CITY OF CORTEZ, COLORADO
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2019

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ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF CORTEZ, COLORADO

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

as of December 31, 2019

Karen Sheek, Mayor
Orly Lucero, Mayor Pro-tem
Michael Lavey
Gary Noyes
Sue Betts
Jill Carlson
Ty Keel

as of Report Date

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

CITY STAFF

John Dougherty – City Manager
Roy Lane – Chief of Police
Mike Green – City Attorney
Linda Smith – City Clerk
Ben Burkett – Director of Finance
Dean Palmquist – Director of Parks and Recreation
Phil Johnson – Director of Planning and Building
Phil Johnson – Director of Public Works

CITY STAFF

Drew Sanders – City Manager
Vernon Knuckles – Chief of Police
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, 2019, 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 over financial reporting 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, 2019, 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 any assurance.

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 October 28, 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 effectiveness of the City's 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
October 28, 2022

CITY OF CORTEZ, COLORADO

MANAGEMENT'S DISCUSSION & ANALYSIS
As of and for the Year Ended December 31, 2019
(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, 2019. 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 $54.5 million (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $5.3 million.
- General revenues totaled $13.8 million in revenue. Program specific revenues in the form of charges for services and fees and grants accounted for $2.3 million or 12.5% of total governmental revenues of $18.4 million.
- The City had $18.2 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*		
	2019	*2018*	*Change*	*2019*	*2018*	*Change*	*2019*	*2018*	*Change*
Assets									
Current and other assets	$ 7.5	$ 6.4	17.2%	$ 7.7	$ 7.4	4.1%	$ 15.2	$ 13.8	10.1%
Capital assets	20.5	21.5	-4.7%	27.2	28.4	-4.2%	47.7	49.9	-4.4%
Total assets	28.0	27.9	0.4%	34.9	35.8	-2.5%	62.9	63.7	-1.3%
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%	6.1	6.9	-11.6%	6.6	7.4	-10.8%
Other liabilities	0.8	1.2	-33.3%	0.8	0.4	100.0%	1.6	1.6	0.0%
Total liabilities	1.3	1.7	-23.5%	6.9	7.3	-5.5%	8.2	9.0	-8.9%
Deferred inflows of resources	0.2	0.1	100.0%	0.0	0.0	0.0%	0.2	0.1	100.0%
Net position									
Net investment in capital assets	20.5	21.5	-4.7%	21.3	21.6	-1.4%	41.8	43.1	-3.0%
Restricted	0.4	0.4	0.0%	0.6	0.7	-14.3%	1.0	1.1	-9.1%
Unrestricted	5.6	4.2	33.3%	6.1	6.2	-1.6%	11.7	10.4	12.5%
Total net position	$ 26.5	$ 26.1	1.5%	$ 28.0	$ 28.5	-1.8%	$ 54.5	$ 54.6	-0.2%

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 $62.9 million. The City's total liabilities and deferred inflows of resources equal $8.4 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*		
	2019	*2018*	*Change*	*2019*	*2018*	*Change*	*2019*	*2018*	*Change*
Revenues									
Program Revenues									
Charges for services	3.9	3.5	11.4%	6.9	6.9	0.0%	10.8	10.4	3.8%
Operating grants and contributions	2.3	2.4	-4.2%	0.0	0.3	0.0%	2.3	2.7	-14.8%
Capital grants and contributions	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
General Revenues									
Property and sales taxes	10.4	9.8	6.1%	1.6	1.5	6.7%	12.0	11.3	6.2%
Franchise taxes	0.6	0.6	0.0%	0.0	0.0	0.0%	0.6	0.6	0.0%
Interfund charges	1.0	1.5	0.0%	0.0	0.0	0.0%	1.0	1.5	0.0%
Investment income	0.1	0.0	0.0%	0.0	0.0	0.0%	0.1	0.0	0.0%
Miscellaneous revenue	0.1	0.2	-50.0%	0.0	0.0	0.0%	0.1	0.2	-50.0%
Total revenues	18.4	18.0	2.2%	8.5	8.7	-2.3%	26.9	26.7	0.7%
Expenses									
General government	5.6	5.6	0.0%	0.0	0.0	0.0%	5.6	5.6	0.0%
General services	1.2	1.5	-20.0%	0.0	0.0	0.0%	1.2	1.5	-20.0%
Public safety	4.3	4.0	7.5%	0.0	0.0	0.0%	4.3	4.0	7.5%
Public works	3.2	3.7	-13.5%	0.0	0.0	0.0%	3.2	3.7	-13.5%
Parks and recreation	2.6	2.6	0.0%	0.0	0.0	0.0%	2.6	2.6	0.0%
Capital projects	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Internal charges	1.3	1.7	-23.5%	0.0	0.0	0.0%	1.3	1.7	-23.5%
Airport	0.0	0.0	0.0%	0.6	0.5	20.0%	0.6	0.5	20.0%
Recreation	0.0	0.0	0.0%	2.3	2.8	-17.9%	2.3	2.8	-17.9%
Water	0.0	0.0	0.0%	3.4	2.5	36.0%	3.4	2.5	36.0%
Solid waste collection	0.0	0.0	0.0%	1.3	1.2	8.3%	1.3	1.2	8.3%
Police dispatch	0.0	0.0	0.0%	0.8	0.9	-11.1%	0.8	0.9	-11.1%
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%	0.3	0.5	-40.0%	0.3	0.5	-40.0%
Total expenses	18.2	19.1	-4.7%	8.8	8.5	3.5%	27.0	27.6	-2.2%
Transfers - net	0.2	0.0	0.0%	-0.2	0.0	0.0%	0.0	0.0	0.0%
Special item - bad debt allowance	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Change in net position	0.4	-1.1	-136.4%	-0.5	0.2	-350.0%	-0.1	-0.9	-88.9%
Net position, beginning (as restated)	26.1	27.2	-4.0%	28.5	28.3	0.7%	54.6	55.5	-1.6%
Net position, ending	$ 26.5	$ 26.1	1.5%	$ 28.0	$ 28.5	-1.8%	$ 54.5	$ 54.6	-0.2%

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2019 and 2018. 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.

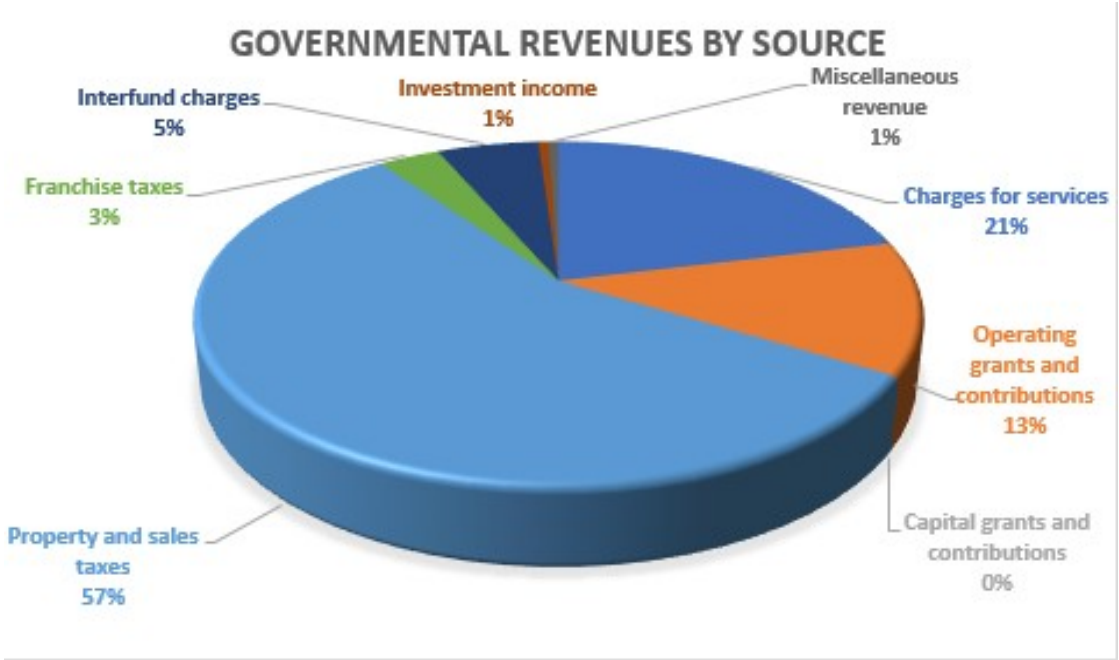
Expenses

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.

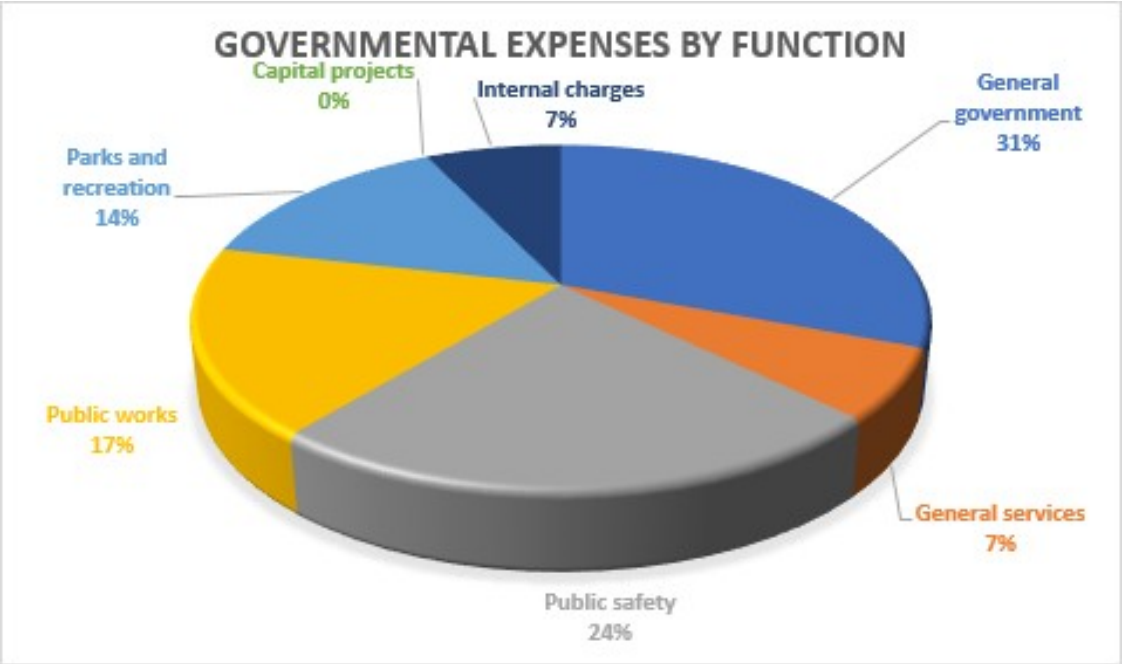
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.



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 $18,700,432.



Expenses

Total government activities' expenditures for the current year was $18,310,647.

Capital Assets and Debt Administration

Capital assets

By the end of 2019, the City had compiled a total investment of $47.7 million ($41.2 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*		
	2019	*2018*	*Change*	*2019*	*2018*	*Change*	*2019*	*2018*	*Change*
Land	$ 1.6	$ 1.6	0.0%	$ 0.7	$ 0.7	0.0%	$ 2.3	$ 2.3	0.0%
Water rights	0.0	0.0	0.0%	4.2	4.2	0.0%	4.2	4.2	0.0%
Buildings	9.6	9.8	-2.0%	8.3	8.8	-5.7%	17.9	18.6	-3.8%
Machinery and equipment	1.4	1.6	-12.5%	1.1	1.2	-8.3%	2.5	2.8	-10.7%
Other improvements	1.1	1.2	-8.3%	0.4	0.5	-20.0%	1.5	1.7	-11.8%
Land improvements	0.2	0.3	-33.3%	0.0	0.0	0.0%	0.2	0.3	-33.3%
Infrastructure	6.6	7.0	-5.7%	12.5	13.0	-3.8%	19.1	20.0	-4.5%
Internal service equipment	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	$ 20.5	$ 21.5	-4.7%	$ 27.2	$ 28.4	-4.2%	$ 47.7	$ 49.9	-4.4%

Debt Administration

The table below summaries the City's bonded and similar indebtedness. As of December 31, 2019, the City had a total of $6.6 million of long-term debt outstanding. Of this amount, $6.1 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*		
	2019	*2018*	*Change*	*2019*	*2018*	*Change*	*2019*	*2018*	*Change*
2011 Refunding Revenue Bonds	$0.0	$0.0	0.0%	$ 1.2	$ 1.7	-29.4%	$ 1.2	$ 1.7	-29.4%
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%	0.1	0.2	-50.0%	0.1	0.2	-50.0%
1986 Dolores Water Conservancy Dist	0.0	0.0	0.0%	2.9	3.0	-3.3%	2.9	3.0	-3.3%
2005 DOLA Water Loan	0.0	0.0	0.0%	0.1	0.1	0.0%	0.1	0.1	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%	0.6	0.7	-14.3%	0.6	0.7	-14.3%
2009 CWRPDA Hydro Loan	0.0	0.0	0.0%	0.7	0.7	0.0%	0.7	0.7	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%	$6.1	$6.9	-11.6%	$6.6	$7.4	-10.8%

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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 4,698,573	$ 4,555,803	$ 9,254,376
Investments	2,411,100	518,900	2,930,000
Property taxes receivable	2,294	-	2,294
Accounts receivable	1,004,579	776,978	1,781,557
Intergovernmental receivable	37,274	-	37,274
Interfund balances	(1,000,000)	1,000,000	-
Prepaid expenses	10,699	623	11,322
Inventories	95,367	259,046	354,413
Net pension asset	196,133	-	196,133
Restricted cash	-	621,877	621,877
Capital assets, non-depreciable	1,569,905	4,921,300	6,491,205
Capital assets, depreciable	18,923,347	22,283,441	41,206,788
Total Assets	$ 27,949,271	$ 34,937,968	$ 62,887,239
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	$ -	$ 40,667	$ 40,667
Deferred outflows related to pensions	22,245	-	22,245
Total Deferred Outflows of Resources	$ 22,245	$	$ 62,912
LIABILITIES			
Accounts payable	$ 573,044	$ 520,600	$ 1,093,644
Accrued liabilities	257,909	108,438	366,347
Accrued interest payable	-	23,782	23,782
Unearned revenue	-	131,670	131,670
Deposits	7,728	29,264	36,992
Noncurrent liabilities			
Due within one year	-	886,356	886,356
Due in more than one year	507,440	5,218,752	5,726,192
Total Liabilities	$ 1,346,121	$ 6,918,862	$ 8,264,983
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to property taxes	$ 156,662	$ -	$ 156,662
Deferred inflows related to pensions	11,096	-	11,096
Total Deferred Inflows of Resources	$ 167,758	$ -	$ 167,758
NET POSITION			
Net investment in capital assets	$ 20,493,252	$ 21,333,612	$ 41,826,864
Restricted for debt service	-	185,413	185,413
Restricted for operations and maintenance	-	436,464	436,464
Restricted for special revenues	366,789	-	366,789
Unrestricted	5,597,596	6,104,284	11,701,880
Total Net Position	$ 26,457,637	$ 28,059,773	$ 54,517,410

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, 2019

		Program Revenues		Net (Expense)/Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities:						
General government	$ 5,607,816	$ 2,860,265	$ 1,577,184	$ (1,170,367)	$ -	$ (1,170,367)
General services	1,223,186	75,584	245,602	(902,000)	-	(902,000)
Public safety	4,322,330	-	-	(4,322,330)	-	(4,322,330)
Public works	3,171,860	418,716	445,338	(2,307,806)	-	(2,307,806)
Parks and recreation	2,639,983	495,252	58,885	(2,085,846)	-	(2,085,846)
Internal charges	1,345,472	-	-	(1,345,472)	-	(1,345,472)
Total Governmental Activities	$ 18,310,647	$ 3,849,817	$ 2,327,009	$ (12,133,821)	$ -	$ (12,133,821)
Business-Type Activities:						
Airport	$ 609,631	$ 403,158	$ -	$ -	$ (206,473)	$ (206,473)
Recreation	2,283,798	775,707	-	-	(1,508,091)	(1,508,091)
Water	3,373,240	2,983,837	-	-	(389,403)	(389,403)
Solid waste collection	1,325,991	1,379,612	-	-	53,621	53,621
Police dispatch	788,601	920,318	-	-	131,717	131,717
Hydro plant	77,434	66,600	-	-	(10,834)	(10,834)
City community network	307,916	344,923	-	-	37,007	37,007
Total Business-Type Activities	$ 8,766,611	$ 6,874,155	$ -	$ -	$ (1,892,456)	$ (1,892,456)
Total Primary Government	$ 27,077,258	$ 10,723,972	$ 2,327,009	$ (12,133,821)	$ (1,892,456)	$ (14,026,277)

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, 2019

	Net (Expense)/Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues			
Property and sales taxes	$ 10,434,216	$ 1,624,479	$ 12,058,698
Franchise taxes	619,515	-	619,515
Interfund charges	1,056,502	-	1,056,502
Investment income	125,162	16,297	141,459
Miscellaneous revenue	321,027	-	321,027
Loss on sale of capital assets	(211,316)	-	(211,316)
Transfers, net	178,500	(178,500)	-
Total general revenues	12,523,606	1,462,276	13,985,882
Change in net position	389,785	(430,180)	(40,395)
Net Position, Beginning of Year	26,067,852	28,489,953	54,557,805
Net Position, End of Year	$ 26,457,637	$ 28,059,773	$ 54,517,410

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

CITY OF CORTEZ, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 888,118	$ 1,446,254	$ 1,004,043	$ 3,338,415
Investments	1,013,700	700,000	697,400	2,411,100
Inventories	57,951	-	-	57,951
Property taxes receivable	2,294	-	-	2,294
Prepaid expenses	-	-	10,699	10,699
Accounts receivable	859,316	112,402	32,861	1,004,579
Intergovernmental receivable	17,228	-	20,046	37,274
Total Assets	$ 2,838,607	$ 2,258,656	$ 1,765,049	$ 6,862,312
LIABILITIES				
Accounts payable	$ 75,472	$ 88,657	$ 30,347	$ 194,476
Accrued liabilities	232,210	6,299	1,739	240,248
Deposits	7,699	-	-	7,699
Interfund payables	1,000,000	-	-	1,000,000
Total Liabilities	$ 1,315,381	$ 94,956	$ 32,086	$ 1,442,423
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	$ 56,920	$ 99,742	$ -	$ 156,662
FUND BALANCES				
Nonspendable	$ 57,951	$ -	$ 10,699	$ 68,650
Restricted	-	-	366,789	366,789
Committed	-	2,063,958	-	2,063,958
Unassigned	1,408,355	-	1,355,475	2,763,830
Total Fund Balances	$ 1,466,306	$ 2,063,958	$ 1,732,963	$ 5,263,227
Total Liabilities, Deferred Inflows and Fund Balances	$ 2,838,607	$ 2,258,656	$ 1,765,049	$ 6,862,312

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, 2019

Total fund balances - governmental funds	$ 5,263,227
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.	20,460,886
Net pension asset related to pensions do not relate to current financial resources and is not reported in the governmental funds.	196,133
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	22,245
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(11,096)
Internal service funds are not reported in the statement of net position as governmental activities.	987,315
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	(461,073)
Net position of governmental activities	$ 26,457,637

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, 2019

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property and sales taxes	$ 8,382,732	$ 1,456,467	$ 595,017	$ 10,434,216
Franchise taxes	619,515	-	-	619,515
Licenses, permits and fees	204,629	-	-	204,629
Intergovernmental	1,543,598	-	532,686	2,076,284
Charges for services	528,166	312,063	-	840,229
Fines and forfeitures	65,764	-	-	65,764
Donations	19,591	-	-	19,591
Investment income	79,755	9,984	35,423	125,162
Grant revenue	231,134	-	-	231,134
Miscellaneous	227,542	75,785	17,700	321,027
Total Revenues	11,902,426	1,854,299	1,180,826	14,937,551
EXPENDITURES				
General government	1,963,534	-	701,353	2,664,887
General services	1,046,912	-	45,779	1,092,691
Public safety	3,964,249	-	-	3,964,249
Public works	1,098,998	1,046,786	-	2,145,784
Parks and recreation	2,433,443	-	-	2,433,443
Capital projects	5,450	30,300	296,402	332,152
Internal charges	1,335,552	-	-	1,335,552
Total Expenditures	11,848,138	1,077,086	1,043,534	13,968,758
Excess Revenues over Expenditures	54,288	777,213	137,292	968,793
OTHER FINANCING SOURCES (USES)				
Transfers In	213,911	-	35,500	249,411
Transfers (Out)	(35,500)	-	(35,411)	(70,911)
Total Other Financing Sources (Uses)	178,411	-	89	178,500
Net Changes in Fund Balances	232,699	777,213	137,381	1,147,293
Fund Balance, Beginning	1,233,607	1,286,745	1,595,582	4,115,934
Fund Balance, Ending	$ 1,466,306	$ 2,063,958	$ 1,732,963	$ 5,263,227

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, 2019

Net change in fund balances-governmental funds	$ 1,147,293
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	332,152
Depreciation is reported in the government-wide financial statements	(1,122,508)
Net book value of assets retired	(211,316)
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	25,879
Net pension asset	(8,709)
Deferred outflows of resources related to pensions	12,137
Deferred inflows of resources related to pensions	3,698
The change in net position of the internal service fund reported with governmental activities.	211,159
Change in net position of governmental activities	$ 389,785

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

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-Type Activities			
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund
ASSETS				
Current Assets				
Cash	$ 249,941	$ 751,410	$ 2,187,321	$ 1,048,850
Petty cash	-	1,341	600	-
Investments	-	518,900	-	-
Accounts receivable	19,944	166,896	280,668	196,898
Interfund receivable	-	1,510,000	-	-
Inventories	-	1,614	219,690	-
Prepaid expenses	623	-	-	-
Total Current Assets	270,508	2,950,161	2,688,279	1,245,748
Non-Current Assets				
Capital assets, non-depreciable	718,874	-	4,202,426	-
Capital assets, depreciable	6,141,261	6,425,849	7,910,156	339,254
Total Capital Assets	6,860,135	6,425,849	12,112,582	339,254
Restricted cash	-	116,000	436,464	-
Total Assets	7,130,643	9,492,010	15,237,325	1,585,002
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	40,667	-	-
Total Deferred Outflows of Resources	-	40,667	-	-
LIABILITIES				
Current Liabilities				
Accounts payable	250	401,029	67,962	45,994
Deposits	-	29,264	-	-
Accrued interest payable	-	8,021	3,866	-
Accrued liabilities	5,182	30,150	25,828	23,055
Interfund payables	-	-	-	-
Unearned revenue	-	2,210	129,460	-
Noncurrent liabilities – due within one year	-	570,000	260,536	-
Total Current Liabilities	5,432	1,040,674	487,652	69,049
Long-Term Liabilities				
Compensated absences	33,850	43,091	55,831	49,087
Notes and loans payable	-	607,892	3,753,444	-
Total Long-Term Liabilities	33,850	650,983	3,809,275	49,087
Total Liabilities	39,282	1,691,657	4,296,927	118,136
NET POSITION				
Net investment in capital assets	6,860,135	5,247,957	8,098,602	339,254
Restricted	-	116,000	436,464	-
Unrestricted	231,226	2,477,063	2,405,332	1,127,612
Total Net Position	$ 7,091,361	$ 7,841,020	$ 10,940,398	$ 1,466,866

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, 2019

	Business-Type Activities		Governmental Activities
	Nonmajor Business-Type Funds	Total Business-Type Funds	Internal Service Funds
ASSETS			
Current Assets			
Cash	$ 316,340	$ 4,553,862	$ 1,370,211
Petty cash	-	1,941	152
Investments	-	518,900	-
Accounts receivable	112,572	776,978	-
Interfund receivable	-	1,510,000	-
Inventories	37,742	259,046	37,416
Prepaid expenses	-	623	-
Total Current Assets	466,654	7,621,350	1,407,779
Non-Current Assets			
Capital assets, non-depreciable	-	4,921,300	-
Capital assets, depreciable	1,466,921	22,283,441	22,161
Total Capital Assets	1,466,921	27,204,741	22,161
Restricted cash	69,413	621,877	-
Total Assets	2,002,988	35,447,968	1,429,940
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	40,667	-
Total Deferred Outflows of Resources	-	-	-
LIABILITIES			
Current Liabilities			
Accounts payable	5,365	520,600	378,568
Deposits	-	29,264	-
Accrued interest payable	11,895	23,782	-
Accrued liabilities	24,223	108,438	17,690
Interfund payables	510,000	510,000	-
Unearned revenue	-	131,670	-
Noncurrent liabilities – due within one year	55,820	886,356	-
Total Current Liabilities	607,303	2,210,110	396,258
Long-Term Liabilities			
Compensated absences	52,120	233,979	46,367
Notes and loans payable	623,437	4,984,773	-
Total Long-Term Liabilities	675,557	5,218,752	46,367
Total Liabilities	1,282,860	7,428,862	442,625
NET POSITION			
Net investment in capital assets	787,664	21,333,612	21,161
Restricted	69,413	621,877	-
Unrestricted	(136,949)	6,104,284	966,154
Total Net Position	$ 720,128	$ 28,059,773	$ 987,315

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, 2019

	Business-Type Activities			
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund
OPERATING REVENUES				
Charges for services	$ 258,872	$ 562,091	$ 2,970,637	$ 1,308,974
Intergovernmental	144,221	-	-	70,638
Interfund charges	-	212,000	-	-
Miscellaneous revenue	65	2,690	13,200	-
Total Operating Revenues	403,158	776,781	2,983,837	1,379,612
OPERATING EXPENSES				
Health claims	-	-	-	-
Shop	-	-	-	-
Building overhead	-	-	-	-
Technology	-	-	-	-
Telecommunications	-	-	-	-
Administration	-	-	122,680	6,732
Filtration and treatment	-	-	1,864,653	-
Transmission and distribution	-	-	548,267	-
Airport operations	351,537	-	-	-
Meter maintenance	-	-	15,496	-
Collection	-	-	-	912,972
Recycling	-	-	-	235,524
Fiber outside plant	-	-	-	-
Fiber administration	-	-	-	-
Fiber inside plant	-	-	-	-
Recreation center	-	1,953,673	-	-
Police support services	-	-	-	-
Depreciation	251,982	243,158	517,689	71,232
Internal charges	6,112	20,460	91,207	99,531
Total Operating Expenses	609,631	2,217,291	3,159,992	1,325,991
Operating Income (Loss)	(206,473)	(1,440,510)	(176,155)	53,621
Non Operating Revenues (Expenses)				
Property and sales taxes	-	1,623,405	-	-
Investment income	-	10,795	3,447	2,055
Interest expense	-	(66,507)	(213,248)	-
Total Non Operating Revenues (Expenses)	-	1,567,693	(209,801)	2,055
Transfers (Out)	-	-	(168,500)	(10,000)
Net Transfers	-	-	(168,500)	(10,000)
Change in Net Position	(206,473)	127,183	(554,456)	45,676
Net Position, Beginning of Year	7,297,834	7,713,837	11,494,854	1,421,190
Net Position, End of Year	$ 7,091,361	$ 7,841,020	$ 10,940,398	$ 1,466,866

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, 2019

	Business-Type Activities		Governmental Activities
	Nonmajor Business-Type Funds	Total Business-Type Funds	Internal Service Funds
OPERATING REVENUES			
Charges for services	$ 886,499	$ 5,987,073	$ 2,739,195
Intergovernmental	-	214,859	-
Interfund charges	323,136	535,136	1,056,502
Miscellaneous revenue	122,206	138,161	550
Total Operating Revenues	1,331,841	6,875,229	3,796,247
OPERATING EXPENSES			
Health claims	-	-	2,204,384
Shop	-	-	697,464
Building overhead	-	-	121,361
Technology	-	-	443,274
Telecommunications	-	-	98,680
Administration	598	130,010	-
Filtration and treatment	-	1,864,653	-
Transmission and distribution	-	548,267	-
Airport operations	-	351,537	-
Meter maintenance	-	15,496	-
Collection	-	912,972	-
Recycling	-	235,524	-
Fiber outside plant	105,987	105,987	-
Fiber administration	34,234	34,234	-
Fiber inside plant	50,612	50,612	-
Recreation center	-	1,953,673	-
Police support services	736,134	736,134	-
Depreciation	206,052	1,290,113	10,005
Internal charges	28,855	246,165	9,920
Total Operating Expenses	1,162,472	8,475,377	3,585,088
Operating Income (Loss)	169,369	(1,600,148)	211,159
Non Operating Revenues (Expenses)			
Property and sales taxes	-	1,623,405	-
Investment income	-	16,297	-
Interest expense	(11,479)	(291,234)	-
Total Non Operating Revenues (Expenses)	(11,479)	1,348,468	-
Transfers (Out)	-	(178,500)	-
Net Transfers	-	(178,500)	-
Change in Net Position	157,890	(430,180)	211,159
Net Position, Beginning of Year	562,238	28,489,953	776,156
Net Position, End of Year	$ 720,128	$ 28,059,773	$ 987,315

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, 2019

	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	$ 391,150	$ 770,418	$ 2,965,848	$ 1,369,020	$ 1,321,297	$ 6,817,733	$ 1,056,502
Cash flows from internal activities	-	-	-	-	-	-	2,739,195
Payments to suppliers for goods and services	(192,536)	(732,113)	(1,742,148)	(509,809)	(161,056)	(3,337,662)	(624,829)
Payments for claims and loss adjustments	-	-	-	-	-	-	(1,466,668)
Payments to employees	(159,375)	(838,699)	(844,750)	(726,662)	(777,697)	(3,347,183)	(1,299,073)
Net Cash Provided by (Used for) Operating Activities	39,239	(800,394)	378,950	132,549	382,544	132,888	405,127
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Tax revenue	-	1,623,405	-	-	-	1,623,405	-
Cash (to) from other funds	-	-	(168,500)	(10,000)	-	(178,500)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	1,623,405	(168,500)	(10,000)	-	1,444,905	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital asset acquisitions	-	(13,991)	(76,633)	(27,964)	-	(118,588)	(12,090)
Debt payments	-	(544,928)	(250,308)	-	(54,725)	(849,961)	-
Interest paid	-	(66,507)	(213,248)	-	(11,479)	(291,234)	-
Net Cash Used for Financing Activities	-	(625,426)	(540,189)	(27,964)	(66,204)	(1,259,783)	(12,090)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	-	10,795	367,535	127,055	-	505,385	-
Sale of investments	-	488,030	-	-	-	488,030	-
Net Cash Provided by Investing Activities	-	498,825	367,535	127,055	-	993,415	-
Net Change in Cash	39,239	696,410	37,796	221,640	316,340	1,311,425	393,037
Cash and Cash Equivalents – Beginning of Year	210,702	172,341	2,586,589	827,210	69,413	3,866,255	977,326
Cash and Cash Equivalents – End of Year	$ 249,941	$ 868,751	$ 2,624,385	$ 1,048,850	$ 385,753	$ 5,177,680	$ 1,370,363

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, 2019

	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)	$ (206,473)	$ (1,440,510)	$ (176,155)	$ 53,621	$ 169,369	$ (1,600,148)	$ 211,159
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation	251,982	243,158	517,689	71,232	206,052	1,290,113	10,005
Change in assets and liabilities							
Accounts receivable	(12,225)	(6,363)	(17,989)	(10,592)	(10,544)	(57,713)	-
Prepaid expenses	216	639	3,151	2,543	259	6,808	437
Accounts payable	(127)	387,753	30,336	15,383	(1,998)	431,347	184,576
Accrued liabilities	726	3,381	6,279	3,967	2,085	16,438	958
Deposits	-	4,500	-	-	-	4,500	-
Deferred revenue	-	(2,138)	(14,811)	-	-	(16,949)	-
Accrued compensated absences	5,139	9,186	30,450	(3,605)	17,321	41,170	(2,008)
Net Cash Provided by (Used for) Operating Activities	$ 39,239	$ (800,394)	$ 378,950	$ 132,549	$ 382,544	$ 132,888	$ 405,127

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, 2019

ASSETS	
Cash	$ 216
FIDUCIARY NET POSITION	
Net Position	$ 216

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 hydroelectricpowerplant.
- 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 $4,555,803 at December 31, 2019.

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 2019.

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, 2019, the following individual fund had a deficit balance:

Fund	Amount
Shop Fund	$ (158,498)
Mesa Verde Country Visitor Information Bureau	$ (12,796)

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
Airport	$ 484,292	$ 609,631	$ 125,339
Recreation Center	1,952,702	2,217,291	264,589
Water	3,057,214	3,159,992	102,778

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, 2019:

	Carrying Value	Bank Balances	Associated Risks
Petty cash	$ 4,147	$ 4,147	N/A
Deposits	9,872,106	10,305,486	Custodial credit risk
Negotiable CD's	1,430,000	1,430,000	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. Agency Obligations – Implicitly Guaranteed	1,500,000	1,500,000	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Total	$ 12,806,253	$ 13,239,633	

Reconciliation to financial statements:

Per statement of net position	
Cash and cash equivalents	$ 9,254,376
Investments	2,930,000
Restricted cash	621,877
Per statement of fiduciary net position - fiduciary funds	
Cash and cash equivalents	216
Total Deposits and Investments	$ 12,806,469

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, 2019, 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, 2019, 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, 2019, 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	$ 1,430,000	$ -	$ 1,430,000	$ –	$ -	AA+
U.S. Agency obligations – implicitly guaranteed	1,500,000	-	1,500,000	-	-	N/A
Total	$ 2,930,000	$ -	$ 2,930,000	$ -	$ -	

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, 2019, the City's investments were measure using the valuation inputs as follows:

	December 31,2019			
Investment Type	Level 1	Level 2	Level 3	Total
Negotiable CD's	$ -	$ 1,430,000	$ -	$ 1,430,000
U.S. Agency obligations – implicitly guaranteed	-	1,500,000	-	1,500,000
Total	$ -	$ 2,930,000	$ -	$ 2,930,000

Investment Type	Fair Value	Weighted Avg Maturity in Years	% of Portfolio
Negotiable CD's	$ 1,430,000	1.1	49
U.S. Agency obligations	1,500,000	1.7	51
Total Investments	$ 2,930,000	2.8	100

During the year ended December 31, 2019, 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'sCorporation.

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, 2019, 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 90% 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	$ 116,000	$ -	$ 69,413	$ 185.413
Restricted for O&M Reserve	-	436,464	-	436.464
Total	$ 116,000	$ 436,464	$ 69,413	$ 621,877

NOTE 5 — CAPITAL ASSETS

A summary of changes in the governmental capital assets at December 31, 2019 is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,569,905	$ -	$ -	$ 1,569,905
Total capital assets not being depreciated	1,569,905	-	-	1,569,905
Capital assets being depreciated:				
Buildings	13,386,655	-	-	13,386,655
Machinery and equipment	6,586,146	332,152	223,303	6,694,995
Other improvements	5,595,170	-	-	5,595,170
Land improvements	602,358	-	-	602,358
Infrastructure	10,440,504	-	-	10,440,504
Internal service equipment	123,271	12,090	-	135,361
Total capital assets being depreciated	36,734,104	344,242	223,303	36,855,043
Less accumulated depreciation for:				
Buildings	3,555,943	279,969	-	3,835,912
Machinery and equipment	4,960,634	299,617	11,987	5,248,264
Other improvements	4,406,670	88,844	-	4,495,514
Land improvements	354,199	37,316	-	391,515
Infrastructure	3,430,529	416,762	-	3,847,291
Internal service equipment	103,195	10,005	-	113,200
Total accumulated depreciation	16,811,170	1,132,513	11,987	17,931,696
Governmental activities capital assets, net	$ 21,492,839	$ (788,271)	$ 211,316	$ 20,493,252

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

General Government	$ 200,900
General Services	149,736
Public Safety	358,081
Public Works	207,251
Parks and Recreation	206,540
Internal Service Fund	10,005
Total	$ 1,132,513

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not beingdepreciated:				
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	15,444,133	-	-	15,444,133
Machinery and equipment	3,471,027	118,589	59,898	3,529,718
Other improvements	922,621	-	-	922,621
Infrastructure	20,313,303	-	-	20,313,303
Total capital assets being depreciated	40,151,085	118,589	59,898	40,209,775
Less accumulated depreciation for:				
Buildings	6,653,436	507,739	-	7,161,175
Machinery and equipment	2,317,313	202,049	54,233	2,465,129
Other improvements	436,998	47,090	-	484,088
Infrastructure	7,282,707	533,235	-	7,815,942
Total accumulated depreciation	16,696,117	1,290,113	54,233	17,926,334
Business-type activities capital assets, net	$ 28,376,267	$ (1,171,524)	$ 5,665	$ 27,204,741

Depreciation expense was allocated to the funds as follows:

Airport	$ 251,982
Police Dispatch	27,467
Recreation Center	243,158
Water	517,689
Hydro Plant	65,357
City Community Network	113,228
Solid Waste Collection	71,232
Total	$ 1,290,113

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)
City Community Network Fund		(510,000)
Recreation Center Fund		1,510,000
Total Internal Balances – Government-Wide Statement of Net Position	$	-

All amounts are due within one year.

The City has recorded the following routine transfers for the year ended December 31, 2019:

Transfers		Amount
General Fund	$	178,411
Lodger's Tax Fund		89
Water Fund		(168,500)
Police Dispatch Fund		(10,000)
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, 2019:

Governmental-type activities	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
Compensated Absences	$ 535,327	$ -	$ 27,887	$ 507,440	$ -
Total	$ 535,327	$ -	$ 27,887	$ 507,440	$ -

The following is a summary of other contractual liability transactions for business-type activities of the City for the year ended December 31, 2019:

Business-Type Activities	Beginning Balance	Additions	Payments	Ending Balance	Due within One Year
2011 Refunding Revenue Bonds – Rec	$ 1,710,000	$ -	$ 550,000	$ 1,160,000	$ 570,000
2011 Premiums	26,375	-	8,483	17,892	-
1986 Colorado Water Cons Board	201,994	-	62,407	139,587	65,527
1986 Dolores Water Conservancy Dist	2,943,203	-	67,901	2,875,302	72,017
2005 DOLA Water Loan	137,553	-	16,894	120,659	17,739
2010 CWRPDA Water Loan	289,409	-	21,566	267,843	22,001
2015 Colorado Water Con Board	692,129	-	81,540	610,589	83,252
2009 CWRPDA Hydro Loan	733,982	-	54,725	679,257	55,820
Compensated Absences	175,488	62,096	3,605	233,979	-
Total	$ 6,910,133	$ 62,096	$ 867,121	$ 6,105,108	$ 886,356

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, 2019, 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%.	
	$ 1,160,000
Less: current portion	(570,000)
Net Enterprise Funds Bonds Payable	$ 590,000

Fiscal Year	Principal	Interest	Total
2020	$ 570,000	$ 40,600	$ 610,600
2021	590,000	20,650	610,650
Total	$ 1,160,000	$ 61,250	$ 1,221,250

Enterprise Fund notes/loan payable at December 31, 2019, 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%	$ 679,257
$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%	610,589
$525,000, 2010 CWRPDA Water Loan, due in semi-annual installments of $13,623 through November 1, 2030; interest rate of 2.00%	267,843
$300,000, 2005 DOLA Water Loan, due in annual installments of $23,772 through September 1, 2025; interest rate of 5%	120,659
$5,336,000, 1986 Dolores Water Conservancy Dist, due in annual installments of $246,125 through December 31, 2046; interest rate of 5.623%	2,875,302
$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%	139,587
Total	$ 4,693,237

Debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 316,354	$ 218,784	$ 535,138
2021	328,192	206,948	535,140
2022	273,582	194,562	468,144
2023	277,658	184,977	462,635
2024	287,411	175,255	462,666
2025-2029	1,191,906	727,777	1,919,683
2030-2034	827,169	500,108	1,327,277
2035-2039	681,788	273,788	955,576
2040-2044	425,154	93,581	518,735
2045	84,023	4,872	88,895
Totals	$ 4,693,237	$ 2,580,652	$ 7,273,889

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. Contributionstotaled $322,550, $327,234 and $344,607 in 2019, 2018 and 2017, 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. 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 2019, 2018, and 2017 was $222,501, $231,947, and $238,378,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, 2018, 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, 2017 and 2018. 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	2.50%
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-2014 for Blue Collar Employees. RP-2014 Mortality Tables for Blue Collar Health Annuitants. Disabled (pre-1980): RP-2014 Disabled Mortality Table

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	37%	8.03%
Fixed Income	15%	2.90%
Managed Futures	4%	5.35%
Absolute Return	9%	5.08%
Long Short	9%	6.45%
Private Markets	24%	10.00%
Cash	2%	2.52%
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 3.71%, 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, 2018	$ 84,116	$ 288,958	$ (204,842)
Changes for the year:			
Interest on the total pension liability	5,915	-	5,915
Net investment income	-	177	(177)
Benefit payments, including refunds of employee contributions	(10,703)	(10,703)	-
Administrative expense	-	(2,971)	2,971
Balances at December 31, 2019	$ 79,328	$ 275,461	$ (196,133)

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	(191,729)	(196,133)	(200,133)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2019, the City did not recognize any pension expense. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on pension plan investments	$ 22,245	$ 11,096
Total	$ 22,245	$ 11,096

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	
2020	$ 4,802
2021	1,650
2022	498
2023	4,199
Total	$ 11,149

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
12/31/2017	$ 239,521 $	1,560,083 $	1,593,561 $	206,043
12/31/2018	$ 206,043 $	2,312,197 $	2,333,658 $	184,582
12/31/2019	$ 184,582 $	2,204,384 $	2,168,413 $	220,553

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, 2019, the emergency reserve of $366,786 was recorded in the Emergency Reserve - Tabor Fund.

NOTE 12 — 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 2019 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 13 — EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

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

NOTE 14 — SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential disclosure through October 28, 2022, the date the financial statements were available to be issued. No events occurred subsequent to December 31 2019 that would require disclosure except those noted below.

On January 3, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The City may be adversely affected through governmental and business closures resulting in a reduction of labor demand or supplies shortages. The City will continue to monitor the situation surrounding COVID-19 and evaluate the impact it will have on future operations.

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)

	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Total Pension Liability				
Interest	$ 5,915	$ 11,847	$ 12,242	$ 10,885
Differences between expected and actual experience	-	(78,204)	-	11,802
Changes of assumptions	-	-	-	15,275
Benefit payments	(10,703)	(14,721)	(20,177)	(19,589)
Net changes in total pension liability	(4,788)	(81,078)	(7,935)	18,373
Total Pension Liability - beginning	84,116	165,194	173,129	154,756
Total Pension Liability - ending (a)	$ 79,328	$ 84,116	$ 165,194	$ 173,129
Plan Fiduciary Net Position				
Net investment Income	$ 177	$ 37,909	$ 14,047	$ 5,235
Benefit payments, including refunds of employee contributions	(10,703)	(14,721)	(20,177)	(19,589)
Administrative expense	(2,971)	(689)	(2,297)	(772)
Net change in plan fiduciary net position	(13,497)	22,499	(8,427)	(15,126)
Plan fiduciary net position - beginning	288,958	266,459	274,886	290,012
Plan fiduciary net position - ending (b)	$ 275,461	$ 288,958	$ 266,459	$ 274,886
City's net pension (asset) - ending (a)-(b)	$ (196,133)	$ (204,842)	$ (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)

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Pension Liability	$ 79,328	$ 84,116	$ 165,194	$ 173,129	$ 162,303
Plan's Fiduciary Net Position	(275,461)	(288,958)	(266,459)	(274,886)	(292,988)
Net Pension (Asset) Liability	$ (196,133)	$ (204,842)	$ (101,265)	$ (101,757)	$ (130,685)
Plan's Fiduciary Net Position as % of Total Pension Liability	347.24%	343.52%	161.30%	158.78%	180.52%
Covered-Employee Payroll	$ -	$ -	$ -	$ -	$ -
Net Pension Liability as a % of Covered-employee Payroll	N/A	N/A	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
SCHEDULEOFACTUARIALDETERMINEDANDACTUALCONTRIBUTIONS
CORTEZ OLD HIRE POLICE PENSION FUND
LAST 10 FISCAL YEARS[1]

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
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	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.

CITY OF CORTEZ, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and Sales Taxes	$ 9,238,428	$ 9,238,428	$ 8,382,732	$ (855,696)
Franchise Taxes	616,890	616,890	619,515	2,625
Licenses, Permits and Fees	414,875	414,875	204,629	(210,246)
Intergovernmental Revenue	1,561,716	1,561,716	1,543,598	(18,118)
Charges for Services	601,800	601,800	528,166	(73,634)
Fines and Forfeitures	74,700	74,700	65,764	(8,936)
Donations	15,750	15,750	19,591	3,841
Investment Income	26,593	26,593	79,755	53,162
Grant Revenue	530,000	530,000	231,134	(298,866)
Miscellaneous	16,100	16,100	227,542	211,442
Total Revenues	13,096,852	13,096,852	11,902,426	(1,194,426)
Expenditures				
General Government				
City Council	413,781	413,781	315,085	(98,696)
City Attorney	-	-	98,537	98,537
Human Resources	231,371	231,371	201,031	(30,340)
Municipal Court	189,018	189,018	177,079	(11,939)
City Manager	323,710	323,710	322,145	(1,565)
Finance Department	499,709	499,709	513,329	13,620
Passthrough Grants	9,000	9,000	11,360	2,360
City Clerk	156,024	156,024	152,697	(3,327)
Grants Administrator	28,354	28,354	28,096	(258)
Special Events	143,636	143,636	144,175	539
Total General Government	1,994,603	1,994,603	1,963,534	(31,069)
General Services				
Administration	137,110	137,110	136,494	(616)
Building Maintenance	242,188	242,188	228,842	(13,346)
City Hall Operations	186,820	186,820	126,609	(60,211)
Welcome Center	162,134	162,134	130,751	(31,383)
Planning and Building	614,383	614,383	424,216	(190,167)
Total General Services	1,342,635	1,342,635	1,046,912	(295,723)
Public Safety				
Police Administration	453,901	453,901	409,709	(44,192)
Patrol	2,307,337	2,307,337	2,351,818	44,481
Police Support Services	218,340	218,340	198,897	(19,443)
Police Investigation	546,361	546,361	555,340	8,979
Police Corrections	210,500	210,500	79,506	(130,994)
Building Operations	144,755	144,755	136,746	(8,009)
Kennel Operations	241,405	241,405	232,233	(9,172)
Total Public Safety	4,122,599	4,122,599	3,964,249	(158,350)

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, 2019

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Public Works				
P.W. Administration	$ 320,047	$ 320,047	$ 286,970	$ (33,077)
Streets & Utilities	526,204	526,204	424,049	(102,155)
Traffic Services	173,000	173,000	162,296	(10,704)
Snow and Ice Removal	78,983	78,983	55,387	(23,596)
Street Cleaning	164,193	164,193	170,296	6,103
Total Public Works	1,262,427	1,262,427	1,098,998	(163,429)
Parks and Recreation				
Administration	126,505	126,505	119,434	(7,071)
Aquatics	192,444	192,444	204,069	11,625
Golf Course Administration	87,175	87,175	80,046	(7,129)
Golf Course Maintenance	426,618	426,618	423,994	(2,624)
City Parks	682,623	682,623	731,391	48,768
Recreation	281,376	281,376	151,722	(129,654)
Library	666,754	666,754	639,030	(27,724)
Total Parks and Recreation	2,463,495	2,463,495	2,349,686	(113,809)
Capital Outlay	686,000	686,000	5,450	(680,550)
Internal Charges	1,787,111	1,787,111	1,335,552	(451,559)
Total Expenditures	13,658,870	13,658,870	11,764,381	(1,894,489)
Revenues in Excess (Deficiency) of Expenditures	(562,018)	(562,018)	138,045	700,063
Other Financing Sources (Uses)				
Transfers In	216,500	216,500	213,911	2,589
Transfers (Out)	(35,500)	(35,500)	(35,500)	-
Net Other Financing Sources	181,000	181,000	178,411	2,589
Change in Fund Balance	$ (381,018)	$ (381,018)	316,456	$ 702,652
Fund Balance, Beginning			1,233,607	
Fund Balance, Ending			$ 1,550,063	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and sales taxes	$ 1,362,490	$ 1,362,490	$ 1,456,467	$ 80,319
Charges for services	-	-	312,063	312,063
Investment income	5,500	5,500	9,984	4,484
Miscellaneous	166,933	166,933	75,785	60,285
Total Revenues	1,541,819	1,541,819	1,854,299	457,151
Expenditures				
Public works	1,810,514	1,810,514	1,046,786	(763,728)
Capital outlay	20,000	20,000	30,300	10,300
Total Expenditures	1,830,514	1,830,514	777,213	(753,428)
Revenues in Excess (Deficiency) of Expenditures	(433,366)	(433,366)	777,213	1,210,579
Fund Balance, Beginning			1,286,745	
Fund Balance, Ending			$ 2,063,958	

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 yearend.
- 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, 2019

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve – TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
ASSETS							
Cash	$ 81,120	$ -	$ 366,786	$ 547,549	$ 8,585	$ 3	$ 1,004,043
Investments	-	-	-	697,400	-	-	697,400
Prepaid expenses	-	-	-	-	10,699	-	10,699
Intergovernmental receivable	-	20,046	-	-	-	-	20,046
Accounts receivable	-	-	-	32,861	-	-	32,861
Total Assets	81,120	20,046	366,786	1,277,810	19,284	3	1,765,049
LIABILITIES							
Accounts payable	6	-	-	-	30,341	-	30,347
Unearned revenue	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	1,739	-	1,739
Total Liabilities	6	-	-	-	32,080	-	32,086
FUND BALANCE							
Restricted	-	-	366,786	-	-	3	366,789
Unassigned	81,114	20,046	-	1,277,810	(12,796)	-	1,366,174
Total Fund Balance	81,114	20,046	366,786	1,277,810	(12,796)	3	1,732,963
Total Liabilities and Fund Balance	$ 81,120	$ 20,046	$ 366,786	$ 1,277,810	$ 19,284	$ 3	$ 1,765,049

CITY OF CORTEZ, COLORADO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019

	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	$ 235,987	$ -	$ -	$ 359,030	$ -	$ -	$ 595,017
Intergovernmental revenue	-	27,360	-	-	505,326	-	532,686
Investment income	-	-	-	35,423	-	-	35,423
Miscellaneous revenue	-	-	-	17,096	604	-	17,700
Total Operating Revenues	235,987	27,360	-	411,549	505,930	-	1,180,826
OPERATING EXPENDITURES							
General government	207,052	-	-	-	494,301	-	701,353
General services	-	-	-	45,779	-	-	45,779
Capital projects	-	-	-	296,402	-	-	296,402
Total Operating Expenditures	207,052	-	-	342,181	494,301	-	1,043,534
Excess of Revenues over Expenditures	28,935	27,360	-	69,368	11,629	-	137,292
OTHER FINANCING SOURCES (USES)							
Transfers In	35,500	-	-	-	-	-	35,500
Transfers (Out)	(35,411)	-	-	-	-	-	(35,411)
Total Other Financing Uses	89	-	-	-	-	-	89
Change in Fund Balance	29,024	27,360	-	69,368	11,629	-	137,381
Fund Balance (Deficit), Beginning	52,090	(7,314)	366,786	1,208,442	(24,425)	3	1,595,582
Fund Balance (Deficit), Ending	$ 81,114	$ 20,046	$ 366,786	$ 1,277,810	$ (12,796)	$ 3	$ 1,732,963

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, 2019

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and Sales Taxes	$ 225,000	$ 225,000	$ 235,987	$ 10,987
Total Revenues	225,000	225,000	235,987	10,987
Expenditures				
General Government				
City Council	207,210	207,210	207,052	(158)
Revenues in Excess (Deficiency) of Expenditures	17,790	17,790	28,935	11,145
Other Financing Sources (Uses)				
Transfers In (Out)	(35,411)	(35,411)	89	(35,500)
Change in Fund Balance	$ (17,621)	$ (17,621)	29,024	$ 46,645
Fund Balance, Beginning			52,090	
Fund Balance, Ending			$ 81,114	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Intergovernmental Revenue	$ 85,000	$ 85,000	$ 27,360	$ (57,640)
Investment Income	15	15	-	(15)
Total Revenues	85,015	85,015	27,360	(57,655)
Expenditures				
CFT Recreation Center	112,500	112,500	-	(112,500)
Change in Fund Balance	$ (27,485)	$ (27,485)	27,360	$ 54,845
Fund Balance, Beginning			(7,314)	
Fund Balance, Ending (Deficit)			$ 20,046	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Investment Income	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Change in Fund Balance	$ -	$ -	-	$ -
Fund Balance, Beginning			366,786	
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, 2019

	Budgeted Amounts			
	Original	Final	Actual GAAP Basis	Variance with Final Budget
Revenues				
Property and Sales Taxes	$ 341,810	$ 341,810	$ 359,030	$ 17,220
Investment Income	9,300	9,300	35,423	26,123
Miscellaneous	5,000	5,000	17,096	12,096
Total Revenues	356,110	356,110	411,549	55,439
Expenditures				
General Services				
Equipment	125,250	125,250	45,779	(79,471)
Capital Outlay	352,000	352,000	296,402	(55,598)
Change in Fund Balance	$ (121,140)	$ (121,140)	69,368	$ 190,508
Fund Balance, Beginning			1,208,442	
Fund Balance, Ending			$ 1,277,810	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2019

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash	$ -	$ 155,714	$ 160,626	$ 316,340
Accounts receivable	2,487	78,979	31,106	112,572
Inventories	-	37,742	-	37,742
Total Current Assets	2,487	272,435	191,732	466,654
Non-Current Assets				
Capital assets, depreciable	684,284	596,919	185,718	1,466,921
Restricted cash	69,413	-	-	69,413
Total Assets	756,184	869,354	377,450	2,002,988
LIABILITIES				
Current Liabilities				
Accounts payable	-	-	5,365	5,365
Accrued interest payable	11,895	-	-	11,895
Accrued liabilities	-	2,671	21,552	24,223
Interfund payables	-	510,000	-	510,000
Notes and loans payable, current portion	55,820	-	-	55,820
Total Current Liabilities	67,715	512,671	26,917	607,303
Long-Term Liabilities				
Compensated absences	-	10,507	41,613	52,120
Notes and loans payable	623,437	-	-	623,437
Total Long-Term Liabilities	623,437	10,507	41,613	675,557
Total Liabilities	691,152	523,178	68,530	1,282,860
NET POSITION				
Net investment in capital assets	5,027	596,919	185,718	787,664
Restricted	69,413	-	-	69,413
Unrestricted	(9,408)	(250,743)	123,202	(136,949)
Total Net Position	$ 65,032	$ 346,176	$ 308,920	$ 720,128

CITY OF CORTEZ, COLORADO
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 66,600	$ 344,923	$ 474,976	$ 886,499
Interfund charges	-	-	122,206	122,206
Miscellaneous revenue	-	-	323,136	323,136
Total Operating Revenues	66,600	344,923	920,318	1,331,841
OPERATING EXPENSES				
Administration	598	-	-	598
Fiber outside plant	-	105,987	-	105,987
Fiber administration	-	34,234	-	34,234
Fiber inside plant	-	50,612	-	50,612
Police support services	-	-	736,134	736,134
Depreciation	65,357	113,228	27,467	206,052
Internal charges	-	3,855	25,000	28,855
Total Operating Expenses	65,955	307,916	788,601	1,162,472
Operating Income (Loss)	645	37,007	131,717	169,369
Non Operating Expenses				
Interest expense	(11,479)	-	-	(11,479)
Change in Net Position	(10,834)	37,007	131,717	157,890
Net Position, Beginning of Year	75,866	309,169	177,203	562,238
Net Position, End of Year	$ 65,032	$ 346,176	$ 308,920	$ 720,128

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 70,003	$ 349,949	$ 901,345	$ 1,321,297
Payments to suppliers for goods and services	(3,799)	(109,720)	(47,537)	(161,056)
Payments to employees	-	(84,515)	(693,182)	(777,697)
Net Cash Provided by Operating Activities	66,204	155,714	160,626	382,544
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt payments	(54,725)	-	-	(54,725)
Interest paid	(11,479)	-	-	(11,479)
Net Cash Used for Financing Activities	(66,204)	-	-	(66,204)
Net Change in Cash	-	155,714	160,626	316,340
Cash and Cash Equivalents – Beginning of Year	69,413	-	-	69,413
Cash and Cash Equivalents – End of Year	$ 69,413	$ 155,714	$ 160,626	$ 385,753

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income to Net Cash flows from Operating Activities				
Operating income	$ 645	$ 37,007	$ 131,717	$ 169,369
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	65,357	113,228	27,467	206,052
Change in assets and liabilities:				
Accounts receivable	3,403	5,026	(18,973)	(10,544)
Prepaid expenses	-	148	111	259
Accounts payable	(3,201)	(2,158)	3,361	(1,998)
Accrued payroll	-	380	1,705	2,085
Accrued compensated absences	-	2,083	15,238	17,321
Net Cash Provided by Operating Activities	$ 66,204	$ 155,714	$ 160,626	$ 382,544

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 244,250	$ 244,250	$ 258,872	$ 14,622
Intergovernmental revenue	1,387,915	1,387,915	144,221	(1,243,694)
Miscellaneous revenue	-	-	65	65
Total Operating Revenues	1,632,165	1,632,165	403,158	(1,229,007)
Operating Expenses				
Airport operations	202,592	202,592	351,537	148,945
Depreciation	275,000	275,000	251,982	(23,018)
Internal charges	6,700	6,700	6,112	(588)
Total Operating Expenses	484,292	484,292	609,631	125,339
Operating Income (Loss)	1,147,873	1,147,873	(206,473)	(1,354,346)
Change in Net Position - Budget Basis	$ 1,147,873	$ 1,147,873	(206,473)	$ (1,354,346)
Change in Net Position - GAAP Basis			(206,473)	
Net Position, Beginning			7,297,834	
Net Position, Ending			$ 7,091,361	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 525,000	$ 525,000	$ 562,091	$ 37,091
Interfund charges	212,000	212,000	212,000	-
Miscellaneous revenue	1,500	1,500	2,690	1,190
Total Operating Revenues	738,500	738,500	776,781	38,281
Operating Expenses				
Recreation center	1,666,242	1,666,242	1,939,682	273,440
Capital outlay	14,000	14,000	13,991	(9)
Depreciation	252,000	252,000	243,158	(8,842)
Internal charges	20,460	20,460	20,460	-
Total Operating Expenses	1,952,702	1,952,702	2,217,291	264,589
Operating Income (Loss)	(1,214,202)	(1,214,202)	(1,440,510)	(226,308)
Non-Operating Revenues (Expenses)				
Property and sales taxes	1,511,982	1,511,982	1,623,405	(111,423)
Investment income	5,000	5,000	10,795	(5,795)
Interest expense	(59,850)	(59,850)	(66,507)	6,657
Debt retirement	(550,000)	(550,000)	(550,000)	-
Total Non-Operating Revenues	907,132	907,132	1,017,693	(110,561)
Change in Net Position - Budget Basis	$ (307,070)	$ (307,070)	(422,817)	$ 115,747
GAAP Basis Adjustments				
Debt service principal			550,000	
Change in Net Position - GAAP Basis			127,183	
Net Position, Beginning			7,713,837	
Net Position, Ending			$ 7,841,020	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 3,430,911	$ 3,430,911	2,970,637	$ (460,274)
Miscellaneous revenue	-	-	13,200	13,200
Total Operating Revenues	3,430,911	3,430,911	2,983,837	(447,074)
Operating Expenses				
Administration	110,420	110,420	122,680	12,260
Filtration and treatment	1,710,251	1,710,251	1,788,020	77,769
Transmission and distribution	617,486	617,486	548,267	(69,219)
Meter maintenance	16,050	16,050	15,496	(554)
Capital outlay	77,000	77,000	76,633	(367)
Depreciation	381,332	381,332	517,689	136,357
Internal charges	144,675	144,675	91,207	(53,468)
Total Operating Expenses	3,057,214	3,057,214	3,159,992	102,778
Operating Income (Loss)	373,697	373,697	(176,155)	(549,852)
Non-Operating Revenues (Expenses)				
Investment income	1,500	1,500	3,447	(1,947)
Interest expense	(239,258)	(239,258)	(213,248)	(26,010)
Debt retirement	(295,872)	(295,872)	(250,308)	(45,564)
Transfers out	(168,500)	(168,500)	(168,500)	-
Total Non-Operating Expenses	(702,130)	(702,130)	(628,609)	(73,521)
Change in Net Position - Budget Basis	$ (328,433)	$ (328,433)	(804,764)	$ 476,331
GAAP Basis Adjustments				
Debt service principal			250,308	
Change in Net Position - GAAP Basis			(554,456)	
Net Position, Beginning			11,494,854	
Net Position, Ending			$ 10,940,398	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 1,408,712	$ 1,408,712	$ 1,308,974	$ (99,738)
Intergovernmental revenue	70,638	70,638	70,638	-
Total Operating Revenues	1,479,350	1,479,350	1,379,612	(99,738)
Operating Expenses				
Administration	11,700	11,700	6,732	(4,968)
Collection	951,580	951,580	885,007	(66,573)
Recycling	371,120	371,120	235,524	(135,596)
Capital outlay	28,000	28,000	27,965	(35)
Depreciation	40,000	40,000	71,232	31,232
Internal charges	163,696	163,696	99,531	(64,165)
Total Operating Expenses	1,566,096	1,566,096	1,325,991	(240,105)
Operating Income (Loss)	(86,746)	(86,746)	53,621	140,367
Non-Operating Revenues (Expenses)				
Investment income	1,800	1,800	2,055	(255)
Transfers out	(14,000)	(14,000)	(10,000)	(4,000)
Total Non-Operating Expenses	(12,200)	(12,200)	(7,945)	(4,255)
Change in Net Position - Budget Basis	$ (98,946)	$ (98,946)	45,676	$ 144,622
Change in Net Position - GAAP Basis			45,676	
Net Position, Beginning			1,421,190	
Net Position, Ending			$ 1,466,866	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 72,000	$ 72,000	$ 66,600	$ (5,400)
Total Operating Revenues	72,000	72,000	66,600	(5,400)
Operating Expenses				
Administration	8,000	8,000	598	(7,402)
Depreciation	65,802	65,802	65,357	(445)
Total Operating Expenses	73,802	73,802	65,955	(7,847)
Operating Income (Loss)	(1,802)	(1,802)	645	2,447
Non-Operating Revenues (Expenses)				
Interest expense	(15,753)	(15,753)	(11,479)	(4,274)
Debt retirement	(53,652)	(53,652)	(54,725)	1,073
Total Non-Operating Expenses	(69,405)	(69,405)	(66,204)	(3,201)
Change in Net Position - Budget Basis	$ (71,207)	$ (71,207)	(65,559)	$ 5,648
GAAP Basis Adjustments				
Debt service principal			54,725	
Change in Net Position - GAAP Basis			(10,834)	
Net Position, Beginning			75,866	
Net Position, Ending			$ 65,032	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 292,726	$ 292,726	$ 344,923	$ 52,197
Total Operating Revenues	292,726	292,726	344,923	52,197
Operating Expenses				
Fiber outside plant	130,875	130,875	105,987	(24,888)
Fiber administration	148,850	148,850	34,234	(114,616)
Fiber inside plant	295,900	295,900	50,612	(245,288)
Depreciation	90,000	90,000	113,228	23,228
Internal charges	3,551	3,551	3,855	304
Total Operating Expenses	669,176	669,176	307,916	(361,260)
Operating Income (Loss)	(376,450)	(376,450)	37,007	413,457
Non-Operating Revenues				
Transfers in	125,000	125,000	-	125,000
Total Non-Operating Revenues	125,000	125,000	-	125,000
Change in Net Position - Budget Basis	$ (251,450)	$ (251,450)	37,007	$ 288,457
Change in Net Position - GAAP Basis			37,007	
Net Position, Beginning			309,169	
Net Position, Ending			$ 346,176	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 467,981	$ 467,981	$ 474,976	$ 6,995
Interfund charges	323,136	323,136	323,136	-
Miscellaneous revenue	122,206	122,206	122,206	-
Total Operating Revenues	913,323	913,323	920,318	6,995
Operating Expenses				
Police support services	871,077	871,077	734,391	(136,686)
Capital outlay	27,000	27,000	1,743	(25,257)
Depreciation	15,835	15,835	27,467	11,632
Internal charges	25,000	25,000	25,000	-
Total Operating Expenses	938,912	938,912	788,601	(150,311)
Operating Loss	(25,589)	(25,589)	131,717	157,306
Change in Net Position - Budget Basis	$ (25,589)	$ (25,589)	131,717	$ 157,306
Net Position, Beginning			177,203	
Net Position, Ending			$ 308,920	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
AS OF DECEMBER 31, 2019

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
ASSETS				
Current Assets				
Cash	$ -	$ 74,193	$ 1,296,018	$ 1,370,211
Petty cash	152	-	-	152
Inventories	37,416	-	-	37,416
Prepaid expenses	-	-	-	-
Total Current Assets	37,568	74,193	1,296,018	1,407,779
Non-Current Assets				
Capital assets, depreciable	11,818	10,343	-	22,161
Total Assets	49,386	84,536	1,296,018	1,429,940
LIABILITIES				
Current Liabilities				
Accounts payable	158,015	-	220,553	378,568
Accrued liabilities	12,234	5,456	-	17,690
Total Current Liabilities	170,249	5,456	220,553	396,258
Long-Term Liabilities				
Compensated absences	37,635	8,732	-	46,367
Total Liabilities	207,884	14,188	220,553	442,625
NET POSITION				
Net investment in capital assets	11,818	10,343	-	22,161
Unrestricted	(170,316)	60,005	1,075,465	965,154
Total Net Position	$ (158,498)	$ 70,348	$ 1,075,465	$ 987,315

CITY OF CORTEZ, COLORADO
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 2,739,195	$ 2,739,195
Interfund charges	436,680	619,822	-	1,056,502
Miscellaneous revenue	-	550	-	550
Total Operating Revenues	436,680	620,372	2,739,195	3,796,247
OPERATING EXPENSES				
Health claims	-	-	2,204,384	2,204,384
Shop	697,464	-	-	697,464
Building overhead	121,361	-	-	121,361
Technology	-	443,274	-	443,274
Telecommunications	-	98,680	-	98,680
Depreciation	272	9,733	-	10,005
Internal charges	9,920	-	-	9,920
Total Operating Expenses	829,017	551,687	2,204,384	3,585,088
Change in Net Position	(392,337)	68,685	534,811	211,159
Net Position, Beginning	233,839	1,663	540,654	776,156
Net Position, Ending	$ (158,498)	$ 70,348	$ 1,075,465	$ 987,315

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 436,680	$ 619,822	$ -	$ 1,056,502
Cash flows from internal activities	-	-	2,739,195	2,739,195
Payments to suppliers for goods and services	(312,271)	(312,558)	-	(624,829)
Payments for claims and loss adjustments	-	-	(1,466,668)	(1,466,668)
Payments to employees	(363,427)	(233,901)	(701,745)	(1,299,073)
Net Cash Provided by (Used for) Operating Activities	(239,018)	73,363	570,782	405,127
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset acquisitions	(12,090)	-	-	(12,090)
Net Cash Used for Financing Activities	(12,090)	-	-	-
Net Change in Cash	(251,108)	73,363	570,782	393,037
Cash and Cash Equivalents – Beginning of Year	251,260	830	725,236	977,326
Cash and Cash Equivalents – End of Year	$ 152	$ 74,193	$ 1,296,018	$ 1,370,363
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	$ (392,337)	$ 68,685	$ 534,811	$ 211,159
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation	272	9,733	-	10,005
Changes in assets and liabilities:				
Prepaid expenses	406	31	-	437
Accounts payable	151,375	(2,770)	35,971	184,576
Accrued liabilities	1,842	(884)	-	958
Accrued compensated absences	(576)	(1,432)	-	(2,008)
Net Cash Provided by (Used for) Operating Activities	$ (239,018)	$ 73,363	$ 570,782	$ 405,127

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 500	$ 500	$ -	$ (500)
Interfund charges	875,550	875,550	436,680	(438,870)
Miscellaneous revenue	100	100	-	(100)
Total Operating Revenues	876,150	876,150	436,680	(439,470)
Operating Expenses				
Shop	798,376	798,376	697,464	(100,912)
Building overhead	112,550	112,550	121,361	8,811
Capital outlay	13,000	13,000	12,090	(910)
Depreciation	-	-	272	272
Internal charges	9,920	9,920	9,920	-
Total Operating Expenses	933,846	933,846	841,107	(92,739)
Operating Income (Loss)	(57,696)	(57,696)	(404,427)	(346,731)
Change in Net Position - Budget Basis	$ (57,696)	$ (57,696)	(404,427)	$ (346,731)
GAAP Basis Adjustments				
Capital outlay			12,090	
Change in Net Position – GAAP Basis			(392,337)	
Net Position, Beginning			233,839	
Net Position, Ending			$ (158,498)	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Interfund charges	$ 743,492	$ 743,492	$ 619,822	$ (123,670)
Miscellaneous revenue	1,538	1,538	550	(988)
Total Operating Revenues	745,030	745,030	620,372	(124,658)
Operating Expenses				
Technology	454,028	454,028	335,423	(118,605)
Telecommunications	64,000	64,000	7,758	(56,242)
Capital outlay	364,145	364,145	198,773	(165,372)
Depreciation	7,825	7,825	9,733	1,908
Internal charges	3,600	3,600	-	(3,600)
Total Operating Expenses	893,598	893,598	551,687	(341,911)
Operating Income (Loss)	(148,568)	(148,568)	68,685	217,253
Change in Net Position - Budget Basis	$ (148,568)	$ (148,568)	68,685	$ 217,253
Net Position, Beginning			1,663	
Net Position, Ending			$ 70,348	

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Budgetary Basis	Variance with Final Budget
Operating Revenues				
Charges for services	$ 2,805,031	$ 2,805,031	$ 2,739,195	$ (65,836)
Total Operating Revenues	2,805,031	2,805,031	2,739,195	(63,836)
Operating Expenses				
Health claims	3,018,530	3,018,530	2,204,384	(814,146)
Total Operating Expenses	3,018,530	3,018,530	2,204,384	(814,146)
Operating Income (Loss)	(213,499)	(213,499)	534,811	748,310
Change in Net Position - Budget Basis	$ (213,499)	$ (213,499)	534,811	$ 748,310
Net Position, Beginning			540,654	
Net Position, Ending			$ 1,075,465	

STATISTICAL SECTION

CITY OF CORTEZ,COLORADO
SALES TAX REVENUE REFUNDING BONDS, SERIES 2
CUSIP: 220538
HISTORICAL GENERAL FUND OPERATIONS
(unaudited)

	2011	2012	2013	2014	
REVENUES:					
Taxes-Assessments	$ 6,878,903	$ 7,383,659	$ 7,442,377	$ 7,692,052	$
Licenses and Permits	83,755	197,714	82,312	339,138	
Intergovernmental	3,141,052	1,435,485	1,410,143	1,620,172	
Charges for Services	533,547	529,043	526,636	563,625	
Fine and Forefeits	85,317	90,220	80,419	83,951	
Investment Income	30,906	14,375	14,334	14,765	
Miscellaneous	164,514	22,210	33,074	105,705	
Donation	-	37,093	63,086	47,877	
Grant Revenue	-	154,304	160,334	148,242	
TOTAL REVENUES	10,917,994	9,864,103	9,812,715	10,615,527	
EXPENDITURES:					
General Government	4,177,628	1,978,455	3,088,766	3,156,388	
Public Safety	3,099,140	4,070,047	3,439,521	3,654,284	
Public Works	1,063,726	1,102,022	928,184	960,435	
Parks & Recreation	2,202,447	1,795,989	1,827,213	1,793,906	
Internal Charges	-	-	1,018,625	-	
Capital Outlay	102,835	-	-	-	
TOTAL EXPENDITURES	10,645,776	8,946,513	10,302,309	9,565,013	
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	272,218	917,590	(489,594)	1,050,514	
OTHER FINANCING SOURCES/USES					
Transfer In	123,228	127,543	90,472	39,600	
Transfer Out	(1,027,757)	(208,600)	(163,600)	(163,600)	
TOTAL	(904,529)	(81,057)	(73,128)	(124,000)	
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USERS	(632,311)	836,533	(562,722)	926,514	
FUND BALANCE					
Beginning	5,293,029	4,660,718	5,572,287	5,009,565	
Prior Period Restatement	-	75,036	-	-	
FUND BALANCE					
Ending	$ 4,660,718	$ 5,572,287	$ 5,009,565	$ 5,936,079	$

	(1,185,043)	148,793	46,679	941,696	(176,155)
	231,033	19,180	76,817	-	-
	6,577	2,452	1,600	954	3,447
	-	-	(232,728)	(228,836)	(213,248)
	(369,141)	(405,164)	(231,229)	(236,889)	(250,308)
	(1,316,574)	(234,739)	(338,861)	476,925	(636,264)
	-	4,000	-	-	-
	-	-	-	(561,610)	(168,500)
	-	4,000	-	(561,610)	(168,500)
	(1,316,574)	(230,739)	(338,861)	(84,685)	(804,764)
	1,340,165	729,226	35,281	-	-
	-	-	-	-	-
	138,814	161,474	231,229	236,889	250,308
	162,405	659,961	(72,351)	152,204	(554,456)
	10,502,509	10,664,914	11,415,001	11,342,650	11,494,854
	-	90,126	-	-	-
	10,502,509	10,755,040	11,415,001	11,342,650	11,494,854
$	10,664,914	$ 11,415,001	$ 11,342,650	$ 11,494,854	$ 10,940,398