CITY OF CORTEZ, COLORADO

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

CITY OF CORTEZ, COLORADO
TABLE OF CONTENTS
DECEMBER 31, 2020

INTRODUCTORY SECTION

List of Principal Officials

FINANCIAL SECTION

Independent Auditor's Report ..... 1 – 2

Management's Discussion and Analysis (Unaudited) ..... 3 - 11

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position 12

Statement of Activities 13

Fund Financial Statements

Balance Sheet – Governmental Funds 14

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 15

Statement of Revenues, Expenditures, and Changes in Fund Governmental Funds 16

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17

Statement of Net Position – Proprietary Funds 18

Statement of Revenue, Expenses, and Changes in Net Position – Proprietary Funds 19

Statement of Cash Flows – Proprietary Funds 20

Notes to the Financial Statements ..... 21 - 43

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the City's Net Pension (Asset) Liability 44

Schedule of the City's Net Pension (Asset) Liability and Related Ratios 45

Schedule of Actuarial Determined and Actual Contributions 46

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund ..... 47 - 48

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Street Improvement Fund 49

Notes to Required Supplementary Information 50

CITY OF CORTEZ, COLORADO
TABLE OF CONTENTS
DECEMBER 31, 2020

Governmental Funds

Combining Balance Sheet – Non-major Governmental Funds 51

Combining Statements of Revenue, Expenditures, and
Changes in Fund Balances – Non-major Governmental Funds 52

Schedule of Revenues, Expenditures and Changes in Fund
Balances (Deficit) – Budget and Actual

Lodger's Tax Fund 53

Conservation Trust Fund 54

Emergency Reserve – TABOR Fund 55

Equipment Fund 56

Enterprise Funds

Combining Statement of Net Position – Non-major Enterprise Funds 57

Combining Statements of Revenue, Expenses, and
Changes in Fund Net Position – Non-major Enterprise Funds 58

Combining Statements of Cash Flows – Non-major Enterprise Funds 59

Schedule of Revenues, Expenses and Changes in Fund
Net Position (Deficit) – Budget and Actual

Airport Fund 60

Recreation Center Fund 61

Water Fund 62

Solid Waste Collection Fund 63

Hydro Plant Fund 64

City Community Network Fund 65

Police Dispatch Fund 66

Internal Service Funds

Combining Statement of Net Position – Internal Service Funds 67

Combining Statements of Revenue, Expenses, and
Changes in Fund Net Position – Internal Service Funds 68

Combining Statements of Cash Flows – Internal Service Funds 69

CITY OF CORTEZ, COLORADO
TABLE OF CONTENTS
DECEMBER 31, 2020

Schedule of Revenues, Expenses and Changes in Fund
Net Position (Deficit) – Budget and Actual

Shop Fund 70

Technology Fund 71

Self-Insured Health Fund 72

STATISTICAL SECTION

Historical General Fund Options 73

Historical Water Fund Operations 74

Water Fund Historical Debt Ratio 75

Historical Hydro-Plant Fund Operations 76

Hydro-Plant Fund Debt Ratio 77

CITY OF CORTEZ, COLORADO
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2020

CITY COUNCIL

As of December 31, 2020

Michael Lavey, Mayor
Rachel Medina, Mayor Pro-tem
Arlina Yazzie
Robert Dobry
Amy Huckins
David Rainey
Orly Lucero

City Staff

John Dougherty – City Manager
Vernon Knuckles – 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

As of Report Date

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

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

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cortez
Cortez, Colorado

Report on the Audit of 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, 2020 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Financial Statements

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 (GAAS) 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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, 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 place 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 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 the 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 Standards*, we have also issued our report dated May 22, 2023 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona
May 22, 2023

CITY OF CORTEZ, COLORADO
MANAGEMENT'S DISCUSSION & ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

The discussion and analysis of the City of Cortez, Colorado's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. 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 year 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 $61.8 million (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $9.2 million.
- General revenues totaled $12.6 million in revenue. Program specific revenues in the form of charges for services and fees and grants accounted for $6.5 million or 33.9% of total governmental revenues of $19.1 million.
- The City had $16.4 million in expenses related to government activities.

Overview of the Financial Statements

- 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 resou rces, 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 function 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 two categories: governmental funds and proprietary 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.

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.

Government-Wide Financial Analysis

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

	Governmental Activities			*Business-Type Activities*			*Total*		
	2020	*2019*	*Change*	*2020*	*2019*	*Change*	*2020*	*2019*	*Change*
Assets									
Current and other assets	$ 11.1	$ 7.5	48.0%	$ 10.7	$ 7.7	39.0%	$ 21.8	$ 15.2	43.4%
Capital assets	19.4	20.5	-5.4%	27.6	27.2	1.5%	47	47.7	-1.5%
Total assets	30.5	28	8.9%	38.3	34.9	9.7%	68.8	62.9	9.4%
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%	5.2	6.1	-14.8%	5.7	6.6	-13.6%
Other liabilities	0.8	0.8	0.0%	0.5	0.8	-37.5%	1.3	1.6	-18.8%
Total liabilities	1.3	1.3	0.0%	5.7	6.9	-17.4%	7.0	8.2	-14.6%
Deferred inflows of resources	0.1	0.2	-50.0%	0.0	0.0	0.0%	0.1	0.2	-50.0%
Net position									
Net investment in capital assets	19.4	20.5	-5.4%	22.7	21.3	6.6%	42.1	41.8	0.7%
Restricted	0.4	0.4	0.0%	0.5	0.6	-16.7%	0.9	1.0	-10.0%
Unrestricted	9.3	5.6	66.1%	9.4	6.1	54.1%	18.7	11.7	59.8%
Total net position	$ 29.1	$ 26.5	9.8%	$ 32.6	$ 28.0	16.4%	$ 61.7	$ 54.5	13.2%

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 $61.8 million. The City's total liabilities and deferred inflows of resources equal $7.1 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*		
	2020	*2019*	*Change*	*2020*	*2019*	*Change*	*2020*	*2019*	*Change*
Revenues									
Program Revenues									
Charges for services	3.6	3.9	-7.7%	7.2	6.9	4.3%	10.8	10.8	0.0%
Operating grants and contributions	2.8	2.3	21.7%	0.3	0.0	0.0%	3.1	2.3	34.8%
Capital grants and contributions	0.0	0.0	0.0%	2.0	0.0	0.0%	2.0	0.0	0.0%
General Revenues									
Property and sales taxes	11.2	10.4	7.7%	1.7	1.6	6.2%	12.9	12.0	7.5%
Franchise taxes	0.6	0.6	0.0%	0.0	0.0	0.0%	0.6	0.6	0.0%
Interfund charges	0.5	1.0	0.0%	0.0	0.0	0.0%	0.5	1.0	0.0%
Investment income	0.2	0.1	0.0%	0.0	0.0	0.0%	0.2	0.1	0.0%
Miscellaneous revenue	0.1	0.1	0.0%	0.0	0.0	0.0%	0.1	0.1	0.0%
Total revenues	19.0	18.4	3.3%	11.2	8.5	31.8%	30.2	26.9	12.3%
Expenses									
General government	3.0	5.6	-46.4%	0.0	0.0	0.0%	3.0	5.6	-46.4%
General services	4.6	1.2	283.3%	0.0	0.0	0.0%	4.6	1.2	283.3%
Public safety	4.1	4.3	-4.7%	0.0	0.0	0.0%	4.1	4.3	-4.7%
Public works	1.9	3.2	-40.6%	0.0	0.0	0.0%	1.9	3.2	-40.6%
Parks and recreation	1.9	2.6	-26.9%	0.0	0.0	0.0%	1.9	2.6	-26.9%
Capital projects	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Internal charges	0.9	1.3	-30.8%	0.0	0.0	0.0%	0.9	1.3	-30.8%
Airport	0.0	0.0	0.0%	1.1	0.6	83.3%	1.1	0.6	83.3%
Recreation	0.0	0.0	0.0%	0.9	2.3	-60.9%	0.9	2.3	-60.9%
Water	0.0	0.0	0.0%	2.1	3.4	-38.2%	2.1	3.4	-38.2%
Solid waste collection	0.0	0.0	0.0%	1.3	1.3	0.0%	1.3	1.3	0.0%
Police dispatch	0.0	0.0	0.0%	0.7	0.8	-12.5%	0.7	0.8	-12.5%
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%	0.4	0.3	33.3%	0.4	0.3	33.3%
Total expenses	16.4	18.2	-9.9%	6.6	8.8	-25.0%	23.0	27.0	-14.8%
Transfers - net	0.0	0.2	0.0%	0.0	-0.2	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	2.6	0.4	550.0%	4.6	-0.5	1020.0%	7.2	-0.1	7300.0%
Net position, beginning	26.5	26.1	1.5%	28.0	28.5	-1.8%	54.5	54.6	-0.2%
Net position, ending	$ 29.1	$ 26.5	9.8%	$ 32.6	$ 28.0	16.4%	$ 61.7	$ 54.5	13.2%

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2020 and 2019. 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.

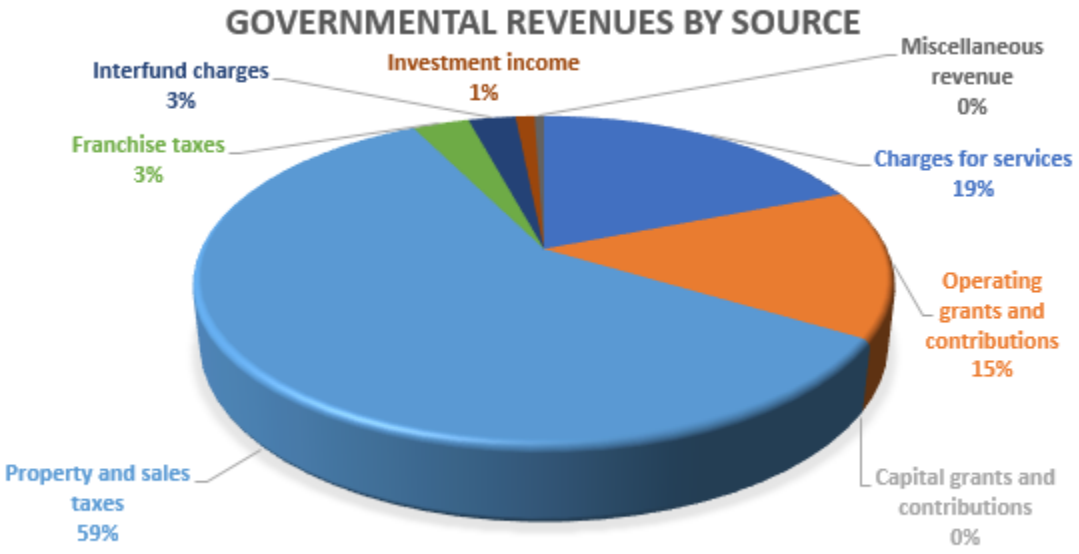
Expenses

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.

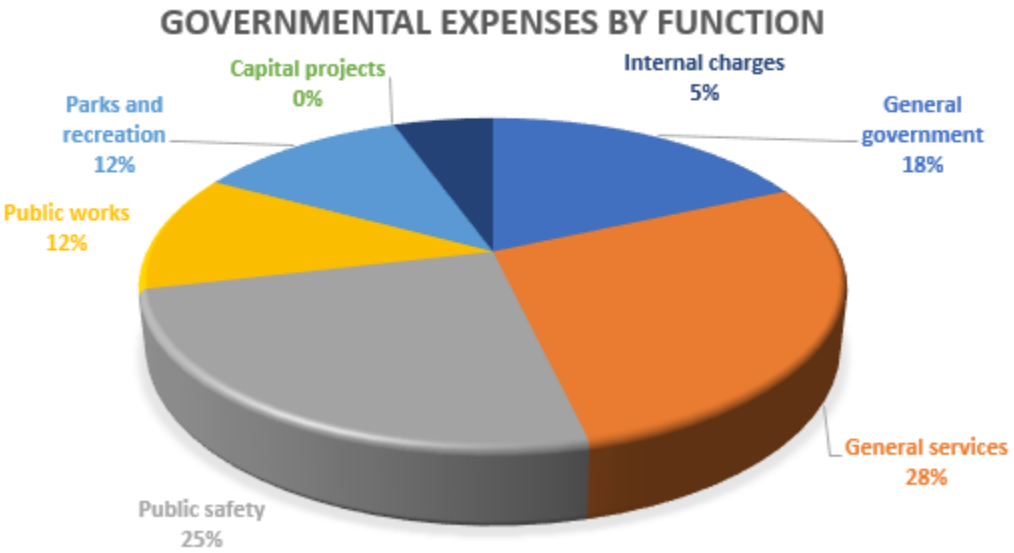
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.



Revenues

The City benefits from a diversified revenue base including property taxes, sales taxes, and franchise taxes. The largest category of revenue for the City is property and sales taxes.

Total governmental activities' revenue for the current year was $19,068,685.



Expenses

Total government activities' expenditures for the current year was $16,406,942.

Capital Assets and Debt Administration

Capital Assets

By the end of 2020, the City had compiled a total investment of $47.0 million ($40.5 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*		
	2020	*2019*	*Change*	*2020*	*2019*	*Change*	*2020*	*2019*	*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	9.3	9.6	-3.1%	7.8	8.3	-6.0%	17.1	17.9	-4.5%
Machinery and equipment	1.2	1.4	-14.3%	0.9	1.1	-18.2%	2.1	2.5	-16.0%
Other improvements	0.7	1.1	-36.4%	0.4	0.4	0.0%	1.1	1.5	-26.7%
Land improvements	0.1	0.2	-50.0%	0.0	0.0	0.0%	0.1	0.2	-50.0%
Infrastructure	6.5	6.6	-1.5%	13.6	12.5	8.8%	20.1	19.1	5.2%
Internal service equipment	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	$ 19.4	$ 20.5	-5.4%	$ 27.6	$ 27.2	1.5%	$ 47.0	$ 47.7	-1.5%

Debt Administration

The table below summaries the City's bonded and similar indebtedness. As of December 31, 2020, the City had a total of $5.7 million of long-term debt outstanding. Of this amount, $5.2 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*		
	2020	*2019*	*Change*	*2020*	*2019*	*Change*	*2020*	*2019*	*Change*
2011 Refunding Revenue Bonds	$0.0	$0.0	0.0%	$ 0.6	$ 1.2	-50.0%	$ 0.6	$ 1.2	-50.0%
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	0.1	0.0%	0.1	0.1	0.0%
1986 Dolores Water Conservancy Dist	0.0	0.0	0.0%	2.8	2.9	-3.4%	2.8	2.9	-3.4%
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%	0.5	0.6	-16.7%	0.5	0.6	-16.7%
2009 CWRPDA Hydro Loan	0.0	0.0	0.0%	0.6	0.7	-14.3%	0.6	0.7	-14.3%
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%	$5.2	$6.1	-14.8%	$5.7	$6.6	-13.6%

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

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and equivalents	$ 5,771,652	$ 7,777,461	$ 13,549,113
Investments	2,679,007	1,412,884	4,091,891
Property taxes receivable	2,294	-	2,294
Accounts receivable	1,929,509	1,003,574	2,933,083
Intergovernmental receivable	100,965	-	100,965
Interfund balances	310,000	(310,000)	-
Prepaid expenses	25,704	623	26,327
Inventories	95,367	259,046	354,413
Net pension asset	206,672	-	206,672
Restricted cash	-	555,525	555,525
Capital assets, non-depreciable	1,569,905	718,874	2,288,779
Capital assets, depreciable	17,835,420	26,865,489	44,700,909
TOTAL ASSETS	$ 30,526,495	$ 38,283,476	$ 68,809,971
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	$ -	$ 26,619	$ 26,619
Deferred outflows related to pensions	13,745	-	13,745
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,745	26,619	40,364
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 30,540,240	$ 38,310,095	$ 68,850,335
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Accounts payable	$ 683,339	$ 175,669	$ 859,008
Accrued liabilities	98,301	52,858	151,159
Accrued interest payable	-	23,782	23,782
Unearned revenue	-	175,449	175,449
Deposits	10,696	30,264	40,960
Noncurrent liabilities			
Due within one year	-	918,191	918,191
Due in more than one year	511,301	4,286,778	4,798,079
TOTAL LIABILITIES	$ 1,303,637	$ 5,662,991	$ 6,966,628
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to property taxes	$ 99,742	$ -	$ 99,742
Deferred inflows related to pensions	17,481	-	17,481
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 117,223	$ -	$ 117,223
NET POSITION			
Net investment in capital assets	$ 19,405,325	$ 22,665,624	$ 42,070,949
Restricted for debt service	-	119,061	119,061
Restricted for operations and maintenance	-	436,464	436,464
Restricted for special revenues	366,789	-	366,789
Unrestricted	9,347,266	9,425,955	18,773,221
TOTAL NET POSITION	$ 29,119,380	$ 32,647,104	$ 61,766,484

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, 2020

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	$ 2,983,450	$ 2,708,689	$ 2,059,933	$ -	$ 1,785,172	$ -	$ 1,785,172
General services	4,607,355	61,203	-	-	(4,546,152)	-	(4,546,152)
Public safety	4,106,792	32,193	100,249	-	(3,974,350)	-	(3,974,350)
Public works	1,869,574	235,498	460,757	-	(1,173,319)	-	(1,173,319)
Parks and recreation	1,962,383	615,788	198,700	-	(1,147,895)	-	(1,147,895)
Internal charges	877,388	-	-	-	(877,388)	-	(877,388)
TOTAL GOVERNMENTAL ACTIVITIES	16,406,942	3,653,371	2,819,639	-	(9,933,932)	-	(9,933,932)
Business - Type Activities							
Airport	1,083,214	169,231	342,953	1,933,820	-	1,362,790	1,362,790
Recreation	910,154	413,070	-	-	-	(497,084)	(497,084)
Water	2,085,757	3,652,698	-	-	-	1,566,941	1,566,941
Solid waste collection	1,326,757	1,476,908	-	-	-	150,151	150,151
Police dispatch	726,728	885,258	-	-	-	158,530	158,530
Hydro plant	80,731	59,355	-	-	-	(21,376)	(21,376)
City community network	405,922	550,014	-	-	-	144,092	144,092
TOTAL BUSINESS-TYPE ACTIVITIES	6,619,263	7,206,534	342,953	1,933,820	-	2,864,044	2,864,044
TOTAL PRIMARY GOVERNMENT	$ 23,026,205	$ 10,859,905	$ 3,162,592	$ 1,933,820	$ (9,933,932)	$ 2,864,044	$ (7,069,888)
GENERAL REVENUES							
Property and sales taxes					$ 11,187,771	$ 1,748,108	$ 12,935,879
Franchise taxes					617,110	-	617,110
Interfund charges					475,955	-	475,955
Investment income					174,992	31,779	206,771
Miscellaneous revenue					64,847	18,400	83,247
Transfers, net					75,000	(75,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					12,595,675	1,723,287	14,318,962
CHANGE IN NET POSITION					2,661,743	4,587,331	7,249,074
NET POSITION - Beginning of Year					26,457,637	28,059,773	54,517,410
NET POSITION - End of Year					$ 29,119,380	$ 32,647,104	$ 61,766,484

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

CITY OF CORTEZ, COLORADO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 844,092	$ 2,239,129	$ 1,508,022	$ 4,591,243
Investments	1,098,421	822,684	757,902	2,679,007
Inventories	57,951	-	-	57,951
Prepaid expenses	-	-	25,704	25,704
Property taxes receivable	2,294	-	-	2,294
Accounts receivable	1,737,426	142,777	42,906	1,923,109
Interfund receivable	510,000	-	-	510,000
Intergovernmental receivable	73,649	-	27,316	100,965
TOTAL ASSETS	$ 4,323,833	$ 3,204,590	$ 2,361,850	$ 9,890,273
LIABILITIES				
Accounts payable	$ 124,881	$ 110,998	$ 2,834	$ 238,713
Accrued liabilities	83,434	1,996	-	85,430
Unearned revenue	-	-	6,477	6,477
Deposits	10,696	-	-	10,696
Interfund payables	200,000	-	-	200,000
TOTAL LIABILITIES	419,011	112,994	9,311	541,316
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	56,920	99,742	-	156,662
FUND BALANCE				
Nonspendable	57,951	-	25,704	83,655
Restricted	-	-	366,789	366,789
Committed	-	2,991,854	-	2,991,854
Unassigned	3,789,951	-	1,960,046	5,749,997
TOTAL FUND BALANCE	3,847,902	2,991,854	2,352,539	9,192,295
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 4,323,833	$ 3,204,590	$ 2,361,850	$ 9,890,273

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

CITY OF CORTEZ, COLORADO
RECONCILIATION OF THE STATEMENT OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2020

Total Fund Balances - Governmental Funds	$	9,192,295
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,383,412
Net pension asset related to pensions do not related to current financial resources and is not reported in the governmental funds.		206,672
Deferred outflows of resources related to pensions are not current financial resources and are not reported in the governmental funds.		13,745
Deferred inflows of resources related to pensions are not current financial resources and are not reported in the governmental funds.		(17,481)
Internal service funds are not reported in the statement of net position as governmental activities.		804,510
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		(463,773)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	29,119,380

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

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property and sales taxes	$ 9,087,639	$ 1,565,745	$ 534,387	$ 11,187,771
Franchise taxes	617,110	-	-	617,110
Licenses, permits and fees	235,498	-	-	235,498
Intergovernmental	1,572,846	-	460,757	2,033,603
Charges for services	586,778	-	-	586,778
Fines and forfeitures	32,193	-	-	32,193
Donations	29,010	-	-	29,010
Investment income	78,198	26,180	70,614	174,992
Grant revenue	840,336	-	-	840,336
Miscellaneous	10,024	21,496	39,230	70,750
TOTAL REVENUES	13,089,632	1,613,421	1,104,988	15,808,041
EXPENDITURES				
General government	2,315,701	-	462,280	2,777,981
General services	969,998	-	23,132	993,130
Public safety	3,753,124	-	-	3,753,124
Public works	1,077,236	685,525	-	1,762,761
Parks and recreation	1,758,389	-	-	1,758,389
Capital projects	31,200	-	-	31,200
Internal charges	877,388	-	-	877,388
TOTAL EXPENDITURES	10,783,036	685,525	485,412	11,953,973
EXCESS OF REVENUES OVER EXPENDITURES	2,306,596	927,896	619,576	3,854,068
OTHER FINANCING SOURCES				
Transfers in	75,000	-	-	75,000
TOTAL FINANCING SOURCES	75,000	-	-	75,000
NET CHANGE IN FUND BALANCE	2,381,596	927,896	619,576	3,929,068
FUND BALANCE, Beginning	1,466,306	2,063,958	1,732,963	5,263,227
FUND BALANCE, Ending	$ 3,847,902	$ 2,991,854	$ 2,352,539	$ 9,192,295

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

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds	$	3,929,068
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activitieis.		
Capital outlay is reported as an expenditure in the fund financial statement but is capitalized in the government-wide financial statements		31,200
Depreciation is reported in the government-wide financial statements		(1,108,674)
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		(2,700)
Net pension asset		10,539
Deferred outflows of resources related to pensions		(8,500)
Deferred inflows of resources related to pensions		(6,385)
The change in net position of the internal service fund reported with governmental activities		(182,805)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	2,661,743

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

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business-Type Funds	Total	Internal Service Funds
ASSETS							
CURRENT ASSETS							
Cash	$ 192,298	$ 2,233,459	$ 3,599,442	$ 1,095,498	$ 654,823	$ 7,775,520	$ 1,969,283
Petty cash	-	1,341	600	-	-	1,941	152
Investments	-	917,900	369,984	125,000	-	1,412,884	-
Prepaids	623	-	-	-	-	623	-
Inventories	-	1,614	219,690	-	37,742	259,046	37,416
Accounts receivable	182,506	200,753	294,416	204,890	121,009	1,003,574	6,400
Interfund receivable	-	200,000	-	-	-	200,000	-
TOTAL CURRENT ASSETS	375,427	3,555,067	4,484,132	1,425,388	813,574	10,653,588	2,013,251
CAPITAL ASSETS							
Capital assets, non-depreciable	718,874	-	-	-	-	718,874	-
Capital assets, depreciable	7,512,401	6,183,973	11,640,079	267,222	1,261,814	26,865,489	11,708
NET CAPITAL ASSETS	8,231,275	6,183,973	11,640,079	267,222	1,261,814	27,584,363	11,708
RESTRICTED CASH	-	59,000	436,464	-	60,061	555,525	-
TOTAL ASSETS	$ 8,606,702	$ 9,798,040	$ 16,560,675	$ 1,692,610	$ 2,135,449	$ 38,793,476	$ 2,024,959
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	$ -	$ 26,619	$ -	$ -	$ -	$ 26,619	$ -
LIABILITIES AND NET POSITION							
CURRENT LIABILITIES							
Accounts payable	$ 97,983	$ 19,244	$ 46,493	$ 8,547	$ 3,402	$ 175,669	$ 1,166,527
Deposits	-	30,264	-	-	-	30,264	-
Accrued interest payable	-	8,021	3,866	-	11,895	23,782	-
Accrued liabilities	15,166	8,706	11,776	9,040	8,170	52,858	6,394
Interfund payables	-	-	-	-	510,000	510,000	-
Unearned revenue	-	4,275	171,174	-	-	175,449	-
Notes and loans payable due within one year	-	590,000	271,255	-	56,936	918,191	-
TOTAL CURRENT LIABILITIES	113,149	660,510	504,564	17,587	590,403	1,886,213	1,172,921
LONG-TERM LIABILITIES							
Compensated absences	34,202	36,690	50,831	55,400	52,171	229,294	47,528
Notes and loans payable	-	8,792	3,482,191	-	566,501	4,057,484	-
TOTAL LONG-TERM LIABILITIES	34,202	45,482	3,533,022	55,400	618,672	4,286,778	47,528
TOTAL LIABILITIES	147,351	705,992	4,037,586	72,987	1,209,075	6,172,991	1,220,449
NET POSITION							
Net investment in capital assets	8,231,275	5,585,181	7,886,633	267,222	695,313	22,665,624	11,708
Restricted investments	-	59,000	436,464	-	60,061	555,525	-
Unrestricted	228,076	3,474,486	4,199,992	1,352,401	171,000	9,425,955	792,802
TOTAL NET POSITION	$ 8,459,351	$ 9,118,667	$ 12,523,089	$ 1,619,623	$ 926,374	$ 32,647,104	$ 804,510

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

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUNDS
For the Year Ended December 31, 2020

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business-Type Funds	Total	Internal Service Funds
OPERATING REVENUES							
Charges for services	$ 169,231	$ 205,070	$ 3,652,698	$ 1,476,908	$ 1,147,484	$ 6,651,391	$ 2,709,689
Intergovernmental	342,953	-	-	-	-	342,953	-
Grant revenue	1,933,820	-	-	-	-	1,933,820	-
Interfund charges	-	208,000	-	-	347,143	555,143	475,955
Miscellaneous revenue	5,200	-	13,200	-	-	18,400	-
TOTAL OPERATING REVENUES	2,451,204	413,070	3,665,898	1,476,908	1,494,627	9,501,707	3,185,644
OPERATING EXPENSES							
Health claims	-	-	-	-	-	-	2,167,615
Shop	-	-	-	-	-	-	662,777
Building overhead	-	-	-	-	-	-	123,085
Technology	-	-	-	-	-	-	391,472
Telecommunications	-	-	-	-	-	-	13,047
Administration	-	-	57,129	7,268	1,789	66,186	-
Filtration and treatment	-	-	783,426	-	-	783,426	-
Transmission and distribution	-	-	448,634	-	-	448,634	-
Airport operations	810,316	-	-	-	-	810,316	-
Meter maintenance	-	-	9,252	-	-	9,252	-
Collection	-	-	-	927,500	-	927,500	-
Recycling	-	-	-	191,707	-	191,707	-
Fiber outside plant	-	-	-	-	129,305	129,305	-
Fiber administration	-	-	-	-	106,797	106,797	-
Fiber inside plant	-	-	-	-	57,537	57,537	-
Recreation center	-	622,730	-	-	-	622,730	-
Police support services	-	-	-	-	699,261	699,261	-
Depreciation	270,540	241,876	524,511	72,032	205,107	1,314,066	10,453
Internal charges	2,358	-	57,616	128,250	-	188,224	-
TOTAL OPERATING EXPENSES	1,083,214	864,606	1,880,568	1,326,757	1,199,796	6,354,941	3,368,449
OPERATING INCOME (LOSS)	1,367,990	(451,536)	1,785,330	150,151	294,831	3,146,766	(182,805)
NON-OPERATING REVENUE (EXPENSE)							
Property and sales taxes	-	1,748,108	-	-	-	1,748,108	-
Investment income	-	26,623	2,550	2,606	-	31,779	-
Interest expense	-	(45,548)	(205,189)	-	(13,585)	(264,322)	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	-	1,729,183	(202,639)	2,606	(13,585)	1,515,565	-
INCOME (LOSS) BEFORE TRANSFERS	1,367,990	1,277,647	1,582,691	152,757	281,246	4,662,331	(182,805)
TRANSFERS							
Transfers (out)	-	-	-	-	(75,000)	(75,000)	-
TRANSFERS, NET	-	-	-	-	(75,000)	(75,000)	-
CHANGE IN NET POSITION	1,367,990	1,277,647	1,582,691	152,757	206,246	4,587,331	(182,805)
NET POSITION, Beginning	7,091,361	7,841,020	10,940,398	1,466,866	720,128	28,059,773	987,315
NET POSITION, Ending	$ 8,459,351	$ 9,118,667	$ 12,523,089	$ 1,619,623	$ 926,374	$ 32,647,104	$ 804,510

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, 2020

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business-Type Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers	$2,288,642	$ 1,689,213	$ 3,652,150	$ 1,468,916	$ 1,486,190	$10,585,111	$ 475,955
Cash flows from internal activities	-	-	-	-	-	-	2,703,289
Payments to suppliers	(532,342)	(259,029)	(473,917)	(580,976)	(231,107)	(2,077,371)	61,438
Payments for claims and loss adjustments	-	-	-	-	-	-	(1,216,287)
Payments to employees	(172,263)	(770,266)	(880,947)	(718,898)	(781,547)	(3,323,921)	(1,425,323)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,584,037	659,918	2,297,286	169,042	473,536	5,183,819	599,072
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Tax revenue	-	1,748,108	-	-	-	1,748,108	-
Cash (to) from other funds	-	-	-	-	(75,000)	(75,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	1,748,108	-	-	(75,000)	1,673,108	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases of property and equipment	(1,641,680)	-	(52,008)	-	-	(1,693,688)	-
Debt payments	-	(565,052)	(260,534)	-	(55,820)	(881,406)	-
Interest paid	-	(45,548)	(205,189)	-	(13,585)	(264,322)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,641,680)	(610,600)	(517,731)	-	(69,405)	(2,839,416)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	-	26,623	2,550	2,606	-	31,779	-
Net cash invested	-	(399,000)	(369,984)	(125,000)	-	(893,984)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	(372,377)	(367,434)	(122,394)	-	(862,205)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,643)	1,425,049	1,412,121	46,648	329,131	3,155,306	599,072
CASH AND CASH EQUIVALENTS, Beginning of Year	249,941	868,751	2,624,385	1,048,850	385,753	5,177,680	1,370,363
CASH AND CASH EQUIVALENTS, End of Year	$ 192,298	$ 2,293,800	$ 4,036,506	$ 1,095,498	$ 714,884	$ 8,332,986	$ 1,969,435
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
Operating income (loss)	$1,367,990	$ (451,536)	$ 1,785,330	$ 150,151	$ 294,831	$ 3,146,766	$ (182,805)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Depreciation	270,540	241,876	524,511	72,032	205,107	1,314,066	10,453
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable	(162,562)	(33,857)	(13,748)	(7,992)	(8,437)	(226,596)	(6,400)
Intergovernmental receivable	-	1,310,000	-	-	-	1,310,000	-
Increase (decrease) in:						-	
Accounts payable	97,733	(381,785)	(21,469)	(37,447)	(1,963)	(344,931)	787,959
Accrued liabilities	9,984	(21,444)	(14,052)	(14,015)	(16,053)	(55,580)	(11,296)
Deposits	-	1,000	-	-	-	1,000	-
Unearned revenue	-	2,065	41,714	-	-	43,779	-
Compensated absences	352	(6,401)	(5,000)	6,313	51	(4,685)	1,161
NET CASH PROVIDED BY OPERATING ACTIVITIES	$1,584,037	$ 659,918	$ 2,297,286	$ 169,042	$ 473,536	$ 5,183,819	$ 599,072

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.

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.

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, and proprietary 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 Revenues Funds are used to account for the collection and disbursement of specific revenues 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 hydro electric power plant.
- City Community Network Fund – This fund accounts for the operations and maintenance of the City's fiber network.
- Police Dispatch Fund – This fund accounts for the City provided county-wide dispatch services.

The City reports the following Internal Service Funds:

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

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.

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 $8,332,986 at December 31, 2020.

Investments

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

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.

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.

Prepaids

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

Inventories

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

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.

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.

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:

Building 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 2020.

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.

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.

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.

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

Deficit Balance

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

As of December 31, 2020, the following individual funds had a deficit balance:

Fund		Amount
Shop Fund	$	(469,614)
Technology Fund	$	(337,015)

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

Excess Expenditures Over Budget

Fund		Budgeted Expenditures		Actual Expenditures		Excess Expenditures Over Budget
City Community Network Fund	$	387,633	$	405,922	$	18,289

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, 2020:

	Carrying Value	Bank Balances	Associated Risks
Petty cash	$ 4,147	$ 4,147	N/A
Deposits	14,100,491	14,188,388	Custodial credit risk
Negotiable CD's	4,091,891	4,091,891	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Total	$ 18,196,529	$ 18,284,426	

Reconciliation to financial statements:

Per statement of net position	
Cash and cash equivalents	$ 13,549,113
Investments	4,091,891
Restricted cash	555,525
Total Deposits and Investments	$ 18,196,529

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, 2020, 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, 2020, none of the City's bank balances (certificates of deposit, checking, and savings accounts) were exposed to custodial credit risk.

Investments

At December 31, 2020, the City, had the following investments and maturities:

		Investment Maturities (In Years)		
Investment Type	Fair Value	Less than 1	1 - 5	Moody's Rating
Negotiable CD's	$ 4,091,891	$ 1,494,582	$ 2,597,309	AA+
Total	$ 4,091,891	$ 1,494,582	$ 2,597,309	

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, 2020, the City's investments were measure using the valuation inputs as follows:

	December 31, 2020			
Investment Type	Level 1	Level 2	Level 3	Total
Negotiable CD's	$ -	$ 4,091,891	$ -	$ 4,091,891
Total	$ -	$ 4,091,891	$ -	$ 4,091,891

Investment Type	Fair Value	Weighted Avg Maturity in Years	% of Portfolio
Negotiable CD's	$ 4,091,891	3.0	100
Total	$ 4,091,891	3.0	100

During the year ended December 31, 2020, the City invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7- like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAm by the Standard and Poor's Corporation.

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

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

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer.

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	$ 59,000	$ -	$ 60,061	$ 119,061
Restricted for O&M Reserve	-	436,464	-	436,464
Total	$ 59,000	$ 436,464	$ 60,061	$ 555,525

NOTE 5: CAPITAL ASSETS

A summary of changes in the governmental capital assets at December 31, 2020 is as follows:

Governmental Activities:	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
Not depreciated:				
Land	$ 1,569,905	$ -	$ -	$ 1,569,905
Total not depreciated	1,569,905	-	-	1,569,905
Depreciable capital assets:				
Buildings	13,386,655	-	-	13,386,655
Machinery and equipment	6,694,995	31,200	(88,963)	6,637,232
Other improvements	5,595,170	-	-	5,595,170
Land improvements	602,358	-	-	602,358
Infrastructure	10,440,504	-	-	10,440,504
Internal service equipment	135,361	-	-	135,361
Total depreciable assets:	36,855,043	31,200	(88,963)	36,797,280
Less Accumulated Depreciation for:				
Buildings	(3,835,912)	(275,647)	-	(4,111,559)
Machinery and equipment	(5,248,264)	(296,968)	88,963	(5,456,269)
Other improvements	(4,495,514)	(416,762)	-	(4,912,276)
Land improvements	(391,515)	(86,736)	-	(478,251)
Infrastructure	(3,847,291)	(32,561)	-	(3,879,852)
Internal service equipment	(113,200)	(10,453)	-	(123,653)
Total accumulated depreciation:	(17,931,696)	(1,119,127)	88,963	(18,961,860)
Net Capital Assets	$ 20,493,252	$ (1,087,927)	$ -	$ 19,405,325

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

General Government	$	198,424
General Services		147,891
Public Safety		353,668
Public Works		204,697
Parks and Recreation		203,994
Internal Service Fund		10,453
Total	$	1,119,127

Business-Type Activities	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
Not depreciated:				
Land	$ 718,874	$ -	$ -	$ 718,874
Water rights	4,202,426	-	-	4,202,426
Total not depreciated	4,921,300	-	-	4,921,300
Depreciable capital assets:				
Buildings	15,444,133	-	-	15,444,133
Machinery and equipment	3,529,718	52,008	(19,975)	3,561,751
Other improvements	922,621	-	-	922,621
Infrastructure	20,313,303	1,641,680	-	21,954,983
Total depreciable assets:	40,209,775	1,693,688	(19,975)	41,883,488
Less Accumulated Depreciation for:				
Buildings	(7,161,175)	(499,976)	-	(7,661,151)
Machinery and equipment	(2,465,129)	(215,654)	19,975	(2,660,808)
Other improvements	(484,088)	(45,161)	-	(529,249)
Infrastructure	(7,815,942)	(553,275)	-	(8,369,217)
Total accumulated depreciation:	(17,926,334)	(1,314,066)	19,975	(19,220,425)
Net Capital Assets	$ 27,204,741	$ 379,622	$ -	$ 27,584,363

Depreciation expense was allocated to the funds as follows:

Airport	$	270,540
Police Dispatch		27,467
Recreation Center		241,876
Water		524,511
Hydro Plant		65,357
City Community Network		112,283
Solid Waste Collection		72,032
Total	$	1,314,066

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	$	310,000
City Community Network Fund		(510,000)
Recreation Center Fund		200,000
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, 2020:

Transfers		Amount
General Fund	$	75,000
City Community Network Fund		(75,000)
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, 2020:

Governmental Activities	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
Compensated Absences	$ 507,440	$ 511,301	$ (507,440)	$ 511,301
Total	$ 507,440	$ 511,301	$ (507,440)	$ 501,301

The following is a summary of other contractual liability transactions for business-type activities of the City for the year ended December 31, 2020:

Business-Type Activities	Balance 1/1/20	Additions	Deletions	Balance 12/31/20	Due Within One Year
2011 Refunding Revenue Bonds - Rec	$ 1,160,000	$ -	$ (570,000)	$ 590,000	$ 590,000
2011 Premiums	17,892	-	(9,100)	8,792	-
1986 Colorado Water Cons Board	139,587	-	(65,527)	74,060	68,803
1986 Dolores Water Cons Dist	2,875,302	-	(72,017)	2,803,285	76,384
2005 DOLA Water Loan	120,659	-	(17,739)	102,920	18,626
2010 CWRPDA Water Loan	267,843	-	(21,999)	245,844	22,442
2015 Colorado Water Cons Board	610,589	-	(83,252)	527,337	85,000
2009 CWRPDA Hydro Loan	679,257	-	(55,820)	623,437	56,936
Compensated Absences	233,979	229,294	(233,979)	229,294	-
Total	$ 6,105,108	$ 229,294	$ (1,129,433)	$ 5,204,969	$ 918,191

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, 2020, is comprised of the following:

		Amount
$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%.	$	590,000
Less: Current Portion		(590,000)
Net Enterprise Funds Bonds Payable	$	-

Fiscal Year		Principal		Interest		Total
2021	$	590,000	$	20,650	$	610,650
Total	$	590,000	$	20,650	$	610,650

Enterprise Fund notes/loan payable at December 31, 2020, are comprised of the following:

		Amount
$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%	$	623,437
$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%		527,337
$525,000, 2010 CWRPDA Water Loan, due in semi-annual installments of $13,623 through November 1, 2030; interest rate of 2.00%		245,844
$300,000, 2005 DOLA Water Loan, due in annual installments of $23,772 through September 1, 2025; interest rate of 5.00%		102,920
$5,336,000, 1986 Dolores Water Conservancy Dist, due in annual installments of $246,125 through December 31, 2046; interest rate of 5.623%		2,803,205

$1,244,142, 1986 Colorado Water Cons Board, due in annual installments ranging from $5,520 to $145,013 through December 1, 2022; interest rate of 5.00%	$	74,060
Total	$	4,376,803

Debt service requirements to maturity are as follows:

Fiscal Year		Principal		Interest		Total
2021	$	328,191	$	206,949	$	535,140
2022		273,582		194,562		468,144
2023		277,658		184,977		462,635
2024		287,411		175,255		462,666
2025		297,602		165,035		462,637
2026 – 2030		1,118,932		681,813		1,800,745
2031 – 2035		776,714		453,946		1,230,660
2036 - 2040		654,352		232,451		886,803
2041 – 2045		362,441		67,804		430,245
Total	$	4,376,883	$	2,362,792	$	6,739,675

NOTE 8: RETIREMENT

City Employee's Defined Contribution Plan

Effective June 25, 1996, the City of Cortez Pension Plan, a single-employer defined benefit plan, was converted to the City of Cortez Money Purchase Plan, a single employer defined contribution plan. Assets of $169,344 were transferred to the new money accumulation pension plan and then to the respective employee accounts. The plan is administered by the ICMA Retirement Corporation. All permanent employees, including those covered by other City employee plans are required to participate in the plan. The plan provisions can be modified by the City Council. Contributions of 5% of gross salary are required from all participants and a matching contribution of 5% is made by the City to the plan. Contributions totaled $102,974, $322,550 and $327,234 in 2020, 2019 and 2018, respectively.

Police Office 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 2020, 2019, and 2018 was $233,985, $222,501, and $231,947,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, 2019, 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, 2018 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ended December 31, 2019 and 2020. The valuation used the following actuarial assumptions:

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

The assumptions show above pertain to the actuarial valuation as of January 1, 2018 and the associated Actuarially Determined Contribution for the year ended December 31, 2019. Following an experience study in 2018 and asset allocation study in 2018-2019, the Board adopted a new assumption set for first use in the January 1, 2020 valuations.

The primary changes, which can be observes in the January 1, 2020 valuation, as compared to the assumptions show are as follows:

Investment Rate of Return	4.50%
Mortality	Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled (pre1980): Post-retirement rates set forward three years.

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	10 %	7.7 %
Fixed Income	80 %	5.0 %
Managed Futures	0 %	4.7 %
Absolute Return	0 %	5.0 %
Long Short	0 %	6.5 %
Private Markets	0 %	9.5 %
Cash	10 %	3.2 %
Total	100 %	

Single Discount Rate: A Single Discount Rate of 4.50% 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 4.50%, the municipal bond rate is 2.75%, and the resulting single discount rate is 4.50%.

Changes in the Net Pension Asset:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) – (b)
Balances at December 31, 2019	$ 79,328	$ 275,461	$ (196,133)
Changes for the year:			
Interest on the total pension liability	5,544	-	5,544
Difference between expected and actual experience	5,319	-	5,319
Changes of assumptions	10,245	-	10,245
Net investment income	-	32,815	(32,815)
Benefit payments, including refunds of employee contributions	(11,024)	(11,024)	-
Administrative expense	-	(1,168)	1,168
Balances at December 31, 2020	$ 89,412	$ 296,084	$ (206,672)

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 4.50%, 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 (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
Net Pension Asset	$ (201,411)	$ (206,672)	$ (211,431)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 13,745	$ 17,481
Total	$ 13,745	$ 17,481

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:

Years Ending December 31		Amount
2021	$	(871)
2022		(2,023)
2023		1,678
2024		(2,520)
Total	$	(3,736)

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
12/31/2018	$ 206,043	$ 2,312,197	$ 2,333,658	$ 184,582
12/31/2019	$ 184,582	$ 2,204,384	$ 2,168,413	$ 220,553
12/31/2020	$ 220,553	$ 2,167,615	$ 2,030,024	$ 358,144

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, 2020, the emergency reserve of $366,786 was recorded in the Emergency Reserve - Tabor Fund.

NOTE 12: NEW GASB PRONOUNCEMENTS

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

- GASB Statement No. 87, *Leases*
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 92, *Omnibus 2020*
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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 13: SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated transactions for potential disclosure through May 22, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to December 31, 2020 that would require disclosure.

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.

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)

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Total Pension Liability					
Interest	$ 5,544	$ 5,915	$ 11,847	$ 12,242	$ 10,885
Differences between expected and actual experience	5,319	-	(78,204)	-	11,802
Changes of assumptions	10,245	-	-	-	15,275
Benefit payments	(11,024)	(10,703)	(14,721)	(20,177)	(19,589)
Net changes in total pension liability	10,084	(4,788)	(81,078)	(7,935)	18,373
Total Pension Liability - beginning	79,328	84,116	165,194	173,129	154,756
Total Pension Liability - ending (a)	$ 89,412	$ 79,328	$ 84,116	$ 165,194	$ 173,129

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Plan Fiduciary Net Position					
Net investment income	$ 32,815	$ 177	$ 37,909	$ 14,047	$ 5,235
Benefit payments, including refunds of employeee contributions	(11,024)	(10,703)	(14,721)	(20,177)	(19,589)
Administrative expense	(1,168)	(2,971)	(689)	(2,297)	(772)
Net change in plan fiduciary net position	20,623	(13,497)	22,499	(8,427)	(15,126)
Plan fiduciary net position - beginning	275,461	288,958	266,459	274,886	290,012
Plan fiduciary net position - ending (b)	$ 296,084	$ 275,461	$ 288,958	$ 266,459	$ 274,886
City's net pension (asset) - ending (a) - (b)	$ (206,672)	$ (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 independent auditors' report and notes to required supplementary information

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

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Pension Liability	$ 89,412	$ 79,328	$ 84,116	$ 165,194	$ 173,129	$ 162,303
Plan's Fiduciary Net Position	(296,084)	(275,461)	(288,958)	(266,459)	(274,886)	(292,988)
Net Pension (Asset) Liability	$ (206,672)	$ (196,133)	$ (204,842)	$ (101,265)	$ (101,757)	$ (130,685)
Plan's Fiduciary Net Position as % of Total Pension Liability	331%	347%	344%	161%	159%	181%
Covered-Employee Payroll	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Liability as a % of Covered-Employee Payroll	N/A	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 independent auditors' report and notes to required supplementary information

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

	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Actuarially determined contributions	$ -	$ -	$ -	$ -	$ -	$ -
Actual contributions	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Liability as a % of Covered-Employee Payroll	N/A	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 independent auditors' report and 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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 7,959,586	$ 8,055,672	$ 9,087,639	$ 1,031,967
Franchise fees	651,000	657,313	617,110	(40,203)
Licenses, permits and fees	171,675	209,275	235,498	26,223
Intergovernmental revenue	1,343,750	1,354,419	1,572,846	218,427
Charges for services	567,750	484,474	586,778	102,304
Fines and forfeitures	57,500	38,914	32,193	(6,721)
Donations	16,000	13,500	29,010	15,510
Investment income	28,300	33,300	78,198	44,898
Grant revenue	95,000	843,000	840,336	(2,664)
Miscellaneous revenue	21,500	21,500	10,024	(11,476)
TOTAL REVENUES	10,912,061	11,711,367	13,089,632	1,378,265
EXPENDITURES				
General Government				
City council	470,269	1,158,447	1,151,313	7,134
City attorney	-	-	3,562	(3,562)
Human resources	131,691	225,134	226,945	(1,811)
Municipal court	183,778	178,831	193,585	(14,754)
City manager	147,667	162,552	191,247	(28,695)
Finance department	221,514	479,953	222,188	257,765
City clerk	139,376	237,771	206,080	31,691
Grants administrator	-	28,000	1,465	26,535
Special events	143,159	109,054	119,316	(10,262)
Total General Government	1,437,454	2,579,742	2,315,701	264,041
General Services				
Administration	140,162	139,053	138,916	137
Building maintenance	237,400	234,681	238,541	(3,860)
City hall operations	126,310	118,710	112,572	6,138
Welcome center	80,080	67,580	67,221	359
Planning and building	500,591	471,459	412,748	58,711
Total General Services	1,084,543	1,031,483	969,998	61,485
Public Safety				
Police administration	473,508	397,180	341,865	55,315
Patrol	2,285,518	4,161,621	2,165,536	1,996,085
Police support services	214,877	212,942	197,836	15,106
Police investigation	563,904	553,702	672,488	(118,786)
Police corrections	108,200	90,200	25,273	64,927
Building operations	113,763	113,763	121,405	(7,642)
Kennel operations	224,789	207,548	228,721	(21,173)
Total Public Safety	3,984,559	5,736,956	3,753,124	1,983,832
Public Works				
P.W. administration	297,669	297,620	265,452	32,168
Streets & utilities	454,265	450,302	439,511	10,791
Traffic services	184,000	184,000	173,049	10,951
Snow and ice removal	73,730	74,141	26,555	47,586
Street cleaning	158,581	158,571	172,669	(14,098)
Total Public Works	1,168,245	1,164,634	1,077,236	87,398

See independent auditors' report and 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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE-POSITIVE (NEGATIVE)
Parks and Recreation				
Administration	$ 412,198	$ 119,004	$ 122,844	$ (3,840)
Aquatics	185,778	26,529	24,000	2,529
Golf course administration	58,914	54,959	57,999	(3,040)
Golf course maintenance	453,293	379,451	363,774	15,677
City parks	671,779	510,985	542,340	(31,355)
Recreation	176,624	160,431	114,461	45,970
Library	623,345	583,451	532,971	50,480
Total Parks and Recreation	2,581,931	1,834,810	1,758,389	76,421
Capital outlay	-	-	31,200	(31,200)
Internal charges	1,903,481	1,660,929	877,388	783,541
TOTAL EXPENDITURES	12,160,213	14,008,554	10,783,036	3,225,518
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,248,152)	(2,297,187)	2,306,596	4,603,783
OTHER FINANCING SOURCES				
Transfers in	592,103	530,448	75,000	(455,448)
TOTAL OTHER FINANCING SOURCES	592,103	530,448	75,000	(455,448)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	(656,049)	(1,766,739)	2,381,596	4,148,335
Fund Balance, Beginning			1,466,306	
Fund Balance, Ending			$ 3,847,902	

See independent auditors' report and 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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 1,410,060	$ 1,244,921	$ 1,565,745	$ 320,824
Investment income	-	-	26,180	26,180
Miscellaneous	-	-	21,496	21,496
TOTAL REVENUES	1,410,060	1,244,921	1,613,421	368,500
EXPENDITURES				
Public works	300,065	220,821	685,525	(464,704)
Capital outlay	1,005,000	1,005,000	-	1,005,000
TOTAL EXPENDITURES	1,305,065	1,225,821	685,525	540,296
EXCESS OF REVENUES OVER EXPENDITURES	$ 104,995	$ 19,100	927,896	$ 908,796
Fund Balance, Beginning			2,063,958	
Fund Balance, Ending			$ 2,991,854	

See independent auditors' report and accompanying notes to required supplementary information

CITY OF CORTEZ, COLORADO
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

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

1) On or before the first Monday in November 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 fiscal year.

2) 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.

3) A public hearing is conducted to obtain taxpayer comments.

4) No later than the last day of December, the budget is legally adopted and appropriations are enacted by Ordinance.

5) 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.

6) The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for the fund in total.

7) 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.

8) All appropriations laps at year-end.

9) 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 (GAAP). 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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve-TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
ASSETS							
Cash	$ 132,647	$ -	$ 366,786	$ 948,331	$ 60,255	$ 3	$ 1,508,022
Investments	-	-	-	757,902	-	-	757,902
Prepaid expenses	-	-	-	-	25,704	-	25,704
Intergovernmental receivable	7,270	20,046	-	-	-	-	27,316
Accounts receivable	-	-	-	40,405	2,501	-	42,906
TOTAL ASSETS	139,917	20,046	366,786	1,746,638	88,460	3	2,361,850
LIABILITIES							
Accounts payable	6	-	-	-	2,828	-	2,834
Unearned revenue	-	-	-	-	6,477	-	6,477
TOTAL LIABILITIES	6	-	-	-	9,305	-	9,311
FUND BALANCE							
Nonspendable	-	-	-	-	25,704	-	25,704
Restricted	-	-	366,786	-	-	3	366,789
Unassigned	139,911	20,046	-	1,746,638	53,451	-	1,960,046
TOTAL FUND BALANCE	139,911	20,046	366,786	1,746,638	79,155	3	2,352,539
TOTAL LIABILITIES AND FUND BALANCE	$ 139,917	$ 20,046	$ 366,786	$ 1,746,638	$ 88,460	$ 3	$ 2,361,850

CITY OF CORTEZ, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2020

	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	$ 146,368	$ -	$ -	$ 388,019	$ -	$ -	$ 534,387
Intergovernmental revenue	-	-	-	-	460,757	-	460,757
Investment income	-	-	-	70,614	-	-	70,614
Miscellaneous revenue	-	-	-	33,327	5,903	-	39,230
TOTAL OPERATING REVENUES	146,368	-	-	491,960	466,660	-	1,104,988
OPERATING EXPENDITURES							
General government	87,571	-	-	-	374,709	-	462,280
General services	-	-	-	23,132	-	-	23,132
TOTAL OPERATING EXPENDITURES	87,571	-	-	23,132	374,709	-	485,412
CHANGES IN FUND BALANCE	58,797	-	-	468,828	91,951	-	619,576
FUND BALANCE (DEFICIT), BEGINNING	81,114	20,046	366,786	1,277,810	(12,796)	3	1,732,963
FUND BALANCE (DEFICIT), ENDING	$ 139,911	$ 20,046	$ 366,786	$ 1,746,638	$ 79,155	$ 3	$ 2,352,539

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 219,612	$ 134,880	$ 146,368	$ 11,488
EXPENDITURES				
General Government				
City Council	175,324	93,696	87,571	6,125
TOTAL EXPENDITURES	175,324	93,696	87,571	6,125
REVENUES IN EXCESS OF EXPENDITURES	44,288	41,184	58,797	17,613
OTHER FINANCING (USES)				
Transfers (Out)	(43,921)	(23,424)	-	23,424
CHANGE IN FUND BALANCE	367	17,760	58,797	28,787
Fund Balance, Beginning			81,114	
Fund Balance, Ending			$ 139,911	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenue	$ 255,000	$ -	$ -	$ -
TOTAL REVENUES	255,000	-	-	-
TOTAL REVENUES	255,000	-	-	-
EXPENDITURES				
CFT Recreation Center	255,000	-	-	-
TOTAL EXPENDITURES	255,000	-	-	-
CHANGE IN FUND BALANCE	$ -	$ -	-	$ -
Fund Balance, Beginning			20,046	
Fund Balance, Ending			$ 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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 341,860	$ 329,905	$ 388,019	$ 58,114
Investment income	-	-	70,614	70,614
Miscellaneous income	-	-	33,327	33,327
TOTAL REVENUES	341,860	329,905	491,960	162,055
EXPENDITURES				
General Services				
Equipment	340,369	8,703	23,132	(14,429)
TOTAL EXPENDITURES	340,369	8,703	23,132	(14,429)
CHANGE IN FUND BALANCE	$ 1,491	$ 321,202	468,828	$ 176,484
Fund Balance, Beginning			1,277,810	
Fund Balance, Ending			$ 1,746,638	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
December 31, 2020

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash	$ -	$ 310,089	$ 344,734	$ 654,823
Inventories	-	37,742	-	37,742
Accounts receivable	-	105,604	15,405	121,009
TOTAL CURRENT ASSETS	-	453,435	360,139	813,574
CAPITAL ASSETS				
Capital assets, depreciable	618,927	484,636	158,251	1,261,814
NET CAPITAL ASSETS	618,927	484,636	158,251	1,261,814
RESTRICTED CASH	60,061	-	-	60,061
TOTAL ASSETS	$ 678,988	$ 938,071	$ 518,390	$ 2,135,449
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ -	$ 1,843	$ 1,559	$ 3,402
Accrued interest payable	11,895	-	-	11,895
Accrued liabilities	-	1,245	6,925	8,170
Interfund payables	-	510,000	-	510,000
Notes and loans payable due within one year	56,936	-	-	56,936
TOTAL CURRENT LIABILITIES	68,831	513,088	8,484	590,403
LONG-TERM LIABILITIES				
Compensated absences	-	9,715	42,456	52,171
Notes and loans payable	566,501	-	-	566,501
TOTAL LONG-TERM LIABILITIES	566,501	9,715	42,456	618,672
TOTAL LIABILITIES	635,332	522,803	50,940	1,209,075
NET POSITION				
Net investment in capital assets	52,426	484,636	158,251	695,313
Restricted investments	60,061	-	-	60,061
Unrestricted	(68,831)	(69,368)	309,199	171,000
TOTAL NET POSITION	$ 43,656	$ 415,268	$ 467,450	$ 926,374

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUNDS
For the Year Ended December 31, 2020

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 59,355	$ 550,014	$ 538,115	$ 1,147,484
Interfund charges	-	-	347,143	347,143
TOTAL OPERATING REVENUES	59,355	550,014	885,258	1,494,627
OPERATING EXPENSES				
Administration	1,789	-	-	1,789
Fiber outside plant	-	129,305	-	129,305
Fiber administration	-	106,797	-	106,797
Fiber inside plant	-	57,537	-	57,537
Police support services	-	-	699,261	699,261
Depreciation	65,357	112,283	27,467	205,107
TOTAL OPERATING EXPENSES	67,146	405,922	726,728	1,199,796
OPERATING INCOME (LOSS)	(7,791)	144,092	158,530	294,831
NON-OPERATING REVENUE (EXPENSE)				
Interest expense	(13,585)	-	-	(13,585)
TOTAL NON-OPERATING (EXPENSE)	(13,585)	-	-	(13,585)
INCOME (LOSS) BEFORE TRANSFERS	(21,376)	144,092	158,530	281,246
TRANSFERS				
Transfers (out)	-	(75,000)	-	(75,000)
TRANSFERS, NET	-	(75,000)	-	(75,000)
CHANGE IN NET POSITION	(21,376)	69,092	158,530	206,246
NET POSITION, Beginning	65,032	346,176	308,920	720,128
NET POSITION, Ending	$ 43,656	$ 415,268	$ 467,450	$ 926,374

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2020

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 61,842	$ 523,389	$ 900,959	$ 1,486,190
Payments to suppliers	(1,789)	(204,297)	(25,021)	(231,107)
Payments to employees	-	(89,717)	(691,830)	(781,547)
NET CASH PROVIDED BY OPERATING ACTIVITIES	60,053	229,375	184,108	473,536
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash (to) from other funds	-	(75,000)	-	(75,000)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	-	(75,000)	-	(75,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Debt payments	(55,820)	-	-	(55,820)
Interest paid	(13,585)	-	-	(13,585)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(69,405)	-	-	(69,405)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,352)	154,375	184,108	329,131
CASH AND CASH EQUIVALENTS, Beginning of Year	69,413	155,714	160,626	385,753
CASH AND CASH EQUIVALENTS, End of Year	$ 60,061	$ 310,089	$ 344,734	$ 714,884
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (7,791)	$ 144,092	$ 158,530	$ 294,831
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	65,357	112,283	27,467	205,107
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	2,487	(26,625)	15,701	(8,437)
Increase (decrease) in:				
Accounts payable	-	1,843	(3,806)	(1,963)
Accrued liabilities	-	(1,426)	(14,627)	(16,053)
Compensated absences	-	(792)	843	51
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 60,053	$ 229,375	$ 184,108	$ 473,536

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 259,656	$ 181,419	$ 169,231	$ (12,188)
Intergovernmental revenue	300,000	327,557	342,953	15,396
Grant revenue	1,560,000	2,324,545	1,933,820	(390,725)
Miscellaneous revenue	-	-	5,200	5,200
TOTAL OPERATING REVENUES	2,119,656	2,833,521	2,451,204	(382,317)
OPERATING EXPENSES				
Airport operations	2,154,630	2,596,633	810,316	1,786,317
Depreciation	275,000	275,000	270,540	4,460
Internal charges	2,000	2,000	2,358	(358)
TOTAL OPERATING EXPENSES	2,431,630	2,873,633	1,083,214	1,790,419
OPERATING INCOME (LOSS)	(311,974)	(40,112)	1,367,990	1,408,102
CHANGE IN NET POSITION - BUDGET BASIS	$ (311,974)	$ (40,112)	1,367,990	$ 1,408,102
CHANGE IN NET POSITION - GAAP BASIS			1,367,990	
Net Position, Beginning			7,091,361	
Net Position, Ending			$ 8,459,351	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 502,390	$ 152,759	$ 205,070	$ 52,311
Interfund charges	208,000	208,000	208,000	-
TOTAL OPERATING REVENUES	710,390	360,759	413,070	52,311
OPERATING EXPENSES				
Recreation center	1,459,177	1,348,170	622,730	725,440
Capital outlay	97,000	17,000	-	17,000
Depreciation	252,000	252,000	241,876	10,124
TOTAL OPERATING EXPENSES	1,808,177	1,617,170	864,606	752,564
OPERATING INCOME (LOSS)	(1,097,787)	(1,256,411)	(451,536)	804,875
NON-OPERATING REVENUES (EXPENSES)				
Property and sales taxes	1,577,638	1,565,735	1,748,108	182,373
Investment income	-	5,000	26,623	21,623
Interest expense	(59,850)	(40,600)	(45,548)	(4,948)
Debt retirement	(550,000)	(570,000)	(570,000)	-
TOTAL NON-OPERATING REVENUES	967,788	960,135	1,159,183	199,048
CHANGE IN NET POSITION - BUDGET BASIS	$ (129,999)	$ (296,276)	707,647	$ 1,003,923
GAAP BASIS ADJUSTMENTS				
Debt service principal			570,000	
CHANGE IN NET POSITION - GAAP BASIS			1,277,647	
Net Position, Beginning			7,841,020	
Net Position, Ending			$ 9,118,667	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 3,587,307	$ 3,587,307	$ 3,652,698	$ 65,391
Miscellaneous revenue	6,000	6,000	13,200	7,200
TOTAL OPERATING REVENUES	3,593,307	3,593,307	3,665,898	72,591
OPERATING EXPENSES				
Administration	417,225	342,205	57,129	285,076
Filtration and treatment	1,330,509	1,139,429	783,426	356,003
Transmission and distribution	691,140	638,316	448,634	189,682
Meter maintenance	31,170	24,347	9,252	15,095
Depreciation	377,195	377,195	524,511	(147,316)
Internal charges	93,850	97,626	57,616	40,010
TOTAL OPERATING EXPENSES	2,941,089	2,619,118	1,880,568	738,550
OPERATING INCOME (LOSS)	652,218	974,189	1,785,330	811,141
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,500	1,500	2,550	1,050
Interest expense	(239,258)	(241,765)	(205,189)	36,576
Debt retirement	(296,095)	(293,587)	(260,534)	33,053
TOTAL NON-OPERATING REVENUES	(533,853)	(533,852)	(463,173)	70,679
CHANGE IN NET POSITION - BUDGET BASIS	$ 118,365	$ 440,337	1,322,157	$ 881,820
GAAP BASIS ADJUSTMENTS				
Debt service principal			260,534	
CHANGE IN NET POSITION - GAAP BASIS			1,582,691	
Net Position, Beginning			10,940,398	
Net Position, Ending			$ 12,523,089	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 1,447,776	$ 1,447,776	$ 1,476,908	$ 29,132
TOTAL OPERATING REVENUES	1,447,776	1,447,776	1,476,908	29,132
OPERATING EXPENSES				
Administration	11,700	11,700	7,268	4,432
Collection	1,017,886	1,008,865	927,500	81,365
Recycling	213,880	213,880	191,707	22,173
Capital outlay	160,000	160,000	-	160,000
Depreciation	40,000	40,000	72,032	(32,032)
Internal charges	248,979	582,414	128,250	454,164
TOTAL OPERATING EXPENSES	1,692,445	2,016,859	1,326,757	690,102
OPERATING INCOME (LOSS)	(244,669)	(569,083)	150,151	719,234
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,800	1,800	2,606	806
TOTAL NON-OPERATING REVENUES	1,800	1,800	2,606	806
CHANGE IN NET POSITION - BUDGET BASIS	$ (242,869)	$ (567,283)	152,757	$ 720,040
CHANGE IN NET POSITION - GAAP BASIS			152,757	
Net Position, Beginning			1,466,866	
Net Position, Ending			$ 1,619,623	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 72,000	$ 72,000	$ 59,355	$ (12,645)
TOTAL OPERATING REVENUES	72,000	72,000	59,355	(12,645)
OPERATING EXPENSES				
Administration	8,000	4,000	1,789	2,211
Depreciation	65,802	65,802	65,357	445
TOTAL OPERATING EXPENSES	73,802	69,802	67,146	2,656
OPERATING INCOME (LOSS)	(1,802)	2,198	(7,791)	(9,989)
NON-OPERATING (EXPENSES)				
Interest expense	(15,753)	(13,585)	(13,585)	-
Debt retirement	(54,726)	(55,820)	(55,820)	-
TOTAL NON-OPERATING EXPENSES	(70,479)	(69,405)	(69,405)	-
CHANGE IN NET POSITION - BUDGET BASIS	$ (72,281)	$ (67,207)	(77,196)	$ (9,989)
GAAP BASIS ADJUSTMENTS				
Debt service principal			55,820	
CHANGE IN NET POSITION - GAAP BASIS			(21,376)	
Net Position, Beginning			65,032	
Net Position, Ending			$ 43,656	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 468,351	$ 468,351	$ 550,014	$ 81,663
TOTAL OPERATING REVENUES	468,351	468,351	550,014	81,663
OPERATING EXPENSES				
Fiber outside plant	126,402	101,152	129,305	(28,153)
Fiber administration	86,200	138,221	106,797	31,424
Fiber inside plant	61,841	58,260	57,537	723
Depreciation	90,000	90,000	112,283	(22,283)
TOTAL OPERATING EXPENSES	364,443	387,633	405,922	(18,289)
OPERATING INCOME	103,908	80,718	144,092	63,374
NON-OPERATING (EXPENSES)				
Transfers (out)	(94,017)	(98,456)	(75,000)	23,456
TOTAL NON-OPERATING EXPENSES	(94,017)	(98,456)	(75,000)	23,456
CHANGE IN NET POSITION - BUDGET BASIS	$ 9,891	$ (17,738)	69,092	$ 86,830
Net Position, Beginning			346,176	
Net Position, Ending			$ 415,268	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 612,775	$ 659,956	$ 538,115	$ (121,841)
Interfund charges	367,634	347,143	347,143	-
TOTAL OPERATING REVENUES	980,409	1,007,099	885,258	(121,841)
OPERATING EXPENSES				
Police support services	957,209	957,209	699,261	257,948
Depreciation	16,000	16,000	27,467	(11,467)
TOTAL OPERATING EXPENSES	973,209	973,209	726,728	246,481
OPERATING INCOME	7,200	33,890	158,530	124,640
CHANGE IN NET POSITION - BUDGET BASIS	$ 7,200	$ 33,890	158,530	$ 124,640
Net Position, Beginning			308,920	
Net Position, Ending			$ 467,450	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
December 31, 2020

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
ASSETS				
CURRENT ASSETS				
Cash	$ -	$ -	$ 1,969,283	$ 1,969,283
Petty cash	152	-	-	152
Inventories	37,416	-	-	37,416
Accounts receivable	-	6,400	-	6,400
TOTAL CURRENT ASSETS	37,568	6,400	1,969,283	2,013,251
CAPITAL ASSETS				
Capital assets, depreciable	10,609	1,099	-	11,708
NET CAPITAL ASSETS	10,609	1,099	-	11,708
TOTAL ASSETS	$ 48,177	$ 7,499	$ 1,969,283	$ 2,024,959
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	473,157	335,226	358,144	$ 1,166,527
Accrued liabilities	5,166	1,228	-	6,394
TOTAL CURRENT LIABILITIES	478,323	336,454	358,144	1,172,921
LONG-TERM LIABILITIES				
Compensated absences	39,468	8,060	-	47,528
TOTAL LONG-TERM LIABILITIES	39,468	8,060	-	47,528
TOTAL LIABILITIES	517,791	344,514	358,144	1,220,449
NET POSITION				
Net investment in capital assets	10,609	1,099	-	11,708
Unrestricted	(480,223)	(338,114)	1,611,139	792,802
TOTAL NET POSITION	$ (469,614)	$ (337,015)	$ 1,611,139	$ 804,510

CITY OF CORTEZ, COLORADO
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2020

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ 6,400	$ 2,703,289	$ 2,709,689
Interfund charges	475,955	-	-	475,955
TOTAL OPERATING REVENUES	475,955	6,400	2,703,289	3,185,644
OPERATING EXPENSES				
Health claims	-	-	2,167,615	2,167,615
Shop	662,777	-	-	662,777
Building overhead	123,085	-	-	123,085
Technology	-	391,472	-	391,472
Telecommunications	-	13,047	-	13,047
Depreciation	1,209	9,244	-	10,453
TOTAL OPERATING EXPENSES	787,071	413,763	2,167,615	3,368,449
OPERATING INCOME (LOSS)	(311,116)	(407,363)	535,674	(182,805)
CHANGE IN NET POSITION	(311,116)	(407,363)	535,674	(182,805)
NET POSITION, Beginning (Deficit)	(158,498)	70,348	1,075,465	987,315
NET POSITION, Ending (Deficit)	$ (469,614)	$ (337,015)	$ 1,611,139	$ 804,510

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2020

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 475,955	$ -	$ -	$ 475,955
Cash flows from internal activities	-	-	2,703,289	2,703,289
Payments to suppliers	(64,776)	126,214	-	61,438
Payments for claims and loss adjustments	-	-	(1,216,287)	(1,216,287)
Payments to employees	(411,179)	(200,407)	(813,737)	(1,425,323)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	(74,193)	673,265	599,072
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(74,193)	673,265	599,072
CASH AND CASH EQUIVALENTS, Beginning of Year	152	74,193	1,296,018	1,370,363
CASH AND CASH EQUIVALENTS, End of Year	$ 152	$ -	$ 1,969,283	$ 1,969,435
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (311,116)	$ (407,363)	$ 535,674	$ (182,805)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	1,209	9,244	-	10,453
Changes in assets and liabilities:				
Accounts receivable	-	(6,400)	-	(6,400)
Increase (decrease) in:				
Accounts payable	315,142	335,226	137,591	787,959
Accrued liabilities	(7,068)	(4,228)	-	(11,296)
Compensated absences	1,833	(672)	-	1,161
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ -	$ (74,193)	$ 673,265	$ 599,072

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Interfund charges	$ 943,234	$ 913,677	$ 475,955	$ (437,722)
TOTAL OPERATING REVENUES	943,234	913,677	475,955	(437,722)
OPERATING EXPENSES				
Shop	856,560	810,507	662,777	147,730
Building overhead	116,920	103,170	123,085	(19,915)
TOTAL OPERATING EXPENSES	973,480	913,677	785,862	127,815
OPERATING (LOSS)	(30,246)	-	(309,907)	(309,907)
CHANGE IN NET POSITION - BUDGET BASIS	$ (30,246)	$ -	(309,907)	$ (309,907)
Net Position, Beginning (Deficit)			(158,498)	
Net Position, Ending (Deficit)			$ (468,405)	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 662,442	$ 667,808	$ 6,400	$ (661,408)
TOTAL OPERATING REVENUES	662,442	667,808	6,400	(661,408)
OPERATING EXPENSES				
Technology	623,887	588,258	391,472	196,786
Telecommunications	70,200	70,200	13,047	57,153
Depreciation	7,825	7,825	9,244	(1,419)
TOTAL OPERATING EXPENSES	701,912	666,283	413,763	252,520
OPERATING INCOME (LOSS)	(39,470)	1,525	(407,363)	(408,888)
CHANGE IN NET POSITION - BUDGET BASIS	$ (39,470)	$ 1,525	(407,363)	$ (408,888)
Net Position, Beginning			70,348	
Net Position, Ending (Deficit)			$ (337,015)	

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, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 2,853,400	$ 2,853,400	$ 2,703,289	$ (150,111)
TOTAL OPERATING REVENUES	2,853,400	2,853,400	2,703,289	(150,111)
OPERATING EXPENSES				
Health claims	2,501,820	2,436,820	2,167,615	269,205
TOTAL OPERATING EXPENSES	2,501,820	2,436,820	2,167,615	269,205
OPERATING INCOME	351,580	416,580	535,674	119,094
CHANGE IN NET POSITION - BUDGET BASIS	$ 351,580	$ 416,580	535,674	$ 119,094
Net Position, Beginning			1,075,465	
Net Position, Ending			$ 1,611,139	

STATISTICAL SECTION

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES:										
Taxes-Assessments	$ 6,878,903	$ 7,383,659	$ 7,442,377	$ 7,692,052	$ 8,030,460	$ 8,182,679	$ 8,497,299	$ 8,415,685	$ 9,002,247	$ 9,704,749
Licenses and Permits	83,755	197,714	82,312	339,138	129,901	270,637	419,464	234,053	204,629	235,498
Intergovernmental	3,141,052	1,435,485	1,410,143	1,620,172	1,554,174	1,504,600	1,615,350	1,491,119	1,543,598	1,572,846
Charges for Services	533,547	529,043	526,636	563,625	690,829	547,762	656,035	579,706	528,166	586,778
Fine and Forefeitures	85,317	90,220	80,419	83,951	76,981	81,673	74,130	54,564	65,764	32,193
Investment Income	30,906	14,375	14,334	14,765	18,530	9,725	15,710	34,051	79,755	78,198
Miscellaneous	164,514	22,210	33,074	105,705	24,630	82,432	301,471	6,830	227,542	10,024
Donation	-	37,093	63,086	47,877	49,001	18,057	10,645	42,477	19,591	29,010
Grant Revenue	-	154,304	160,334	148,242	134,978	1,938,709	425,244	404,709	231,134	840,336
TOTAL REVENUES	10,917,994	9,864,103	9,812,715	10,615,527	10,709,484	12,636,274	12,015,348	11,263,194	11,902,426	13,089,632
EXPENDITURES:										
General Government	4,177,628	1,978,455	3,088,766	3,156,388	6,497,446	2,773,528	2,935,708	3,249,695	3,010,446	3,285,699
Public Safety	3,099,140	4,070,047	3,439,521	3,654,284	3,811,407	3,706,404	3,760,147	3,675,003	3,964,249	3,753,124
Public Works	1,063,726	1,102,022	928,184	960,435	994,693	1,046,749	1,168,092	1,214,268	1,098,998	1,077,236
Parks & Recreation	2,202,447	1,795,989	1,827,213	1,793,906	1,893,506	2,099,844	2,078,227	2,344,539	2,433,443	1,758,389
Internal Charges	-	-	1,018,625	-	-	1,340,665	1,494,734	1,688,688	1,335,552	877,388
Capital Outlay	102,835	-	-	-	-	-	1,399,039	450,983	5,450	31,200
TOTAL EXPENDITURES	10,645,776	8,946,513	10,302,309	9,565,013	13,197,052	10,967,190	12,835,947	12,623,176	11,848,138	10,783,036
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	272,218	917,590	(489,594)	1,050,514	(2,487,568)	1,669,084	(820,599)	(1,359,982)	54,288	2,306,596
OTHER FINANCING SOURCES/USES										
Transfer In	123,228	127,543	90,472	39,600	44,831	43,327	46,239	-	213,911	75,000
Transfer Out	(1,027,757)	(208,600)	(163,600)	(163,600)	(163,600)	(1,667,155)	-	(7,049)	(35,500)	-
TOTAL	(904,529)	(81,057)	(73,128)	(124,000)	(118,769)	(1,623,828)	46,239	(7,049)	178,411	75,000
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USERS	(632,311)	836,533	(562,722)	926,514	(2,606,337)	45,256	(774,360)	(1,367,031)	232,699	2,381,596
FUND BALANCE										
Beginning	5,293,029	4,660,718	5,572,287	5,009,565	5,936,079	3,329,742	3,374,998	2,600,638	1,233,607	1,466,306
Prior Period Restatement	-	75,036	-	-	-	-	-	-	-	-
FUND BALANCE										
Ending	$ 4,660,718	$ 5,572,287	$ 5,009,565	$ 5,936,079	$ 3,329,742	$ 3,374,998	$ 2,600,638	$ 1,233,607	$ 1,466,306	$ 3,847,902

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUES:										
Charges for services	$ 1,726,480	$ 2,159,301	$ 2,056,461	$ 2,322,139	$ 2,258,839	$ 2,885,522	$ 2,870,993	$ 3,207,513	$ 2,970,637	$ 3,652,698
Other	151,885	(6,402)	9,998	10,770	-	(829)	19,375	14,222	13,200	13,200
Total Operating Revenues	1,878,365	2,152,899	2,066,459	2,332,909	2,258,839	2,884,693	2,890,368	3,221,735	2,983,837	3,665,898
OPERATING EXPENSES:										
Operations & Services	1,137,501	980,543	1,172,140	1,629,441	2,082,748	1,859,561	1,959,933	1,870,987	3,083,359	1,880,568
Capital Outlay	60,076	179,389	488,647	50,586	1,361,134	876,339	883,756	409,052	76,633	-
Total Operating Expenses	1,197,577	1,159,932	1,660,787	1,680,027	3,443,882	2,735,900	2,843,689	2,280,039	3,159,992	1,880,568
Operating Income/(Loss)	680,788	992,967	405,672	652,882	(1,185,043)	148,793	46,679	941,696	(176,155)	1,785,330
OTHER REVENUES (EXPENSES)										
Grant Revenue	-	-	-	-	231,033	19,180	76,817	-	-	-
Interest Income	2,427	2,697	2,979	1,861	6,577	2,452	1,600	954	3,447	2,550
Debt Service - Interest	(256,167)	-	-	-	-	-	(232,728)	(228,836)	(213,248)	(205,189)
Debt Service - Principal	(107,210)	(369,206)	(369,185)	(369,162)	(369,141)	(405,164)	(231,229)	(236,889)	(250,308)	(260,534)
NET INCOME(LOSS) before transfers	319,838	626,458	39,466	285,581	(1,316,574)	(234,739)	(338,861)	476,925	(636,264)	1,322,157
TRANSFERS										
Transfers In	-	25,000	-	-	-	4,000	-	-	-	-
Transfers Out	-	(64,419)	-	-	-	-	-	(561,610)	(168,500)	-
Net Transfers	-	(39,419)	-	-	-	4,000	-	(561,610)	(168,500)	-
Change in Net Position - Budget Basis	319,838	587,039	39,466	285,581	(1,316,574)	(230,739)	(338,861)	(84,685)	(804,764)	1,322,157
GAAP BASIS ADJUSTMENTS										
Capital Outlay	-	18,908	32,111	27,223	1,340,165	729,226	35,281	-	-	-
Depreciation	(446,891)	(442,131)	(433,635)	-	-	-	-	-	-	-
Debt Service Principal	107,210	120,091	126,013	132,246	138,814	161,474	231,229	236,889	250,308	260,534
NET INCOME	(19,843)	283,907	(236,045)	445,050	162,405	659,961	(72,351)	152,204	(554,456)	1,582,691
NET POSITION, Beginning	10,922,928	10,085,947	10,369,854	10,133,809	10,502,509	10,664,914	11,415,001	11,342,650	11,494,854	10,940,398
Prior Period Adjustment	(817,138)	-	-	-	-	90,126	-	-	-	-
Net Position, Beginning (As Restated)	10,105,790	10,085,947	10,369,854	10,133,809	10,502,509	10,755,040	11,415,001	11,342,650	11,494,854	10,940,398
Net Position, Ending	$ 10,085,947	$ 10,369,854	$ 10,133,809	$ 10,578,859	$ 10,664,914	$ 11,415,001	$ 11,342,650	$ 11,494,854	$ 10,940,398	$ 12,523,089

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Water Charges	$ 1,703,868	$ 2,041,578	$ 1,920,994	$ 2,188,896	$ 2,153,447	$ 2,697,338	$ 2,779,797	$ 3,105,843	$ 2,850,714	$ 3,473,080
Water Developmment Fees	118,280	25,410	16,595	97,515	70,537	169,820	34,799	53,027	95,017	165,342
Penalties, Connection & Other Charges	56,217	110,904	128,872	46,499	265,888	18,364	56,397	48,643	24,906	27,476
Investment Income	2,427	2,697	2,979	1,860	6,577	2,453	19,375	14,222	13,200	2,550
Total Revenues	1,880,792	2,180,589	2,069,440	2,334,770	2,496,449	2,887,975	2,890,368	3,221,735	2,983,837	3,668,448
Total Expenses	1,900,634	1,896,683	2,305,483	1,902,939	3,813,023	3,141,064	2,808,408	2,280,039	3,159,992	1,880,568
Less: Depreciation	(446,891)	(442,131)	(433,635)	(405,520)	(442,697)	(500,882)	(521,346)	(521,008)	(517,689)	(524,511)
Less: Capital Outlay	(51,443)	(160,303)	(468,149)	(23,395)	(1,340,165)	(876,339)	(848,475)	-	-	-
Less: Debt Service	(107,210)	(249,115)	(243,172)	(236,916)	(369,141)	(405,164)	(231,229)	(236,889)	(250,308)	(260,534)
Operating Expenses (int including depreciation)	1,295,090	1,045,134	1,160,527	1,237,108	1,661,020	1,358,679	1,207,358	1,522,142	2,391,995	1,095,523
Net Revenues	585,702	1,135,455	908,913	1,097,662	835,429	1,529,296	1,683,010	1,699,593	591,842	2,572,925
Annual Debt Service Requirement:										
2010 Colo Water Res & Power Dev Loan	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247	$ 27,247
1986 Colorado Water Conservation Board	72,506	72,506	72,506	72,506	72,506	72,506	72,506	72,506	72,506	72,506
2005 CO Dept of Local Affairs Water Loan	23,772	23,772	23,772	23,772	23,772	23,772	23,772	23,772	23,772	23,772
1986 Dolores Water Conservancy Board	246,125	246,125	246,125	246,125	246,125	246,125	246,125	246,125	246,125	246,125
Total Annual Debt Service Requirement	369,650	369,650	369,650	369,650	369,650	369,650	369,650	369,650	369,650	369,650
Reserve Funding Requirements:										
2010 Colo Water Res & Power Dev Loan	41,127	41,127	41,127	41,127	41,127	41,127	41,127	41,127	41,127	41,127
Total Annual Debt Service Requirement	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**	**410,777**
Debt Coverage Ratio	1	3	2	3	2	4	4	4	4	4

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Hydro-Production Credits	$ 51,364	$ 51,040	$ 49,472	$ 55,084	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355
Energy Credits	59,455	37,321	17,174	-	-	-	-	-	-	-
Total Revenues	$ 110,819	$ 88,361	$ 66,646	$ 55,084	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355
Total Expenses	$ 165,183	$ 124,876	$ 89,809	$ 88,682	$ 88,631	$ 146,392	$ 69,167	$ 69,964	$ 65,955	$ 67,146
Less Depreciation	(52,125)	(75,828)	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)
Less Debt Service	(21,550)	(20,850)	(19,879)	(18,888)	(68,435)	(69,443)	(69,405)	(53,652)	(54,725)	(55,820)
Operating Expenses	91,508	28,198	4,128	3,992	(45,606)	11,592	(65,595)	(49,045)	(54,127)	(54,031)
Net Revenues	$ 19,311	$ 60,163	$ 62,518	$ 51,092	$ 105,881	$ 63,948	$ 137,996	$ 123,081	$ 120,727	$ 113,386
Aannual Debt Service Requirement										
2009 CWRPDA Hydro Loan	$ 69,405	$ 69,405	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435	$ 69,413	$ 69,413	$ 60,061
Total Annual Debt Service	$ 69,405	$ 69,405	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435	$ 69,413	$ 69,413	$ 60,061
Debt Ratio Coverage	27.82%	86.68%	90.08%	73.61%	154.72%	93.44%	201.65%	177.32%	173.93%	188.78%

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUES:										
Hydro-Production Credits	$ 51,364	$ 51,040	$ 49,472	$ 55,083	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355
Energy Credits	59,455	37,320	17,177	-	-	-	-	-	-	-
Total Operating Revenues	110,819	88,360	66,649	55,083	60,275	75,540	72,401	74,036	66,600	59,355
Operating Expenditures:										
Operations and Services	2,509	3,199	4,128	3,992	4,951	11,592	3,810	2,367	598	1,789
Other Revenues(Expenses)										
Debt Service Interest	(21,550)	(20,850)	(68,473)	(68,455)	(68,435)	(69,443)	(68,390)	(71,645)	(69,405)	(71,511)
Net Income/(Loss) before transfers	86,760	64,311	(5,952)	(17,364)	(13,111)	(5,495)	201	24	(3,403)	(13,945)
Transfers										
Transfers In	-	-	-	76,350	-	-	-	27,914	-	-
Transfers Out	(89,000)	(25,000)	-	-	-	-	-	-	-	-
Net Transfers	(89,000)	(25,000)	-	76,350	-	-	-	27,914	-	-
GAAP BASIS ADJUSTMENTS										
Debt Service Principal	-	-	48,594	49,567	50,557	52,600	52,600	53,652	57,926	55,820
Depreciation	(52,125)	(75,828)	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)
Net Income	(54,365)	(36,517)	(23,160)	42,751	(28,356)	(18,252)	(12,556)	16,233	(10,834)	(23,482)
Net Position, Beginning	226,152	171,787	107,619	84,459	127,210	98,854	72,189	59,633	75,866	65,032
Prior Perid Restatement	-	(27,651)	-	-	-	(8,413)	-	-	-	-
Net Position, Ending	$ 171,787	$ 107,619	$ 84,459	$ 127,210	$ 98,854	$ 72,189	$ 59,633	$ 75,866	$ 65,032	$ 41,550