CITY OF CORTEZ, COLORADO
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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INTRODUCTORY SECTION

CITY OF CORTEZ, COLORADO

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

as of December 31, 2017

Karen Sheek, Mayor
Ty Keel, Mayor Pro-tem
Bob Archibeque
Tom Butler
Orly Lucero
Shawna MacLaughlin
Jim Price

as of Report Date

Rachel Medina, Mayor
Arlina Yazzie, Mayor Pro-term
Lydia DeHaven
David Rainey
Dennis Spruell
Robert Dobry
Matthew Keefauver

TOWN STAFF

Shane Hale – City Manager
Roy Lane – Chief of Police
Mike Green – City Attorney
Linda Smith – City Clerk
Kathi Moss – Director of Finance
Dean Palmquist – Director of Parks and Recreation
Kirsten Sackett – Director of Planning and Building
Phil Johnson – Director of Public Works

TOWN STAFF

Drew Sanders – City Manager
Vernon Knuckles – Chief ofPolice
Patrick Coleman – City Attorney
Linda Smith – City Clerk
Kelly Koskie – Director of Finance
Creighton Wright – Director of Parks and Recreation
Rachel Marchbanks– Director of Planning and Community Economic Development
Brian Peckins – Director of Public Works

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Cortez
Cortez, CO

Report on the Financial Statements

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 Cortez, Colorado (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide anyassurance.

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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other 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 Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standard*s, we have also issued our report dated July 26, 2022 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 solely 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 controls over financial reporting and compliance.

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona
July 26, 2022

CITY OF CORTEZ, COLORADO

MANAGEMENT'S DISCUSSION & ANALYSIS
As of and for the Year Ended December 31, 2017
(Unaudited)

The discussion and analysis of City of Cortez's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017. The management of the City encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the City's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $55.4 million (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $6.6 million.
- General revenues totaled $6.6 million in revenue. Program specific revenues in the form of charges for services and fees and grants accounted for $1.08 million or 1% of total governmental revenues of $14.5 million.
- The City had $16.3 million in expenses related to government activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

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, and are reported using the accrual basis of accounting and economic resources measurement focus.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, 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 fiscal year being reported. 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.

The government-wide financial statements can be divided into two types of activities: governmental and business-type. Governmental activities present the functions of the City that are principally supported by taxes and

intergovernmental revenues. Business-type activities present the functions that are intended to recover all or a significant portion of their costs through user fees and charges. The City's governmental activities include functions like general government, public safety, public works, library, and recreation. The City's business-type activities include Airport, Recreation, Water, Solid waste collection, Police dispatch, Hydro plant, City community network.

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 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 and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. 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 City'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 government'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.

The City maintains 2 major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Street improvement fund both of which are considered to be major funds.

The City also maintains 4 non-major Special Revenue Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for Lodger's Tax Fund, Conservation Trust Fund, Equipment Fund, Emergency Reserve TABOR Fund, and Grant Fund.

Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The City adopts an annual budget for each of the major funds listed above. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

Proprietary funds

The City maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business type activities in the government–wide financial statements. The City utilizes enterprise funds to account for its Airport, Recreation Center, Water and Solid Waste utility services. The City also uses non-major Enterprise Funds to account for the Hydro Plant, Community Network and Police Dispatch services.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. 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 accounting used for fiduciary funds is much like that for the government-wide financial statements.

Notes to basic financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's contributions and net pension asset of the Cortez Old Hire Police Pension Fund; as well as, budget to actual comparisons of the funds. Supplementary schedules include combining and individual fund schedules of all non-major funds and Fiduciary Funds.

Government-Wide Financial Analysis

Table 1
Condensed Statement of Net Position
(in millions of dollars)

	Governmental Activities			*Business-Type Activities*			*Total*		
	2017	*2016*	*Change*	*2017*	*2016*	*Change*	*2017*	*2016*	*Change*
Assets									
Current and other assets	$ 7.9	$ 8.3	-4.8%	$ 7.5	$ 6.8	10.3%	$ 15.4	$ 15.1	2.0%
Capital assets	20.6	20.9	-1.4%	29.1	30.2	-3.6%	49.7	51.1	-2.7%
Total assets	28.5	29.2	-2.4%	36.6	37.0	-1.1%	65.1	66.2	-1.7%
Deferred outflows of resources	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Liabilities									
Long-term liabilities	0.5	0.5	0.0%	7.8	8.3	-6.0%	8.3	8.8	-5.7%
Other liabilities	0.7	0.8	-12.5%	0.6	0.3	100.0%	1.3	1.1	18.2%
Total liabilities	1.2	1.3	-7.7%	8.4	8.6	-2.3%	9.6	9.9	-3.0%
Deferred inflows of resources	0.1	0.3	-66.7%	0.0	0.0	0.0%	0.1	0.3	-66.7%
Net position									
Net investment in capital assets	20.6	20.9	-1.4%	21.5	21.8	-1.4%	42.1	42.7	-1.4%
Restricted	0.4	0.5	-20.0%	0.7	0.7	0.0%	1.1	1.2	-8.3%
Unrestricted	6.2	6.2	0.0%	6	5.6	7.1%	12.2	11.8	3.4%
Total net position	$ 27.2	$ 27.6	-1.4%	$ 28.2	$ 28.1	0.4%	$ 55.4	$ 55.7	-0.5%

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for capital – which will increase current assets and long-term debt.

Spending borrowed proceeds on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) increase capital assets and long-term debt, which will not change the net investment in capital assets.
Spending of non-borrowed current assets on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal payment on debt – which will: (a) reduce current assets and reduce long-term debt; and, (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of capital assets through depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total assets and deferred outflows of resources equal $55.4 million. The City's total liabilities and deferred inflows of resources equal $9.7 million.

By far the largest portion of the City's net position is its investment in capital assets. This consists of land, buildings, machinery, equipment and infrastructure less depreciation and any related outstanding debt used to acquire these assets. The City uses these capital assets to provide services to the residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted 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.

A very small portion of the City's net position (less than 0.5%) represents resources that are subject to external restrictions on how they may be used. All net position categories show positive balances at year end, except for unrestricted net position for governmental activities.

Table 2
Condensed Statement of Activities
(in millions of dollars)

	Governmental Activities			*Business-Type Activities*			*Total*		
	2017	*2016*	*Change*	*2017*	*2016*	*Change*	*2017*	*2016*	*Change*
Revenues									
Program Revenues									
Charges for services	1.2	0.8	50.0%	6.2	6.3	-1.6%	7.4	7.1	4.2%
Operating grants and contributions	2.1	1.9	10.5%	0.7	0.0	0.0%	2.8	1.9	47.4%
Capital grants and contributions	0.3	1.8	-83.3%	0.0	0.0	0.0%	0.3	1.8	-83.3%
General Revenues									
Property and sales taxes	9.8	9.4	4.3%	1.4	1.4	0.0%	11.2	10.8	3.7%
Franchise taxes	0.6	0.6	0.0%	0.0	0.0	0.0%	0.6	0.6	0.0%
Interfund charges	1.5	0.0	0.0%	0.0	0.0	0.0%	1.5	0.0	0.0%
Investment income	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Miscellaneous revenue	0.4	0.1	300.0%	0.0	0.0	0.0%	0.4	0.1	300.0%
Total revenues	15.9	14.6	8.9%	8.3	7.7	7.8%	24.2	22.3	8.5%
Expenses									
General government	2.2	2.7	-18.5%	0.0	0.0	0.0%	2.2	2.7	-18.5%
General services	1.7	1.2	41.7%	0.0	0.0	0.0%	1.7	1.2	41.7%
Public safety	4.2	4.0	5.0%	0.0	0.0	0.0%	4.2	4.0	5.0%
Public works	4.0	1.2	233.3%	0.0	0.0	0.0%	4.0	1.2	233.3%
Parks and recreation	2.7	2.1	28.6%	0.0	0.0	0.0%	2.7	2.1	28.6%
Capital projects	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Internal charges	1.5	1.3	15.4%	0.0	0.0	0.0%	1.5	1.3	15.4%
Airport	0.0	0.0	0.0%	0.5	0.5	0.0%	0.5	0.5	0.0%
Recreation	0.0	0.0	0.0%	1.6	1.4	14.3%	1.6	1.4	14.3%
Water	0.0	0.0	0.0%	3.0	2.2	36.4%	3.0	2.2	36.4%
Solid waste collection	0.0	0.0	0.0%	1.1	1.2	-8.3%	1.1	1.2	-8.3%
Police dispatch	0.0	0.0	0.0%	0.9	0.7	28.6%	0.9	0.7	28.6%
Hydro plant	0.0	0.0	0.0%	0.1	0.1	0.0%	0.1	0.1	0.0%
City community network	0.0	0.0	0.0%	1.0	0.3	233.3%	1.0	0.3	233.3%
Total expenses	16.3	12.5	30.4%	8.2	6.4	28.1%	24.5	18.9	29.6%
Transfers - net	0.0	0.2	-100.0%	0.0	-0.2	-100.0%	0.0	0.0	0.0%
Special item - bad debt allowance	0.0	0.0	0.0%	0.0	-0.4	-100.0%	0.0	-0.4	-100.0%
Change in net position	-0.4	2.3	-117.4%	0.1	0.7	-85.7%	-0.3	3.0	-110.0%
Net position, beginning	27.6	27.7	-0.4%	28.2	27.4	2.9%	55.8	55.1	1.3%
Prior period restatement	0.0	-2.4	-100.0%	0.0	0.1	-100.0%	0.0	-2.3	-100.0%
Net position, beginning (as restated)	27.6	25.3	9.1%	28.2	27.5	2.5%	55.8	52.8	5.7%
Net position, ending	$ 27.2	$ 27.6	-1.4%	$ 28.3	$ 28.2	0.4%	$ 55.5	$ 55.8	-0.5%

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2017 and 2016. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method.

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues

Economic condition – which can reflect a declining, stable or growing economic environment, and has substantial impact on state sales, replacement and hotel/motel tax revenue; as well as, public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/decrease in City approved rates – while certain tax rates are set by statute, the City has significant authority to impose and periodically increase/decrease rates (water, home rule sales tax, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

Market impacts on investment income – the City's investments may be affected by market conditions causing investment income to increase/decrease.

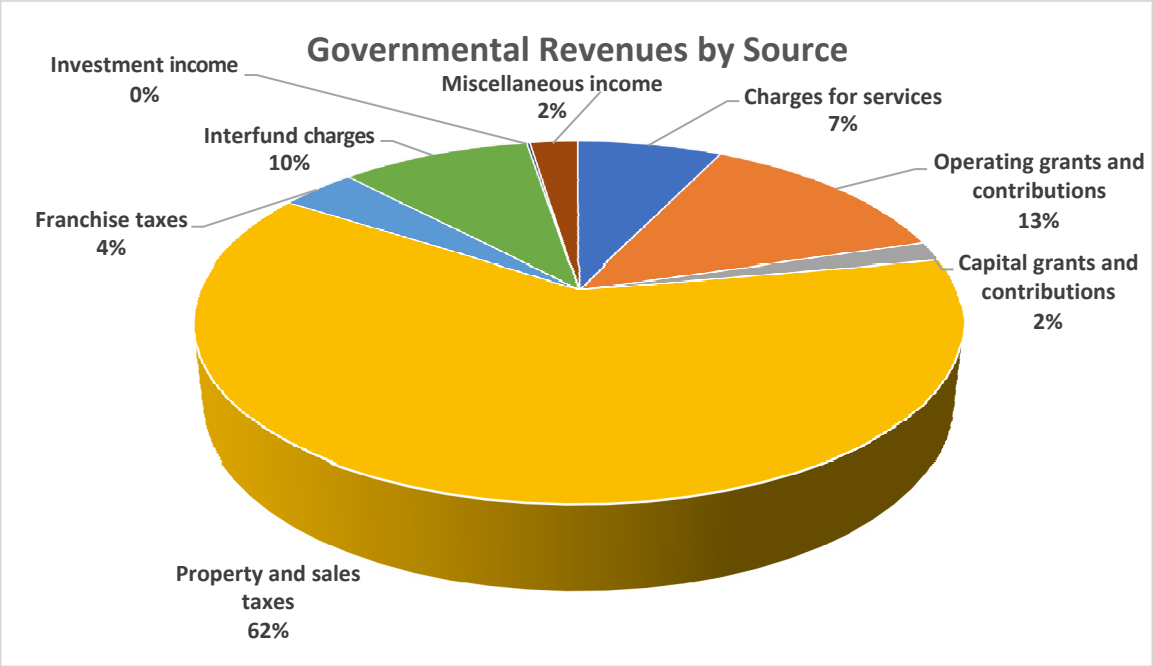
Expenses

Introduction of new programs – within the functional expense categories (general government, public safety, public works, and community development), individual programs may be added or deleted to meet changing community needs.

Change in authorized personnel – changes in service demand may cause the City to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the City.

Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

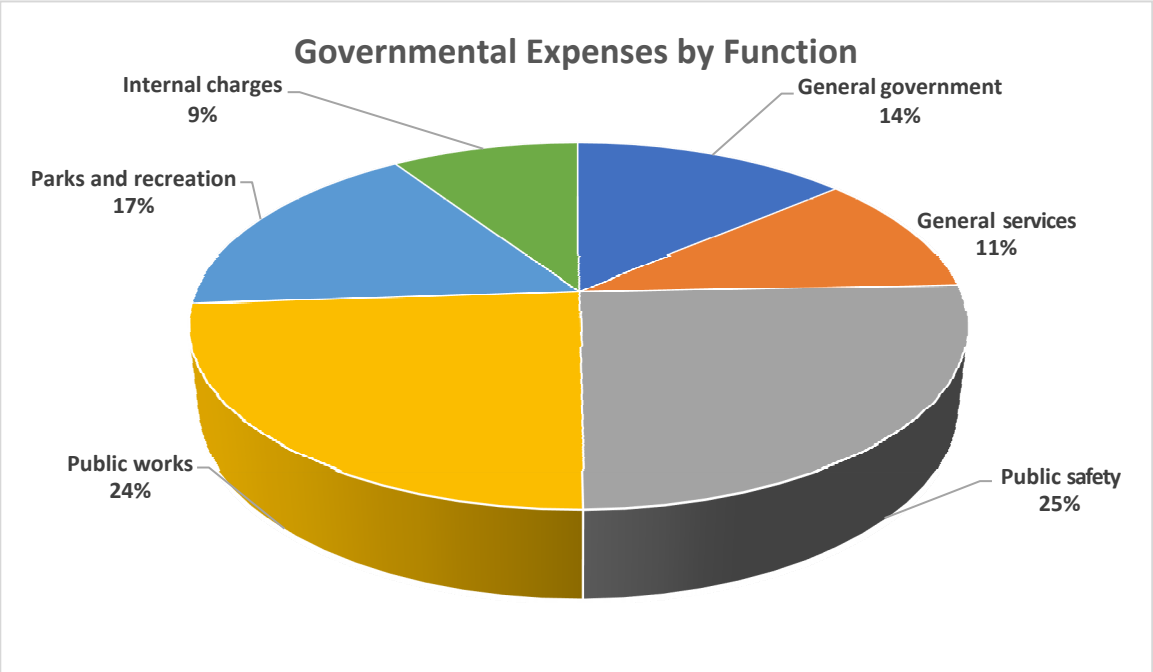
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.



Revenues

The City benefits from a diversified revenue base including Property tax, Sales tax, and Franchise tax. The largest category of revenue for the City is Property and Sales tax.

Total governmental activities' revenue for the current year was $15,589,843.



Expenses

Total government activities' expenditures for the current year was $16,314,673.

Capital Assets and Debt Administration

Capital assets

By the end of 2017, the City had compiled a total investment of $49.7 million ($31.3 million net of accumulated depreciation) in a broad range of capital assets including land, water rights, buildings and improvements, infrastructure, and machinery and equipment. Total depreciation expense for the year was $2.4 million. More detailed information about capital assets can be found in Note 5 of the basic financial statements.

Table 3
Capital Assets (net of depreciation)
(in millions of dollars)

	Governmental Activities			*Business-Type Activities*			*Total*		
	2017	*2016*	*Change*	*2017*	*2016*	*Change*	*2017*	*2016*	*Change*
Land	$ 1.2	$ 1.2	0.0%	$ 0.7	$ 0.7	0.0%	$ 1.9	$ 1.9	0.0%
Water rights	0.0	0.0	0.0%	4.2	4.2	0.0%	4.2	4.2	0.0%
Buildings	10.1	10.4	-2.9%	9.3	9.8	-5.1%	19.4	20.2	-4.0%
Machinery and equipment	1.4	1.5	-6.7%	1.2	1.2	0.0%	2.6	2.7	-3.7%
Other improvements	0.2	0.3	-33.3%	0.5	0.6	-16.7%	0.7	0.9	-22.2%
Land improvements	0.3	0.3	0.0%	0.0	0.0	0.0%	0.3	0.3	0.0%
Infrastructure	7.4	7.2	2.8%	13.2	13.7	-3.6%	20.6	20.9	-1.4%
Internal service equipment	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	$ 20.6	$ 20.9	-1.4%	$ 29.1	$ 30.2	-3.6%	$ 49.7	$ 51.1	-2.7%

Debt Administration

The table below summaries the City's bonded and similar indebtedness. As of December 31, 2017, the City had a total of $8.3 million of long-term debt outstanding. Of this amount, $7.6 million was in the form of various water, hydro plant, and recreation bonds and loans. More detailed information about debt administration can be found in Note 7 of the basic financial statements.

Table 4
Long-Term Debt
(in millions of dollars)

	Governmental Activities			*Business-Type Activities*			*Total*		
	2017	*2016*	*Change*	*2017*	*2016*	*Change*	*2017*	*2016*	*Change*
2011 Refunding Revenue Bonds	$0.0	$0.0	0.0%	$ 2.2	$ 2.8	-21.4%	$ 2.2	$ 2.8	-21.4%
2011 Premiums	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
1986 Colorado Water Cons Board	0.0	0.0	0.0%	0.3	0.3	0.0%	0.3	0.3	0.0%
1986 Dolores Water Conservancy Dist	0.0	0.0	0.0%	3.0	3.1	-3.2%	3.0	3.1	-3.2%
2005 DOLA Water Loan	0.0	0.0	0.0%	0.2	0.2	0.0%	0.2	0.2	0.0%
2010 CWRPDA Water Loan	0.0	0.0	0.0%	0.3	0.3	0.0%	0.3	0.3	0.0%
2015 Colorado Water Cons Board	0.0	0.0	0.0%	0.8	0.8	0.0%	0.8	0.8	0.0%
2009 CWRPDA Hydro Loan	0.0	0.0	0.0%	0.8	0.8	0.0%	0.8	0.8	0.0%
Compensated Absences	0.5	0.5	0.0%	0.2	0.2	0.0%	0.7	0.7	0.0%
Total	$0.5	$0.5	0.0%	$7.8	$8.5	-8.2%	$8.3	$9.0	-7.8%

Requests for Information

This financial report is designed to provide the City's citizens, taxpayers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Kelly Koskie, Finance
Director
City of Cortez
123 Roger Smith Avenue
Cortez, CO, 81321
kkoskie@cortezco.gov

BASIC FINANCIAL STATEMENTS

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,984,218	$ 3,425,046	$ 9,409,264
Investments	1,200,000	863,756	2,063,756
Property taxes receivable	2,294	-	2,294
Accounts receivable	1,276,298	875,940	2,152,238
Special assessment receivable	154,368	-	154,368
Intergovernmental receivable	67,576	358,219	425,795
Interfund balances	(1,000,000)	1,000,000	-
Prepaid expenses	68,294	9,415	77,709
Inventories	95,367	259,046	354,413
Net pension asset	101,265	-	101,265
Restricted cash	-	694,460	694,460
Capital Assets, Non-depreciable	1,162,788	4,921,300	6,084,088
Capital Assets, Depreciable	19,387,954	24,171,678	43,559,632
Total Assets	$ 28,500,422	$ 36,578,860	$ 65,079,282
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	$ -	$ 60,075	$ 60,075
Deferred outflows related to pensions	14,765	-	14,765
Total Deferred Outflows of Financial Resources	$ 14,765	$ 60,075	$ 74,840
LIABILITIES			
Accounts payable	$ 447,998	$ 321,461	$ 769,459
Accrued liabilities	212,767	80,914	293,681
Accrued interest payable	-	27,568	27,568
Unearned revenue	-	145,114	145,114
Deposits	7,996	20,264	28,260
Noncurrent liabilities			
Due within one year	-	829,201	829,201
Due in more than one year	502,117	6,931,150	7,433,267
Total Liabilities	$ 1,170,878	$ 8,355,672	$ 9,526,550
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to property taxes	$ 156,662	$ -	$ 156,662
Total Deferred Inflow of Resources	$ 156,662	$ -	$ 156,662
NET POSITION			
Net investment in capital assets	$ 20,550,742	$ 21,527,238	$ 42,077,980
Restricted for debt service	-	293,905	293,905
Restricted for operations and maintenance	-	400,555	400,555
Restricted for special revenues	399,951	-	399,951
Unrestricted	6,236,954	6,061,565	12,298,519
Total Net Position	$ 27,187,647	$ 28,283,263	$ 55,470,910

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues			Net (Expense) / Revenue and Changes in Net Position		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	$ 2,235,087	$ 238,413	$ 1,505,118	$ -	$ (491,556)	$ -	$ (491,556)
General services	1,745,140	88,914	147,662	-	(1,508,564)	-	(1,508,564)
Public safety	4,147,242	-	-	-	(4,147,242)	-	(4,147,242)
Public works	3,944,435	345,068	360,521	-	(3,238,846)	-	(3,238,846)
Parks and recreation	2,731,390	475,834	101,789	-	(2,153,767)	-	(2,153,767)
Capital projects	-	-	-	268,375	268,375	-	268,375
Internal charges	1,511,379	-	-	-	(1,511,379)	-	(1,511,379)
Total Governmental Activities	16,314,673	1,148,229	2,115,090	268,375	(12,782,979)	-	(12,782,979)
Business-Type Activities:							
Airport	518,266	264,930	-	-	-	(253,336)	(253,336)
Recreation	1,598,335	738,934	-	-	-	(859,401)	(859,401)
Water	3,041,136	2,890,368	76,817	-	-	(73,951)	(73,951)
Solid waste collection	1,131,046	1,259,556	-	-	-	128,510	128,510
Police dispatch	871,807	744,500	-	-	-	(127,307)	(127,307)
Hydro plant	84,957	72,399	-	-	-	(12,558)	(12,558)
City community network	982,849	202,023	609,668	-	-	(171,158)	(171,158)
Total Business-Type Activities	8,228,396	6,172,710	686,485	-	-	(1,369,201)	(1,369,201)
Total Primary Government	$ 24,543,069	$ 7,320,939	$ 2,801,575	$ 268,375	$ (12,782,979)	$ (1,369,201)	$ (14,152,180)

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF ACTIVITIES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Net (Expense) / Revenue and Changes in Net Position		
General Revenues	Governmental Activities	Business-Type Activities	Total
Property and sales taxes	$ 9,807,574	$ 1,473,846	$ 11,281,420
Franchise taxes	603,152	-	603,152
Interfund charges	1,509,923	-	1,509,923
Investment income	25,879	3,295	29,174
Miscellaneous revenue	379,996	-	379,996
Total general revenues	12,326,524	1,477,141	13,803,665
Change in net position	(456,455)	107,940	(348,515)
Net Position, Beginning	27,655,762	28,175,323	55,831,085
Prior Period Restatement	(11,660)	-	(11,660)
Net Position, Beginning (As Restated)	27,644,102	28,175,323	55,819,425
Net Position, Ending	$ 27,187,647	$ 28,283,263	$ 55,470,910

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,617,927	$ 1,464,095	$ 929,122	$ 4,011,144
Investments	1,029,055	805,414	700,000	2,534,469
Inventories	57,951	-	-	57,951
Property taxes receivable	2,294	-	-	2,294
Prepaid expenses	50,610	13	17,265	67,888
Accounts receivable	1,080,396	119,160	76,742	1,276,298
Special assessment receivable	54,626	99,742	-	154,368
Intergovernmental receivable	67,576	-	-	67,576
Total Assets	$ 3,960,435	$ 2,488,424	$ 1,723,129	$ 8,171,988
LIABILITIES				
Accounts payable	$ 105,195	$ 83,466	$ 31,585	$ 220,246
Accrued liabilities	189,715	3,884	4,188	197,787
Deposits	7,967	-	-	7,967
Interfund payables	1,000,000	-	-	1,000,000
Total Liabilities	$ 1,302,877	$ 87,350	$ 35,773	$ 1,426,000
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	$ 56,920	$ 99,742	$ -	$ 156,662
FUND BALANCES				
Nonspendable	$ 108,561	$ 13	$ 17,265	$ 125,839
Restricted	-	-	377,391	377,391
Committed	-	2,301,319	-	2,301,319
Unassigned	2,492,077	-	1,292,700	3,784,777
Total Fund Balances	$ 2,600,638	$ 2,301,332	$ 1,687,356	$ 6,589,326
Total Liabilities, Deferred Inflows and Fund Balances	$ 3,960,435	$ 2,488,424	$ 1,723,129	$ 8,171,988

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

Total fund balances -governmental funds	$ 6,589,326
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	20,508,538
Net pension asset related to pensions do not relate to current financial resources and is not reported in the governmental funds.	101,265
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	14,765
Internal service funds are not reported in the statement of net position as governmental activities.	441,464
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds:	
Compensated absences	(467,711)
Net position of governmental activities	$ 27,187,647

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property and sales taxes	$ 7,894,147	$ 1,341,587	$ 571,840	$ 9,807,574
Franchise taxes	603,152	-	-	603,152
Licenses, permits and fees	419,464	-	-	419,464
Intergovernmental revenue	1,379,710	-	567,866	1,947,576
Charges for services	656,035	-	-	656,035
Interfund charges	235,640	-	-	235,640
Fines and forfeitures	74,130	-	-	74,130
Donations	10,645	-	-	10,645
Investment income	15,710	7,618	2,541	25,869
Grant revenue	425,244	-	4,800	430,044
Miscellaneous	301,471	27,904	44,415	373,790
Total Revenues	12,015,348	1,377,109	1,191,462	14,583,919
EXPENDITURES				
General government	1,858,516	-	614,058	2,472,574
General services	1,434,012	-	10,278	1,444,290
Public safety	3,849,815	-	-	3,849,815
Public works	1,177,752	1,799,875	-	2,977,627
Parks and recreation	2,347,208	-	206,365	2,553,573
Capital outlay	673,910	-	147,439	821,349
Internal charges	1,494,734	-	-	1,494,734
Total Expenditures	12,835,947	1,799,875	978,140	15,613,962
Excess (Deficiency) of Revenues over Expenditures	(820,599)	(422,766)	213,322	(1,030,043)
Other Financing Sources (Uses)				
Transfers In	46,239	-	-	46,239
Transfers (Out)	-	-	(46,239)	(46,239)
Total Other Financing Sources (Uses)	46,239	-	(46,239)	-
Net Changes in Fund Balances	(774,360)	(422,766)	167,083	(1,030,043)
Fund Balance, Beginning	3,374,998	2,724,098	1,531,933	7,631,029
Prior Period Restatement	-	-	(11,660)	(11,660)
Fund Balance, Beginning (As Restated)	3,374,998	2,724,098	1,520,273	7,619,369
Fund Balance, Ending	$ 2,600,638	$ 2,301,332	$ 1,687,356	$ 6,589,326

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances -governmental funds	$ (1,030,043)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	821,349
Depreciation is reported in the government-wide financial statements	(1,151,780)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	27,217
Net pension asset	(492)
Deferred outflows of resources related to pensions	1,085
The change in net position of the internal service fund reported with governmental activities.	876,209
Change in net position of governmental activities	$ (456,455)

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-Type Activities			
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund
ASSETS				
Current Assets				
Cash	$ 193,026	$ 347,965	$ 1,443,668	$ 720,558
Petty cash	-	1,341	600	-
Investments	-	1,093,278	363,192	125,174
Accounts receivable	16,688	163,791	326,826	239,324
Interfund receivable	-	1,510,000	530,438	-
Intergovernmental receivable	585	-	-	-
Inventories	-	1,614	219,690	-
Prepaid expenses	823	533	4,259	3,475
Total Current Assets	211,122	3,118,522	2,888,673	1,088,531
Non-Current Assets				
Fixed assets:				
Capital assets, non-depreciable	718,874	-	4,202,426	-
Capital assets, depreciable	6,652,963	6,908,950	8,849,286	310,231
Total Capital Assets	7,371,837	6,908,950	13,051,712	310,231
Other assets				
Restricted cash	-	224,500	400,555	-
Total Assets	7,582,959	10,251,972	16,340,940	1,398,762
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	60,075	-	-
Total Deferred Outflow of Resources	-	60,075	-	-
LIABILITIES				
Current Liabilities				
Accounts payable	1,316	9,289	287,416	1,111
Deposits	-	20,264	-	-
Accrued interest payable	-	6,436	6,036	-
Accrued liabilities	3,914	22,376	17,270	17,036
Interfund payables	-	-	-	-
Unearned revenue	-	843	144,271	-
Noncurrent liabilities - Due within one year	-	535,000	240,549	-
Total Current Liabilities	5,230	594,208	695,542	18,147
Long-Term Liabilities				
Compensated absences	29,782	29,726	42,120	53,172
Notes and loans payable	-	1,741,929	4,260,628	-
Total Long-Term Liabilities	29,782	1,771,655	4,302,748	53,172
Total Liabilities	35,012	2,365,863	4,998,290	71,319
NET POSITION				
Net investment in capital assets	7,371,837	4,632,021	8,550,535	310,231
Restricted	-	224,500	400,555	-
Unrestricted	176,110	3,089,663	2,391,560	1,017,212
Total Net Position	$ 7,547,947	$ 7,946,184	$ 11,342,650	$ 1,327,443

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO STATEMENT OF NET POSITION PROPRIETARY FUNDS (CONTINUED) DECEMBER 31, 2017

	Business-Type Activities		Governmental Activities
	Nonmajor Business Type Funds	Total Business Type Funds	Internal Service Funds
ASSETS			
Current Assets			
Cash	$ -	$ 2,705,217	$ 648,658
Petty cash	-	1,941	152
Investments	-	1,581,644	-
Accounts receivable	129,311	875,940	-
Interfund receivable	-	2,040,438	-
Intergovernmental receivable	357,634	358,219	-
Inventories	37,742	259,046	37,416
Prepaid expenses	325	9,821	406
Total Current Assets	525,012	7,831,860	686,632
Non-Current Assets			
Fixed assets:			
Capital assets, non-depreciable	-	4,921,300	-
Capital assets, depreciable	1,450,248	24,171,678	31,999
Total Capital Assets	1,450,248	29,092,978	31,999
Other assets			
Restricted cash	69,405	694,460	-
Total Assets	2,044,665	37,619,298	718,631
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	60,075	-
Total Deferred Outflow of Resources	-	60,075	-
LIABILITIES			
Current Liabilities			
Accounts payable	22,329	321,461	227,752
Deposits	-	20,264	-
Accrued interest payable	15,096	27,568	-
Accrued liabilities	20,318	80,914	15,009
Interfund payables	1,040,438	1,040,438	-
Unearned revenue	-	145,114	-
Noncurrent liabilities - Due within one year	53,652	829,201	-
Total Current Liabilities	1,151,833	2,464,960	242,761
Long-Term Liabilities			
Compensated absences	39,811	194,611	34,406
Notes and loans payable	733,982	6,736,539	-
Total Long-Term Liabilities	773,793	6,931,150	34,406
Total Liabilities	1,925,626	9,396,110	277,167
NET POSITION			
Net investment in capital assets	662,614	21,527,238	31,999
Restricted	69,405	694,460	-
Unrestricted	(612,980)	6,061,565	409,465
Total Net Position	$ 119,039	$ 28,283,263	$ 441,464

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities			
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund
OPERATING REVENUES				
Charges for services	$ 237,828	$ 510,488	$ 2,870,993	$ 1,259,556
Interfund charges	-	220,000	-	-
Miscellaenous revenue	27,102	8,446	19,375	-
Total Operating Revenues	264,930	738,934	2,890,368	1,259,556
OPERATING EXPENSES				
Health claims	-	-	-	-
Shop	-	-	-	-
Building overhead	-	-	-	-
Technology	-	-	-	-
Telecommunications	-	-	-	-
Administration	-	-	88,584	6,463
Filtration and treatment	-	-	595,585	-
Transmission and distribution	-	-	1,297,375	-
Airport operations	245,839	-	-	-
Meter maintenance	-	-	6,638	-
Collection	-	-	-	833,611
Recycling	-	-	-	123,814
Fiber outside plant	-	-	-	-
Fiber administration	-	-	-	-
Fiber inside plant	-	-	-	-
Recreation center	-	1,235,622	-	-
Police support services	-	-	-	-
Depreciation	267,508	241,470	521,346	37,700
Internal charges	4,919	20,460	298,880	129,458
Total Operating Expenses	518,266	1,497,552	2,808,408	1,131,046
Operating Income (Loss)	(253,336)	(758,618)	81,960	128,510
Non Operating Revenues (Expenses)				
Property and sales taxes	-	1,473,846	-	-
Investment income	7	-	1,600	1,686
Interest expense	-	(100,783)	(232,728)	-
Total Nonoperating Revenues (Expenses)	7	1,373,063	(231,128)	1,686
Capital contributions	-	-	76,817	-
Change in Net Position	(253,329)	614,445	(72,351)	130,196
Net Position (Deficit), Beginning of Year	7,801,276	7,331,739	11,415,001	1,197,247
Net Position, End of Year	$ 7,547,947	$ 7,946,184	$ 11,342,650	$ 1,327,443

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities		Governmental Activities
	Nonmajor Business Type Funds	Total Business Type Funds	Internal Service Funds
OPERATING REVENUES			
Charges for services	$ 757,518	$ 5,636,383	$ 2,767,231
Interfund charges	261,404	481,404	1,274,283
Miscellaneous revenue	-	54,923	8,131
Total Operating Revenues	1,018,922	6,172,710	4,049,645
OPERATING EXPENSES			
Health claims	-	-	1,560,083
Shop	-	-	668,043
Building overhead	-	-	101,307
Technology	-	-	689,541
Telecommunications	-	-	129,504
Administration	3,810	98,857	-
Filtration and treatment	-	595,585	-
Transmission and distribution	-	1,297,375	-
Airport operations	-	245,839	-
Meter maintenance	-	6,638	-
Collection	-	833,611	-
Recycling	-	123,814	-
Fiber outside plant	80,114	80,114	-
Fiber administration	724,021	724,021	-
Fiber inside plant	84,333	84,333	-
Recreation center	-	1,235,622	-
Police support services	820,160	820,160	-
Depreciation	185,154	1,253,178	8,329
Internal charges	26,231	479,948	16,645
Total Operating Expenses	1,923,823	7,879,095	3,173,452
Operating Income (Loss)	(904,901)	(1,706,385)	876,193
Non Operating Revenues (Expenses)			
Property and sales taxes	-	1,473,846	-
Investment income	2	3,295	16
Interest expense	(15,790)	(349,301)	-
Total Nonoperating Revenues (Expenses)	(15,788)	1,127,840	16
Capital contributions	609,668	686,485	-
Change in Net Position	(311,021)	107,940	876,209
Net Position (Deficit), Beginning of Year	430,060	28,175,323	(434,745)
Net Position, End of Year	$ 119,039	$ 28,283,263	$ 441,464

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business Type Funds	Total Business Type Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	$ 261,836	$ 625,720	$2,916,952	$ 1,292,373	$ 908,865	$ 6,005,746	$ 1,283,504
Cash flows from internal activities	-	-	-	-	-	-	2,766,157
Payments to suppliers for goods and services	(96,262)	(511,387)	(1,290,997)	(439,264)	(865,839)	(3,203,749)	(1,088,132)
Payments for claims and loss adjustments	-	-	-	-	-	-	(1,593,561)
Payments to employees	(153,794)	(742,544)	(745,540)	(669,168)	(848,821)	(3,159,867)	(1,152,072)
Net Cash Provided by (Used for) Operating Activities	11,780	(628,211)	880,415	183,941	(805,795)	(357,870)	215,896
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Tax revenue	-	1,473,846	-	-	-	1,473,846	-
Cash from other funds	-	-	205,728	-	609,668	815,396	-
Net Cash Provided by Noncapital Financing Activities	-	1,473,846	205,728	-	609,668	2,289,242	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital asset acquisitions	-	(5,425)	(35,281)	(110,880)	-	(151,586)	-
Debt Payments	-	(505,616)	(231,229)	-	(52,600)	(789,445)	-
Interest paid	-	(100,783)	(232,728)	-	(15,790)	(349,301)	-
Net Cash Used for Financing Activities	-	(611,824)	(499,238)	(110,880)	(68,390)	(1,290,332)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	6	-	709	1,512	1	2,228	-
Purchase of investments	-	112,688	-	-	-	112,688	-
Net Cash Provided by Investing Activities	6	112,688	709	1,512	1	114,916	-
Net Increase (Decrease) in cash and cash equivalents	11,786	346,499	587,614	74,573	(264,516)	755,956	215,896
Cash and Cash Equivalents, Beginning of Year	181,240	227,307	1,257,209	645,985	333,921	2,645,662	432,914
Cash and Cash Equivalents, End of Year	$ 193,026	$ 573,806	$1,844,823	$ 720,558	$ 69,405	$ 3,401,618	$ 648,810

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business Type Funds	Total Business Type Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities							
Operating income (loss)	$(253,336)	$(758,618)	$ 81,960	$ 128,510	$(904,901)	$(1,706,385)	$ 876,209
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation	267,508	241,470	521,346	37,700	185,154	1,253,178	8,329
Changes in assets and liabilities							
Accounts receivable	(1,910)	(3,214)	21,368	32,817	(110,057)	(60,996)	250,000
Intergovernmental receivable	(585)	(110,000)	5,216	-	(357,634)	(463,003)	-
Inventories	-	5,222	-	-	(11,242)	(6,020)	(2,034)
Prepaid expenses	(599)	159	(1,611)	(1,288)	9	(3,330)	895
Accounts payable	(2,134)	(11,976)	237,556	(17,676)	400,470	606,240	(918,433)
Accrued liabilities	2,836	18	14,578	3,878	(7,594)	13,716	929
Deposits	-	6,000	-	-	-	6,000	-
Deferred revenue	-	2,728	2	-	-	2,730	-
Net Cash Provided by (Used for) Operating Activities	$ 11,780	$(628,211)	$ 880,415	$ 183,941	$(805,795)	$ (357,870)	$ 215,896
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	$ -	$ -	$ 76,817	$ -	$ 609,668	$ 686,485	$ -

The accompanying notes are an integral part of the basic financial statements.

CITY OF CORTEZ, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
COURT BOND AGENCY FUND
DECEMBER 31, 2017

ASSETS	
Cash	$ 7,150
FIDUCIARY NET POSITION	
Net Position	$ 7,150

The accompanying notes are an integral part of the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cortez became a home rule City in 1957. At that time, the citizens adopted the Council-Manager form of government. The citizens elect seven council members, non-partisan, at large, for staggered terms. At all general municipal elections there are four elected council persons. The three candidates receiving the highest number of votes serve four-year terms and the candidate receiving the next highest number of votes serves a two-year term.

The Mayor and Mayor Pro-Tempore are selected by and from the City Council for a two-year term of office. Council serves as the legislative and policymaking body of the City. The City Manager, chief administrative officer for the City, is appointed by the Council and is responsible for the general administration of all City business. Accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board.

A. REPORTING ENTITY

In accordance with Governmental Accounting Standards, the City has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is 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 financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it. Based on the application of these criteria, the City is not included any other organization, but does include the Mesa Verde Country Visitor Information Bureau within its reporting entity as a blended component unit reported in the City's Special Revenue Fund. The information regarding the Mesa Verde Country Visitor Information Bureau's financial statements can be obtained by writing to Mesa Verde Country Visitor Information Bureau at 928 East Main, Cortez, Colorado 81321.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The significant accounting policies established in GAAP and used by the City are described below.

B. BASIS OF PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the City as a whole. The reporting information includes all of the non-fiduciary activities of the City. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental, proprietary, and fiduciary are presented, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non-major funds.

Governmental Funds

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

The City reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – Special Revenue Funds are used to account for the collection and disbursement of specific revenue sources. The City's major Special Revenue Fund is the:
  - Street Improvement Fund – This fund accounts for the City's sales tax collections (1/2 cent) that are to be used to improve the City's streets.

The City also reports the following non-major Special Revenue Funds:

- Lodger's Tax Fund – This fund accounts for the use of lodger's tax revenues to promote tourism and commerce in the area.
- Conservation Trust Fund – This fund accounts for State of Colorado lottery fund to be used for parks and recreation maintenance and capital investment.
- Equipment Fund – This fund accounts for the City's sales tax collections that are to be used to update and improve the City's equipment.
- Emergency Reserve- TABOR Fund – These funds were set aside by the City to fund the required TABOR emergency reserve requirement as described in Note 11.
- Grants Fund – This fund accounts for grant revenues and pass-through grant expenditures.

Mesa Verde Country® Visitor Information Bureau – This is the blended component unit described above.

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are as follows:

- Airport Fund – This fund accounts for the operations of the City's airport.
- Recreation Center Fund – This fund accounts for the construction, repayment of bonds and operations of the recreation center.
- Water Fund – This fund accounts for the operation and maintenance of the City's water treatment and distribution system.
- Solid Waste Collection Fund – This fund accounts for the collection and disposal of the City's solid waste refuse.

The City also reports the following non-major Enterprise Funds:

- Hydro Plant Fund – This fund accounts for the operations of the City's hydroelectric power plant.
- City Community Network Fund – This fund accounts for the operations and maintenance of the City's fiber network.
- Police Dispatch Fund – This fund accounts for the City provided county-wide dispatch services.

The City reports the following Internal Service Funds:

- Shop Fund - This fund accounts for the operation of the maintenance shop which provides repair and maintenance to the City's equipment and vehicles.
- Technology Fund – This fund accounts for the City-wide computer information system operations.
- Self-Insured Health Insurance Fund – This fund accounts for the self-insured portion of the City's health insurance plan.

FIDUCIARY FUND

The City reports the following fiduciary fund:

- Court Bond Agency Fund – This fund accounts for those amounts collected and held on behalf of those remitting court bonds.

C. MEASUREMENT OF FOCUS AND BASIS OF ACCOUNTING

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available. These revenues could include certain property, sales and other tax collections, federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. The City generally considers funds received within 60 days subsequent to the end of the fiscal year to be measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes short term, highly liquid investments with original maturities of three months or less. For purposes of proprietary fund statement of cash flows presentation, cash and cash equivalents totaled $4,119,506 at December 31, 2017.

E. INVESTMENTS

Investments are stated at fair value. Cash deposits are reported at carrying value which reasonably estimates fair value.

F. PROPERTY TAXES RECEIVABLE

Property taxes for the City are levied by the City Council and certified for collection to Montezuma County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the City until the subsequent year.

G. RECEIVABLES

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Bad debts under the Proprietary Fund (Enterprise Funds) are accounted for by the allowance reserve method in recognizing bad debt expense. This method better matches the cost of operating the fund with revenues of the fund and is consistent with generally accepted accounting principles.

H. PREPAIDS

Prepaid balances are for insurance payments made by the City in the current year to provide coverage occurring in the subsequent fiscal year.

I. INVENTORIES

Inventory is valued at cost using the first-in, first-out method (FIFO).

J.INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated in the government-wide statement of net position.

K. RESTRICTED ASSETS

Certain cash, cash equivalents and investments are restricted by various legal and contractual obligations.

Enterprise Funds are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for water, sewer, and recreation renovations. The General Fund is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for specific purposes.

L. CAPITAL ASSETS

Property and equipment acquisitions made by the governmental funds are accounted for as expenditures of the fund, and are then capitalized in the government-wide financial statements. All purchased property and equipment are valued at cost, while donated assets are valued at their estimated fair market value as of the date received as a donation. The City capitalizes assets with a useful life in excess of five years and a cost of $5,000 or greater. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized as governmental activities in the government-wide financial statements.

Depreciation is provided on all capital assets shown in the government-wide presentation and is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	5-100 years
Infrastructure	15-25 years
Collection and distribution systems	30-50 years
Machinery and equipment	5-15 years

The City capitalizes interest costs during construction; however, none of the interest paid met the capitalization requirements during 2017.

M. COMPENSATED ABSENCES

Employees of the City are allowed to accumulate unused vacation time up to 240 hours or 384 hours based on employment position and unused sick time up to 480 hours. Regular, full-time employees hired on, or before February 14, 1990, after completing twenty years of service, will be compensated for sick leave earned at a maximum of 480 hours upon separation.

Accumulated unpaid vacation pay is accrued when earned. In the government-wide presentation, accumulated compensated absences not expected to be paid within current available resources are reported as long-term liabilities. Governmental activities compensated absences have normally been liquidated by the General Fund.

N. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category, deferred charge on refunding and pension related items.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

O. NET POSITION/FUND BALANCES

In the government-wide financial statements and proprietary fund types in the fund financial statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

Government-wide Statements: The government wide net position is classified into the following four categories:

- *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - All other net assets that do not meet the definition of "restricted" or 'net investment in capital assets", or non-spendable."

Fund Statements: The governmental fund balances are classified as *nonspendable*, *restricted*, and *unrestricted*, which includes *committed*, *assigned*, and *unassigned* fund balance classifications.

- The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. *Restricted* fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.
- The *restricted* fund balance category includes amounts that are restricted to specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- The *unrestricted* fund balance category is composed of *committed*, *assigned*, and *unassigned* resources.
- *Committed* fund balances are self-imposed limitations that the City's Council approved, which is the highest level of decision-making authority within the City. Only the Council can remove or change the constraints placed on committed fund balances.
- *Assigned* fund balances are resources constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed.
- The *unassigned* fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as *unassigned*.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. 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.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCE

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2017, the following individual fund had a deficit balance:

Fund	Amount
City Community Network	$ (242,018)

These fund deficits will be funded with future tax or grant revenues.

B. EXCESS EXPENDITURES OVER BUDGET

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Police Dispatch	850,207	871,807	21,600
Conservation Trust	205,916	206,365	449

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded budget. The detail of those items can be found in the City's year-end budget to actual report.

NOTE 3 — DEPOSITS AND INVESTMENTS

A summary of cash and investments as of December 31, 2017:

	Carrying Value	Bank Balances	Associated Risks
Petty cash	$ 6,147	$ 6,147	N/A
Deposits	10,104,727	10,525,445	Custodial credit risk
Negotiable CD's	347,177	347,177	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Municipal Bonds	25,174	25,174	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. Agency obligations - implicitly guaranteed	1,691,405	1,691,405	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Total	$ 12,174,630	$ 12,595,348	

Reconciliation to financial statements:

Per statement of net position	
Cash and cash equivalents	$ 9,409,264
Investments	2,063,756
Restricted cash	694,460
Per statement of fiduciary net position - fiduciary funds	
Cash and cash equivalents	7,150
Total Deposits and Investments	$ 12,174,630

A. Deposits

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned to it. The City requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be protected by collateralization with securities eligible for City investment or any other high-quality, interest bearing security. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, the carrying amount of the City's deposits with financial institutions, which includes demand deposits, savings accounts, and certificates of deposit. As of December 31, 2017, none of the City's bank balances (certificates of deposit, checking, and savings accounts) were exposed to custodial credit risk.

B. Investments

As of December 31, 2017, the City, had the following investments and maturities:

		Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10	Moody's Rating
Negotiable CD's	$ 347,177	$ -	$ 347,177	$ -	$ -	AA+
U.S. Agency obligations	1,691,405	-	1,691,405	-	-	N/A
Municipal Bonds	25,174	25,174	-	-	-	AA-
Total	$ 2,063,756	$ 25,174	$ 2,038,582	$ -	$ -	

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2017, the City's investments were measure using the valuation inputs as follows:

	December 31, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Negotiable CD's	$ -	$ 347,177	$ -	$ 347,177
U.S. Agency obligations	-	1,691,405	-	1,691,405
Municipal Bonds	-	25,174	-	25,174
Total	$ -	$ 2,063,756	$ -	$ 2,063,756

Investment Type	Fair Value	Weighted Avg Maturity in Years	% of Portfolio
Negotiable CD's	$ 347,177	1.4	17
U.S. Agency obligations	1,691,405	3.5	82
Municipal Bonds	25,174	0.9	1
Total Investments	$ 2,063,756	5.8	100

During the year ended December 31, 2017, the City invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAm by the Standard and Poor's Corporation.

Interest rate risk: The City manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the City Council.

Custodial credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

As of December 31, 2017, the City's U.S. Treasury and securities were held by Gill Capital Partners in the name of the City.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in FHLMC securities. These investments are 82% of the City's total investments, respectively.

NOTE 4 — RESTRICTED CASH

The City has restricted a portion of its cash and investment balances to meet debt covenant requirements as follows:

	Recreation Center	Water	Hydro Plant	Total
Restricted for Debt Service	$ 224,500	$ -	$ 69,405	$ 293,905
Restricted for O&M Reserve	-	400,555	-	400,555
Total	$ 224,500	$ 400,555	$ 69,405	$ 694,460

NOTE 5 — CAPITAL ASSETS

A summary of changes in the governmental capital assets at December 31, 2017 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,152,583	$ 10,205	$ -	$ 1,162,788
Total capital assets not being depreciated	1,152,583	10,205	-	1,162,788
Capital assets being depreciated:				
Buildings	13,428,648	-	-	13,428,648
Machinery and equipment	8,358,026	173,334	102,972	8,428,388
Other improvements	4,645,910	-	-	4,645,910
Land improvements	558,458	43,900	-	602,358
Infrastructure	9,836,389	604,115	-	10,440,504
Internal service equipment	226,748	-	-	226,748
Total capital assets being depreciated	37,054,179	821,349	102,972	37,772,556
Less accumulated depreciation for:				
Buildings	3,040,302	278,817	-	3,319,119
Machinery and equipment	6,873,653	303,564	102,972	7,074,245
Other improvements	4,317,100	132,030	-	4,449,130
Land improvements	283,283	35,458	-	318,741
Infrastructure	2,626,707	401,911	-	3,028,618
Internal service equipment	186,420	8,329	-	194,749
Total accumulated depreciation	17,327,465	1,160,109	102,972	18,384,602
Governmental activities capital assets, net	$ 20,879,297	$ (328,555)	$ -	$ 20,550,742

Depreciation has been allocated for the statement of activities as follows:

General Government	$ 206,140
General Services	153,642
Public Safety	367,418
Public Works	212,655
Parks and Recreation	211,925
Internal Service Fund	8,329
Total	$ 1,160,109

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 718,874	$ -	$ -	$ 718,874
Water rights	4,202,426	-	-	4,202,426
Total capital assets not being depreciated	4,921,300	-	-	4,921,300
Capital assets being depreciated:				
Buildings	15,444,134	-	-	15,444,134
Machinery and equipment	3,630,499	151,586	46,043	3,736,042
Other improvements	1,045,642	-	-	1,045,642
Infrastructure	19,919,422	-	-	19,919,422
Total capital assets being depreciated	40,039,697	151,586	46,043	40,145,240
Less accumulated depreciation for:				
Buildings	5,637,960	507,738	-	6,145,698
Machinery and equipment	2,430,805	165,910	46,043	2,550,672
Other improvements	464,793	47,613	-	512,406
Infrastructure	6,232,869	531,917	-	6,764,786
Total accumulated depreciation	14,766,427	1,253,178	46,043	15,973,562
Business-type activities capital assets, net	$ 30,194,570	$ (1,101,592)	$ -	$ 29,092,978

Depreciation expense was allocated to the funds as follows:

Airport	$ 267,508
Police Dispatch	27,467
Recreation Center	241,470
Water	521,346
Hydro Plant	65,357
Community Network	92,330
Solid Waste Collection	37,700
Total	$ 1,253,178

NOTE 6 — INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Interfund Balances	Amount
General Fund	$ 1,000,000
Water Fund	530,438
Hydro Plant Fund	25,224
City Community Network Fund	1,000,466
Police Dispatch Fund	14,748
Recreation Center Fund	1,510,000
Total	4,080,876
Less: Government-wide eliminations	3,080,876
Total Internal Balances - Government-Wide Statement of Net Position	$ (1,000,000)

All amounts are due within one year.

The City has recorded the following routine transfers for the year ended December 31, 2017:

Transfers	Amount
General Fund	$ (46,239)
Lodger's Tax Fund	46,239
Total	$ -

NOTE 7 — LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2017:

Governmental-type activities	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Compensated Absences	$ 527,628	$ -	$ 25,511	$ 502,117	$ -
Total	$ 527,628	$ -	$ 25,511	$ 502,117	$ -

The following is a summary of other contractual liability transactions for business-type activities of the City for the year ended December 31, 2017:

Business-type activities	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
2011 Refunding Revenue Bonds - Rec	$ 2,760,000	$ -	$ 515,000	$ 2,245,000	$ 535,000
2011 Premiums	42,572	-	10,643	31,929	-
1986 Colorado Water Cons Board	318,031	-	56,602	261,429	59,435
1986 Dolores Water Conservancy Dist	3,063,923	-	60,360	3,003,563	64,018
2005 DOLA Water Loan	168,966	-	15,323	153,643	16,090
2010 CWRPDA Water Loan	331,272	-	20,722	310,550	21,143
2015 Colorado Water Cons Board	850,212	-	78,220	771,992	79,863
2009 CWRPDA Hydro Loan	840,237	-	52,603	787,634	53,652
Compensated Absences	193,413	1,198	-	194,611	-
Total	$ 8,568,626	$ 1,198	$ 809,473	$ 7,760,351	$ 829,201

In 2002, the City issued $8,915,000 in Sales Tax Revenue Recreation Bonds, Series 2002, with an interest rate ranging from 2.1 percent to 5.0 percent, and an average interest rate of 4.75 percent. The net proceeds of $8,170,313 (after accrued interest receipts of $12,714 and payments of $454,355 to fund the replacement reserve, $303,046 in underwriting fees, insurance, and other issuance costs) are to be used for the Recreation Center. Bonds payable at December 31, 2017, is comprised of the following:

$5,215,000, Series 2011 Refunding Revenue Bonds - Recreation Center, due in semi-annual installments ranging from $25,000 to $590,000 through December 1, 2021; interest rate is variable from $2.10% to 5.00%.	
	$ 2,245,000
Less: current portion	(535,000)
Net Enterprise Funds Bonds Payable	$ 1,710,000

Fiscal Year	Principal	Interest	Total
2018	$ 535,000	$ 77,238	$ 612,238
2019	550,000	59,850	609,850
2020	570,000	40,600	610,600
2021	590,000	20,650	610,650
Total	$ 2,245,000	$ 198,338	$ 2,443,338

Enterprise Fund notes/loan payable at December 31, 2017 , are comprised of the following:

$1,456,891, 2009 CWRPDA Hydro Loan, due in annual installments ranging from $69,405 to $87,520 through January 1, 2030; interest rate of 2.00%	$ 787,634
$858,500, 2015 Colorado Water Cons Board, due in annual installments ranging from $8,288 to $96,075 through December 1, 2026; interest rate is 2.10%	771,992
$525,000, 2010 CWRPDA Water Loan, due in semi-annual installments of $13,623 through November 1, 2030; interest rate of 2.00%	310,550
$300,000, 2005 DOLA Water Loan, due in annual installments of $23,772 through September 1, 2025; interest rate of 5%	153,643
$5,336,000, 1986 Dolores Water Conservancy Dist, due in annual installments of $246,125 through December 31, 2046; interest rate of 5.623%	3,003,563
$1,244,142, 1986 Colorado Water Cons Board, due in annual installments range from $5,520 to $145,013 through December 1, 2022; interest rate of 5.00%	261,429
Total	$ 5,288,811

Debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2018	$ 294,201	$ 240,938	$ 535,139
2019	305,030	230,105	535,135
2020	316,354	218,784	535,138
2021	328,192	206,948	535,140
2022	273,582	194,562	468,144
2023-2027	1,335,099	824,199	2,159,298
2028-2032	930,064	590,517	1,520,581
2033-2037	732,041	361,077	1,093,118
2038-2042	546,491	152,678	699,169
2043-2045	227,757	28,153	255,910
Totals	$ 5,288,811	$ 3,047,961	$ 8,336,772

NOTE 8 — RETIREMENT

City Employee's Defined Contribution Plan

Effective June 25, 1996, the City of Cortez Pension Plan, a single-employer defined benefit plan, was converted to the City of Cortez Money Purchase Plan, a single employer defined contribution plan. Assets of $169,344 were transferred to the new money accumulation pension plan and then to the respective employee accounts. The plan is administered by the ICMA Retirement Corporation. All permanent employees, including those covered by other City employee plans are required to participate in the plan. The plan provisions can be modified by the City Council. Contributions of 5% of gross salary are required from all participants and a matching contribution of 5% is made by the City to the plan. Contributions totaled $344,607, $306,808 and $295,623 in 2017, 2016 and 2015, respectively.

Police Officer Death and Disability Plan

The police officer death and disability plan is administered through the Fire and Police Pension Association (FPPA). This plan is a non-contributory plan. All full-time, paid police officers of the City are members of the Statewide Death and Disability Plan. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. The City's current contribution to the plan for 2017, 2016, and 2015 was $37,915, $26,138 and $24,052, respectively. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for the Statewide Death and Disability Plan.

Police Pension Defined Contribution Plan

Effective January 1, 1986, the City of Cortez Police Pension Plan, was adopted as a single-employer defined contribution plan, IRS Code Section 401(A). All certified police officer employees are required to participate in the Plan. This Plan is a defined contribution money purchase plan. The City has no future liability to this Plan. Contributions of 8% of gross salary are required from all participants and a matching contribution of 8% is made by the City to the Plan. The City's contribution amount for 2017, 2016, and 2015 was $238,378, $229,024, and $108,146,respectively.

Deferred Compensation Plan

Pursuant to Governmental Accounting Standards Board Statement No. 32: *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* the City established a trust to hold the assets of its Deferred Compensation Plan, and modified the plan document to state that the plan is "held in trust for the exclusive benefit of participants and their beneficiaries." As such the plan's assets are no longer the property and rights of the City, and are not reflected in the financial statements of the City.

Cortez Old Hire Police Pension Plan

Plan Description: The Cortez Old Hire Pension Fund is a defined benefit, agent multiple-employer plan affiliated with the Colorado Fire and Police Pension Association (FPPA). Assets of the Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension Plan administered by FPPA.

Description of Benefits: The Plan provides retirement benefits for Members and beneficiaries according to Plan provisions as enacted and governed by the City Council.

Any officer who elects to retire on or after his normal retirement date (20 years of service and 55 years of age or upon completion of 25 years of service) shall be eligible for a monthly pension equal to one-half of his average monthly salary received one year before his retirement. The plan also provides for cost of living adjustments and post-retirement death benefits. FPPA issues independent annual reports that may be obtained by calling FPPA at (303) 770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

Contributions: The City funds the Plan per provisions in the Plan document and Colorado statutes. The City shall contribute amounts required to fund the benefits provided by the Plan on a sound actuarial basis. The City contributes to the Cortez Old Hire Pension Fund at a rate determined in the following manner: at least every three (3) years, the Cortez Old Hire Pension Fund shall have an actuarial study prepared to determine the funds required. The required funds will be paid annually from general revenues of the City into the Cortez Old Hire Pension Fund.

The Plan is administered by the City Council.

The financial statements of the Old Hire Plan are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The investments are presented at fair value except for short-term investments that are recorded at cost, which approximates fair value.

Administrative costs of the Plan are paid from the pension fund (CRS 31-30.5-204(3)). There are no investments in, loans to, or leases with parties related to the Plan.

Employees Covered by Benefit Terms:

As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
Total	1

Actuarial Assumptions: The January 1, 2016 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ended December 31, 2016. The valuation used the following actuarial assumptions:

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	14 years
Asset Valuation Method	5-Year smoothed fair value
Inflation Rate	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50% per year
Retirement Age	Any remaining actives are assumed to retire immediately
Mortality	Post-retirement. RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled (pre-1980): RP-2000 Disabled Mortality Table All tables projected with Scale AA.

There were no changes in benefit terms, assumptions, or other inputs during the fiscal year.

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected arithmetic real rate of return
Global Equity	36%	6.75%
Equity Long/Short	10%	4.85%
Illiquid Alternatives	23%	8.25%
Fixed Income	15%	0.50%
Absolute Return	10%	4.05%
Managed Futures	4%	3.00%
Cash	2%	0.00%
Total	100%	

Single Discount Rate: A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%

Changes in the Net Pension Asset:

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension (asset) (a) – (b)
Balances at December 31, 2016	$ 173,129	$ 274,886	$ (101,757)
Changes for the year:			
Interest on the total pension liability	12,242	-	12,242
Net investment income	-	14,047	(14,047)
Benefit payments, including refunds of employee contributions	(20,177)	(20,177)	-
Administrative expense	-	(2,297)	2,297
Balances at December 31, 2017	$ 165,194	$ 266,459	$ (101,265)

Sensitivity of the Net Pension (Asset) to Changes in the Discount Rate: The following presents the plans net pension (asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Asset	(91,569)	(101,265)	(110,037)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2017, the City did not recognize any pension expense. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from thefollowing sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$ 14,765	$ -
Total	$ 14,765	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending	
2018	$ 4,657
2019	4,656
2020	4,302
2021	1,150
Total	$ 14,765

NOTE 9 — RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. For these risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and worker's compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have the ability to significantly affect the operations of the unit.

The amounts of settlements have not exceeded insurance coverage, nor were there any significant changes in insurance coverage. The City carries commercial insurance for worker's compensation coverage.

NOTE 10 — SELF INSURANCE

The City self-insures its medical insurance claims and is fully self-insured for health insurance compensation. A summary of the City's self-insured claims and liability is as follows:

IBNR Claim Liability	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
12/31/2015	$ 173,881	$ 1,721,958	$ 1,543,711	$ 352,128
12/31/2016	$ 352,128	$ 2,560,853	$ 2,673,460	$ 239,521
12/31/2017	$ 239,521	$ 1,560,083	$ 1,593,561	$ 206,043

NOTE 11 — COMMITMENTS AND CONTINGENCIES

Tabor Amendment – Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1995 and subsequent years, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of $366,786 was recorded in the Emergency Reserve - Tabor Fund.

NOTE 12 — PRIOR PERIOD RESTATEMENT

During the 2017 audit process of the blended component unit, an expense for $11,660 was found that had occurred in 2016 but was expensed in 2017. This expense has been restated to be included in 2016. The beginning Net Assets are shown below:

	Mesa Verde Country Visitor Information Bureau	Government-wide
Beginning Fund Balance /Net Assets	$ 29,196	$ 27,655,762
Record 2016 expenses	(11,660)	(11,660)
Beginning Fund Balance / Net Assets (as restated)	$ 17,536	$ 27,644,102

NOTE 13 — FRAUD DISCLOSURE

During 2016, the City upgraded its automated accounting software to an improved, integrated system for governmental accounting and financial reporting. As a result, the City identified embezzlement of cash that had existed for several years. This situation and its investigation caused the 2017 financial statements to be substantially delayed. Appropriate prosecution of the embezzler and extensive investigations by the City's insurance company and by the Colorado Bureau of Investigation took place between 2016 and 2020. All but $5,158 of the loss found by the City's insurance company was covered by the City's insurance policy. The 2016 accounting software upgrade along with internal controls are expected to prevent a recurrence of such fraud.

NOTE 14 — EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (effective date subsequent to December 31, 2017)
- Statement No. 83, *Certain Asset Retirement Obligations* (effective date subsequent to December 31,2017)
- Statement No. 84, *Fiduciary Activities* (effective date subsequent to December 31, 2017)
- Statement No. 85, *Omnibus 2017* (effective date subsequent to December 31, 2017)
- Statement No. 86, *Certain Debt Extinguishment Issues* (effective date subsequent to December 31,2017)
- Statement No. 87, *Leases* (effective date subsequent to December 31, 2017)
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (effective date subsequent to December 31, 2017)

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORTEZ, COLORADO
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION (ASSET) LIABILITY
CORTEZ OLD HIRE POLICE PENSION FUND
LAST 10 FISCAL YEARS (1)

	12/31/2017	12/31/2016
Total Pension Liability		
Interest	$ 12,242	$ 10,885
Differences between expected and actual experience	-	11,802
Changes of assumptions	-	15,275
Benefit payments	(20,177)	(19,589
Net changes in total pension liability	(7,935)	18,373
Total Pension Liability - beginning	173,129	154,756
Total Pension Liability - ending (a)	$ 165,194	$ 173,129
Plan Fiduciary Net Position		
Net investment Income	14,047	$ 5,235
Benefit payments, including refunds of employee contributions	(20,177)	(19,589
Administrative expense	(2,297)	(772
Net change in plan fiduciary net position	(8,427)	(15,126
Plan fiduciary net position - beginning	274,886	290,012
Plan fiduciary net position - ending (b)	$ 266,459	$ 274,886
City's net pension (asset) - ending (a)-(b)	$ (101,265)	$ (101,757)

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying notes to required supplementary information.

CITY OF CORTEZ, COLORADO
SCHEDULE OF THE CITY'S NET PENSION (ASSET) LIABILITY AND RELATED RATIOS CORTEZ OLD HIRE POLICE PENSION FUND
LAST 10 FISCAL YEARS(1)

	12/31/2017	12/31/2016	12/31/2015
Total Pension Liability	$ 165,194	$ 173,129	$ 154,756
Plan's Fiduciary Net Position	(266,459)	(274,886)	(290,012)
Net Pension (Asset)	$ (101,265)	$ (101,757)	$ (135,256)
Plan's Fiduciary Net Position as % of Total Pension Liability	161.30%	158.78%	187.40%
Covered-Employee Payroll	$ -	$ -	$ -
Net Pension Liability as a % of Covered-employee Payroll	N/A	N/A	N/A

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying notes to required supplementary information.

CITY OF CORTEZ, COLORADO
SCHEDULE OF ACTUARIAL DETERMINED AND ACTUAL CONTRIBUTIONS
CORTEZ OLD HIRE POLICE PENSION FUND
LAST 10 FISCAL YEARS[1]

	12/31/2017	12/31/2016	12/31/2015
Actuarially determined contributions	$ -	$ –	$ -
Actual contributions	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered-employee payroll	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

Note: See Note 8 of the Basic Financial Statements for significant methods and assumptions used in calculating the actuarially determined calculations. There were no factors that significantly affected trends in the amounts reported.

[1] - Additional years will be added to this schedule as they become available.

See the accompanying notes to required supplementary information.

CITY OF CORTEZ, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and Sales Taxes	$ 7,936,250	$ 8,022,689	$ 7,894,147	$ (128,542)
Franchise Taxes	664,000	619,000	603,152	(15,848)
Licenses, Permits and Fees	324,980	396,085	419,464	23,379
Intergovernmental Revenue	1,448,409	1,502,174	1,379,710	(122,464)
Charges for Services	547,160	572,844	656,035	83,191
Interfund Charges	167,124	167,124	235,640	68,516
Fines and Forfeitures	82,400	82,300	74,130	(8,170)
Donations	47,800	30,500	10,645	(19,855)
Investment Income	8,000	15,296	15,710	414
Grant Revenue	225,500	1,400,875	425,244	(975,631)
Miscellaneous	26,400	361,572	301,471	(60,101)
Total Revenues	11,478,023	13,170,459	12,015,348	(1,155,111)
Expenditures				
General Government				
City Council	305,895	309,387	299,974	(9,413)
City Attorney	83,000	83,000	67,896	(15,104)
Human Resources	211,751	235,093	203,007	(32,086)
Municipal Court	180,227	170,851	158,405	(12,446)
City Manager	269,005	264,660	275,769	11,109
Finance Department	458,642	470,286	569,893	99,607
Passthrough Grants	21,000	21,000	9,880	(11,120)
Overhead	5,200	5,200	206	(4,994)
City Clerk	128,811	127,156	138,028	10,872
Grants Administrator	43,107	31,232	32,481	1,249
Special Events	108,248	102,448	102,977	529
Total General Government	1,814,886	1,820,313	1,858,516	38,203
General Services				
Administration	131,162	129,888	368,944	239,056
Building Maintenance	242,135	231,125	231,534	409
City Hall Operations	200,750	161,395	216,503	55,108
Welcome Center	131,772	132,482	129,826	(2,656)
Planning and Building	556,189	552,922	487,205	(65,717)
Total General Services	1,262,008	1,207,812	1,434,012	226,200
Public Safety				
Police Administration	405,437	415,079	416,445	1,366
Patrol	2,151,813	2,182,460	2,200,981	18,521
Police Support Services	208,046	208,379	201,094	(7,285)
Police Investigation	534,866	531,378	550,392	19,014
Police Corrections	130,500	120,500	151,929	31,429
Building Operations	154,801	136,901	120,761	(16,140)
Kennel Operations	238,168	221,376	208,213	(13,163)
Total Public Safety	3,823,631	3,816,073	3,849,815	33,742

See the accompanying notes to required supplementary information.

CITY OF CORTEZ, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Public Works				
P.W. Administration	$ 332,929	$ 313,031	$ 358,880	$ 45,849
Streets & Utilities	444,976	419,958	478,292	58,334
Traffic Services	151,500	149,500	155,733	6,233
Snow and Ice Removal	42,030	42,030	27,413	(14,617)
Street Cleaning	151,187	145,287	157,434	12,147
Total Public Works	1,122,622	1,069,806	1,177,752	107,946
Parks and Recreation				
Administration	104,841	103,204	101,666	(1,538)
Aquatics	163,322	157,315	160,431	3,116
Golf Course Administration	58,676	57,452	55,646	(1,806)
Golf Course Maintenance	439,789	437,834	429,189	(8,645)
City Parks	637,640	626,099	629,742	3,643
Recreation	401,338	344,776	343,407	(1,369)
Library	603,427	596,306	627,127	30,821
Total Parks and Recreation	2,411,533	2,322,986	2,347,208	24,222
Capital Outlay	275,000	1,122,545	673,910	(448,635)
Internal Charges	1,545,310	1,732,526	1,494,734	(237,792)
Total Expenditures	12,254,990	13,092,061	12,835,947	(256,114)
Revenues in Excess (Deficiency) of Expenditures	(776,967)	78,398	(820,599)	(898,997)
Other Financing Sources (Uses)				
Transfers In	135,000	45,000	46,239	(1,239)
Transfers (Out)	(500,000)	-	-	-
Net Other Financing Sources (Uses)	(365,000)	45,000	46,239	(1,239)
Change in Fund Balance	$ (1,141,967)	$ 123,398	(774,360)	$ (900,236)
Fund Balance, Beginning			3,374,998	
Fund Balance, Ending			$ 2,600,638	

See the accompanying notes to required supplementary information.

CITY OF CORTEZ, COLORADO
STREET IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and Sales Taxes	$ 1,359,127	$ 1,358,165	$ 1,341,587	$ (16,578)
Investment Income	5,550	4,856	7,618	2,762
Miscellaneous	5,000	4,000	27,904	23,904
Total Revenues	1,369,677	1,367,021	1,377,109	10,088
Expenditures				
Public Works	2,101,508	1,837,830	1,799,875	(37,955)
Revenues in Excess (Deficiency) of Expenditures	(731,831)	(470,809)	(422,766)	48,043
Fund Balance, Beginning			2,724,098	
Fund Balance, Ending			$ 2,301,332	

See the accompanying notes to required supplementary information.

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

- On or before the first Monday in November of each year, the City Manager shall submit to the Council a proposed budget for the next ensuing budget year with an explanatory message. The proposed budget provides a complete financial plan for the City and includes the proposed expenditures for each office, department and agency for the ensuing year; debt service requirements for the ensuing fiscal year; an estimate of the amount of anticipated income from all sources other than taxes on property during the ensuing fiscal year, including estimated surplus cash at the end of the current year.
- The budget is required to be in sufficient detail to show each fund's estimated revenues by source and estimated expenditures. The budget shall be arranged to show comparative figures for receipts and expenditures for the last completed fiscal year, estimates for the current year, and the City Manager's recommendations for the ensuing fiscal year.
- A public hearing is conducted to obtain taxpayer comments.
- No later than the last day of December, the budget is legally adopted and appropriations are enacted by Ordinance.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by City Council.
- The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for the fund in total.
- The City Council may legally amend the budget by Ordinance once it has been approved. Budgeted amounts are shown as adopted by the City Council, including all amendments.
- All appropriations lapse at year end.
- Budgets are legally adopted for all non-fiduciary funds of the City. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAO). Budgetary comparisons presented for the Enterprise and Internal Service Funds are presented on a non-GAAP budgetary basis. Tap fees, grant revenues and debt proceeds are recognized as revenue for budget purposes. Capital outlay is budgeted as an expenditure.

SUPPLEMENTARY INFORMATION

CITY OF CORTEZ, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve - TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
ASSETS							
Cash	$ -	$ 33,165	$ 366,786	$ 524,371	$ -	$ 4,800	$ 929,122
Investments	-	-	-	700,000	-	-	700,000
Prepaid expenses	-	-	-	-	17,265	-	17,265
Accounts receivable	7,744	-	-	32,583	36,415	-	76,742
Total Assets	7,744	33,165	366,786	1,256,954	53,680	4,800	1,723,129
LIABILITIES							
Accounts payable	-	27,360	-	1,159	3,066	-	31,585
Accrued liabilities	1,900	-	-	-	2,288	-	4,188
Total Liabilities	1,900	27,360	-	1,159	5,354	-	35,773
FUND BALANCE							
Nonspendable	-	-	-	-	17,265	-	17,265
Restricted	-	5,805	366,786	-	-	4,800	377,391
Unassigned	5,844	-	-	1,255,795	31,061	-	1,292,700
Total Fund Balance	5,844	5,805	366,786	1,255,795	48,326	4,800	1,687,356
Total Liabilities and Fund Balance	$ 7,744	$ 33,165	$ 366,786	$ 1,256,954	$ 53,680	$ 4,800	$ 1,723,129

CITY OF CORTEZ, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve - TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
OPERATING REVENUES							
Property and sales taxes	$ 238,818	$ -	$ -	$ 333,022	$ -	$ -	$ 571,840
Intergovernmental revenue	-	86,484	-	-	481,382	-	567,866
Investment income	3	2	14	2,522	-	-	2,541
Grant revenue	-	-	-	-	-	4,800	4,800
Miscellaneous	-	-	-	40,691	3,724	-	44,415
Total Revenues	238,821	86,486	14	376,235	485,106	4,800	1,191,462
EXPENDITURES							
General government	159,742	-	-	-	454,316	-	614,058
General services	-	-	-	10,278	-	-	10,278
Parks and recreation	-	206,365	-	-	-	-	206,365
Capital outlay	-	-	-	147,439	-	-	147,439
Total Expenditures	159,742	206,365	-	157,717	454,316	-	978,140
Excess (Deficiency) of Revenues over Expenditures	79,079	(119,879)	14	218,518	30,790	4,800	213,322
Other Financing Uses							
Transfers (Out)	(46,239)	-	-	-	-	-	(46,239)
Total Other Financing Uses	(46,239)	-	-	-	-	-	(46,239)
Change in Fund Balance	32,840	(119,879)	14	218,518	30,790	4,800	167,083
Fund Balance (Deficit), Beginning	(26,996)	125,684	366,772	1,037,277	29,196	-	1,531,933
Prior Period Restatement	-	-	-	-	(11,660)	-	(11,660)
Fund Balance (Deficit), Beginning (As Restated)	(26,996)	125,684	366,772	1,037,277	17,536	-	1,520,273
Fund Balance, Ending	$ 5,844	$ 5,805	$ 366,786	$ 1,255,795	$ 48,326	$ 4,800	$ 1,687,356

CITY OF CORTEZ, COLORADO
LODGER'S TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and Sales Taxes	$ 224,153	$ 245,000	$ 238,818	$ (6,182)
Investment Income	-	-	3	3
Total Revenues	224,153	245,000	238,821	(6,179)
Expenditures				
General Government				
City Council	159,844	159,862	159,742	(120)
Revenues in Excess (Deficiency) of Expenditures	64,309	85,138	79,079	(6,059)
Other Financing Sources (Uses)				
Transfers (Out)	(64,309)	(66,613)	(46,239)	(20,374)
Net Other Financing Sources (Uses)	(64,309)	(66,613)	(46,239)	(20,374)
Change in Fund Balance	$ -	$ 18,525	32,840	$ (26,433)
Fund Balance, Beginning (Deficit)			(26,996)	
Fund Balance, Ending			$ 5,844	

CITY OF CORTEZ, COLORADO
CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Intergovernmental Revenue	$ 85,000	$ 92,896	$ 86,484	$ (6,412)
Investment Income	-	25	2	(23)
Total Revenues	85,000	92,921	86,486	(6,435)
Expenditures				
CFT Recreation Center	197,250	205,916	206,365	449
Change in Fund Balance	$ (112,250)	$ (112,995)	(119,879)	$ (6,884)
Fund Balance, Beginning			125,684	
Fund Balance, Ending			$ 5,805	

CITY OF CORTEZ, COLORADO
EMERGENCY RESERVE - TABOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Investment Income	$ -	$ -	$ 14	$ 14
Total Revenues	-	-	14	14
Change in Fund Balance	$ -	$ -	14	$ 14
Fund Balance, Beginning			366,772	
Fund Balance, Ending			$ 366,786	

CITY OF CORTEZ, COLORADO
EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and Sales Taxes	$ 327,708	$ 329,311	$ 333,022	$ 3,711
Investment Income	700	10,500	2,522	(7,978)
Miscellaneous	1,000	31,314	40,691	9,377
Total Revenues	329,408	371,125	376,235	5,110
Expenditures				
General Services				
Equipment	400,000	-	10,278	10,278
Capital Outlay	304,000	256,000	147,439	(108,561)
Change in Fund Balance	$ (374,592)	$ 115,125	218,518	$ 103,393
Fund Balance, Beginning			1,037,277	
Fund Balance, Ending			$ 1,255,795	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2017

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Accounts receivable	$ 3,185	$ 2,036	$ 124,090	$ 129,311
Intergovernmental receivable	-	357,634	-	357,634
Inventories	-	37,742	-	37,742
Prepaid expenses	-	246	79	325
Total Current Assets	3,185	397,658	124,169	525,012
Capital assets, depreciable, net	814,997	394,600	240,651	1,450,248
Restricted cash	69,405	-	-	69,405
Total Assets	887,587	792,258	364,820	2,044,665
LIABILITIES				
Current Liabilities				
Accounts payable	-	22,329	-	22,329
Accrued interest payable	15,096	-	-	15,096
Accrued liabilities	-	2,037	18,281	20,318
Interfund payables	25,224	1,000,466	14,748	1,040,438
Notes and loans payable, current portion	53,652	-	-	53,652
Total Current Liabilities	93,972	1,024,832	33,029	1,151,833
Long-Term Liabilities				
Compensated absences	-	9,444	30,367	39,811
Notes and loans payable, less current portion	733,982	-	-	733,982
Total Long-Term Liabilities	733,982	9,444	30,367	773,793
Total Liabilities	827,954	1,034,276	63,396	1,925,626
NET POSITION				
Net investment in capital assets	27,363	394,600	240,651	662,614
Restricted	69,405	-	-	69,405
Unrestricted	(37,135)	(636,618)	60,773	(612,980)
TOTAL NET POSITION	$ 59,633	$ (242,018)	$ 301,424	$ 119,039

CITY OF CORTEZ, COLORADO
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 72,399	$ 202,023	$ 483,096	$ 757,518
Interfund charges	-	-	261,404	261,404
Total Operating Revenues	72,399	202,023	744,500	1,018,922
EXPENDITURES				
Administration	3,810	-	-	3,810
Fiber outside plant	-	80,114	-	80,114
Fiber administration	-	724,021	-	724,021
Fiber inside plant	-	84,333	-	84,333
Police support services	-	-	820,160	820,160
Depreciation	65,357	92,330	27,467	185,154
Internal charges	-	2,051	24,180	26,231
Total Operating Expenses	69,167	982,849	871,807	1,923,823
Excess (Deficiency) of Revenues over Expenditures	3,232	(780,826)	(127,307)	(904,901)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2	-	-	2
Interest expense	(15,790)	-	-	(15,790)
Total Non-Operating Expenses	(15,788)	-	-	(15,788)
CAPITAL CONTRIBUTIONS	-	609,668	-	609,668
Change in Net Position	(12,556)	(171,158)	(127,307)	(311,021)
Net Position (Deficit), Beginning of Year	72,189	(70,860)	428,731	430,060
Net Position (Deficit), End of Year	$ 59,633	$ (242,018)	$ 301,424	$ 119,039

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 71,940	$ 216,515	$ 620,410	$ 908,865
Payments to suppliers for goods and services	11,700	(799,501)	(78,038)	(865,839)
Payments to employees	-	(81,782)	(767,039)	(848,821)
Net Cash Provided by (Used for) Operating Activities	83,640	(664,768)	(224,667)	(805,795)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash from other funds	-	609,668	-	609,668
Net Cash Provided by Noncapital Financing Activities	-	609,668	-	609,668
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt Payments	(52,600)	-	-	(52,600)
Interest paid	(15,790)	-	-	(15,790)
Net Cash Used for Financing Activities	(68,390)	-	-	(68,390)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1	-	-	1
Net Cash Provided by Investing Activities	1	-	-	1
Net Change in Cash	15,251	(55,100)	(224,667)	(264,516)
Cash and Cash Equivalents - Beginning of Year	(15,251)	55,100	224,667	264,516
Cash and Cash Equivalents - End of Year	$ -	$ -	$ -	$ -

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	$ 3,232	$ (780,826)	$ (127,307)	$ (904,901)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	65,357	92,330	27,467	185,154
Changes in assets and liabilities				
Accounts receivable	(459)	14,492	(124,090)	(110,057)
Intergovernmental receivable	-	(357,634)	-	(357,634)
Inventories	-	(11,242)	-	(11,242)
Prepaid expenses	-	(9)	18	9
Accounts payable	15,510	376,559	8,401	400,470
Accrued payroll	-	1,562	(9,156)	(7,594)
Net Cash Provided by Operating Activities	$ 83,640	$ (664,768)	$ (224,667)	$ (805,795)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	$ -	$ 609,668	$ -	$ 609,668

CITY OF CORTEZ, COLORADO
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 200,300	$ 227,742	$ 237,828	$ 10,086
Intergovernmental revenue	217,550	-	-	-
Miscellaneous revenue	-	-	27,102	27,102
Total Operating Revenues	417,850	227,742	264,930	37,188
Operating Expenses				
Airport operations	192,913	192,248	197,445	5,197
Capital outlay	259,000	55,739	48,394	(7,345)
Depreciation	300,000	275,000	267,508	(7,492)
Internal charges	7,000	6,500	4,919	(1,581)
Total Operating Expenses	758,913	529,487	518,266	(11,221)
Operating Income (Loss)	(341,063)	(301,745)	(253,336)	48,409
Other Financing Sources				
Investment income	112	-	7	(7)
Net Other Financing Sources	112	-	7	(7)
Change in Net Position - Budget Basis	$ (340,951)	$ (301,745)	(253,329)	$ 48,402
Change in Net Position - GAAP Basis			(253,329)	
Net Position, Beginning			7,801,276	
Net Position, Ending			$ 7,547,947	

CITY OF CORTEZ, COLORADO
RECREATION CENTER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 510,000	$ 545,000	$ 510,488	$ (34,512)
Interfund charges	-	-	220,000	220,000
Miscellaneous revenue	(221,500)	221,500	8,446	(213,054)
Total Operating Revenues	288,500	766,500	738,934	(27,566)
Operating Expenses				
Recreation center	1,015,826	1,153,901	1,110,679	(43,222)
Capital outlay	120,000	152,273	130,368	(21,905)
Depreciation	252,000	252,000	241,470	(10,530)
Internal charges	20,460	20,460	20,460	-
Total Operating Expenses	1,408,286	1,578,634	1,502,977	(75,657)
Operating Income (Loss)	(1,119,786)	(812,134)	(764,043)	48,091
Non-Operating Revenues (Expenses)				
Property and sales taxes	4,342,059	1,449,587	1,473,846	(24,259)
Investment income	44,000	10,000	-	10,000
Interest expense	(1,823,064)	(607,688)	(100,783)	(506,905)
Debt retirement	(525,641)	(525,641)	(525,641)	-
Total Non-Operating Revenues	2,037,354	326,258	847,422	(521,164)
Change in Net Position - Budget Basis	$ 917,568	$ (485,876)	83,379	$ (473,073)
GAAP Basis Adjustments				
Capital outlay			5,425	
Debt service principal			525,641	
Change in Net Position - GAAP Basis			614,445	
Net Position, Beginning			7,331,739	
Net Position, Ending			$ 7,946,184	

CITY OF CORTEZ, COLORADO
WATER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 2,848,784	$ 2,878,215	$ 2,870,993	$ (7,222)
Miscellaneous revenue	-	15,375	19,375	4,000
Total Operating Revenues	2,848,784	2,893,590	2,890,368	(3,222)
Operating Expenses				
Administration	108,650	108,650	88,058	(20,592)
Filtration and Treatment	649,366	630,376	585,683	(44,693)
Transmission and distribution	447,388	426,610	459,328	32,718
Meter maintenance	15,650	15,650	6,638	(9,012)
Capital outlay	826,436	816,436	883,756	67,320
Depreciation	257,195	762,664	521,346	(241,318)
Internal charges	312,646	312,646	298,880	(13,766)
Total Operating Expenses	2,617,331	3,073,032	2,843,689	(229,343)
Operating Income (Loss)	231,453	(179,442)	46,679	226,121
Non-Operating Revenues (Expenses)				
Capital contributions	50,050	25,025	76,817	(51,792)
Investment income	4,500	1,500	1,600	(100)
Interest expense	(1,605,387)	(535,129)	(232,728)	(302,401)
Debt retirement	(231,229)	(231,229)	(231,229)	-
Total Non-Operating Expenses	(1,782,066)	(739,833)	(385,540)	(354,293)
Change in Net Position - Budget Basis	$ (1,550,613)	$ (919,275)	(338,861)	$ (128,172)
GAAP Basis Adjustments				
Capital outlay			35,281	
Debt service principal			231,229	
Change in Net Position - GAAP Basis			(72,351)	
Net Position, Beginning			11,415,001	
Net Position, Ending			$ 11,342,650	

CITY OF CORTEZ, COLORADO
SOLID WASTE COLLECTION FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 1,264,625	$ 1,292,130	$ 1,259,556	$ (32,574)
Total Operating Revenues	1,264,625	1,292,130	1,259,556	(32,574)
Operating Expenses				
Administration	19,200	11,700	6,463	(5,237)
Collection	941,531	931,993	814,114	(117,879)
Recycling	144,687	120,645	123,814	3,169
Capital outlay	162,500	162,500	130,377	(32,123)
Depreciation	40,000	40,000	37,700	(2,300)
Internal charges	174,696	174,696	129,458	(45,238)
Total Operating Expenses	1,482,614	1,441,534	1,241,926	(199,608)
Operating Income (Loss)	(217,989)	(149,404)	17,630	167,034
Non-Operating Revenues (Expenses)				
Investment income	5,400	1,800	1,686	114
Total Non-Operating Revenues	5,400	1,800	1,686	114
Change in Net Position - Budget Basis	$ (212,589)	$ (147,604)	19,316	$ 167,148
GAAP Basis Adjustments				
Capital outlay			110,880	
Change in Net Position - GAAP Basis			130,196	
Net Position, Beginning			1,197,247	
Net Position, Ending			$ 1,327,443	

CITY OF CORTEZ, COLORADO
HYDRO PLANT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 56,000	$ 71,000	$ 72,399	$ 1,399
Total Operating Revenues	56,000	71,000	72,399	1,399
Operating Expenses				
Administration	7,750	7,690	3,810	(3,880)
Depreciation	65,802	65,802	65,357	(445)
Total Operating Expenses	73,552	73,492	69,167	(4,325)
Operating Income (Loss)	(17,552)	(2,492)	3,232	5,724
Non-Operating Revenues (Expenses)				
Investment income	-	-	2	(2)
Interest expense	(208,215)	(69,405)	(15,790)	(53,615)
Debt retirement	(52,600)	(52,600)	(52,600)	-
Total Non-Operating Expenses	(260,815)	(122,005)	(68,388)	(53,617)
Change in Net Position - Budget Basis	$ (278,367)	$ (124,497)	(65,156)	$ (47,893)
GAAP Basis Adjustments				
Debt service principal			52,600	
Change in Net Position - GAAP Basis			(12,556)	
Net Position, Beginning			72,189	
Net Position, Ending			$ 59,633	

CITY OF CORTEZ, COLORADO
CITY COMMUNITY NETWORK FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 291,928	$ 262,630	$ 202,023	$ (60,607)
Total Operating Revenues	291,928	262,630	202,023	(60,607)
Operating Expenses				
Fiber outside plant	129,853	128,294	80,114	(48,180)
Fiber administration	93,500	93,200	57,762	(35,438)
Fiber inside plant	137,550	139,900	104,587	(35,313)
Capital outlay	2,007,000	872,000	646,005	(225,995)
Depreciation	90,000	90,000	92,330	2,330
Internal charges	2,701	2,051	2,051	-
Total Operating Expenses	2,460,604	1,325,445	982,849	(342,596)
Operating Income (Loss)	(2,168,676)	(1,062,815)	(780,826)	281,989
Non-Operating Revenues				
Capital contributions	1,950,670	975,335	609,668	365,667
Total Non-Operating Revenues	1,950,670	975,335	609,668	365,667
Change in Net Position - Budget Basis	$ (218,006)	$ (87,480)	(171,158)	$ 647,656
GAAP Basis Adjustments				
Change in Net Position - GAAP Basis			(171,158)	
Net Position (Deficit), Beginning			(70,860)	
Net Position (Deficit), Ending			$ (242,018)	

CITY OF CORTEZ, COLORADO
POLICE DISPATCH FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 381,034	$ 446,039	$ 483,096	$ 37,057
Interfund charges	275,362	275,362	261,404	(13,958)
Miscellaneous revenue	122,206	122,206	-	(122,206)
Total Operating Revenues	778,602	843,607	744,500	(99,107)
Operating Expenses				
Police support services	786,791	784,527	786,143	1,616
Capital outlay	26,500	26,500	34,017	7,517
Depreciation	15,000	15,000	27,467	12,467
Internal charges	24,180	24,180	24,180	-
Total Operating Expenses	852,471	850,207	871,807	21,600
Operating Loss	(73,869)	(6,600)	(127,307)	(120,707)
Change in Net Position - Budget Basis	$ (73,869)	$ (6,600)	(127,307)	$ (120,707)
GAAP Basis Adjustments				
Change in Net Position - GAAP Basis			(127,307)	
Net Position, Beginning			428,731	
Net Position, Ending			$ 301,424	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
AS OF DECEMBER 31, 2017

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
ASSETS				
Cash	$ 200,687	$ 104,990	$ 342,981	$ 648,658
Petty cash	152	-	-	152
Inventories	37,416	-	-	37,416
Prepaid expenses	373	33	-	406
Total Current Assets	238,628	105,023	342,981	686,632
Capital assets, depreciable	-	31,999	-	31,999
Total Assets	238,628	137,022	342,981	718,631
LIABILITIES				
Current Liabilities				
Accounts payable	691	21,018	206,043	227,752
Accrued liabilities	9,278	5,731	-	15,009
Total Current Liabilities	9,969	26,749	206,043	242,761
Long-Term Liabilities				
Compensated absences	26,362	8,044	-	34,406
NET POSITION				
Net investment in capital assets	-	31,999	-	31,999
Unrestricted	202,297	70,230	136,938	409,465
Total Net Position	$ 202,297	$ 102,229	$ 136,938	$ 441,464

CITY OF CORTEZ, COLORADO
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 1,090	$ -	$ 2,766,141	$ 2,767,231
Interfund charges	635,834	638,449	-	1,274,283
Miscellaneous revenue	8,131	-	-	8,131
Total Operating Revenues	645,055	638,449	2,766,141	4,049,645
OPERATING EXPENSES				
Health claims	-	-	1,560,083	1,560,083
Shop	668,043	-	-	668,043
Building overhead	101,307	-	-	101,307
Technology	-	689,541	-	689,541
Telecommunications	-	129,504	-	129,504
Depreciation	-	8,329	-	8,329
Internal charges	9,920	6,725	-	16,645
Total Operating Expenses	779,270	834,099	1,560,083	3,173,452
Excess (Deficiency) of Revenues over Expenditures	(134,215)	(195,650)	1,206,058	876,193
NON-OPERATING REVENUES				
Investment income	-	-	16	16
Total Non-Operating Revenues	-	-	16	16
Change in Net Position	(134,215)	(195,650)	1,206,074	876,209
Net Position (Deficit), Beginning	336,512	297,879	(1,069,136)	(434,745)
Net Position, Ending	$ 202,297	$ 102,229	$ 136,938	$ 441,464

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Shop Fund	Technology Fund	Self-Insured Health Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 645,055	$ 638,449	$ -	$ 1,283,504
Cash flows from internal activities	-	-	2,766,157	2,766,157
Payments to suppliers for goods and services	(162,451)	(593,208)	(332,473)	(1,088,132)
Payments for claims and loss adjustments	-	-	(1,593,561)	(1,593,561)
Payments to employees	(374,747)	(234,587)	(542,739)	(1,152,072)
Net Cash Provided by (Used for) Operating Activities	107,857	(189,346)	297,384	215,896
Net Change in Cash	107,857	(189,346)	297,384	215,896
Cash and Cash Equivalents - Beginning of Year	92,982	294,336	45,596	432,914
Cash and Cash Equivalents - End of Year	$ 200,839	$ 104,990	$ 342,981	$ 648,810
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	$ (134,215)	$ (195,650)	$ 1,206,074	$ 876,209
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	-	8,329	-	8,329
Changes in assets and liabilities				
Accounts receivable	250,000	-	-	250,000
Inventories	(2,034)	-	-	(2,034)
Prepaid expenses	20	37	838	895
Accounts payable	(9,975)	1,070	(909,528)	(918,433)
Accrued payroll	206	(982)	-	(776)
Accrued compensated absences	3,855	(2,150)	-	1,705
Net Cash Provided by (Used for) Operating Activities	$ 107,857	$ (189,346)	$ 297,384	$ 215,896

CITY OF CORTEZ, COLORADO
SHOP FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 1,000	$ 375	$ 1,090	$ 715
Interfund charges	877,244	639,257	635,834	(3,423)
Miscellaneous revenue	-	1,500	8,131	6,631
Total Operating Revenues	878,244	641,132	645,055	3,923
Operating Expenses				
Shop	702,570	711,461	657,479	(53,982)
Building overhead	153,850	154,100	101,307	(52,793)
Capital outlay	15,000	15,000	10,564	(4,436)
Internal charges	9,920	9,920	9,920	-
Total Operating Expenses	881,340	890,481	779,270	(111,211)
Operating Income (Loss)	(3,096)	(249,349)	(134,215)	115,134
Change in Net Position - Budget Basis	$ (3,096)	$ (249,349)	(134,215)	$ 115,134
Net Position, Beginning			336,512	
Net Position, Ending			$ 202,297	

CITY OF CORTEZ, COLORADO
TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Interfund charges	$ 701,693	$ 807,949	$ 638,449	$ (169,500)
Miscellaneous revenue	10,598	4,598	-	(4,598)
Total Operating Revenues	712,291	812,547	638,449	(174,098)
Operating Expenses				
Technology	421,983	421,983	319,195	(102,788)
Telecommunications	66,500	74,000	18,050	(55,950)
Capital outlay	341,145	533,645	481,800	(51,845)
Depreciation	7,825	7,825	8,329	504
Internal charges	3,600	3,600	6,725	3,125
Total Operating Expenses	841,053	1,041,053	834,099	(206,954)
Operating Income (Loss)	(128,762)	(228,506)	(195,650)	32,856
Change in Net Position - Budget Basis	$ (128,762)	$ (228,506)	(195,650)	$ 32,856
Net Position, Beginning			297,879	
Net Position, Ending			$ 102,229	

CITY OF CORTEZ, COLORADO
SELF-INSURED HEALTH FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 2,544,704	$ 2,544,736	$ 2,766,141	$ 221,405
Total Operating Revenues	2,544,704	2,544,736	2,766,141	221,405
Operating Expenses				
Health claims	2,545,331	2,545,331	1,560,083	(985,248)
Total Operating Expenses	2,545,331	2,545,331	1,560,083	(985,248)
Operating Income (Loss)	(627)	(595)	1,206,058	1,206,653
Non-Operating Revenues				
Investment income	-	-	16	(16)
Total Non-Operating Revenues	-	-	16	(16)
Change in Net Position - Budget Basis	$ (627)	$ (595)	1,206,074	$ 1,206,637
Net Position, Beginning (Deficit)			(1,069,136)	
Net Position, Ending			$ 136,938	

STATISTICAL SECTION

CITY OF CORTEZ,COLORADO
SALES TAX REVENUE REFUNDING BONDS, SERIES 2011 (CO)
CUSIP: 220538
HISTORICAL GENERAL FUND OPERATIONS
(unaudited)

	2011	2012	2013	2014	2015	2016	2017
REVENUES:							
Taxes-Assessments	$ 6,878,903	$ 7,383,659	$ 7,442,377	$ 7,692,052	$ 8,030,460	$ 8,182,679	$ 8,497,299
Licenses and Permits	83,755	197,714	82,312	339,138	129,901	270,637	419,464
Intergovernmental	3,141,052	1,435,485	1,410,143	1,620,172	1,554,174	1,504,600	1,615,350
Charges for Services	533,547	529,043	526,636	563,625	690,829	547,762	656,035
Fine and Forefeits	85,317	90,220	80,419	83,951	76,981	81,673	74,130
Investment Income	30,906	14,375	14,334	14,765	18,530	9,725	15,710
Miscellaneous	164,514	22,210	33,074	105,705	24,630	82,432	301,471
Donation	-	37,093	63,086	47,877	49,001	18,057	10,645
Grant Revenue	-	154,304	160,334	148,242	134,978	1,938,709	425,244
TOTAL REVENUES	10,917,994	9,864,103	9,812,715	10,615,527	10,709,484	12,636,274	12,015,348
EXPENDITURES:							
General Government	4,177,628	1,978,455	3,088,766	3,156,388	6,497,446	2,773,528	2,935,708
Public Safety	3,099,140	4,070,047	3,439,521	3,654,284	3,811,407	3,706,404	3,760,147
Public Works	1,063,726	1,102,022	928,184	960,435	994,693	1,046,749	1,168,092
Parks & Recreation	2,202,447	1,795,989	1,827,213	1,793,906	1,893,506	2,099,844	2,078,227
Internal Charges	-	-	1,018,625	-	-	1,340,665	1,494,734
Capital Outlay	102,835	-	-	-	-	-	1,399,039
TOTAL EXPENDITURES	10,645,776	8,946,513	10,302,309	9,565,013	13,197,052	10,967,190	12,835,947
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	272,218	917,590	(489,594)	1,050,514	(2,487,568)	1,669,084	(820,599)
OTHER FINANCING SOURCES/USES							
Transfer In	123,228	127,543	90,472	39,600	44,831	43,327	46,239
Transfer Out	(1,027,757)	(208,600)	(163,600)	(163,600)	(163,600)	(1,667,155)	-
TOTAL	(904,529)	(81,057)	(73,128)	(124,000)	(118,769)	(1,623,828)	46,239
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USERS	(632,311)	836,533	(562,722)	926,514	(2,606,337)	45,256	(774,360)
FUND BALANCE							
Beginning	5,293,029	4,660,718	5,572,287	5,009,565	5,936,079	3,329,742	3,374,998
Prior Period Restatement	-	75,036	-	-	-	-	-
FUND BALANCE							
Ending	$ 4,660,718	$ 5,572,287	$ 5,009,565	$ 5,936,079	$ 3,329,742	$ 3,374,998	$ 2,600,638

CITY OF CORTEZ, COLORADO
WATER FUND HISTORICAL OPERATIONS
(unaudited)

	2011	2012	2013	2014	2015	2016	2017
OPERATING REVENUES:							
Charges for services	$ 1,726,480	$ 2,159,301	$ 2,056,461	$ 2,322,139	$ 2,258,839	$ 2,885,522	$ 2,870,993
Other	151,885	(6,402)	9,998	10,770	-	(829)	19,375
Total Operating Revenues	1,878,365	2,152,899	2,066,459	2,332,909	2,258,839	2,884,693	2,890,368
OPERATING EXPENSES:							
Operations & Services	1,137,501	980,543	1,172,140	1,629,441	2,082,748	1,859,561	1,959,933
Capital Outlay	60,076	179,389	488,647	50,586	1,361,134	876,339	883,756
Total Operating Expenses	1,197,577	1,159,932	1,660,787	1,680,027	3,443,882	2,735,900	2,843,689
Operating Income/(Loss)	680,788	992,967	405,672	652,882	(1,185,043)	148,793	46,679
OTHER REVENUES (EXPENSES)							
Grant Revenue	-	-	-	-	231,033	19,180	76,817
Interest Income	2,427	2,697	2,979	1,861	6,577	2,452	1,600
Debt Service - Interest	(256,167)	-	-	-	-	-	(232,728)
Debt Service - Principal	(107,210)	(369,206)	(369,185)	(369,162)	(369,141)	(405,164)	(231,229)
NET INCOME(LOSS) before transfers	319,838	626,458	39,466	285,581	(1,316,574)	(234,739)	(338,861)
TRANSFERS							
Transfers In	-	25,000	-	-	-	4,000	-
Transfers Out	-	(64,419)	-	-	-	-	-
Net Transfers	-	(39,419)	-	-	-	4,000	-
Change in Net Position - Budget Basis	319,838	587,039	39,466	285,581	(1,316,574)	(230,739)	(338,861)
GAAP BASIS ADJUSTMENTS							
Capital Outlay	-	18,908	32,111	27,223	1,340,165	729,226	35,281
Depreciation	(446,891)	(442,131)	(433,635)	-	-	-	-
Debt Service Principal	107,210	120,091	126,013	132,246	138,814	161,474	231,229
NET INCOME	(19,843)	283,907	(236,045)	445,050	162,405	659,961	(72,351)
NET POSITION, Beginning	10,922,928	10,085,947	10,369,854	10,133,809	10,502,509	10,664,914	11,415,001
Prior Period Adjustment	(817,138)	-	-	-	-	90,126	-
Net Position, Beginning (As Restated)	10,105,790	10,085,947	10,369,854	10,133,809	10,502,509	10,755,040	11,415,001
Net Position, Ending	$ 10,085,947	$ 10,369,854	$ 10,133,809	$ 10,578,859	$ 10,664,914	$ 11,415,001	$ 11,342,650

CITY OF CORTEZ, COLORADO
WATER FUND HISTORICAL OPERATIONS
WATER FUND DEBT RATIO
(unaudited)

	2011	2012	2013	2014	2015	2016	2017
Revenues:							
Water Charges	$ 1,703,868	$ 2,041,578	$ 1,920,994	$ 2,188,896	$ 2,153,447	$ 2,697,338	$ 2,779,797
Water Developmment Fees	118,280	25,410	16,595	97,515	70,537	169,820	34,799
Penalties, Connection & Other Charges	56,217	110,904	128,872	46,499	265,888	18,364	56,397
Investment Income	2,427	2,697	2,979	1,860	6,577	2,453	19,375
Total Revenues	1,880,792	2,180,589	2,069,440	2,334,770	2,496,449	2,887,975	2,890,368
Total Expenses	1,900,634	1,896,683	2,305,483	1,902,939	3,813,023	3,141,064	2,808,408
Less: Depreciation	(446,891)	(442,131)	(433,635)	(405,520)	(442,697)	(500,882)	(521,346)
Less: Capital Outlay	(51,443)	(160,303)	(468,149)	(23,395)	(1,340,165)	(876,339)	(848,475)
Less: Debt Service	(107,210)	(249,115)	(243,172)	(236,916)	(369,141)	(405,164)	(231,229)
Operating Expenses (int including depreciation)	1,295,090	1,045,134	1,160,527	1,237,108	1,661,020	1,358,679	1,207,358
Net Revenues	585,702	1,135,455	908,913	1,097,662	835,429	1,529,296	1,683,010
Annual Debt Service Requirement:							
2010 Colo Water Res & Power Dev Loan	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247
1986 Colorado Water Conservation Board	72,506	72,506	72,506	72,506	72,506	72,506	72,506
2005 CO Dept of Local Affairs Water Loan	23,772	23,772	23,772	23,772	23,772	23,772	23,772
1986 Dolores Water Conservancy Board	246,125	246,125	246,125	246,125	246,125	246,125	246,125
Total Annual Debt Service Requirement	369,650	369,650	369,650	369,650	369,650	369,650	369,650
Reserve Funding Requirements:							
2010 Colo Water Res & Power Dev Loan	41,127	41,127	41,127	41,127	41,127	41,127	41,127
Total Annual Debt Service Requirement	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**
Debt Coverage Ratio	1	3	2	3	2	4	4

CITY OF CORTEZ, COLORADO
HISTORICAL HYDRO-PLANT FUND OPERATIONS
HYDRO-PRODUCTION FUND DEBT RATIO
(unaudited)

	2011	2012	2013	2014	2015	2016	2017
Revenues:							
Hydro-Production Credits	$ 51,364	$ 51,040	$ 49,472	$ 55,084	$ 60,275	$ 75,540	$ 72,401
Energy Credits	59,455	37,321	17,174	-	-	-	-
Total Revenues	$ 110,819	$ 88,361	$ 66,646	$ 55,084	$ 60,275	$ 75,540	$ 72,401
Total Expenses	$ 165,183	$ 124,876	$ 89,809	$ 88,682	$ 88,631	$ 146,392	$ 69,167
Less Depreciation	(52,125)	(75,828)	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)
Leass Debt Service	(21,550)	(20,850)	(19,879)	(18,888)	(68,435)	(69,443)	(69,405)
Operating Expenses	91,508	28,198	4,128	3,992	(45,606)	11,592	(65,595)
Net Revenues	$ 19,311	$ 60,163	$ 62,518	$ 51,092	$ 105,881	$ 63,948	$ 137,996
Aannual Debt Service Requirement							
2009 CWRPDA Hydro Loan	$ 69,405	$ 69,405	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435
Total Annual Debt Service	$ 69,405	$ 69,405	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435
Debt Ratio Coverage	27.82%	86.68%	90.08%	73.61%	154.72%	93.44%	201.65%

CITY OF CORTEZ, COLORADO
HISTORICAL HYDRO-PLANT FUND OPERATIONS
(unaudited)

	2011	2012	2013	2014	2015	2016	2017
OPERATING REVENUES:							
Hydro-Production Credits	$ 51,364	$ 51,040	$ 49,472	$ 55,083	$ 60,275	$ 75,540	$ 72,401
Energy Credits	59,455	37,320	17,177	-	-	-	-
Total Operating Revenues	110,819	88,360	66,649	55,083	60,275	75,540	72,401
Operating Expenditures:							
Operations and Services	2,509	3,199	4,128	3,992	4,951	11,592	3,810
Other Revenues(Expenses)							
Debt Service Interest	(21,550)	(20,850)	(68,473)	(68,455)	(68,435)	(69,443)	(68,390)
Net Income/(Loss) before transfers	86,760	64,311	(5,952)	(17,364)	(13,111)	(5,495)	201
Transfers							
Transfers In	-	-	-	76,350	-	-	-
Transfers Out	(89,000)	(25,000)	-	-	-	-	-
Net Transfers	(89,000)	(25,000)	-	76,350	-	-	-
GAAP BASIS ADJUSTMENTS							
Debt Service Principal	-	-	48,594	49,567	50,557	52,600	52,600
Depreciation	(52,125)	(75,828)	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)
Net Income	(54,365)	(36,517)	(23,160)	42,751	(28,356)	(18,252)	(12,556)
Net Position, Beginning	226,152	171,787	107,619	84,459	127,210	98,854	72,189
Prior Perid Restatement	-	(27,651)	-	-	-	(8,413)	-
Net Position, Ending	$ 171,787	$ 107,619	$ 84,459	$ 127,210	$ 98,854	$ 72,189	$ 59,633