expenses.
- Strong investments in capital projects
- Continued implementation of the City's Strategic Plan (2022-2025)
- Inflationary pressures are projected to continue to influence expenditures with a budgeted 15% increase in operating expenses in 2024.
- Increases in monthly charges for services for sewer (3%) and trash collection (6.7%) to offset some of the increased costs of providing these services.

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

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City of Fruita, Colorado
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 24,952,529	\$ 6,701,936	\$ 31,654,465
Cash and investments, restricted	4,620,940	997,489	5,618,429
Receivables	1,946,915	791,721	2,738,636
Intergovernmental receivable	2,204,222	1,130,901	3,335,123
Notes receivable	170,000	-	170,000
Leases receivable	836,524	-	836,524
Inventories	5,468	-	5,468
Capital assets not being depreciated	11,449,305	4,270,991	15,720,296
Capital assets, net of accumulated depreciation/amortization	58,270,921	37,181,491	95,452,412
TOTAL ASSETS	104,456,824	51,074,529	155,531,353
LIABILITIES			
Accounts payable	705,623	393,721	1,099,344
Accrued interest payable	96,639	70,004	166,643
Customer deposits payable	87,780	-	87,780
Unearned revenues	1,685,694	572,577	2,258,271
Long-term liabilities			
Due within one year:			
Bonds and loans payable	413,403	1,120,000	1,533,403
Leases and subscriptions payable	109,292	8,607	117,899
Accrued compensated absences	237,793	26,300	264,093
Due in more than one year:			
Bonds and loans payable	9,099,880	11,768,803	20,868,683
Leases and subscriptions payable	540,390	8,875	549,265
Accrued compensated absences	123,639	-	123,639
TOTAL LIABILITIES	13,100,133	13,968,887	27,069,020
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	1,909,412	-	1,909,412
Lease related	806,869	-	806,869
TOTAL DEFERRED INFLOWS OF RESOURCES	2,716,281	-	2,716,281
NET POSITION			
Net investment in capital assets	59,224,576	28,318,217	87,542,793
Restricted for:			
Community center	1,779,650	-	1,779,650
Debt service	748,200	997,489	1,745,689
Economic development	186,000	-	186,000
Emergency reserves	556,943	-	556,943
Housing authority	12,704	-	12,704
Marketing and promotion	299,022	-	299,022
Parks, open space and public places	866,890	-	866,890
Plastic pollution reduction act	-	15,778	15,778
Public safety	585,337	-	585,337
Streets and drainage	2,524,973	-	2,524,973
Unrestricted	21,856,115	7,774,158	29,630,273
TOTAL NET POSITION	\$ 88,640,410	\$ 37,105,642	\$ 125,746,052

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, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 3,663,797	\$ 487,302	\$ -	\$ 496,989	\$ (2,679,506)	\$ -	\$ (2,679,506)
Housing	60,600	58,205	-	170,000	167,605	-	167,605
Marketing and promotion	195,423	5,343	36,000	-	(154,080)	-	(154,080)
Parks and recreation	4,290,826	1,569,963	78,234	359,039	(2,283,590)	-	(2,283,590)
Public works	3,283,208	157,072	25,000	1,407,695	(1,693,441)	-	(1,693,441)
Public safety	3,038,125	14,500	790	-	(3,022,835)	-	(3,022,835)
Interest on long-term debt	282,213	-	-	-	(282,213)	-	(282,213)
TOTAL GOVERNMENTAL ACTIVITIES	14,814,192	2,292,385	140,024	2,433,723	(9,948,060)	-	(9,948,060)
BUSINESS-TYPE ACTIVITIES							
Sewer	3,216,368	3,886,160	-	3,403,487	-	4,073,279	4,073,279
Trash	1,013,373	1,119,342	-	-	-	105,969	105,969
Devils Canyon Center	43,942	-	-	-	-	(43,942)	(43,942)
Irrigation water	84,006	136,567	-	3,750	-	56,311	56,311
TOTAL BUSINESS-TYPE ACTIVITIES	4,357,689	5,142,069	-	3,407,237	-	4,191,617	4,191,617
TOTAL GOVERNMENT	\$ 19,171,881	\$ 7,434,454	\$ 140,024	\$ 5,840,960	(9,948,060)	4,191,617	(5,756,443)
General Revenues:							
					1,607,015	-	1,607,015
					11,022,713	-	11,022,713
					387,173	-	387,173
					332,275	-	332,275
					458,782	-	458,782
					509,927	-	509,927
					244,802	-	244,802
					914,281	189,108	1,103,389
					107,564	-	107,564
					245,125	(245,125)	-
				Total general revenues and transfers	15,829,657	(56,017)	15,773,640
				Change in net position	5,881,597	4,135,600	10,017,197
				Net position - beginning (restated)	82,758,813	32,970,042	115,728,855
				Net position - ending	\$ 88,640,410	\$ 37,105,642	\$ 125,746,052

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

City of Fruita, Colorado
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	Major Funds					
	General	Capital Projects	Community Center	Debt Service	Non-major Funds	Total
ASSETS						
Cash and investments	\$ 18,269,044	\$ 1,154,433	\$ 4,401,696	\$ -	\$ 1,096,718	\$ 24,921,891
Restricted cash	229,790	3,642,950	-	748,200	-	4,620,940
Receivables						
Accounts receivable	7,703	-	2,399	-	-	10,102
Interest receivable	857	-	852	-	-	1,709
Lease receivable	223,547	-	612,977	-	-	836,524
Taxes receivable	1,909,412	-	-	-	25,692	1,935,104
Notes receivable	-	-	-	-	170,000	170,000
Intergovernmental receivables	1,746,152	124,865	333,205	-	-	2,204,222
Inventories	5,468	-	-	-	-	5,468
Total assets	<u>22,391,973</u>	<u>4,922,248</u>	<u>5,351,129</u>	<u>748,200</u>	<u>1,292,410</u>	<u>34,705,960</u>
LIABILITIES						
Accounts payable	309,932	279,487	104,137	-	4,503	698,059
Deposits payable	84,525	-	3,255	-	-	87,780
Unearned revenues	92,411	1,593,284	-	-	-	1,685,695
Total liabilities	<u>486,868</u>	<u>1,872,771</u>	<u>107,392</u>	<u>-</u>	<u>4,503</u>	<u>2,471,534</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable property tax revenue	1,909,412	-	-	-	-	1,909,412
Lease revenue	217,506	-	589,363	-	-	806,869
Total deferred inflows of resources	<u>2,126,918</u>	<u>-</u>	<u>589,363</u>	<u>-</u>	<u>-</u>	<u>2,716,281</u>
FUND BALANCES						
Nonspendable	5,468	-	-	-	170,000	175,468
Restricted	1,356,274	2,943,363	1,779,650	748,200	732,232	7,559,719
Committed	-	-	1,550,324	-	-	1,550,324
Assigned	10,598,218	106,114	1,324,400	-	385,675	12,414,407
Unassigned	7,818,227	-	-	-	-	7,818,227
Total fund balances	<u>19,778,187</u>	<u>3,049,477</u>	<u>4,654,374</u>	<u>748,200</u>	<u>1,287,907</u>	<u>29,518,145</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,391,973</u>	<u>\$ 4,922,248</u>	<u>\$ 5,351,129</u>	<u>\$ 748,200</u>	<u>\$ 1,292,410</u>	<u>\$ 34,705,960</u>

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, 2023

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

Total Governmental Fund Balances	\$ 29,518,145
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Capital assets used in governmental activities (excluding Fleet Maintenance) are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 100,077,531	
Accumulated depreciation/amortization	(30,379,405)	
Net adjustment		69,698,126

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	(8,695,000)	
Non-monetary performance obligation payable	(127,420)	
Lease liability	(35,062)	
Subscription liability	(611,735)	
Accrued interest payable	(96,568)	
Unamortized bond premium	(715,060)	
Unamortized bond discount	24,197	
Compensated absences payable	(356,334)	
Net adjustment		(10,612,982)

Internal service funds are used to charge the costs of fleet maintenance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

37,121

Net Position of Governmental Activities	<u>\$ 88,640,410</u>
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the year ended December 31, 2023

	Major Funds					Total Governmental Funds
	General	Capital Projects	Community Center	Debt Service	Non-major Funds	
REVENUES						
Taxes:						
Property	\$ 1,607,015	\$ -	\$ -	\$ -	\$ -	\$ 1,607,015
City sales	3,653,271	-	1,826,636	-	-	5,479,907
County sales	3,390,948	-	-	-	-	3,390,948
County sales - Public safety	509,906	-	-	-	-	509,906
Use tax	1,094,635	-	547,317	-	-	1,641,952
Other	735,043	-	-	-	387,172	1,122,215
Licenses and permits	72,095	-	-	-	-	72,095
Intergovernmental	888,793	551,815	31,118	-	399,382	1,871,108
Charges for services	457,023	-	1,204,784	-	59,946	1,721,753
Fines, forfeitures, assessments	35,971	-	-	-	-	35,971
Development impact fees	74,531	599,188	-	-	-	673,719
Investment income	651,336	157,687	50,708	40,037	1,754	901,522
Interest on leases	2,665	-	10,096	-	-	12,761
Rents	45,206	-	80,749	-	-	125,955
Donations	51,113	1,000	2,841	-	-	54,954
Miscellaneous	57,316	-	3,172	-	-	60,488
Total revenues	13,326,867	1,309,690	3,757,421	40,037	848,254	19,282,269
EXPENDITURES						
Current:						
General government	923,483	-	-	-	-	923,483
Administration	861,267	-	-	-	-	861,267
Engineering	486,207	-	-	-	-	486,207
Community development	693,037	-	-	-	-	693,037
Economic development	-	-	-	-	10,000	10,000
Housing authority	-	-	-	-	60,600	60,600
Marketing and promotion	-	-	-	-	191,853	191,853
Public safety	2,804,040	-	-	-	-	2,804,040
Public works	1,848,022	-	-	-	-	1,848,022
Parks and recreation	1,257,272	-	2,199,525	-	-	3,456,797
Non-departmental	329,456	-	-	-	-	329,456
Debt service						
Principal retirement	77,188	-	8,941	385,000	2,999	474,128
Interest and fiscal charges	2,576	-	68	363,600	-	366,244
Capital outlay	2,224,974	3,228,050	454,603	-	15,477	5,923,104
Total expenditures	11,507,522	3,228,050	2,663,137	748,600	280,929	18,428,238
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	1,819,345	(1,918,360)	1,094,284	(708,563)	567,325	854,031
OTHER FINANCING SOURCES (USES)						
Lease proceeds	-	-	-	-	11,907	11,907
Subscription financing	664,698	-	21,281	-	-	685,979
Sale of capital assets	107,564	-	1,669	-	-	109,233
Insurance awards	642	-	129,199	-	-	129,841
Transfers in	251,125	2,571,072	95,000	708,563	27,100	3,652,860
Transfers out	(2,218,569)	-	(714,563)	-	(474,604)	(3,407,736)
Total other financing sources (uses)	(1,194,540)	2,571,072	(467,414)	708,563	(435,597)	1,182,084
NET CHANGE IN FUND BALANCES						
	624,805	652,712	626,870	-	131,728	2,036,115
Fund balances - beginning (restated)	19,153,382	2,396,765	4,027,504	748,200	1,156,179	27,482,030
Fund balances - ending	\$ 19,778,187	\$ 3,049,477	\$ 4,654,374	\$ 748,200	\$ 1,287,907	\$ 29,518,145

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, 2024

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

Net change in fund balances - Total Governmental Funds	\$ 2,036,115
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.	
Capital expenditures	5,484,058
Depreciation / Amortization expense	<u>(2,618,555)</u>
	<u>2,865,503</u>
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.	
	<u>(4,969)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net position.	
Donation of capital assets	<u>839,569</u>
	<u>839,569</u>
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 non-monetary performance obligation	12,888
Principal repayments on special revenue bonds	385,000
Principal repayments on leases	14,884
Principal repayments on subscriptions (excluding \$1,499 in internal service fund payments)	74,244
Amortization of premium on special revenue bonds	85,906
Amortization of discount on special revenue bonds	(2,907)
SBITAs issued (excluding \$4,384 in internal service fund SBITAs)	(255,146)
Leases issued	<u>(11,907)</u>
	<u>302,962</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	(151,828)
Accrued interest payable	<u>(5,755)</u>
	<u>(157,583)</u>
Change in net position of governmental activities	<u>\$ 5,881,597</u>

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

City of Fruita, Colorado
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2023 (With comparative totals for 2022)

	Business-type Activities - Enterprise Funds								Governmental	
	Major Fund		Non-Major Funds						Activities	
	Sewer		Trash		Devils Canyon Center		Irrigation Water		Totals	
	2023	2022 Restated	2023	2022	2023	2022	2023	2022	2023	Fleet Maintenance Internal Service Fund
ASSETS										
Current assets:										
Cash and investments	\$ 6,113,252	\$ 7,372,511	\$ 127,637	\$ 173,645	\$ 198,978	\$ 195,529	\$ 262,069	\$ 211,717	\$ 6,701,936	\$ 30,638
Restricted cash - loan covenants	997,489	940,028	-	-	-	-	-	-	997,489	-
Accounts receivable	611,152	601,984	177,506	153,210	-	-	3,063	3,498	791,721	-
Intergovernmental receivable	1,130,901	-	-	-	-	-	-	-	1,130,901	-
Total current assets	8,852,794	8,914,523	305,143	326,855	198,978	195,529	265,132	215,215	9,622,047	30,638
Non-current assets:										
Capital assets										
Land	764,010	764,010	-	-	225,514	225,514	56,649	56,649	1,046,173	-
Construction in progress	3,204,106	142,587	-	-	-	-	-	-	3,204,106	-
Source of supply	-	-	-	-	-	-	20,712	14,712	20,712	-
Buildings	87,000	87,000	-	-	1,672,564	1,672,564	43,479	43,480	1,803,043	-
Systems	53,360,458	53,310,847	-	-	-	-	1,752,432	1,752,432	55,112,890	-
Equipment	1,725,759	1,687,489	-	-	50,960	50,960	7,158	7,158	1,783,877	48,511
Subscription assets	20,082	-	-	-	-	-	-	-	20,082	4,384
Less accumulated depreciation and amortization	(18,625,819)	(17,239,350)	-	-	(1,155,559)	(1,111,617)	(1,757,023)	(1,748,188)	(21,538,401)	(30,795)
Total capital assets, net	40,535,596	38,752,583	-	-	793,479	837,421	123,407	126,243	41,452,482	22,100
Total non-current assets	40,535,596	38,752,583	-	-	793,479	837,421	123,407	126,243	41,452,482	22,100
TOTAL ASSETS	49,388,390	47,667,106	305,143	326,855	992,457	1,032,950	388,539	341,458	51,074,529	52,738
LIABILITIES										
Current liabilities:										
Accounts payable	307,565	54,402	85,096	143,335	-	-	1,060	324	393,721	7,564
Accrued interest payable	70,004	85,450	-	-	-	-	-	-	70,004	70
Compensated absences	25,027	22,590	-	-	-	-	1,273	1,605	26,300	5,098
Notes payable	1,120,000	1,045,000	-	-	-	-	-	-	1,120,000	-
Leases and software subscriptions payable	8,607	1,339	-	-	-	-	-	-	8,607	1,424
Unearned revenues	572,577	2,108,713	-	-	-	-	-	-	572,577	-
Total current liabilities	2,103,780	3,317,494	85,096	143,335	-	-	2,333	1,929	2,191,209	14,156
Noncurrent liabilities:										
Notes payable (net of premium)	11,768,803	12,935,569	-	-	-	-	-	-	11,768,803	-
Leases and software subscriptions payable	8,875	-	-	-	-	-	-	-	8,875	1,461
Total noncurrent liabilities	11,777,678	12,935,569	-	-	-	-	-	-	11,777,678	1,461
TOTAL LIABILITIES	13,881,458	16,253,063	85,096	143,335	-	-	2,333	1,929	13,968,887	15,617
NET POSITION										
Net investment in capital assets	27,401,332	24,757,803	-	-	793,478	837,421	123,407	126,243	28,318,217	19,215
Restricted for loan covenants	997,489	940,028	-	-	-	-	-	-	997,489	-
Restricted for PPRA bag fee	-	-	15,778	-	-	-	-	-	15,778	-
Unrestricted:										
Designated for equipment replacement	1,279,309	1,220,309	-	-	-	-	9,600	6,400	1,288,909	-
Designated for capacity improvements	1,141,183	686,000	-	-	-	-	-	-	1,141,183	-
Other unrestricted	4,687,619	3,809,903	204,269	183,520	198,979	195,529	253,199	206,886	5,344,066	17,906
TOTAL NET POSITION	\$ 35,506,932	\$ 31,414,043	\$ 220,047	\$ 183,520	\$ 992,457	\$ 1,032,950	\$ 386,206	\$ 339,529	\$ 37,105,642	\$ 37,121

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

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

For the year ended December 31, 2023 (With comparative totals for 2022)

	Business-type Activities - Enterprise Funds									Governmental Activities
	Major Fund		Non-Major Funds							Fleet Maintenance
	Sewer		Trash		Devils Canyon Center		Irrigation Water		Totals	Internal Service
	2023	2022	2023	2022	2023	2022	2023	2022	2023	Fund
		Restated								
OPERATING REVENUES										
Charges for services	\$ 3,879,457	\$ 3,743,322	\$ 1,119,342	\$ 933,289	\$ -	\$ 111,788	\$ 136,567	\$ 135,926	\$ 5,135,366	\$ 326,587
Other revenues	6,703	6,488	-	-	-	-	-	-	6,703	-
Total operating revenues	3,886,160	3,749,810	1,119,342	933,289	-	111,788	136,567	135,926	5,142,069	326,587
OPERATING EXPENSES										
Personnel services	940,864	871,992	-	-	-	-	52,047	78,550	992,911	192,433
Purchased services	317,878	245,829	1,013,373	858,192	-	-	9,554	7,581	1,340,805	36,489
Supplies	416,782	392,099	-	-	-	-	13,569	11,560	430,351	93,048
Depreciation and amortization	1,399,850	1,392,833	-	-	43,942	41,779	8,836	7,453	1,452,628	4,623
Total operating expenses	3,075,374	2,902,753	1,013,373	858,192	43,942	41,779	84,006	105,144	4,216,695	326,593
Operating income (loss)	810,786	847,057	105,969	75,097	(43,942)	70,009	52,561	30,782	925,374	(6)
NONOPERATING REVENUES (EXPENSES)										
Intergovernmental revenue	2,898,694	121,287	-	-	-	-	-	-	2,898,694	-
Investment income	184,610	56,884	558	105	3,449	655	491	93	189,108	-
Gain (Loss) on disposal of equipment	-	420	-	-	-	-	-	-	-	76
Insurance awards	-	57,678	-	-	-	-	-	-	-	-
Interest and amortization expense	(140,994)	(175,922)	-	-	-	-	-	-	(140,994)	(70)
Total nonoperating revenues (expenses)	2,942,310	60,347	558	105	3,449	655	491	93	2,946,808	6
INCOME (LOSS) BEFORE CONTRIBUTIONS	3,753,096	907,404	106,527	75,202	(40,493)	70,664	53,052	30,875	3,872,182	-
CAPITAL CONTRIBUTIONS										
Capital contributions - development	49,610	193,374	-	-	-	-	6,000	-	55,610	-
Capital contributions - plant investment fee	455,183	686,000	-	-	-	-	(2,250)	4,500	452,933	-
Transfers out	(165,000)	(165,000)	(70,000)	(69,000)	-	-	(10,125)	(10,125)	(245,125)	-
CHANGE IN NET POSITION	4,092,889	1,621,778	36,527	6,202	(40,493)	70,664	46,677	25,250	4,135,600	-
Net position - beginning, restated	31,414,043	29,792,265	183,520	177,318	1,032,950	962,286	339,529	314,279	32,970,042	37,121
Net position - ending	\$ 35,506,932	\$ 31,414,043	\$ 220,047	\$ 183,520	\$ 992,457	\$ 1,032,950	\$ 386,206	\$ 339,529	\$ 37,105,642	\$ 37,121

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

City of Fruita, Colorado
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended December 31, 2023 (With comparative totals for 2022)

	Business-type Activities - Enterprise Funds								Governmental Activities	
	Major Fund Sewer		Trash		Non-Major Funds Devils Canyon Center		Irrigation Water		Totals	Fleet Maintenance Internal Service Fund
	2023	2022	2023	2022	2023	2022	2023	2022	2023	
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	\$ 3,876,993	\$ 3,710,970	\$ 1,095,046	\$ 924,154	\$ -	\$ 111,788	\$ 137,002	\$ 135,977	\$ 5,109,041	\$ -
Cash from interfund services	-	-	-	-	-	-	-	-	-	326,587
Payments to suppliers & service providers	(701,122)	(652,220)	(1,071,612)	(850,529)	-	-	(23,089)	(19,176)	(1,795,823)	(128,038)
Payments to employees for salaries & benefits	(936,965)	(865,465)	-	-	-	-	(51,677)	(79,613)	(988,642)	(191,408)
Net cash provided by operating activities	<u>2,238,906</u>	<u>2,193,285</u>	<u>23,434</u>	<u>73,625</u>	<u>-</u>	<u>111,788</u>	<u>62,236</u>	<u>37,188</u>	<u>2,324,576</u>	<u>7,141</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Insurance awards	-	57,678	-	-	-	-	-	-	-	-
Operating transfers	(165,000)	(165,000)	(70,000)	(69,000)	-	-	(10,125)	(10,125)	(245,125)	-
Net cash used by non-capital financing activities	<u>(165,000)</u>	<u>(107,322)</u>	<u>(70,000)</u>	<u>(69,000)</u>	<u>-</u>	<u>-</u>	<u>(10,125)</u>	<u>(10,125)</u>	<u>(245,125)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital contributions - plant investment fees	455,183	686,000	-	-	-	-	(2,250)	4,500	452,933	-
Capital contributions - grants	231,657	121,287	-	-	-	-	-	-	231,657	-
Capital contributions - unearned revenues	-	1,058,713	-	-	-	-	-	-	-	-
Gain/loss on sale of assets	-	420	-	-	-	-	-	-	-	76
Acquisition of capital assets	(2,895,009)	(1,229,580)	-	-	-	(111,788)	-	(11,835)	(2,895,009)	-
Principal paid on loans and right-to-use assets	(1,048,939)	(976,717)	-	-	-	-	-	-	(1,048,939)	(1,499)
Interest paid on loans and right-to-use assets	(203,207)	(240,757)	-	-	-	-	-	-	(203,207)	-
Net cash provided (used) by capital and related financing activities	<u>(3,460,315)</u>	<u>(580,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,788)</u>	<u>(2,250)</u>	<u>(7,335)</u>	<u>(3,462,565)</u>	<u>(1,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest received on investments	184,610	56,884	558	105	3,449	298	491	93	189,108	-
Net cash provided by investing activities	<u>184,610</u>	<u>56,884</u>	<u>558</u>	<u>105</u>	<u>3,449</u>	<u>298</u>	<u>491</u>	<u>93</u>	<u>189,108</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,201,798)	1,562,213	(46,008)	4,730	3,449	655	50,352	19,821	(1,194,005)	5,718
Cash and cash equivalents, January 1	<u>8,312,539</u>	<u>6,750,326</u>	<u>173,645</u>	<u>168,915</u>	<u>195,529</u>	<u>194,874</u>	<u>211,717</u>	<u>191,896</u>	<u>8,893,430</u>	<u>24,920</u>
Cash and cash equivalents, December 31	<u>\$ 7,110,741</u>	<u>\$ 8,312,539</u>	<u>\$ 127,637</u>	<u>\$ 173,645</u>	<u>\$ 198,978</u>	<u>\$ 195,529</u>	<u>\$ 262,069</u>	<u>\$ 211,717</u>	<u>\$ 7,699,425</u>	<u>\$ 30,638</u>

City of Fruita, Colorado
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended December 31, 2023 (With comparative totals for 2022)

	Business-type Activities - Enterprise Funds								Governmental Activities	
	Sewer		Trash		Non-Major Funds		Irrigation Water		Totals	Fleet Maintenance
					Devils Canyon Center				2023	Internal Service Fund
	2023	2022	2023	2022	2023	2022	2023	2022	2023	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	\$ 810,786	\$ 847,057	\$ 105,969	\$ 75,097	\$ (43,942)	\$ 70,009	\$ 52,561	\$ 30,782	\$ 925,374	\$ (6)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation and amortization expense	1,399,850	1,392,833	-	-	43,942	41,779	8,836	7,453	1,452,628	4,623
(Increase) decrease in accounts receivable	(9,167)	(38,840)	(24,296)	(9,135)	-	-	435	51	(33,028)	-
Increase (decrease) in accounts payable	35,000	(10,885)	(58,239)	7,663	-	-	(298)	(234)	(23,537)	1,409
Increase (decrease) in compensated absences payable	2,437	3,120	-	-	-	-	702	(864)	3,139	1,115
Total adjustments	1,428,120	1,346,228	(82,535)	(1,472)	43,942	41,779	9,675	6,406	1,399,202	7,147
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,238,906</u>	<u>\$ 2,193,285</u>	<u>\$ 23,434</u>	<u>\$ 73,625</u>	<u>\$ -</u>	<u>\$ 111,788</u>	<u>\$ 62,236</u>	<u>\$ 37,188</u>	<u>\$ 2,324,576</u>	<u>\$ 7,141</u>
Reconciliation of ending cash per Statement of Cash Flows to amounts on Statement of Net Position										
Ending cash and cash equivalents (from Cash Flow Statement)	\$ 7,110,741	\$ 8,312,539	\$ 127,637	\$ 173,645	\$ 198,978	\$ 195,529	\$ 262,069	\$ 211,717	\$ 7,699,425	\$ 30,638
Less: Unrestricted cash and investments	6,113,252	7,372,511	127,637	173,645	198,978	195,529	262,069	211,717	6,701,936	30,638
Cash and investments, restricted (Statement of Net Position)	<u>\$ 997,489</u>	<u>\$ 940,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 997,489</u>	<u>\$ -</u>
Schedule of non-cash capital and related financing activities										
Contributions of capital assets	49,610	193,374	-	-	-	-	-	-	49,610	-

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, 2023

	Money Purchase Plan - General	Money Purchase Plan - Executive	Money Purchase Plan - Police	Private Purpose Trust Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 89,240	\$ 89,240
Investments at fair value	2,332,043	68,800	3,364,249	-	5,765,092
Accounts receivable	8,085	674	11,957	-	20,716
Total assets	<u>2,340,128</u>	<u>69,474</u>	<u>3,376,206</u>	<u>89,240</u>	<u>5,875,048</u>
LIABILITIES					
Accounts payable	-	-	-	89,240	89,240
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,240</u>	<u>89,240</u>
NET POSITION					
Held in trust for:					
Forfeitures	693	-	-	-	693
Pension benefits	2,339,435	69,474	3,376,206	-	5,785,115
Total net position	<u>\$ 2,340,128</u>	<u>\$ 69,474</u>	<u>\$ 3,376,206</u>	<u>\$ -</u>	<u>\$ 5,785,808</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the year ended December 31, 2023

	Money Purchase Plan - General	Money Purchase Plan - Executive	Money Purchase Plan - Police	Private Purpose Trust Fund	Total
ADDITIONS					
Employer contributions	\$ 196,084	\$ 17,522	\$ 182,078	\$ -	\$ 395,684
School land dedication fees	-	-	-	49,680	49,680
Plan member contributions	-	-	129,844	-	129,844
Total contributions	<u>196,084</u>	<u>17,522</u>	<u>311,922</u>	<u>49,680</u>	<u>575,208</u>
Investment Earnings					
Net investment gain (loss)	<u>341,325</u>	<u>9,035</u>	<u>384,020</u>	<u>-</u>	<u>734,380</u>
Total Additions	<u>537,409</u>	<u>26,557</u>	<u>695,942</u>	<u>49,680</u>	<u>1,309,588</u>
DEDUCTIONS					
Benefits	193,961	-	487,616	-	681,577
Forfeitures	-	-	-	49,680	49,680
Administrative expenses	<u>290</u>	<u>239</u>	<u>6,548</u>	<u>-</u>	<u>7,077</u>
Total Deductions	<u>194,251</u>	<u>239</u>	<u>494,164</u>	<u>49,680</u>	<u>738,334</u>
Change in net position	343,158	26,318	201,778	-	571,254
Net position - beginning	<u>1,996,970</u>	<u>43,156</u>	<u>3,174,428</u>	<u>-</u>	<u>5,214,554</u>
Net position - ending	<u>\$ 2,340,128</u>	<u>\$ 69,474</u>	<u>\$ 3,376,206</u>	<u>\$ -</u>	<u>\$ 5,785,808</u>

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

Notes to Financial Statements

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City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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 (FHA) 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 and connection with the proprietary fund's 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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. To maintain consistency from year to year, the Debt Service Fund (a non-major governmental fund) and the Capital Projects Fund (which may be classified as either a major or non-major fund depending on the year) are displayed in separate columns within the governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Non-major proprietary funds are also reported in separate columns. Column headings indicate whether a fund is classified as a major or non-major fund.

The City reports the following major governmental funds:

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

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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 accounts 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

susceptible to accrual; i.e., 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 of Fruita, Colorado is a municipal corporation which was established in 1884 and operates under a City Council Manager Home Rule form of government with six elected council members, an elected mayor and an appointed manager. The accompanying financial statements include the accounts of all City operations.

The Governmental Accounting Standards Board (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 appropriated presented as funds of the primary government.

Fruita Housing Authority (FHA). The FHA 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

may be amended from time to time. The purpose of the FHA 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 FHA and the boundaries of the FHA are defined as the city limits of Fruita.

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 to sell 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 and consist of fuel. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

5) Restricted assets

For governmental activities and governmental funds, cash of \$4,620,940 is classified as restricted because its use is limited to debt service and use of development impact fees for capital projects. Business-type activities report restricted cash of \$997,489 for debt service.

6) Capital assets

Capital assets are tangible and intangible assets, which include property, plant,

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

As the City 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. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Depreciation, which includes amortization of assets under leases and subscriptions, 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:

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

7) Compensated absences

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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

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

8) Deferred inflows 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 which includes unavailable property tax revenue and lease related revenues.

Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources (revenue) in the period they are collected. 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. These revenues are classified as deferred inflows of resources because they represent an acquisition of net assets applicable to future periods. The timing of 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.

9) 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 (RTU) 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.

RTU 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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.

Remeasurement of a lease asset and liability occurs when there is a change in the lease term and/or other changes that are likely to significantly impact the lease liability.

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 governments 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is a contract that conveys control of the right-to-use (RTU) 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 recognize this outflows of resources.

The City recognizes a subscription liability and an intangible right to use (RTU) 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 assets 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.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

10) 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.

11) 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.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

12) 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, 2022, from which these totals were derived. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 Fruita 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 years budget. Expenses are broken down by department which are 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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, 2023, the City experienced a budget violation in the Conservation Trust Fund. The City Council appropriated \$325,000 for the Reed Park improvement project, exceeding available funds by \$119,887. This over-appropriation constitutes a violation of Colorado Revised Statutes 29-1-110 which mandates that municipalities must not appropriate more funds than are available in their budget. Although more funds were appropriated than available, these funds were not spent. As a result, there was no adverse impact on the City's financial position. The unspent funds remained in the Conservation Trust Fund, ensuring that no actual financial over-expenditure occurred.
- 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. For example, prior voter approval is necessary to increase the City's real property tax revenues from one year to the next in excess of the rate of inflation plus a growth factor; any new tax, tax rate increase; mill levy increase; extension of an expiring tax which causes a net tax revenue gain; or new long-term financial obligations. Any revenue collected, kept, or spent in violation of these provisions must be refunded with interest.

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

- In 2020 voters approved a 3% increase in lodger's tax for the purposes of public places and economic development.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

- In 2008 voters approved a 1% increase in the sales and use tax rate for the construction and operation of the Fruita Community Center.
- In 1996 voters approved a 3% lodger's for the purpose of marketing and promoting the city.

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, 2023, the emergency reserve of \$556,943 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 Fruita City Charter, funds not needed for current operations may be invested pursuant to Colorado Revised Statutes. The City Council is required to designate depositories for city funds. General objectives for investment of the City 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 the Public Deposit Protection Act (PDPA), and have a satisfactory

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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, 2023, including fiduciary funds was as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Cash on hand	\$ -	\$ 1,900
Checking	9,626,795	9,042,192
Money market	4,966,156	4,966,156
Certificates of deposit*	1,898,059	1,898,059
Investment pools	21,021,300	21,453,827
Investments	5,765,092	5,765,092
	<u>\$ 43,277,402</u>	<u>\$ 43,127,226</u>

*Non-negotiable

Reconciliation to basic financial statements. The cash and investments as of December 31, 2023, are reported in the financial statements as follows:

	<u>Cash and</u>	<u>Cash and</u>	
<u>Government-wide Statement of Net Position</u>	<u>investments</u>	<u>investments,</u>	<u>Total</u>
Governmental activities	\$ 24,952,529	\$ 4,620,940	\$ 29,573,469
Business-type activities	6,701,936	997,489	7,699,425
<u>Fiduciary Funds Statement of Net Position</u>			
Money Purchase Plan - General	-	2,332,043	2,332,043
Money Purchase Plan - Executive	-	68,800	68,800
Money Purchase Plan - Police	-	3,364,249	3,364,249
Private-purpose trust fund	89,240	-	89,240
Total cash and investments	<u>\$ 31,743,705</u>	<u>\$ 11,383,521</u>	<u>\$ 43,127,226</u>

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) www.csafe.org and (COLOTRUST) www.colotrust.com.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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, 2023, the City had the following investments:

<u>Investment type</u>	<u>Rating</u>	<u>Market Value</u>	<u>Weighted Average Maturity</u>
Investment pools			
CSAFE cash investments	AAAmmf	\$ 7,824,753	< 60 days
CSAFE CORE	AAAf/S1	4,923,553	< 180 days
COLOTRUST cash investments	AAAm	6,898,885	< 60 days
COLOTRUST EDGE	AAAf/S1	1,806,636	> 60 days
		<u>\$ 21,453,827</u>	

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

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

3) Restricted Cash and Investments

Restricted cash and investments are recorded for the following purposes:

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

	2023
<u>Governmental activities</u>	
Development impact fees	\$ 3,872,740
Bond reserves	748,200
Total Governmental Funds	4,620,940
<u>Business-type activities</u>	
Loan covenants	997,489
Total Restricted Cash	\$ 5,618,429

B. Loans Receivable

In 2023, the Fruita Housing Authority executed a promissory note with IndiBuild Fruita LLLP in the amount of \$170,000. The note matures on July 31, 2063 and is secured by a subordinate deed of trust on the project. The note bears interest at an annual rate 1%, compounded annually, and requires payment in arrears at maturity. Annual payments are required, to the extent of available cash flow, with the first annual payment due on December 31, 2024.

C. Leases Receivable

The City leases certain 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. The leases have annual receipts that range from \$2,025 to \$27,427 and interest rates that range from 0.4257% to 1.6220%. The total combined value of the leases receivable at December 31, 2023 is \$834,363, the total combined value of the short-term lease receivable is \$57,600, and the combined value of the deferred inflow of resources is \$806,869. The leases did not have any variable receipts or other receipts not included in the lease receivable within the fiscal year. During 2023, the City recognized \$58,170 in lease revenue and \$12,882 in interest revenue. The following is a summary of leases receivable at December 31, 2023 and principal and interest expected to maturity.

The City leases a lake at 1081 16 Road for a wakeboard park to IWZ, LLC. The lease started in October 2017 for fifteen years. It includes options to extend the lease for three additional five-year terms. The final extension option would run through October 2047.

The City leases a billboard structure on Interstate 70 at milepost 19.8 for marketing purposes to Family Health West. The lease started in March 2021 for two years. It includes an option to extend the lease for an additional two-year period. The final extension will expire in March 2025.

The City leases a water tank at 1725 Broadway for a cellular tower to Nextel. The lease started in May 2000 for five years. It includes options to extend the lease for five additional five-year terms. The final extension option would run through May 2030.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The City leases the rooftop of the Fruita Community Center at 325 N Coulson for a cellular tower to Verizon. The lease started in January 2019 for five years. It includes options to extend the lease for four additional five-year terms. The final extension option would run through January 2044.

The City leases land at the SE corner of 16 and L Road for farm/crop purposes to Michael and Joseph Etchart. The lease started in September 2019 for five years. The lease runs through September 2024.

The City also had several non-GASB 87 short-term lease receivables in the amount of \$2,161 at 12/31/2023.

Lease receivable activity (excluding short-term lease receivables) for the years following December 31, 2023, for governmental type activities is as follows:

Fiscal Year	Principal and Interest Expected to Maturity		
	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	57,660	12,216	69,877
2025	47,211	11,537	58,748
2026	52,396	10,867	63,263
2027	54,030	10,151	64,180
2028	55,712	9,410	65,122
2029-2033	187,064	37,487	224,551
2034-2038	164,632	24,525	189,157
2039-2043	204,383	9,631	214,014
2044	11,275	31	11,306
	<u>\$ 834,363</u>	<u>\$ 125,856</u>	<u>\$ 960,218</u>

D. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2023, is as follows

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Transfers in:							
<u>Fund</u>	<u>General</u>	<u>Marketing</u>	<u>Community Center</u>	<u>Housing Authority</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Transfers out</u>
General	\$ -	\$ 12,000	\$ 95,000	\$ -	\$ 2,111,569	\$ -	\$ 2,218,569
Conservation Trust	-	-	-	-	359,504	-	359,504
Economic Dev.	-	-	-	15,100	-	-	15,100
Public Places	-	-	-	-	100,000	-	100,000
Community Center	6,000	-	-	-	-	708,563	714,563
Sewer	165,000	-	-	-	-	-	165,000
Trash	70,000	-	-	-	-	-	70,000
Irrigation	10,125	-	-	-	-	-	10,125
Total transfers in	<u>\$ 251,125</u>	<u>\$ 12,000</u>	<u>\$ 95,000</u>	<u>\$ 15,100</u>	<u>\$ 2,571,073</u>	<u>\$ 708,563</u>	<u>\$ 3,652,861</u>

During the year operating transfers are used to 1) move revenues from proprietary funds to the General Fund to offset administrative costs associated with the activities of the proprietary funds including billing for services, financial administration such as payroll processing, accounts payable, investments, auditing and general oversight and planning of proprietary fund activities, 2) move General Fund resources to provide an annual subsidy to the Community Center Fund based on the historic funding of program activities from the General Fund prior to creation of the Community Center Fund and to the Marketing And Promotion Fund for marketing services based on annual revenue from lease of the billboard, 3) move sales and use tax revenues from the Community Center Fund to the Debt Service Fund to fund debt service principal and interest payments, 4) move funds from the Economic Development Fund to the newly established Fruita Housing Authority Fund and 5) move funds to the Capital Projects Fund for various capital projects.

E. Capital Assets

Along with capital assets, the City is reporting subscription assets for the year ended December 31, 2023. These assets are long-term software license agreements that allow the City to use various software platforms for multiple fiscal years.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

<u>Governmental Activities</u>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets, not being depreciated</u>				
Land	\$ 9,219,050	\$ 1,095,651	\$ -	\$ 10,314,701
Construction in progress	1,273,841	800,978	(940,215)	1,134,604
Total capital assets not being depreciated	10,492,891	1,896,629	(940,215)	11,449,305
<u>Capital assets, being depreciated</u>				
Buildings and other structures	21,997,313	636,558	-	22,633,871
Infrastructure	48,518,782	3,299,958	-	51,818,740
Machinery and equipment	12,537,664	1,135,043	(212,749)	13,459,958
Right-to-use leased equipment	44,207	14,934	(9,553)	49,588
Right-to-use SBITAs	430,833	288,131	-	718,964
Total capital assets being depreciated	83,528,799	5,374,624	(222,302)	88,681,121
<u>Less accumulated depreciation for:</u>				
Buildings and other structures	(8,269,244)	(679,643)	-	(8,948,887)
Infrastructure	(13,017,126)	(1,285,206)	-	(14,302,332)
Machinery and equipment	(6,708,450)	(569,566)	207,779	(7,070,237)
Right-to-use leased equipment	(9,535)	(15,392)	9,553	(15,374)
Right-to-use SBITAs	-	(73,370)	-	(73,370)
Total accumulated depreciation	(28,004,355)	(2,623,177)	217,332	(30,410,200)
Total capital assets being depreciated, net	55,524,444	2,751,447	(4,970)	58,270,921
Governmental activities capital assets, net	<u>\$ 66,017,335</u>	<u>\$ 4,648,076</u>	<u>\$ (945,185)</u>	<u>\$ 69,720,226</u>

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

<u>Governmental activities</u>	
General government	\$ 199,577
Park and recreation	848,758
Public works	1,346,559
Public safety	223,660
	<u>2,618,554</u>
Internal service funds*	4,623
Total depreciation expense - governmental activities	<u>\$ 2,623,177</u>

*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.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Capital assets, not being depreciated</u>				
Land	\$ 1,046,173	\$ -	\$ -	\$ 1,046,173
Source of supply	14,712	6,000	-	20,712
Construction in progress	142,587	3,061,519	-	3,204,106
Total capital assets not being depreciated	1,203,472	3,067,519	-	4,270,991
<u>Capital assets, being depreciated</u>				
Buildings	1,803,043	-	-	1,803,043
Wastewater treatment facility	29,343,270	-	-	29,343,270
Distribution and collection system	25,720,009	49,611	-	25,769,620
Machinery and equipment	1,742,551	51,651	(10,325)	1,783,877
Right-to-use leased equipment	3,056	-	(3,056)	-
Right-to-use SBITAs	-	20,082	-	20,082
Total capital assets being depreciated	58,611,929	121,344	(13,381)	58,719,892
<u>Less accumulated depreciation for:</u>				
Buildings	(1,164,077)	(44,854)		(1,208,931)
Wastewater treatment facility	(8,013,280)	(791,447)	-	(8,804,727)
Distribution and collection system	(9,542,350)	(548,652)	-	(10,091,002)
Machinery and equipment	(1,377,739)	(63,092)	10,325	(1,430,506)
Right-to-use leased equipment	(1,708)	(1,348)	3,056	-
Right-to-use SBITAs	-	(3,235)	-	(3,235)
Total accumulated depreciation	(20,099,154)	(1,452,628)	13,381	(21,538,401)
Total capital assets being depreciated, net	38,512,775	(1,331,284)	-	37,181,491
Business-type activities capital assets, net	\$ 39,716,247	\$ 1,736,235	\$ -	\$ 41,452,482

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

<u>Business-type activities</u>	
Sewer Fund	\$ 1,399,850
Irrigation Fund	8,836
Devils Canyon Center Fund	43,942
Total depreciation expense - business-type activities	<u>\$ 1,452,628</u>

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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	\$ 715,383
Grants and donations	893,696
Unallocated utility billing receipts	76,615
Total unearned revenue for governmental activities	<u>\$ 1,685,694</u>

Business-type activities

Grants	<u>\$ 572,577</u>
Total unearned revenue for proprietary funds	<u>\$ 572,577</u>
Total All Funds	<u>\$ 2,258,271</u>

G. Construction commitments

The City has active construction projects as of December 31, 2023. The projects include park renovations, broadband carrier neutral location (CNL) and mitigation of H2S gas for the wastewater treatment system. At year end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental activities		
Reed Park Renovation	\$ 153,587	\$ 1,977,734
Broadband CNL	242,084	298,303
Total governmental activities	<u>395,671</u>	<u>2,276,037</u>
Business-type activities		
H2S Gas Mitigation	1,692,315	353,696
Total	<u>\$ 2,087,986</u>	<u>\$ 2,629,733</u>

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 2024.

H. Long-term Debt – Governmental Activities

1) Revenue Bonds

The City issued \$10,115,000 in sales and use tax revenue refunding bonds with an interest rate of 4% in 2019. The proceeds, along with additional funds of the City, were used primarily to refinance at a lower interest rate \$12,180,000 of outstanding 2009A and 2009B Sales and Use Tax Revenue Bonds originally issued for construction of the community center. The net

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

proceeds were deposited with an escrow agent and were used to redeem the outstanding bonds on October 1, 2019. The refunding bonds are to be repaid through a dedicated one cent sales and use tax that was implemented in January of 2009. A debt service reserve fund was established in accordance with provisions of the bond ordinance in the amount of \$748,200.

The City is obligated under the agreement to make semi-annual payments each April 1, and October 1 beginning October 1, 2019 and ending October 1, 2039. The outstanding balance on these bonds at December 31, 2023 was \$8,695,000. The unamortized premium on the bonds was \$715,060 and the unamortized discount on the bonds is \$24,198. The outstanding notes and loans reported in the Statement of Net Position is reported net of these amounts. Interest expense and escrow agent fees on bonds payable for the year ended December 31, 2023 was \$363,600 in the Debt Service Fund.

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

Year ended Dec. 31	Governmental Activities		
	Principal	Interest	Total
2024	\$ 400,000	\$ 347,800	\$ 747,800
2025	415,000	331,800	746,800
2026	430,000	315,200	745,200
2027	450,000	298,000	748,000
2028	465,000	280,000	745,000
2029-2033	2,625,000	1,105,000	3,730,000
2034-2038	3,195,000	536,400	3,731,400
2039	715,000	28,600	743,600
	<u>\$ 8,695,000</u>	<u>\$ 3,242,800</u>	<u>\$ 11,937,800</u>

2) Non-monetary Performance Obligation Note Payable

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

The cost of improvements to the reservoirs was \$484,764 with interest compounded annually at 4%. In lieu of payment the City agreed to provide irrigation water to the parties at \$185 per acre foot with a minimum credit of 100 acre feet per year (\$18,500) for a period of up to thirty years (30) years and exchange land and water rights with a predetermined value to be credited against the cost of improvements as soon as practical to compensate the parties. Credits for exchange of water rights and land were applied to the nonmonetary amortization schedule in 2016.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A credit of \$12,888 was applied to this obligation in 2023 for the conveyance of water. The following table assumes minimum credits for water usage in future years and will be adjusted annually to reflect actual water use. The outstanding performance obligation balance on this note was \$127,420 at December 31, 2023.

Annual debt service requirements to maturity for the non-monetary performance obligation are as follows:

Year ended Dec. 31	<u>Governmental Activities</u>		
	Non-monetary performance obligation		
	Principal	Interest	Total Credit
2024	\$ 13,403	\$ 5,097	\$ 18,500
2025	13,939	4,561	18,500
2026	14,497	4,003	18,500
2027	15,077	3,423	18,500
2028	15,679	2,820	18,499
2029-2032	54,825	4,753	59,578
	<u>\$ 127,420</u>	<u>\$ 24,657</u>	<u>\$ 152,077</u>

3) Leases Payable

As of December 31, 2023, the City had 3 active leases payable. As of December 31, 2023, the total combined value of the lease liability is \$35,062, the total combined value of the short-term lease liability is \$17,175. The combined value of the right to use asset, as of December 31, 2023 of \$49,588 with accumulated amortization of \$15,374 is included within the Lease Class activities table found below.

Land lease. On August 31, 2023, the City entered into a 16 month lease as Lessee for the use of vacant land located at Lots 22 and 23, Block 3 of the Town of Fruita, for use as a parking lot. An initial lease liability was recorded in the amount of \$11,907. As of December 31, 2023, the value of the lease liability was \$8,908 and the value of the short-term lease liability is \$8,908. The City is required to make annual fixed payments of \$9,000. The lease has an interest rate of 3.1020%. The value of the right to use asset as of December 31, 2023 is \$8,912 with accumulated amortization of \$2,995 is included with Land on the Lease Class activities table found below. The Lessor had a termination period of 1 month as of the lease commencement. The lease expires on December 31, 2024.

Equipment leases: The City leases copiers located at the Public Works facility, Community Recreation Center and Civic Center.

In March 2021, the City entered into a 52 month lease as Lessee for the use of a Sharp Copier at the Fruita Community Center. An initial lease liability was recorded in the amount of

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

\$18,119. As of December 31, 2023, the value of the lease liability is \$11,747, and the value of the short-term lease liability is \$4,842. The City is to make monthly fixed payments of \$295. The lease has an interest rate of 0.5517%. The equipment's estimated useful life was 52 months as of the contract commencement. The value of the right to use asset as of December 31, 2023 of \$11,184 with accumulated amortization of \$8,663 is included with Equipment on the Lease Class activities table found below.

In December 2022, the City entered into a 60 month lease as Lessee for the use of a Sharp Copier at the Civic Center. An initial lease liability was recorded in the amount of \$17,833. As of December 31, 2023, the value of the lease liability is \$14,407, and the value of the short-term lease liability is \$3,425. The City is to make monthly fixed payments of \$321. The lease has an interest rate of 3.305%. The equipment's estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of December 31, 2023 of \$14,118 with accumulated amortization of \$3,716 is included with Equipment on the Lease Class activities table found below.

Amount of Lease Assets by Major Classes of Underlying Asset		
Governmental Activities		
As of Fiscal Year-end		
Asset Class	Lease Asset Value	Accumulated Amortization
Equipment	\$ 37,681	\$ 12,379
Land	11,907	2,995
Total Leases	\$ 49,588	\$ 15,374

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

Principal and Interest Requirements to Maturity			
Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	\$ 17,175	\$ 569	\$ 17,744
2025	8,409	335	8,744
2026	5,696	194	5,890
2027	3,782	68	3,850
	\$ 35,062	\$ 1,166	\$ 36,228

4) Subscription Based Information Technology Arrangements (SBITAs)

For the year ended December 31, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

information about the government's subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of December 31, 2023, governmental activities of the City had nine active subscriptions. The subscriptions have payments that range from \$1,500 to \$23,000 and interest rates that range from 2.6560% to 3.7420%. The liability was projected using contractual future payments discounted using an incremental borrowing rate as published by Debt Books. As of December 31, 2023, the total combined value of the subscription liability is \$614,620. The combined value of the right to use asset, as of December 31, 2023 of \$718,964 with accumulated amortization of \$73,370 is included within the Subscription Class activities table found below.

Subscription liabilities at December 31, 2023, are as follows:

On December 1, 2020, the City entered into a subscription for the use of Axon Cloud Service for camera data storage and retrieval for body worn cameras. An initial subscription liability was recorded in the amount of \$166,750. The City has one 5-year extension option. This arrangement runs through December 31, 2030.

On October 6, 2023, the City entered into a subscription for the use of CivicPlus Accessibility service to check for accessibility of online and website services. An initial subscription liability was recorded in the amount of \$3,711. This arrangement runs through October 5, 2025.

On March 10, 2021, the City entered into a subscription for the use of CivicPlus (formerly Municipal Code Corporation) services for agenda and meeting management services. An initial subscription liability was recorded in the amount of \$22,489. The City has five 1-year extension options. This arrangement runs through May 31, 2028.

On November 7, 2022, the City entered into a subscription for the use of CivicPlus services for supplementation and republication of the Fruita Municipal Code. An initial subscription liability was recorded in the amount of \$36,855. The City has five 1-year extension options. This arrangement runs through March 6, 2029.

On May 27, 2022, the City entered into a subscription for the use of CloudPermit services for building permits, code enforcement and planning services. An initial subscription liability was recorded in the amount of \$127,312. The City has five 1-year extension options. This arrangement runs through May 26, 2028.

On March 1, 2022, the City entered into a subscription for the use of Esri services for ArcGIS

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

desktop software maintenance services. An initial subscription liability was recorded in the amount of \$18,934. The City has five 1-year extension options. This arrangement runs through February 29, 2028.

On October 1, 2022, the City entered into a subscription for the use of Peak Software Systems services for parks and recreation program and registration management. An initial subscription liability was recorded in the amount of \$38,852. The City has seven 1-year extension options. This arrangement runs through December 31, 2029.

On November 15, 2023, the City entered into a subscription for the use of Springbrook Software services for financial accounting and utility billing services. An initial subscription liability was recorded in the amount of \$247,306. The City has five 1-year extension options. This arrangement runs through December 31, 2031.

On February 1, 2023, the City entered into a subscription for the use of AllData services for vehicle and equipment diagnostic and repair services. An initial subscription liability was recorded in the amount of \$4,385. The City has two 1-year extension options. This arrangement runs through January 31, 2026. This amount is included in the Fleet Maintenance internal services fund and is included in the assets of governmental activities along with the accumulated amortization of \$1,340.

Amount of Subscription Assets by Major Classes of Underlying Asset		
Asset Class	Governmental Activities	
	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 718,964	\$ 73,370
Total Subscriptions	<u>\$ 718,964</u>	<u>\$ 73,370</u>

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

Principal and Interest Requirements to Maturity			
Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 92,117	\$ 11,338	\$ 102,032
2025	89,412	16,214	104,164
2026	91,277	13,538	104,815
2027	94,724	10,761	105,485
2028	89,281	7,879	97,160
2029 - 2031	157,809	9,401	167,210
	<u>\$ 614,620</u>	<u>\$ 69,131</u>	<u>\$ 680,866</u>

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

I. Long-term Debt – Business-type Activities

1) Loans Payable

The City entered into a loan agreement in 2010 with the Colorado Water Resources and Power Development Authority (Authority) to finance construction of a new wastewater treatment facility in the amount of \$21,830,000 at a net effective interest rate of 3.53%. The loan was issued with a premium of \$1,128,290 which covered costs of issuance and the underwriter's discount of \$158,290 with the remaining \$970,000 deposited to the project construction fund for a total project construction fund of \$22,800,000. The net revenues of the sewer system are pledged as security for this loan.

The City is obligated under the agreement to make semi-annual payments each March 1, and September 1 beginning September 1, 2010 and ending September 1, 2032. The loan agreement requires compliance with specified covenants and obligations. In compliance with these requirements, the City has restricted \$997,489 of net position. This includes \$461,080 for the three-month operating reserve and \$536,408 as the pro rata amount reserved for the next principal and interest payments on the debt. This loan contains a provision that, in an event of default, the Authority has the right to take any action permitted or required pursuant to the Loan Agreement and whatever other action may appear necessary to collect the amounts due including, without limitation, to obtain ex parte the appointment of a receiver of the sewer system.

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

The outstanding balance on this note at December 31, 2023 was \$12,685,000. The unamortized premium on the loan for the wastewater treatment facility is \$203,803 and the outstanding notes and loans reported in the Statement of Net Position includes this amount. Interest expense on loans payable for the year ended December 31, 2023 was \$187,497 in the Sewer Fund.

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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Year Ending Dec. 31	Business-type Activities			
	Principal	Interest	Credits	Total
2024	\$ 1,120,000	\$ 335,302	\$ (165,297)	\$ 1,290,005
2025	1,185,000	306,139	(168,624)	1,322,515
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
2029-2032	6,400,000	432,953	(664,478)	6,168,475
	<u>\$ 12,685,000</u>	<u>\$ 1,797,903</u>	<u>\$ (1,501,538)</u>	<u>\$ 12,981,365</u>

2) Subscription Based Information Technology Arrangements (SBITAs)

As of December 31, 2023, business-type activities of the City had one active subscription. The liability was projected using contractual future payments discounted using an incremental borrowing rate as published by Debt Books. As of December 31, 2023, the value of the subscription liability is \$20,082 and the value of the right to use asset is \$20,082 with accumulated amortization of \$3,235 which is included within the Subscription Class activities table found below.

Subscription liabilities at December 31, 2023, are as follows:

On July 7, 2023, the City entered into a subscription for the use of Dawson Infrastructure Solutions for data storage and software for wastewater collection system camera inspections. An initial subscription liability was recorded in the amount of \$20,082. The City has two 1-year extension options. This arrangement runs through July 6, 2026.

Amount of Subscription Assets by Major Classes of Underlying Asset		
Asset Class	Business-type Activities	
	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	\$ 20,082	\$ 3,235
Total Subscriptions	<u>\$ 20,082</u>	<u>\$ 3,235</u>

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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Principal and Interest Requirements to Maturity			
Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 8,607	\$ 542	\$ 9,149
2025	8,875	275	9,150
	<u>\$ 17,482</u>	<u>\$ 817</u>	<u>\$ 18,299</u>

J. Changes in Long-term Liabilities.

The following tables represent changes in long term obligations of the City for the year ended December 31, 2023. The internal service fund predominately serves the governmental funds. Accordingly, their long-term liabilities and compensated absences payable of \$6,522 are included as part of the following totals for governmental activities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Revenue bonds					
2019 FCC Refunding Bonds	9,080,000	-	(385,000)	8,695,000	400,000
Discount on bonds	(27,104)	2,907	-	(24,197)	-
Premium on bonds	800,966	-	(85,906)	715,060	-
Total bonds payable	<u>9,853,862</u>	<u>2,907</u>	<u>(470,906)</u>	<u>9,385,863</u>	<u>400,000</u>
Performance obligation note	140,308	-	(12,888)	127,420	13,403
Leases payable	38,039	11,907	(14,884)	35,062	17,175
SBITAs payable	430,833	259,530	(75,743)	614,620	92,117
Compensated absences, net	209,693	151,739	-	361,432	237,793
Governmental activity long term liabilities	<u>\$10,672,735</u>	<u>\$426,083</u>	<u>\$ (574,421)</u>	<u>\$10,524,397</u>	<u>\$ 760,488</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type activities:</u>					
Loans payable					
Sewer WWTF	\$13,730,000	\$ -	\$(1,045,000)	\$12,685,000	\$ 1,120,000
Premium on loan	250,569	-	(46,766)	203,803	-
Total loans payable	<u>13,980,569</u>	<u>-</u>	<u>(1,091,766)</u>	<u>12,888,803</u>	<u>1,120,000</u>
Leases payable	1,338	-	(1,338)	-	-
SBITAs payable	-	20,082	(2,600)	17,482	8,607
Compensated absences, net	24,195	2,105	-	26,300	26,300
Business-type activity long term liabilities	<u>\$14,006,102</u>	<u>\$ 22,187</u>	<u>\$(1,095,704)</u>	<u>\$12,932,585</u>	<u>\$ 1,154,907</u>

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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. The bonds refinanced the Series 2008 bonds and provided additional funds for construction. The bonds are secured by real property and equipment of the Lower Valley Hospital Association (LVHA) and are payable solely from payments received from the LVHA. The City has not extended any additional commitments for the debt service payments of the bonds beyond the collateral and the payments from LVHA and maintenance of the tax-exempt status of the conduit debt obligation. At December 31, 2023, there was an outstanding principal amount payable of \$38,150,000, 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 liability 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 the specific purposes determined by adoption of a resolution committing fund balance for a specified purpose by the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until the resources have been spent for the specified purpose or the Council adopts another resolution to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used 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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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 twenty-five percent (25%) of the current year's operating expenses. This amount is intended to provide fiscal stability, offset unanticipated reductions in revenues or short-term increases in expenditures, and provide resources for cash flow management. The operating reserve of \$2,320,633 is reflected in the unassigned fund balance in the General Fund. Any use of the operating reserve shall be approved by the Fruita City Council and replaced as soon as possible thereafter.

The Council has also adopted a financial policy to maintain an operating reserve in the Community Center Fund in an amount equal to twenty-five percent (25%) of the current year's operating expenses. The Committed fund balance of \$1,550,324 in the Community Center Fund represents this operating reserve of twenty-five percent (25%) of the current year's operating expenses in the amount of \$550,324 and a facility/equipment improvement reserve in the amount of \$1,000,000 for future facility and equipment improvements.

As of December 31, 2023, fund balances are composed of the following:

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

	Major Funds			Nonmajor Funds		Total
	General	Capital Projects	Community Center	Debt Service	Other Nonmajor Funds	
FUND BALANCES						
<u>Nonspendable</u>						
Inventories	\$ 5,468	\$ -	\$ -	\$ -	\$ -	\$ 5,468
Notes receivable	-	-	-	-	170,000	170,000
<u>Restricted</u>						
Debt service	-	-	-	748,200	-	748,200
Economic development	-	-	-	-	186,000	186,000
Housing authority	-	-	-	-	12,704	12,704
Marketing	-	-	-	-	299,022	299,022
Community center	-	-	1,779,650	-	-	1,779,650
Parks and open space	-	632,384	-	-	69,344	701,728
Public places	-	-	-	-	165,162	165,162
Streets and drainage	213,994	2,310,979	-	-	-	2,524,973
Public safety	585,337	-	-	-	-	585,337
Emergency reserve	556,943	-	-	-	-	556,943
<u>Committed for community center</u>	-	-	1,550,324	-	-	1,550,324
<u>Assigned</u>						
Art acquisition	20,498	-	-	-	-	20,498
Capital projects	-	77,514	-	-	-	77,514
Equipment replacement	1,631,298	-	-	-	-	1,631,298
Health insurance reserve	328,468	-	-	-	-	328,468
Parks and open space	72,400	-	-	-	-	72,400
Scholarship program	40,782	-	-	-	-	40,782
Subsequent year expenses	8,502,045	28,600	1,324,400	-	385,675	10,240,720
War memorial maint.	2,727	-	-	-	-	2,727
<u>Unassigned:</u>						
Unassigned	5,497,594	-	-	-	-	5,497,594
Operating reserve	2,320,633	-	-	-	-	2,320,633
Total fund balances	<u>\$ 19,778,187</u>	<u>\$3,049,477</u>	<u>\$4,654,374</u>	<u>\$ 748,200</u>	<u>\$1,287,907</u>	<u>\$ 29,518,145</u>

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 (the "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

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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 Mission Square Retirement (formerly ICMA-RC). Investments are managed by the plan's trustee under various investment options. The plan members choose from the available investment options. Plan provisions and contribution requirements are established and may be amended by the City Council.

1) City of Fruita Money Purchase Plan

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

Under this plan, the City contributes four and one-half percent (4 ½%) of the employee's eligible compensation as defined by the plan. 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, 2023, the City made all required contributions to the City of Fruita Money Purchase Pension Plan in the amount of \$196,084. There were 78 active participants in the plan in 2023.

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, 2023, forfeitures of \$5,989 were used to offset contributions.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

2) City of Fruita Money Purchase Plan – Executive

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

Under this plan, the City contributes ten percent (10%) of the amount of the employee's eligible compensation as defined by the plan. No contributions are required or made by employees to the plan. For the year ended December 31, 2023, the City made all required contributions to the Fruita Executive Pension Plan in the amount of \$17,522. There was one active participant in the plan in 2023.

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, 2023, the City made all required contributions to the Fruita Police Pension Plan in the amount of \$182,078.

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, 2023, there were no forfeitures used to offset contributions. There were 21 active participants in the plan in 2023.

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.

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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. The City's equity at December 31, 2023 in the property/casualty insurance pool is \$66,943. The City's equity at December 31, 2023 in the workers' compensation pool is \$206,550.

CIRSA's combined financial information for the year ended December 31, 2023 is summarized as follows:

<u>Assets:</u>	
Current assets	\$ 33,093,922
Noncurrent assets	61,754,533
Total assets	<u>94,848,455</u>
<u>Current liabilities</u>	
Noncurrent liabilities	31,256,556
Total liabilities	<u>29,435,084</u>
Net position	<u>\$ 34,156,815</u>
Total contributions and other revenue	\$ 44,242,681
Total expenses and distributions	<u>(54,284,668)</u>
Change in net position	<u>\$ (10,041,987)</u>

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. Implementation of Accounting Standard

Effective January 1, 2023, the City implemented GASB Statement No. 96, Subscription- Based Information Technology Arrangements (GASB 96). GASB 96 requires that the City report certain right-to- use subscription assets and liabilities and recognize inflows or outflows of resources based on the payment provisions of each such arrangement. Right-to-use subscription assets and corresponding SBITA liabilities of \$430,833 have been added to the opening 2023

City of Fruita, Colorado
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

balances for governmental activities; consequently, there was no change in net position as a result of implementing GASB 96, since these assets and liabilities offset.

F. Restatement of Fund Balances and Net Position

Fund balances in the General Fund and the Capital Projects Fund were restated to reflect reclassification of unearned revenue from development impact fees to revenue and restricted fund balance/net position to reflect changes made in the Land Use Code effective January 17, 2020. The fund balance increased \$159,470 in the General Fund and \$2,067,535 in the Capital Projects Fund. Correspondingly, the beginning net position for governmental activities has also been increased by these amounts.

Net position for governmental activities has also been increased by \$172,124 to reflect corrections to the amortization of discounts and premiums on the 2019 Sales and Use Tax revenue bonds for the Fruita Community Center to reflect the effective interest method of amortization versus the straight-line method.

Net position for the Sewer Fund and for business-type activities in the government-wide Statement of Activities was also increased an additional \$250,893 to correct the amortization of premiums on the CWRPDA Sewer Loan for the Wastewater Treatment Plant to reflect the effective interest method of amortization versus the straight-line method.

Required Supplementary Information

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City of Fruita, Colorado

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

For the year ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	\$ 1,607,000	\$ 1,607,000	\$ 1,607,015	\$ 15
City sales	3,300,000	3,300,000	3,653,271	353,271
County sales	3,210,000	3,210,000	3,390,948	180,948
County sales - public safety	480,000	480,000	509,906	29,906
Use tax	1,100,000	1,100,000	1,094,635	(5,365)
Other	662,000	662,000	735,043	73,043
Licenses and permits	50,500	50,500	72,095	21,595
Intergovernmental revenue	596,500	597,300	888,793	291,493
Charges for services	335,500	335,500	457,023	121,523
Fines and forfeitures	34,000	34,000	35,971	1,971
Development impact fees	-	-	74,531	74,531
Investment income	50,000	50,000	651,336	601,336
Interest on leases	-	-	2,665	2,665
Rents	48,000	48,000	45,206	(2,794)
Donations	15,500	30,500	51,113	20,613
Miscellaneous	5,000	6,500	57,316	50,816
Total revenues	11,494,000	11,511,300	13,326,867	1,815,567
EXPENDITURES				
General government	887,235	965,576	923,483	42,093
Administration	936,900	972,016	861,267	110,749
Engineering	494,325	495,494	486,207	9,287
Community development	782,525	865,634	693,037	172,597
Public safety	2,934,875	2,948,554	2,804,040	144,514
Public works	2,053,120	2,074,498	1,848,022	226,476
Parks and recreation	1,435,400	1,447,430	1,257,272	190,158
Non-departmental	748,225	570,728	329,456	241,272
Debt service				
Principal retirement	-	-	77,188	(77,188)
Interest and fiscal charges	-	-	2,576	(2,576)
Capital outlay	636,730	1,924,955	2,224,974	(300,019)
Total expenditures	10,909,335	12,264,885	11,507,522	757,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	584,665	(753,585)	1,819,345	2,572,930
OTHER FINANCING SOURCES (USES)				
Subscription financing	-	-	664,698	664,698
Sale of capital assets	-	9,150	107,564	98,414
Insurance awards and refunds	-	-	642	642
Transfers in	251,125	251,125	251,125	-
Transfers out	(2,710,700)	(4,801,200)	(2,218,569)	2,582,631
Total other financing sources and (uses)	(2,459,575)	(4,540,925)	(1,194,540)	3,346,385
Fund balance - beginning (restated)	19,153,382	19,153,382	19,153,382	-
Fund balance - ending	\$ 17,278,472	\$ 13,858,872	\$ 19,778,187	\$ 5,919,315

See accompanying independent auditor's report.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
COMMUNITY RECREATION CENTER SPECIAL REVENUE FUND
For the year ended December 31, 2023

	<u>Budget</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes				
City sales	\$ 1,650,000	\$ 1,650,000	\$ 1,826,636	\$ 176,636
Use tax	550,000	550,000	547,317	(2,683)
Intergovernmental revenue	-	30,400	31,118	718
Charges for services	1,196,500	1,196,500	1,204,784	8,284
Investment income	5,000	5,000	50,708	45,708
Interest on leases	-	-	10,096	10,096
Rents	72,700	72,700	80,749	8,049
Donations	-	-	2,841	2,841
Miscellaneous	-	-	3,172	3,172
Total revenues	<u>3,474,200</u>	<u>3,504,600</u>	<u>3,757,421</u>	<u>252,821</u>
EXPENDITURES				
Current				
Personnel services	1,780,200	1,788,200	1,582,630	205,570
Purchased services	249,575	254,465	216,350	38,115
Supplies	357,700	425,710	400,545	25,165
Contingency	40,000	-	-	-
Debt service:				
Principal	-	-	8,941	(8,941)
Interest	-	-	68	(68)
Capital expenses	<u>1,242,300</u>	<u>1,366,800</u>	<u>454,603</u>	<u>912,197</u>
Total expenditures	<u>3,669,775</u>	<u>3,835,175</u>	<u>2,663,137</u>	<u>1,172,038</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(195,575)	(330,575)	1,094,284	1,424,859
OTHER FINANCING SOURCES (USES)				
Subscription financing	-	-	21,281	21,281
Sale of equipment	-	-	1,669	1,669
Insurance awards	-	135,000	129,199	(5,801)
Transfers in	95,000	95,000	95,000	-
Transfers out	<u>(746,600)</u>	<u>(746,600)</u>	<u>(714,563)</u>	<u>32,037</u>
Total other financing sources (uses)	<u>(651,600)</u>	<u>(516,600)</u>	<u>(467,414)</u>	<u>49,186</u>
NET CHANGE IN FUND BALANCE	(847,175)	(847,175)	626,870	1,474,045
Fund balance - beginning	<u>3,789,668</u>	<u>3,789,668</u>	<u>4,027,504</u>	<u>237,836</u>
Fund balance - ending	<u>\$ 2,942,493</u>	<u>\$ 2,942,493</u>	<u>\$ 4,654,374</u>	<u>\$ 1,711,881</u>

See accompanying independent auditor's report.

Supplementary Information

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**CAPITAL PROJECTS FUND****For the Year Ended December 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ 2,819,000	\$ 3,993,000	\$ 551,815	\$ (3,441,185)
Development impact fees	208,900	234,700	599,188	364,488
Donations	90,000	90,000	1,000	(89,000)
Investment earnings	-	-	157,687	157,687
Total revenues	<u>3,117,900</u>	<u>4,317,700</u>	<u>1,309,690</u>	<u>(3,008,010)</u>
EXPENDITURES				
Capital Outlay				
Community development	1,338,000	1,342,000	835,887	506,113
Street improvements	3,750,000	5,051,300	1,589,557	3,461,743
Building improvements	-	400,000	395,158	4,842
Parks and recreation	1,156,350	3,126,200	407,448	2,718,752
Total expenditures	<u>6,244,350</u>	<u>9,919,500</u>	<u>3,228,050</u>	<u>6,691,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,126,450)	(5,601,800)	(1,918,360)	3,683,440
OTHER FINANCING SOURCES (USES)				
Transfers in	3,097,850	5,573,200	2,571,072	(3,002,128)
Total other financing sources (uses)	<u>3,097,850</u>	<u>5,573,200</u>	<u>2,571,072</u>	<u>(3,002,128)</u>
NET CHANGE IN FUND BALANCE	(28,600)	(28,600)	652,712	681,312
Fund balance - beginning (restated)	<u>285,355</u>	<u>285,355</u>	<u>2,396,765</u>	<u>2,111,410</u>
Fund balance - ending	<u>\$ 256,755</u>	<u>\$ 256,755</u>	<u>\$ 3,049,477</u>	<u>\$ 2,792,722</u>

See accompanying independent auditor's report.

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

For the year ended December 31, 2023

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 8,000	\$ 8,000	\$ 40,037	\$ 32,037
Total revenues	8,000	8,000	40,037	32,037
EXPENDITURES				
Debt service				
Principal retirement	385,000	385,000	385,000	-
Interest and fiscal charges	363,600	363,600	363,600	-
Total expenditures	748,600	748,600	748,600	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(740,600)	(740,600)	(708,563)	32,037
OTHER FINANCING SOURCES (USES)				
Transfers in	740,600	740,600	708,563	(32,037)
Total other financing sources (uses)	740,600	740,600	708,563	(32,037)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance - beginning	748,200	748,200	748,200	-
Fund balance - ending	\$ 748,200	\$ 748,200	\$ 748,200	\$ -

See accompanying independent auditor's report.

City of Fruita, Colorado
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Conservation Trust	Economic Development	Marketing & Promotion	Public Places	Fruita Housing Authority	
ASSETS						
Cash and cash equivalents	\$ 402,019	\$ 177,437	\$ 343,679	\$ 160,879	\$ 12,704	\$ 1,096,718
Taxes receivable	-	8,563	12,846	4,283	-	25,692
Notes receivable	-	-	-	-	170,000	170,000
Total Assets	<u>\$ 402,019</u>	<u>\$ 186,000</u>	<u>\$ 356,525</u>	<u>\$ 165,162</u>	<u>\$ 182,704</u>	<u>\$ 1,292,410</u>
LIABILITIES						
Accounts payable	-	-	4,503	-	-	4,503
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,503</u>	<u>-</u>	<u>-</u>	<u>4,503</u>
FUND BALANCE						
Nonspendable	-	-	-	-	170,000	170,000
Restricted						
Parks and open space	69,344	-	-	-	-	69,344
Economic development	-	186,000	-	-	-	186,000
Housing authority	-	-	-	-	12,704	12,704
Marketing and promotion	-	-	299,022	-	-	299,022
Public places	-	-	-	165,162	-	165,162
Assigned						
Subsequent year expense	332,675	-	53,000	-	-	385,675
Total fund balances	<u>402,019</u>	<u>186,000</u>	<u>352,022</u>	<u>165,162</u>	<u>182,704</u>	<u>1,287,907</u>
Total liabilities and fund balances	<u>\$ 402,019</u>	<u>\$ 186,000</u>	<u>\$ 356,525</u>	<u>\$ 165,162</u>	<u>\$ 182,704</u>	<u>\$ 1,292,410</u>

See accompanying independent auditor's report.

City of Fruita, Colorado
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2023

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Conservation Trust	Economic Development	Marketing & Promotion	Public Places	Fruita Housing Authority	
REVENUES						
Taxes						
Lodger's tax	\$ -	\$ 130,996	\$ 191,830	\$ 64,346	\$ -	\$ 387,172
Intergovernmental revenue	189,782	-	39,600	-	170,000	399,382
Charges for services	-	-	1,742	-	58,204	59,946
Investment income	1,262	\$ -	492	-	-	1,754
Total revenues	<u>191,044</u>	<u>130,996</u>	<u>233,664</u>	<u>64,346</u>	<u>228,204</u>	<u>848,254</u>
EXPENDITURES						
Economic development	-	10,000	-	-	-	10,000
Housing authority	-	-	-	-	60,600	60,600
Marketing and promotion	-	-	191,853	-	-	191,853
Lease expenditures						
Principal	-	-	-	2,999	-	2,999
Capital outlay	-	-	3,570	11,907	-	15,477
Total expenditures	<u>-</u>	<u>10,000</u>	<u>195,423</u>	<u>14,906</u>	<u>60,600</u>	<u>280,929</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	191,044	120,996	38,241	49,440	167,604	567,325
OTHER FINANCING SOURCES (USES)						
Lease proceeds	-	-	-	11,907	-	11,907
Transfers in	-	-	12,000	-	15,100	27,100
Transfers out	(359,504)	(15,100)	-	(100,000)	-	(474,604)
Total other financing sources (uses)	<u>(359,504)</u>	<u>(15,100)</u>	<u>12,000</u>	<u>(88,093)</u>	<u>15,100</u>	<u>(435,597)</u>
NET CHANGE IN FUND BALANCE	(168,460)	105,896	50,241	(38,653)	182,704	131,728
Fund balances - beginning	<u>570,479</u>	<u>80,104</u>	<u>301,781</u>	<u>203,815</u>	<u>-</u>	<u>1,156,179</u>
Fund balances - ending	<u>\$ 402,019</u>	<u>\$ 186,000</u>	<u>\$ 352,022</u>	<u>\$ 165,162</u>	<u>\$ 182,704</u>	<u>\$ 1,287,907</u>

See accompanying independent auditor's report.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
CONSERVATION TRUST SPECIAL REVENUE FUND
For the year ended December 31, 2023

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 160,000	\$ 160,000	\$ 189,782	\$ 29,782
Investment income	100	100	1,262	1,162
Total revenues	<u>160,100</u>	<u>160,100</u>	<u>191,044</u>	<u>30,944</u>
EXPENDITURES				
Current				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	160,100	160,100	191,044	30,944
OTHER FINANCING USES				
Transfers out	<u>(394,150)</u>	<u>(779,000)</u>	<u>(359,504)</u>	<u>419,496</u>
Total other financing sources (uses)	<u>(394,150)</u>	<u>(779,000)</u>	<u>(359,504)</u>	<u>419,496</u>
NET CHANGE IN FUND BALANCE	(234,050)	(618,900)	(168,460)	450,440
Fund balance - beginning	<u>499,013</u>	<u>499,013</u>	<u>570,479</u>	<u>71,466</u>
Fund balance - ending	<u>\$ 264,963</u>	<u>\$ (119,887)</u>	<u>\$ 402,019</u>	<u>\$ 521,906</u>

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

For the year ended December 31, 2023

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Lodger's tax	\$ 100,000	\$ 100,000	\$ 130,996	\$ 30,996
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>130,996</u>	<u>30,996</u>
EXPENDITURES				
Economic development assistance	10,000	10,000	10,000	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	90,000	90,000	120,996	30,996
OTHER FINANCING USES				
Transfers out	-	(15,100)	(15,100)	-
Total other financing sources (uses)	<u>-</u>	<u>(15,100)</u>	<u>(15,100)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	90,000	74,900	105,896	30,996
Fund balance - beginning	<u>80,104</u>	<u>80,104</u>	<u>80,104</u>	<u>\$ -</u>
Fund balance - ending	<u>\$ 170,104</u>	<u>\$ 155,004</u>	<u>\$ 186,000</u>	<u>\$ 30,996</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
MARKETING AND PROMOTION SPECIAL REVENUE FUND
For the year ended December 31, 2023

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Lodger's tax	\$ 150,000	\$ 150,000	\$ 191,830	\$ 41,830
Intergovernmental revenues	-	39,600	39,600	-
Charges for services	-	-	1,742	1,742
Investment income	-	-	492	492
Total revenues	<u>150,000</u>	<u>189,600</u>	<u>233,664</u>	<u>44,064</u>
EXPENDITURES				
Current				
Marketing and promotion	202,000	238,000	191,853	46,147
Capital outlay	-	3,600	3,570	30
Total expenditures	<u>202,000</u>	<u>241,600</u>	<u>195,423</u>	<u>46,177</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(52,000)	(52,000)	38,241	90,241
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	12,000	-
Total other financing sources (uses)	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(40,000)	(40,000)	50,241	90,241
Fund balance - beginning	<u>283,497</u>	<u>283,497</u>	<u>301,781</u>	<u>18,284</u>
Fund balance - ending	<u>\$ 243,497</u>	<u>\$ 243,497</u>	<u>\$ 352,022</u>	<u>\$ 108,525</u>

See accompanying independent auditor's report.

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**PUBLIC PLACES FUND****For the year ended December 31, 2023**

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Lodger's tax	\$ 50,000	\$ 50,000	\$ 64,346	\$ 14,346
Total revenues	50,000	50,000	64,346	14,346
EXPENDITURES				
Public places	20,000	20,000	-	20,000
Lease expenditures				
Principal	-	-	2,999	(2,999)
Capital outlay	-	-	11,907	(11,907)
Total expenditures	20,000	20,000	14,906	5,094
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	30,000	30,000	49,440	19,440
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	-	11,907	11,907
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	(100,000)	(100,000)	(88,093)	11,907
NET CHANGE IN FUND BALANCE	(70,000)	(70,000)	(38,653)	31,347
Fund balance - beginning	192,647	192,647	203,815	11,168
Fund balance - ending	\$ 122,647	\$ 122,647	\$ 165,162	\$ 42,515

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**FRUITA HOUSING AUTHORITY FUND**

For the year ended December 31, 2023

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ 170,000	\$ 170,000
Charges for services	-	50,000	58,204	8,204
Total revenues	-	50,000	228,204	178,204
EXPENDITURES				
Housing authority operating expenses	-	65,100	60,600	4,500
Total expenditures	-	65,100	60,600	4,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(15,100)	167,604	182,704
OTHER FINANCING SOURCES				
Transfers in	-	15,100	15,100	-
Total other financing sources (uses)	-	15,100	15,100	-
NET CHANGE IN FUND BALANCE	-	-	182,704	182,704
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 182,704	\$ 182,704

City of Fruita, Colorado
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
SEWER FUND
For the year ended December 31, 2023

	<u>Budget</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OPERATING REVENUES				
Charges for services	\$ 3,774,000	\$ 3,774,000	\$ 3,879,457	105,457
Miscellaneous	2,000	2,000	6,703	4,703
Total operating revenues	<u>3,776,000</u>	<u>3,776,000</u>	<u>3,886,160</u>	<u>110,160</u>
OPERATING EXPENSES				
Personnel services	984,825	984,825	938,427	46,398
Purchased services	346,625	337,240	317,878	19,362
Supplies	455,425	440,680	416,782	23,898
Capital expenses	3,700,000	4,385,530	3,113,170	1,272,360
Contingency	55,150	-	-	-
Total operating expenses	<u>5,542,025</u>	<u>6,148,275</u>	<u>4,786,257</u>	<u>1,362,018</u>
Operating income (loss) - Budget basis	(1,766,025)	(2,372,275)	(900,097)	1,472,178
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	2,800,000	3,131,250	2,898,694	(232,556)
Investment income	26,000	26,000	184,610	158,610
Interest and fiscal charges	(203,225)	(203,225)	(203,205)	20
Principal payments	<u>(1,045,000)</u>	<u>(1,045,000)</u>	<u>(1,045,000)</u>	-
Total non-operating revenues (expenses)	<u>1,577,775</u>	<u>1,909,025</u>	<u>1,835,099</u>	<u>(73,926)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(188,250)	(463,250)	935,002	1,398,252
Transfers	(165,000)	(165,000)	(165,000)	-
Capital contributions - tap fees	<u>525,000</u>	<u>525,000</u>	<u>455,183</u>	<u>(69,817)</u>
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ 171,750</u>	<u>\$ (103,250)</u>	<u>\$ 1,225,185</u>	<u>1,328,435</u>
RECONCILIATION TO GAAP BASIS				
Depreciation			(1,395,267)	
Accrued compensated absences			(2,437)	
Accrued interest payable			15,444	
Contributions from development			49,610	
Principal retirement			1,045,000	
Amortization on RTU assets			(4,583)	
Capital assets			3,113,170	
Amortization of premium on bonds			46,767	
Total GAAP Basis Adjustments			<u>2,867,704</u>	
CHANGE IN NET POSITION - GAAP BASIS			4,092,889	
Net position, January 1 (restated)			<u>31,414,043</u>	
Net position, December 31			<u>\$ 35,506,932</u>	

See accompanying independent auditor's report.

City of Fruita, Colorado
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL
TRASH FUND
For the year ended December 31, 2023

	<u>Budget</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OPERATING REVENUES				
Charges for services	<u>\$ 1,076,000</u>	<u>\$ 1,096,000</u>	<u>\$ 1,119,342</u>	<u>\$ 23,342</u>
Total operating revenues	<u>1,076,000</u>	<u>1,096,000</u>	<u>1,119,342</u>	<u>23,342</u>
OPERATING EXPENSES				
Purchased services	<u>1,006,000</u>	<u>1,026,000</u>	<u>1,013,373</u>	<u>12,627</u>
Total operating expenses	<u>1,006,000</u>	<u>1,026,000</u>	<u>1,013,373</u>	<u>12,627</u>
Operating income (loss) - Budget basis	70,000	70,000	105,969	35,969
NON-OPERATING REVENUES (EXPENSES)				
Investment income	<u>-</u>	<u>-</u>	<u>558</u>	<u>558</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	70,000	70,000	106,527	36,527
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,527</u>	<u>\$ 36,527</u>
RECONCILIATION TO GAAP BASIS			<u>-</u>	
CHANGE IN NET POSITION - GAAP BASIS			36,527	
Net position, January 1			<u>183,520</u>	
Net position, December 31			<u>\$ 220,047</u>	

See accompanying independent auditor's report.

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, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
OPERATING REVENUES				
Total operating revenues	-	-	-	-
OPERATING EXPENSES				
Total operating expenses	-	-	-	-
Operating income (loss) - Budget basis	-	-	-	-
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	-	3,449	3,449
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ -</u>	<u>\$ -</u>	\$ 3,449	<u>\$ 3,449</u>
RECONCILIATION TO GAAP BASIS				
Deduct depreciation			(43,942)	
CHANGE IN NET POSITION - GAAP BASIS			\$ (40,493)	
Net position, January 1			1,032,950	
Net position, December 31			<u>\$ 992,457</u>	

See accompanying independent auditor's report.

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, 2023

	<u>Budget</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
OPERATING REVENUES				
Charges for services	\$ 135,000	\$ 135,000	\$ 136,567	\$ 1,567
Total operating revenues	<u>135,000</u>	<u>135,000</u>	<u>136,567</u>	<u>1,567</u>
OPERATING EXPENSES				
Personnel services	85,450	85,450	52,379	33,071
Purchased services	13,000	13,000	9,554	3,446
Supplies	20,475	20,475	13,569	6,906
Contingency	5,100	5,100	-	5,100
Capital outlay	2,400	2,400	-	2,400
Total operating expenses	<u>126,425</u>	<u>126,425</u>	<u>75,502</u>	<u>50,923</u>
Operating income (loss) - Budget basis	8,575	8,575	61,065	52,490
NON-OPERATING REVENUES (EXPENSES)				
Investment income	<u>50</u>	<u>50</u>	<u>491</u>	<u>441</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	8,625	8,625	61,556	52,931
Transfers	(10,125)	(10,125)	(10,125)	-
Capital contributions - tap fees	<u>1,500</u>	<u>1,500</u>	<u>(2,250)</u>	<u>(3,750)</u>
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ -</u>	<u>\$ -</u>	\$ 49,181	<u>\$ 49,181</u>
RECONCILIATION TO GAAP BASIS				
Developer contributions			6,000	
Accrued compensated absences			332	
Depreciation			(8,836)	
Total GAAP Basis Adjustments			<u>(2,504)</u>	
CHANGE IN NET POSITION - GAAP BASIS			46,677	
Net position, January 1			<u>339,529</u>	
Net position, December 31			<u>\$ 386,206</u>	

See accompanying independent auditor's report.

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, 2023

	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 412,400	\$ 412,400	\$ 326,587	\$ (85,813)
Total operating revenues	<u>412,400</u>	<u>412,400</u>	<u>326,587</u>	<u>(85,813)</u>
OPERATING EXPENSES				
Personnel services	230,250	230,250	192,523	37,727
Purchased services	58,900	56,400	36,489	19,911
Supplies	108,000	110,500	93,048	17,452
Contingency	15,250	15,250	-	15,250
Total operating expenses	<u>412,400</u>	<u>412,400</u>	<u>322,060</u>	<u>90,340</u>
Operating income (loss) - Budget basis	-	-	4,527	4,527
NON-OPERATING REVENUES (EXPENSES)				
Sale of equipment	-	-	76	76
SBITA principal payments	-	-	(1,500)	(1,500)
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(1,424)</u>	<u>(1,424)</u>
CHANGE IN NET POSITION - BUDGET BASIS	<u>\$ -</u>	<u>\$ -</u>	\$ 3,103	<u>\$ 3,103</u>
RECONCILIATION TO GAAP BASIS				
Accrued compensated absences			90	
Depreciation and amortization			(4,623)	
SBITA principal payment			1,500	
Accrued interest payable			(70)	
Total GAAP Basis Adjustments			<u>(3,103)</u>	
CHANGE IN NET POSITION - GAAP BASIS			-	
Net position, January 1			<u>37,121</u>	
Net position, December 31			<u>\$ 37,121</u>	

See accompanying independent auditor's report.

LOCAL HIGHWAY FINANCE REPORT

STATE:

COLORADO

YEAR ENDING (mm/yy):

12/2023

This Information From The Records Of:

City of Fruita

Prepared By:

Christa Yamashita

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	\$ 1,569,758.98
3. Other local imposts (from page 2)	\$ 1,020,450.17
4. Miscellaneous local receipts (from page 2)	\$ 4,860.00
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)	\$ 2,595,069.15
B. Private Contributions	\$ 377,646.00
C. Receipts from State government (from page 2)	\$ 508,025.78
D. Receipts from Federal Government (from page 2)	\$ -
E. Total receipts (A.7 + B + C + D)	\$ 3,480,740.93

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	\$ 1,863,435.26
2. Maintenance:	\$ 535,446.19
3. Road and street services:	
a. Traffic control operations	\$ 69,249.04
b. Snow and ice removal	\$ 23,753.52
c. Other	\$ 279,079.34
d. Total (a. through c.)	\$ 372,081.90
4. General administration & miscellaneous	\$ 206,876.74
5. Highway law enforcement and safety	\$ 502,900.84
6. Total (1 through 5)	\$ 3,480,740.93
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 (1.c + 2.c)	\$ -
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total expenditures (A.6 + B.3 + C + D)	\$ 3,480,740.93

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ -	\$ 3,480,740.93	\$ 3,480,740.93	\$ -	\$ -

Notes and Comments:

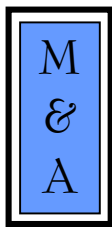
LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO	
		YEAR ENDING (mm/yy): 12/2023	

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. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 764,725.64	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 25,800.00	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	\$ 4,860.00
5. Specific Ownership &/or Other	\$ 229,924.53	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 1,020,450.17	h. Other	
c. Total (a. + b.)	\$ 1,020,450.17	i. Total (a. through h.)	\$ 4,860.00
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 458,781.44	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 49,244.34	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 49,244.34	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 508,025.78	3. Total (1. + 2.g)	\$ -
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		\$ 127,226.07	\$ 127,226.07
b. Engineering Costs		\$ 37,446.88	\$ 37,446.88
c. Construction:			
(1). New Facilities		\$ 299,396.00	\$ 299,396.00
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 1,393,466.31	\$ 1,393,466.31
(4). System Enhancement And Operation		\$ 5,900.00	\$ 5,900.00
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 1,698,762.31	\$ 1,698,762.31
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 1,863,435.26	\$ 1,863,435.26
(Carry forward to page 1)			
Notes and Comments:			

Single Audit Section

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McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Members of City Council
City of Fruita, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, Colorado (the "City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 15, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Members of City Council
City of Fruita, Colorado

Compliance and Other Matters

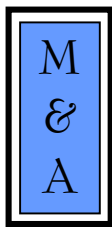
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
August 15, 2024



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Members of City Council
City of Fruita, Colorado**

Opinion on Each Major Federal Program

We have audited the compliance of the City of Fruita, Colorado (the "City") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Members of City Council
City of Fruita, Colorado

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT
To the Members of City Council
City of Fruita, Colorado

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
August 15, 2024

City of Fruita, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2, U.S. Code of Federal Regulations, Part 200	No
Major programs:	
Coronavirus State and Local Fiscal Recovery Funds	ALN 21.027
Dollar threshold used to identify Type A from Type B programs:	\$750,000
Identified as low-risk auditee	No

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	No
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

City of Fruita, Colorado
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

There were no findings for the year ended December 31, 2022.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2023

	Federal Assistance Listing Number	Amount of Award Expended
Federal Grantor/Pass Through		
<u>Grantor/Program Title</u>		
<u>Department of Commerce</u>		
Economic Development Cluster		
Economic Development Administration		
Passed through Colorado Office of Economic Development and International Trade		
Economic Adjustment Assistance	11.307	\$ 36,000
<u>Department of the Treasury</u>		
COVID-19 - American Rescue Plan Act	21.027	1,889,790
<u>Department of Health and Human Services</u>		
CCFD Cluster		
Passed through Colorado Office of Early Childhood Child Care and Development Block Grant		
Colorado Child Care Stabilization	93.575	30,993
 Total Federal Financial Assistance		<u>\$ 1,956,783</u>

The accompanying notes are an integral part of this schedule.

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

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of federal awards (the “Schedule”) includes the federal award activity of the City of Fruita under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Fruita, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Fruita.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City of Fruita has elected not to use the 10 percent (10%) de minimis indirect cost rate allowed under the Uniform Guidance.