CITY OF CORTEZ, COLORADO

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2021

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CITY OF CORTEZ, COLORADO
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2021

CITY COUNCIL

As of December 31, 2021

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

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
Mike Green – City Attorney
Linda Smith – City Clerk
Kelly Koskie – Director of Finance
Vacant – Director of Parks and Recreation
Vacant – Director of Planning and Building
Vacant – Director of Public Works

City Staff

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cortez
Cortez, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cortez, Colorado (the "City") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in

the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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 August 25, 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
August 25, 2023

CITY OF CORTEZ, COLORADO
MANAGEMENT'S DISCUSSION & ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021. 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 $65.7 million (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $13.5 million.
- General revenues totaled $14.3 million in revenue. Program specific revenues in the form of charges for services and fees and grants accounted for $6.5 million or 31% of total governmental revenues of $20.8 million.
- The City had $18.0 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 g overnment-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*		
	2021	*2020*	*Change*	*2021*	*2020*	*Change*	*2021*	*2020*	*Change*
Assets									
Current and other assets	$ 14.9	$ 11.1	34.2%	$ 12.0	$ 10.7	12.1%	$ 26.9	$ 21.8	23.4%
Capital assets	18.4	19.4	-5.2%	26.4	27.6	-4.3%	44.8	47	-4.7%
Total assets	33.3	30.5	9.2%	38.4	38.3	0.3%	71.7	68.8	4.2%
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%	4.2	5.2	-19.2%	4.7	5.7	-17.5%
Other liabilities	0.8	0.8	0.0%	0.4	0.5	-20.0%	1.2	1.3	-7.7%
Total liabilities	1.3	1.3	0.0%	4.6	5.7	-19.3%	5.9	7.0	-15.7%
Deferred inflows of resources	0.1	0.1	0.0%	0.0	0.0	0.0%	0.1	0.1	0.0%
Net position									
Net investment in capital assets	18.4	19.4	-5.2%	22.5	22.7	-0.9%	40.9	42.1	-2.9%
Restricted	0.4	0.4	0.0%	0.6	0.5	20.0%	1.0	0.9	11.1%
Unrestricted	13.1	9.3	40.9%	10.7	9.4	13.8%	23.8	18.7	27.3%
Total net position	$ 31.9	$ 29.1	9.6%	$ 33.8	$ 32.6	3.7%	$ 65.7	$ 61.7	6.5%

Normal Impacts

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

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

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

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

Spending of non-borrowed current assets on new capital – which will (a) reduce current assets and increase capital assets; and, (b) will reduce unrestricted net position and increase net investment in capital assets.

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

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

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total assets and deferred outflows of resources equal $65.7 million. The City's total liabilities and deferred inflows of resources equal $6.0 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*		
	2021	*2020*	*Change*	*2021*	*2020*	*Change*	*2021*	*2020*	*Change*
Revenues									
Program Revenues									
Charges for services	$ 3.8	$ 3.6	5.6%	$ 6.9	$ 7.2	-4.2%	$ 10.7	$ 10.8	-0.9%
Operating grants and contributions	2.7	2.8	-3.6%	0.0	0.3	0.0%	2.7	3.1	-12.9%
Capital grants and contributions	0.0	0.0	0.0%	0.6	2.0	0.0%	0.6	2.0	0.0%
General Revenues									
Property and sales taxes	12.9	11.2	15.2%	2.0	1.7	17.6%	14.9	12.9	15.5%
Franchise taxes	0.6	0.6	0.0%	0.0	0.0	0.0%	0.6	0.6	0.0%
Interfund charges	0.4	0.5	0.0%	0.0	0.0	0.0%	0.4	0.5	0.0%
Investment income	0.0	0.2	0.0%	0.0	0.0	0.0%	0.0	0.2	0.0%
Miscellaneous revenue	0.4	0.1	300.0%	0.0	0.0	0.0%	0.4	0.1	300.0%
Total revenues	20.8	19.0	9.5%	9.5	11.2	-15.2%	30.3	30.2	0.3%
Expenses									
General government	2.8	3.0	-6.7%	0.0	0.0	0.0%	2.8	3.0	-6.7%
General services	4.8	4.6	4.3%	0.0	0.0	0.0%	4.8	4.6	4.3%
Public safety	4.4	4.1	7.3%	0.0	0.0	0.0%	4.4	4.1	7.3%
Public works	3.3	1.9	73.7%	0.0	0.0	0.0%	3.3	1.9	73.7%
Parks and recreation	2.0	1.9	5.3%	0.0	0.0	0.0%	2.0	1.9	5.3%
Capital projects	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Internal charges	0.7	0.9	-22.2%	0.0	0.0	0.0%	0.7	0.9	-22.2%
Airport	0.0	0.0	0.0%	0.9	1.1	-18.2%	0.9	1.1	-18.2%
Recreation	0.0	0.0	0.0%	1.2	0.9	33.3%	1.2	0.9	33.3%
Water	0.0	0.0	0.0%	3.3	2.1	57.1%	3.3	2.1	57.1%
Solid waste collection	0.0	0.0	0.0%	1.4	1.3	7.7%	1.4	1.3	7.7%
Police dispatch	0.0	0.0	0.0%	0.7	0.7	0.0%	0.7	0.7	0.0%
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%	0.7	0.4	75.0%	0.7	0.4	75.0%
Total expenses	18.0	16.4	9.8%	8.3	6.6	25.8%	26.3	23.0	14.3%
Transfers - net	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Special item - bad debt allowance	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Change in net position	2.8	2.6	7.7%	1.2	4.6	73.9%	4.0	7.2	44.4%
Net position, beginning	29.1	26.5	9.8%	32.6	28.0	16.4%	61.7	54.5	13.2%
Net position, ending	$ 31.9	$ 29.1	9.6%	$ 33.8	$ 32.6	3.7%	$ 65.7	$ 61.7	6.5%

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2021 and 2020. 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.

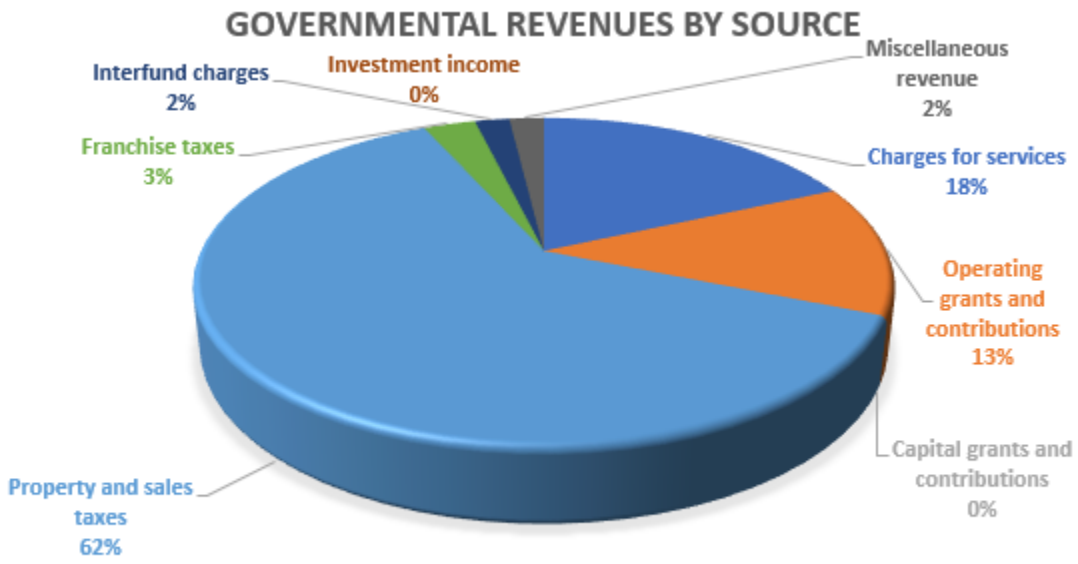
Expenses

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.

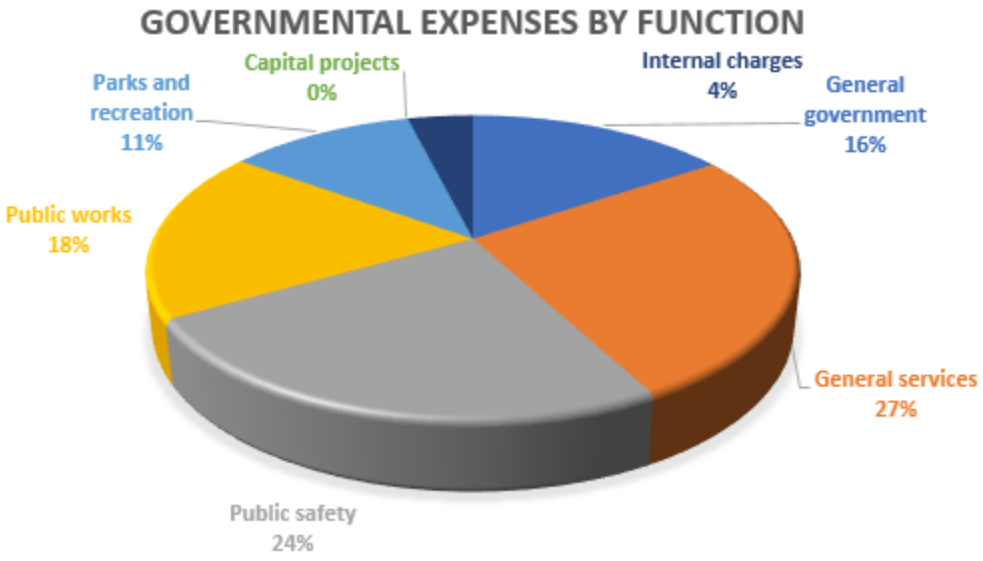
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.



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 $20,881,432.



Expenses

Total government activities' expenditures for the current year was $18,094,603.

Capital Assets and Debt Administration

Capital Assets

By the end of 2021, the City had compiled a total investment of $44.8 million ($38.3 million net of accumulated depreciation) in a broad range of capital assets including land, water rights, buildings and improvements, infrastructure, and machinery and equipment. Total depreciation expense for the year was $2.3 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*		
	2021	*2020*	*Change*	*2021*	*2020*	*Change*	*2021*	*2020*	*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	9.0	9.3	-3.2%	7.3	7.8	-6.4%	16.3	17.1	-4.7%
Machinery and equipment	1.0	1.2	-16.7%	0.8	0.9	-11.1%	1.8	2.1	-14.3%
Other improvements	0.6	0.7	-14.3%	0.3	0.4	-25.0%	0.9	1.1	-18.2%
Land improvements	0.1	0.1	0.0%	0.0	0.0	0.0%	0.1	0.1	0.0%
Infrastructure	6.1	6.5	-6.2%	13.1	13.6	-3.7%	19.2	20.1	-4.5%
Internal service equipment	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	$ 18.4	$ 19.4	-5.2%	$ 26.4	$ 27.6	-4.3%	$ 44.8	$ 47.0	-4.7%

Debt Administration

The table below summaries the City's bonded and similar indebtedness. As of December 31, 2021, the City had a total of $4.7 million of long-term debt outstanding. Of this amount, $4.2 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*		
	2021	*2020*	*Change*	*2021*	*2020*	*Change*	*2021*	*2020*	*Change*
2011 Refunding Revenue Bonds	$0.0	$0.0	0.0%	$0.0	$ 0.6	-100.0%	$0.0	$ 0.6	-100.0%
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%	0.0	0.1	-100.0%	0.0	0.1	-100.0%
1986 Dolores Water Conservancy Dist	0.0	0.0	0.0%	2.7	2.8	-3.6%	2.7	2.8	-3.6%
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%	0.2	0.3	-33.3%	0.2	0.3	-33.3%
2015 Colorado Water Cons Board	0.0	0.0	0.0%	0.4	0.5	-20.0%	0.4	0.5	-20.0%
2009 CWRPDA Hydro Loan	0.0	0.0	0.0%	0.6	0.6	0.0%	0.6	0.6	0.0%
Compensated Absences	0.5	0.5	0.0%	0.2	0.2	0.0%	0.7	0.7	0.0%
Total	$0.5	$0.5	0.0%	$4.2	$5.2	-19.2%	$4.7	$5.7	-17.5%

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, 2021

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and equivalents	$ 9,544,084	$ 9,666,051	$ 19,210,135
Investments, at fair value	2,641,472	1,407,862	4,049,334
Property taxes receivable	2,294	-	2,294
Accounts receivable	1,505,936	880,322	2,386,258
Intergovernmental receivable	90,931	-	90,931
Interfund balances	764,590	(764,590)	-
Prepaid expenses	36,326	623	36,949
Inventories	108,850	262,621	371,471
Net pension asset	223,081	-	223,081
Restricted cash	-	577,539	577,539
Capital assets, non-depreciable	1,569,905	4,921,300	6,491,205
Capital assets, depreciable	16,844,641	21,566,830	38,411,471
TOTAL ASSETS	$ 33,332,110	$ 38,518,558	$ 71,850,668
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ 8,397	$ -	$ 8,397
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,397	-	8,397
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 33,340,507	$ 38,518,558	$ 71,859,065
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Accounts payable	$ 696,211	$ 164,339	$ 860,550
Accrued liabilities	89,069	36,060	125,129
Accrued interest payable	-	15,761	15,761
Unearned revenue	-	190,661	190,661
Deposits	14,420	32,264	46,684
Noncurrent liabilities			
Due within one year	-	273,582	273,582
Due in more than one year	516,027	3,980,425	4,496,452
TOTAL LIABILITIES	$ 1,315,727	$ 4,693,092	$ 6,008,819
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to property taxes	$ 99,742	$ -	$ 99,742
Deferred inflows related to pensions	18,829	-	18,829
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 118,571	$ -	$ 118,571
NET POSITION			
Net investment in capital assets	$ 18,414,546	$ 22,497,513	$ 40,912,059
Restricted for debt service	-	69,405	69,405
Restricted for operations and maintenance	-	508,134	508,134
Restricted for special revenues	366,789	-	366,789
Unrestricted	13,124,874	10,750,414	23,875,288
TOTAL NET POSITION	$ 31,906,209	$ 33,825,466	$ 65,731,675

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, 2021

		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	$ 2,859,671	$ 2,690,974	$ 2,044,897	$ -	$ 1,876,200	$ -	$ 1,876,200
General services	4,787,953	52,409	-	-	(4,735,544)	-	(4,735,544)
Public safety	4,414,165	27,886	82,123	-	(4,304,156)	-	(4,304,156)
Public works	3,271,079	264,580	487,483	-	(2,519,016)	-	(2,519,016)
Parks and recreation	1,986,644	800,015	118,092	-	(1,068,537)	-	(1,068,537)
Internal charges	775,091	-	-	-	(775,091)	-	(775,091)
TOTAL GOVERNMENTAL ACTIVITIES	18,094,603	3,835,864	2,732,595	-	(11,526,144)	-	(11,526,144)
Business - Type Activities							
Airport	922,916	171,241	19,011	564,344	-	(168,320)	(168,320)
Recreation	1,182,886	424,023	-	-	-	(758,863)	(758,863)
Water	3,268,863	3,633,937	-	-	-	365,074	365,074
Solid waste collection	1,406,945	1,501,942	-	-	-	94,997	94,997
Police dispatch	741,975	725,111	-	-	-	(16,864)	(16,864)
Hydro plant	83,575	26,770	-	-	-	(56,805)	(56,805)
City community network	697,872	443,320	-	-	-	(254,552)	(254,552)
TOTAL BUSINESS-TYPE ACTIVITIES	8,305,032	6,926,344	19,011	564,344	-	(795,333)	(795,333)
TOTAL PRIMARY GOVERNMENT	$ 26,399,635	$ 10,762,208	$ 2,751,606	$ 564,344	$ (11,526,144)	$ (795,333)	$ (12,321,477)
GENERAL REVENUES							
Property and sales taxes					$ 12,879,700	$ 1,957,132	$ 14,836,832
Franchise taxes					616,350	-	616,350
Interfund charges					441,061	-	441,061
Investment income					9,202	2,314	11,516
Miscellaneous revenue					366,660	14,249	380,909
TOTAL GENERAL REVENUES AND TRANSFERS					14,312,973	1,973,695	16,286,668
CHANGE IN NET POSITION					2,786,829	1,178,362	3,965,191
NET POSITION - Beginning of Year					29,119,380	32,647,104	61,766,484
NET POSITION - End of Year					$ 31,906,209	$ 33,825,466	$ 65,731,675

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

CITY OF CORTEZ, COLORADO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2021

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,486,673	$ 2,226,077	$ 2,040,254	$ 8,753,004
Investments, at fair value	1,089,016	813,858	738,598	2,641,472
Inventories	51,775	-	-	51,775
Prepaid expenses	-	-	36,326	36,326
Property taxes receivable	2,294	-	-	2,294
Accounts receivable	1,282,447	162,258	61,231	1,505,936
Interfund receivable	764,590	-	-	764,590
Intergovernmental receivable	59,189	-	31,742	90,931
TOTAL ASSETS	$ 7,735,984	$ 3,202,193	$ 2,908,151	$ 13,846,328
LIABILITIES				
Accounts payable	$ 93,588	$ 54,265	$ 1,215	$ 149,068
Accrued liabilities	70,155	2,405	-	72,560
Unearned revenue	-	-	9,429	9,429
Deposits	14,420	-	-	14,420
TOTAL LIABILITIES	178,163	56,670	10,644	245,477
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	2,294	99,742	-	102,036
FUND BALANCE				
Nonspendable	51,775	-	36,326	88,101
Restricted	-	-	366,789	366,789
Committed	-	2,991,854	-	2,991,854
Unassigned	7,503,752	53,927	2,494,392	10,052,071
TOTAL FUND BALANCE	7,555,527	3,045,781	2,897,507	13,498,815
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 7,735,984	$ 3,202,193	$ 2,908,151	$ 13,846,328

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, 2021

Total Fund Balances - Governmental Funds	$	13,498,815
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.		18,394,181
Net pension asset related to pensions do not related to current financial resources and is not reported in the governmental funds.		223,081
Deferred outflows of resources related to pensions are not current financial resources and are not reported in the governmental funds.		8,397
Deferred inflows of resources related to pensions are not current financial resources and are not reported in the governmental funds.		(18,829)
Internal service funds are not reported in the statement of net position as governmental activities.		253,561
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		(452,997)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	31,906,209

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, 2021

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property and sales taxes	$ 10,376,062	$ 1,780,965	$ 722,673	$ 12,879,700
Franchise taxes	616,350	-	-	616,350
Licenses, permits and fees	264,580	-	-	264,580
Intergovernmental	1,005,707	-	487,483	1,493,190
Charges for services	775,492	-	-	775,492
Fines and forfeitures	27,886	-	-	27,886
Donations	24,523	-	-	24,523
Investment income	15,735	(853)	(5,680)	9,202
Grant revenue	1,227,315	-	-	1,227,315
Interfund charges	63,648	-	-	63,648
Miscellaneous	264,707	101,953	851	367,511
TOTAL REVENUES	14,662,005	1,882,065	1,205,327	17,749,397
EXPENDITURES				
General government	2,094,308	-	593,931	2,688,239
General services	963,031	-	3,606	966,637
Public safety	4,076,900	-	-	4,076,900
Public works	1,053,206	1,828,138	-	2,881,344
Parks and recreation	1,986,644	-	-	1,986,644
Capital projects	5,200	-	62,822	68,022
Internal charges	775,091	-	-	775,091
TOTAL EXPENDITURES	10,954,380	1,828,138	660,359	13,442,877
EXCESS OF REVENUES OVER EXPENDITURES	3,707,625	53,927	544,968	4,306,520
FUND BALANCE, Beginning	3,847,902	2,991,854	2,352,539	9,192,295
FUND BALANCE, Ending	$ 7,555,527	$ 3,045,781	$ 2,897,507	$ 13,498,815

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, 2021

Net change in fund balances - total governmental funds	$	4,306,520
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		68,022
Depreciation is reported in the government-wide financial statements		(1,057,253)
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		10,776
Net pension asset		16,409
Deferred outflows of resources related to pensions		(5,348)
Deferred inflows of resources related to pensions		(1,348)
The change in net position of the internal service fund reported with governmental activities		(550,949)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	2,786,829

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

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

	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	$ 248,404	$ 3,327,688	$ 4,161,699	$ 1,147,811	$ 778,508	$ 9,664,110	$ 2,576,282
Petty cash	-	1,341	600	-	-	1,941	152
Investments, at fair value	-	910,624	372,238	125,000	-	1,407,862	-
Prepaids	623	-	-	-	-	623	-
Inventories	-	1,614	209,008	-	51,999	262,621	57,075
Accounts receivable	102,736	219,842	285,675	208,082	63,987	880,322	-
TOTAL CURRENT ASSETS	351,763	4,461,109	5,029,220	1,480,893	894,494	12,217,479	2,633,509
CAPITAL ASSETS							
Capital assets, non-depreciable	718,874	-	4,202,426	-	-	4,921,300	-
Capital assets, depreciable	7,241,861	5,942,097	6,960,412	333,340	1,089,120	21,566,830	10,160
NET CAPITAL ASSETS	7,960,735	5,942,097	11,162,838	333,340	1,089,120	26,488,130	10,160
RESTRICTED CASH	-	-	508,134	-	69,405	577,539	-
TOTAL ASSETS	$ 8,312,498	$ 10,403,206	$ 16,700,192	$ 1,814,233	$ 2,053,019	$ 39,283,148	$ 2,643,669
LIABILITIES AND NET POSITION							
CURRENT LIABILITIES							
Accounts payable	$ 8,383	$ 11,846	$ 53,356	$ 30,283	$ 60,471	$ 164,339	$ 2,319,998
Deposits	-	32,264	-	-	-	32,264	-
Accrued interest payable	-	-	3,866	-	11,895	15,761	-
Accrued liabilities	1,700	7,745	11,931	8,284	6,400	36,060	7,080
Interfund payables	-	-	-	-	764,590	764,590	-
Unearned revenue	-	5,636	185,025	-	-	190,661	-
Notes and loans payable due within one year	-	-	215,507	-	58,075	273,582	-
TOTAL CURRENT LIABILITIES	10,083	57,491	469,685	38,567	901,431	1,477,257	2,327,078
LONG-TERM LIABILITIES							
Compensated absences	9,901	29,447	61,253	59,705	45,009	205,315	63,030
Notes and loans payable	-	-	3,266,684	-	508,426	3,775,110	-
TOTAL LONG-TERM LIABILITIES	9,901	29,447	3,327,937	59,705	553,435	3,980,425	63,030
TOTAL LIABILITIES	19,984	86,938	3,797,622	98,272	1,454,866	5,457,682	2,390,108
NET POSITION							
Net investment in capital assets	7,960,735	5,942,097	7,680,647	333,340	580,694	22,497,513	10,160
Restricted investments	-	-	508,134	-	69,405	577,539	-
Unrestricted	331,779	4,374,171	4,713,789	1,382,621	(51,946)	10,750,414	243,401
TOTAL NET POSITION	$ 8,292,514	$ 10,316,268	$ 12,902,570	$ 1,715,961	$ 598,153	$ 33,825,466	$ 253,561

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, 2021

	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	$ 171,241	$ 220,023	$ 3,633,937	$ 1,501,942	$ 926,767	$ 6,453,910	$ 2,690,974
Intergovernmental	19,011	-	-	-	-	19,011	-
Grant revenue	564,344	-	-	-	-	564,344	-
Interfund charges	-	204,000	-	-	268,434	472,434	441,061
Miscellaneous revenue	1,483	666	12,100	-	-	14,249	-
TOTAL OPERATING REVENUES	756,079	424,689	3,646,037	1,501,942	1,195,201	7,523,948	3,132,035
OPERATING EXPENSES							
Health claims	-	-	-	-	-	-	2,254,551
Shop	-	-	-	-	-	-	752,904
Building overhead	-	-	-	-	-	-	106,358
Technology	-	-	-	-	-	-	465,812
Telecommunications	-	-	-	-	-	-	101,811
Administration	-	-	80,069	7,573	5,749	93,391	-
Filtration and treatment	-	-	1,828,791	-	-	1,828,791	-
Transmission and distribution	-	-	581,340	-	-	581,340	-
Airport operations	646,182	-	-	-	-	646,182	-
Meter maintenance	-	-	7,215	-	-	7,215	-
Collection	-	-	-	1,043,418	-	1,043,418	-
Recycling	-	-	-	161,602	-	161,602	-
Fiber outside plant	-	-	-	-	101,561	101,561	-
Fiber administration	-	-	-	-	93,788	93,788	-
Fiber inside plant	-	-	-	-	359,005	359,005	-
Recreation center	-	910,554	-	-	-	910,554	-
Police support services	-	-	-	-	711,531	711,531	-
Depreciation	270,540	241,876	485,394	89,301	172,694	1,259,805	1,548
Internal charges	6,194	-	91,585	105,051	60,625	263,455	-
TOTAL OPERATING EXPENSES	922,916	1,152,430	3,074,394	1,406,945	1,504,953	8,061,638	3,682,984
OPERATING INCOME (LOSS)	(166,837)	(727,741)	571,643	94,997	(309,752)	(537,690)	(550,949)
NON-OPERATING REVENUE (EXPENSE)							
Property and sales taxes	-	1,957,132	-	-	-	1,957,132	-
Investment income	-	(1,334)	2,307	1,341	-	2,314	-
Interest expense	-	(30,456)	(194,469)	-	(18,469)	(243,394)	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	-	1,925,342	(192,162)	1,341	(18,469)	1,716,052	-
CHANGE IN NET POSITION	(166,837)	1,197,601	379,481	96,338	(328,221)	1,178,362	(550,949)
NET POSITION, Beginning	8,459,351	9,118,667	12,523,089	1,619,623	926,374	32,647,104	804,510
NET POSITION, Ending	$ 8,292,514	$ 10,316,268	$ 12,902,570	$ 1,715,961	$ 598,153	$ 33,825,466	$ 253,561

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, 2021

	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	$ 835,849	$ 605,600	$ 3,654,778	$ 1,498,750	$ 1,252,223	$ 7,847,200	$ 444,502
Cash flows from internal activities	-	-	-	-	-	-	2,687,533
Payments to suppliers	(586,436)	(289,774)	(1,635,642)	(518,201)	(268,303)	(3,298,356)	150,916
Payments for claims and loss adjustments	-	-	-	-	-	-	(856,238)
Payments to employees	(193,307)	(641,042)	(922,067)	(774,158)	(775,486)	(3,306,060)	(1,826,114)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	56,106	(325,216)	1,097,069	206,391	208,434	1,242,784	600,599
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Tax revenue	-	1,957,132	-	-	-	1,957,132	-
Cash (to) from other funds	-	-	-	-	-	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	1,957,132	-	-	-	1,957,132	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases of property and equipment	-	-	(8,153)	(155,419)	-	(163,572)	-
Debt payments	-	(572,173)	(271,255)	-	(56,936)	(900,364)	-
Interest paid	-	(30,456)	(194,469)	-	(18,469)	(243,394)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(602,629)	(473,877)	(155,419)	(75,405)	(1,307,330)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	-	(1,334)	2,307	1,341	-	2,314	-
Net cash invested	-	7,276	8,428	-	-	15,704	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	5,942	10,735	1,341	-	18,018	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,106	1,035,229	633,927	52,313	133,029	1,910,604	600,599
CASH AND CASH EQUIVALENTS, Beginning of Year	192,298	2,293,800	4,036,506	1,095,498	714,884	8,332,986	1,975,835
CASH AND CASH EQUIVALENTS, End of Year	$ 248,404	$ 3,329,029	$ 4,670,433	$ 1,147,811	$ 847,913	$10,243,590	$ 2,576,434
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
Operating income (loss)	$ (166,837)	$ (727,741)	$ 571,643	$ 94,997	$ (309,752)	$ (537,690)	$ (550,949)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Depreciation	270,540	241,876	485,394	89,301	172,694	1,259,805	1,548
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable	79,770	(19,089)	8,741	(3,192)	57,022	123,252	-
Intergovernmental receivable	-	200,000	-	-	-	200,000	-
Inventories	-	-	-	-	(14,257)	(14,257)	(19,659)
Increase (decrease) in:						-	
Accounts payable	(89,600)	(15,419)	6,863	21,736	311,659	235,239	1,153,471
Accrued liabilities	(13,466)	(961)	155	(756)	(1,770)	(16,798)	686
Deposits	-	2,000	-	-	-	2,000	-
Unearned revenue	-	1,361	13,851	-	-	15,212	-
Compensated absences	(24,301)	(7,243)	10,422	4,305	(7,162)	(23,979)	15,502
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 56,106	$ (325,216)	$ 1,097,069	$ 206,391	$ 208,434	$ 1,242,784	$ 600,599

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 ac countable 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 $10,243,590 at December 31, 2021.

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 2021.

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, 2021, the following individual funds had a deficit balance:

Fund		Amount
Hydro Plant Fund	$	(13,149)
Shop Fund	$	(889,024)
Technology Fund	$	(901,536)

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
Hydro Plant Fund	$	69,802	$	71,106	$	1,304
City Community Network Fund	$	376,494	$	691,872	$	200,082

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, 2021:

	Carrying Value	Bank Balances	Associated Risks
Petty cash	$ 4,147	$ 4,147	N/A
Deposits	19,783,527	19,924,397	Custodial credit risk
Negotiable CD's	4,049,334	4,049,334	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Total	$ 23,837,008	$ 23,977,878	

Reconciliation to financial statements:

Per statement of net position	
Cash and cash equivalents	$ 19,210,135
Investments	4,049,334
Restricted cash	577,539
Total Deposits and Investments	$ 23,837,008

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, 2021, 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, 2021, none of the City's bank balances (certificates of deposit, checking, and savings accounts) were exposed to custodial credit risk.

Investments

At December 31, 2021, 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	$ 4,049,334	$ 1,830,152	$ 2,219,182	AA+
Total	$ 4,049,334	$ 1,830,152	$ 2,219,182	

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, 2021, the City's investments were measure using the valuation inputs as follows:

	December 31, 2021			
Investment Type	Level 1	Level 2	Level 3	Total
Negotiable CD's	$ -	$ 4,049,334	$ -	$ 4,049,334
Total	$ -	$ 4,049,334	$ -	$ 4,049,334

Investment Type	Fair Value	Weighted Avg Maturity in Years	% of Portfolio
Negotiable CD's	$ 4,049,334	4.1	100
Total	$ 4,049,334	4.1	100

During the year ended December 31, 2021, 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:

	Water	Hydro Plant	Total
Restricted for Debt Service	$ -	$ 69,405	$ 69,405
Restricted for O&M Reserve	508,134	-	508,134
Total	$ 508,134	$ 69,405	$ 577,539

NOTE 5: CAPITAL ASSETS

A summary of changes in the governmental capital assets at December 31, 2021 is as follows:

Governmental Activities:	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
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	6,637,232	68,022	(35,506)	6,669,748
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:	36,797,280	68,022	(35,506)	36,829,796
Less Accumulated Depreciation for:				
Buildings	(4,111,559)	(274,780)	-	(4,386,339)
Machinery and equipment	(5,456,269)	(265,519)	35,506	(5,686,282)
Other improvements	(4,912,276)	(78,138)	-	(4,990,414)
Land improvements	(478,251)	(22,308)	-	(500,559)
Infrastructure	(3,879,852)	(416,508)	-	(4,296,360)
Internal service equipment	(123,653)	(1,548)	-	(125,201)
Total accumulated depreciation:	(18,961,860)	(1,058,801)	35,506	(19,985,155)
Net Capital Assets	$ 19,405,325	$ (990,779)	$ -	$ 18,414,546

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

General Government	$	189,221
General Services		141,032
Public Safety		337,265
Public Works		195,203
Parks and Recreation		194,532
Internal Service Fund		1,548
Total	$	1,058,801

Business-Type Activities	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
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	3,561,751	163,572	(94,650)	3,630,673
Other improvements	922,621	-	-	922,621
Infrastructure	21,954,983	-	-	21,954,983
Total depreciable assets:	41,883,488	163,572	(94,650)	41,952,410
Less Accumulated Depreciation for:				
Buildings	(7,661,151)	(464,613)	-	(8,125,764)
Machinery and equipment	(2,660,808)	(216,264)	94,650	(2,782,422)
Other improvements	(529,249)	(45,161)	-	(574,410)
Infrastructure	(8,369,217)	(533,767)	-	(8,902,984)
Total accumulated depreciation:	(19,220,425)	(1,259,805)	94,650	(20,385,580)
Net Capital Assets	$ 27,584,363	$ (1,096,233)	$ -	$ 26,488,130

Depreciation expense was allocated to the funds as follows:

Airport	$	270,540
Police Dispatch		27,467
Recreation Center		241,876
Water		485,394
Hydro Plant		65,357
City Community Network		79,870
Solid Waste Collection		89,301
Total	$	1,259,805

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	$	764,590
City Community Network Fund		(764,590)
Total Internal Balances -- Government-Wide Statement of Net Position	$	-

All amounts are due within one year.

NOTE 7: LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2021:

Governmental Activities	Balance 1/1/21	Additions	Deletions	Balance 12/31/21
Compensated Absences	$ 511,301	$ 516,027	$ (511,301)	$ 516,027
Total	$ 511,301	$ 516,027	$ (511,301)	$ 516,027

The following is a summary of other contractual liability transactions for business-type activities of the City for the year ended December 31, 2021:

Business-Type Activities	Balance 1/1/21	Additions	Deletions	Balance 12/31/21	Due Within One Year
2011 Refunding Revenue Bonds - Rec	$ 590,000	$ -	$ (590,000)	$ -	$ -
2011 Premiums	8,792	-	(8,792)	-	-
1986 Colorado Water Cons Board	74,060	-	(68,803)	5,257	5,257
1986 Dolores Water Cons Dist	2,803,285	-	(76,384)	2,726,901	81,016
2005 DOLA Water Loan	102,920	-	(18,626)	84,294	19,557
2010 CWRPDA Water Loan	245,844	-	(22,442)	223,402	22,892
2015 Colorado Water Cons Board	527,337	-	(85,000)	442,337	86,785
2009 CWRPDA Hydro Loan	623,437	-	(56,936)	566,501	58,075
Compensated Absences	229,294	205,315	(229,294)	205,315	-
Total	$ 5,204,969	$ 205,315	$ (1,156,277)	$ 4,254,007	$ 273,582

Enterprise Fund notes/loan payable at December 31, 2021, 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%	$	566,501
$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%		442,337
$525,000, 2010 CWRPDA Water Loan, due in semi-annual installments of $13,623 through November 1, 2030; interest rate of 2.00%		223,402
$300,000, 2005 DOLA Water Loan, due in annual installments of $23,772 through September 1, 2025; interest rate of 5.00%		84,294
$5,336,000, 1986 Dolores Water Conservancy Dist, due in annual installments of $246,125 through December 31, 2046; interest rate of 5.623%		2,726,901
$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%	$	5,257
Total	$	4,048,692

Debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
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	274,281	154,383	428,664
2027 – 2031	982,258	635,799	1,618,057
2032 – 2036	755,035	406,854	1,161,889
2037 – 2041	602,008	192,778	794,786
2042 – 2045	298,857	46,051	341,245
Total	$ 4,048,692	$ 2,155,694	$ 6,204,386

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 $201,549, $102,974 and $322,550 in 2021, 2020 and 2019, 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 2021, 2020, and 2019 was $254,006, $233,985, and $222,501,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, 2020, 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, 2020. The valuation used the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	10 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, 2020. 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 %	7.8 %
Fixed Income	80 %	5.8 %
Absolute Return	0 %	5.6 %
Long Short	0 %	6.9 %
Private Markets	0 %	10.5 %
Cash	10 %	0.1 %
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 2.00%, 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, 2020	$ 89,412	$ 296,084	$ (206,672)
Changes for the year:			
Interest on the total pension liability	3,771	-	3,771
Net investment income	-	22,479	(22,479)
Benefit payments, including refunds of employee contributions	(11,355)	(11,355)	-
Administrative expense	-	(2,299)	2,299
Balances at December 31, 2021	$ 81,828	$ 304,909	$ (223,081)

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	$ (218,474)	$ (223,081)	$ (227,263)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 8,397	$ 18,829
Total	$ 8,397	$ 18,829

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
2022	$	(3,915)
2023		(214)
2024		(4,412)
2025		(1,891)
Total	$	(10,432)

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
12/31/2019	$ 184,582	$ 2,204,384	$ 2,168,413	$ 220,553
12/31/2020	$ 220,553	$ 2,167,615	$ 2,030,024	$ 358,144
12/31/2021	$ 358,144	$ 2,254,551	$ 2,080,534	$ 532,161

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, 2021, 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. 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 August 25, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to December 31, 2021 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)

	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Total Pension Liability						
Interest	$ 3,771	$ 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	(11,355)	(11,024)	(10,703)	(14,721)	(20,177)	(19,589)
Net changes in total pension liability	(7,584)	10,084	(4,788)	(81,078)	(7,935)	18,373
Total Pension Liability - beginning	89,412	79,328	84,116	165,194	173,129	154,756
Total Pension Liability - ending (a)	$ 81,828	$ 89,412	$ 79,328	$ 84,116	$ 165,194	$ 173,129

	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Plan Fiduciary Net Position						
Net investment income	$ 22,479	$ 32,815	$ 177	$ 37,909	$ 14,047	$ 5,235
Benefit payments, including refunds of employeee contributions	(11,355)	(11,024)	(10,703)	(14,721)	(20,177)	(19,589)
Administrative expense	(2,299)	(1,168)	(2,971)	(689)	(2,297)	(772)
Net change in plan fiduciary net position	8,825	20,623	(13,497)	22,499	(8,427)	(15,126)
Plan fiduciary net position - beginning	296,084	275,461	288,958	266,459	274,886	290,012
Plan fiduciary net position - ending (b)	$ 304,909	$ 296,084	$ 275,461	$ 288,958	$ 266,459	$ 274,886
City's net pension (asset) - ending (a) - (b)	$ (223,081)	$ (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)

	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Pension Liability	$ 81,828	$ 89,412	$ 79,328	$ 84,116	$ 165,194	$ 173,129	$ 162,303
Plan's Fiduciary Net Position	(304,909)	(296,084)	(275,461)	(288,958)	(266,459)	(274,886)	(292,988)
Net Pension (Asset) Liability	$ (223,081)	$ (206,672)	$ (196,133)	$ (204,842)	$ (101,265)	$ (101,757)	$ (130,685)
Plan's Fiduciary Net Position as % of Total Pension Liability	373%	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	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)

	12/31/2021	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	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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 8,149,509	$ 8,149,509	$ 10,376,062	$ 2,226,553
Franchise fees	651,000	651,000	616,350	(34,650)
Licenses, permits and fees	171,675	171,675	264,580	92,905
Intergovernmental revenue	1,343,750	1,343,750	1,005,707	(338,043)
Charges for services	569,750	569,750	775,492	205,742
Fines and forfeitures	57,500	57,500	27,886	(29,614)
Donations	16,000	16,000	24,523	8,523
Investment income	28,300	28,300	15,735	(12,565)
Grant revenue	95,000	95,000	1,227,315	1,132,315
Interfund charges	-	-	63,648	63,648
Miscellaneous revenue	19,500	19,500	264,707	245,207
TOTAL REVENUES	11,101,984	11,101,984	14,662,005	3,560,021
EXPENDITURES				
General Government				
City council	741,678	741,678	525,764	215,914
City attorney	-	-	9,550	(9,550)
Human resources	265,851	265,851	228,882	36,969
Municipal court	187,324	187,324	184,358	2,966
City manager	250,800	250,800	235,626	15,174
Finance department	639,209	639,209	560,308	78,901
Passthrough grants	28,000	28,000	27,699	301
City clerk	246,700	246,700	154,503	92,197
Grants administrator	28,000	28,000	-	28,000
Special events	176,204	176,204	167,618	8,586
Total General Government	2,563,766	2,563,766	2,094,308	469,458
General Services				
Administration	135,120	135,120	135,773	(653)
Building maintenance	245,117	245,117	245,348	(231)
City hall operations	132,560	132,560	127,694	4,866
Welcome center	79,580	79,580	75,526	4,054
Planning and building	478,201	478,201	378,690	99,511
Total General Services	1,070,578	1,070,578	963,031	107,547
Public Safety				
Police administration	541,562	541,562	525,405	16,157
Patrol	2,350,639	2,350,639	2,302,799	47,840
Police support services	220,799	220,799	182,846	37,953
Police investigation	642,755	642,755	693,617	(50,862)
Police corrections	62,990	62,990	12,781	50,209
Building operations	119,930	119,930	131,170	(11,240)
Kennel operations	246,468	246,468	228,282	18,186
Total Public Safety	4,185,143	4,185,143	4,076,900	108,243
Public Works				
P.W. administration	383,100	383,100	289,121	93,979
Streets & utilities	382,853	382,853	385,030	(2,177)
Traffic services	184,000	184,000	168,675	15,325
Snow and ice removal	74,141	74,141	28,184	45,957
Street cleaning	171,812	171,812	182,196	(10,384)
Total Public Works	1,195,906	1,195,906	1,053,206	142,700

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE-POSITIVE (NEGATIVE)
Parks and Recreation				
Administration	$ 121,552	$ 121,552	$ 113,950	$ 7,602
Aquatics	182,471	182,471	134,544	47,927
Golf course administration	61,784	61,784	51,899	9,885
Golf course maintenance	409,004	409,004	380,481	28,523
City parks	686,742	686,742	626,419	60,323
Recreation	167,162	167,162	137,345	29,817
Library	646,195	646,195	542,006	104,189
Total Parks and Recreation	2,274,910	2,274,910	1,986,644	288,266
Capital outlay	-	-	5,200	(5,200)
Internal charges	1,674,604	1,674,604	775,091	899,513
TOTAL EXPENDITURES	12,964,907	12,964,907	10,954,380	2,010,527
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,862,923)	(1,862,923)	3,707,625	5,570,548
OTHER FINANCING SOURCES				
Transfers in	577,777	577,777	-	(577,777)
TOTAL OTHER FINANCING SOURCES	577,777	577,777	-	(577,777)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	(1,285,146)	(1,285,146)	3,707,625	4,992,771
Fund Balance, Beginning			3,847,902	
Fund Balance, Ending			$ 7,555,527	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 1,226,351	$ 1,226,351	$ 1,780,965	$ 554,614
Investment income	-	-	(853)	(853)
Miscellaneous	-	-	101,953	101,953
TOTAL REVENUES	1,226,351	1,226,351	1,882,065	655,714
EXPENDITURES				
Public works	2,243,459	2,243,459	1,828,138	415,321
TOTAL EXPENDITURES	2,243,459	2,243,459	1,828,138	415,321
EXCESS OF REVENUES OVER EXPENDITURES	$ (1,017,108)	$ (1,017,108)	53,927	$ 1,071,035
Fund Balance, Beginning			2,991,854	
Fund Balance, Ending			$ 3,045,781	

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, 2021

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, 2021

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve-TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
ASSETS							
Cash	$ 318,311	$ -	$ 366,786	$ 1,329,684	$ 25,470	$ 3	$ 2,040,254
Investments, at fair value	-	-	-	738,598	-	-	738,598
Prepaid expenses	-	-	-	-	36,326	-	36,326
Intergovernmental receivable	11,696	20,046	-	-	-	-	31,742
Accounts receivable	-	-	-	45,308	15,923	-	61,231
TOTAL ASSETS	330,007	20,046	366,786	2,113,590	77,719	3	2,908,151
LIABILITIES							
Accounts payable	-	-	-	-	1,215	-	1,215
Unearned revenue	-	-	-	-	9,429	-	9,429
TOTAL LIABILITIES	-	-	-	-	10,644	-	10,644
FUND BALANCE							
Nonspendable	-	-	-	-	36,326	-	36,326
Restricted	-	-	366,786	-	-	3	366,789
Unassigned	330,007	20,046	-	2,113,590	30,749	-	2,494,392
TOTAL FUND BALANCE	330,007	20,046	366,786	2,113,590	67,075	3	2,897,507
TOTAL LIABILITIES AND FUND BALANCE	$ 330,007	$ 20,046	$ 366,786	$ 2,113,590	$ 77,719	$ 3	$ 2,908,151

CITY OF CORTEZ, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2021

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve- TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
REVENUES							
Property and sales taxes	$ 283,613	$ -	$ -	$ 439,060	$ -	$ -	$ 722,673
Intergovernmental revenue	-	-	-	-	487,483	-	487,483
Investment income	-	-	-	(5,680)	-	-	(5,680)
Miscellaneous revenue	-	-	-	-	851	-	851
TOTAL OPERATING REVENUES	283,613	-	-	433,380	488,334	-	1,205,327
EXPENDITURES							
General government	93,517	-	-	-	500,414	-	593,931
General services	-	-	-	3,606	-	-	3,606
Capital projects	-	-	-	62,822	-	-	62,822
TOTAL OPERATING EXPENDITURES	93,517	-	-	66,428	500,414	-	660,359
CHANGES IN FUND BALANCE	190,096	-	-	366,952	(12,080)	-	544,968
FUND BALANCE (DEFICIT), BEGINNING	139,911	20,046	366,786	1,746,638	79,155	3	2,352,539
FUND BALANCE (DEFICIT), ENDING	$ 330,007	$ 20,046	$ 366,786	$ 2,113,590	$ 67,075	$ 3	$ 2,897,507

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 197,653	$ 197,653	$ 283,613	$ 85,960
EXPENDITURES				
General Government				
City Council	158,122	158,122	93,517	64,605
TOTAL EXPENDITURES	158,122	158,122	93,517	64,605
REVENUES IN EXCESS OF EXPENDITURES	39,531	39,531	190,096	150,565
OTHER FINANCING (USES)				
Transfers (Out)	(39,531)	(39,531)	-	39,531
CHANGE IN FUND BALANCE	-	-	190,096	60,886
Fund Balance, Beginning			139,911	
Fund Balance, Ending			$ 330,007	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenue	$ 345,000	$ 345,000	$ -	$ (345,000)
TOTAL REVENUES	345,000	345,000	-	(345,000)
TOTAL REVENUES	345,000	345,000	-	(345,000)
CHANGE IN FUND BALANCE	$ 345,000	$ 345,000	-	$ (345,000)
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, 2021

	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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 315,828	$ 315,828	$ 439,060	$ 123,232
Investment income	-	-	(5,680)	(5,680)
TOTAL REVENUES	315,828	315,828	433,380	117,552
EXPENDITURES				
General Services				
Equipment	8,992	8,992	3,606	5,386
Capital outlay	356,000	356,000	62,822	293,178
TOTAL EXPENDITURES	364,992	364,992	66,428	298,564
CHANGE IN FUND BALANCE	$ (49,164)	$ (49,164)	366,952	$ (181,012)
Fund Balance, Beginning			1,746,638	
Fund Balance, Ending			$ 2,113,590	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
December 31, 2021

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash	$ -	$ 417,522	$ 360,986	$ 778,508
Inventories	-	51,999	-	51,999
Accounts receivable	-	63,947	40	63,987
TOTAL CURRENT ASSETS	-	533,468	361,026	894,494
CAPITAL ASSETS				
Capital assets, depreciable	553,570	404,766	130,784	1,089,120
NET CAPITAL ASSETS	553,570	404,766	130,784	1,089,120
RESTRICTED CASH	69,405	-	-	69,405
TOTAL ASSETS	$ 622,975	$ 938,234	$ 491,810	$ 2,053,019
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ 57,728	$ 1,931	$ 812	$ 60,471
Accrued interest payable	11,895	-	-	11,895
Accrued liabilities	-	852	5,548	6,400
Interfund payables	-	764,590	-	764,590
Notes and loans payable due within one year	58,075	-	-	58,075
TOTAL CURRENT LIABILITIES	127,698	767,373	6,360	901,431
LONG-TERM LIABILITIES				
Compensated absences	-	10,145	34,864	45,009
Notes and loans payable	508,426	-	-	508,426
TOTAL LONG-TERM LIABILITIES	508,426	10,145	34,864	553,435
TOTAL LIABILITIES	636,124	777,518	41,224	1,454,866
NET POSITION				
Net investment in capital assets	45,144	404,766	130,784	580,694
Restricted investments	69,405	-	-	69,405
Unrestricted	(127,698)	(244,050)	319,802	(51,946)
TOTAL NET POSITION	$ (13,149)	$ 160,716	$ 450,586	$ 598,153

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS
For the Year Ended December 31, 2021

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 26,770	$ 443,320	$ 456,677	$ 926,767
Interfund charges	-	-	268,434	268,434
TOTAL OPERATING REVENUES	26,770	443,320	725,111	1,195,201
OPERATING EXPENSES				
Administration	5,749	-	-	5,749
Fiber outside plant	-	101,561	-	101,561
Fiber administration	-	93,788	-	93,788
Fiber inside plant	-	359,005	-	359,005
Police support services	-	-	711,531	711,531
Depreciation	65,357	79,870	27,467	172,694
Internal charges	-	57,648	2,977	60,625
TOTAL OPERATING EXPENSES	71,106	691,872	741,975	1,504,953
OPERATING (LOSS)	(44,336)	(248,552)	(16,864)	(309,752)
NON-OPERATING REVENUE (EXPENSE)				
Interest expense	(12,469)	(6,000)	-	(18,469)
TOTAL NON-OPERATING (EXPENSE)	(12,469)	(6,000)	-	(18,469)
CHANGE IN NET POSITION	(56,805)	(254,552)	(16,864)	(328,221)
NET POSITION, Beginning	43,656	415,268	467,450	926,374
NET POSITION, Ending	$ (13,149)	$ 160,716	$ 450,586	$ 598,153

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2021

	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	$ 26,770	$ 484,977	$ 740,476	$ 1,252,223
Payments to suppliers	51,979	(279,333)	(40,949)	(268,303)
Payments to employees	-	(92,211)	(683,275)	(775,486)
NET CASH PROVIDED BY OPERATING ACTIVITIES	78,749	113,433	16,252	208,434
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Debt payments	(56,936)	-	-	(56,936)
Interest paid	(12,469)	(6,000)	-	(18,469)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(69,405)	(6,000)	-	(75,405)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,344	107,433	16,252	133,029
CASH AND CASH EQUIVALENTS, Beginning of Year	60,061	310,089	344,734	714,884
CASH AND CASH EQUIVALENTS, End of Year	$ 69,405	$ 417,522	$ 360,986	$ 847,913
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (44,336)	$ (248,552)	$ (16,864)	$ (309,752)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	65,357	79,870	27,467	172,694
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	-	41,657	15,365	57,022
Inventories	-	(14,257)	-	(14,257)
Increase (decrease) in:				
Accounts payable	57,728	254,678	(747)	311,659
Accrued liabilities	-	(393)	(1,377)	(1,770)
Compensated absences	-	430	(7,592)	(7,162)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 78,749	$ 113,433	$ 16,252	$ 208,434

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 196,590	$ 196,590	$ 171,241	$ (25,349)
Intergovernmental revenue	30,842	30,842	19,011	(11,831)
Grant revenue	754,681	754,681	564,344	(190,337)
Miscellaneous revenue	-	-	1,483	1,483
TOTAL OPERATING REVENUES	982,113	982,113	756,079	(226,034)
OPERATING EXPENSES				
Airport operations	886,896	886,896	646,182	240,714
Depreciation	275,000	275,000	270,540	4,460
Internal charges	19,941	19,941	6,194	13,747
TOTAL OPERATING EXPENSES	1,181,837	1,181,837	922,916	258,921
OPERATING INCOME (LOSS)	(199,724)	(199,724)	(166,837)	32,887
CHANGE IN NET POSITION - BUDGET BASIS	$ (199,724)	$ (199,724)	(166,837)	$ 32,887
CHANGE IN NET POSITION - GAAP BASIS			(166,837)	
Net Position, Beginning			8,459,351	
Net Position, Ending			$ 8,292,514	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 219,050	$ 219,050	$ 220,023	$ 973
Interfund charges	208,000	208,000	204,000	(4,000)
TOTAL OPERATING REVENUES	427,050	427,050	424,689	(2,361)
OPERATING EXPENSES				
Recreation center	1,435,322	1,435,322	910,554	524,768
Depreciation	252,000	252,000	241,876	10,124
TOTAL OPERATING EXPENSES	1,687,322	1,687,322	1,152,430	534,892
OPERATING INCOME (LOSS)	(1,260,272)	(1,260,272)	(727,741)	532,531
NON-OPERATING REVENUES (EXPENSES)				
Property and sales taxes	1,503,941	1,503,941	1,957,132	453,191
Investment income	5,000	5,000	(1,334)	(6,334)
Interest expense	(20,650)	(20,650)	(30,456)	(9,806)
Debt retirement	(590,000)	(590,000)	(590,000)	-
TOTAL NON-OPERATING REVENUES	898,291	898,291	1,335,342	437,051
CHANGE IN NET POSITION - BUDGET BASIS	$ (361,981)	$ (361,981)	607,601	$ 969,582
GAAP BASIS ADJUSTMENTS				
Debt service principal			590,000	
CHANGE IN NET POSITION - GAAP BASIS			1,197,601	
Net Position, Beginning			9,118,667	
Net Position, Ending			$ 10,316,268	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 3,587,307	$ 3,587,307	$ 3,633,937	$ 46,630
Miscellaneous revenue	6,000	6,000	12,100	6,100
TOTAL OPERATING REVENUES	3,593,307	3,593,307	3,646,037	52,730
OPERATING EXPENSES				
Administration	381,292	381,292	80,069	301,223
Filtration and treatment	2,328,266	2,328,266	1,828,791	499,475
Transmission and distribution	595,759	595,759	581,340	14,419
Meter maintenance	24,347	24,347	7,215	17,132
Depreciation	342,196	342,196	485,394	(143,198)
Internal charges	85,193	85,193	91,585	(6,392)
TOTAL OPERATING EXPENSES	3,757,053	3,757,053	3,074,394	682,659
OPERATING INCOME (LOSS)	(163,746)	(163,746)	571,643	735,389
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,500	1,500	2,307	807
Interest expense	(236,392)	(236,392)	(194,469)	41,923
Debt retirement	(298,961)	(298,961)	(271,255)	27,706
TOTAL NON-OPERATING REVENUES	(533,853)	(533,853)	(463,417)	70,436
CHANGE IN NET POSITION - BUDGET BASIS	$ (697,599)	$ (697,599)	108,226	$ 805,825
GAAP BASIS ADJUSTMENTS				
Debt service principal			271,255	
CHANGE IN NET POSITION - GAAP BASIS			379,481	
Net Position, Beginning			12,523,089	
Net Position, Ending			$ 12,902,570	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 1,447,776	$ 1,447,776	$ 1,501,942	$ 54,166
TOTAL OPERATING REVENUES	1,447,776	1,447,776	1,501,942	54,166
OPERATING EXPENSES				
Administration	11,700	11,700	7,573	4,127
Collection	987,469	987,469	1,043,418	(55,949)
Recycling	202,751	202,751	161,602	41,149
Depreciation	40,000	40,000	89,301	(49,301)
Internal charges	316,501	316,501	105,051	211,450
TOTAL OPERATING EXPENSES	1,558,421	1,558,421	1,406,945	151,476
OPERATING INCOME (LOSS)	(110,645)	(110,645)	94,997	205,642
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,800	1,800	1,341	(459)
TOTAL NON-OPERATING REVENUES	1,800	1,800	1,341	(459)
CHANGE IN NET POSITION - BUDGET BASIS	$ (108,845)	$ (108,845)	96,338	$ 205,183
CHANGE IN NET POSITION - GAAP BASIS			96,338	
Net Position, Beginning			1,619,623	
Net Position, Ending			$ 1,715,961	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 72,000	$ 72,000	$ 26,770	$ (45,230)
TOTAL OPERATING REVENUES	72,000	72,000	26,770	(45,230)
OPERATING EXPENSES				
Administration	4,000	4,000	5,749	(1,749)
Depreciation	65,802	65,802	65,357	445
TOTAL OPERATING EXPENSES	69,802	69,802	71,106	(1,304)
OPERATING INCOME (LOSS)	2,198	2,198	(44,336)	(46,534)
NON-OPERATING (EXPENSES)				
Interest expense	(12,469)	(12,469)	(12,469)	-
Debt retirement	(56,936)	(56,936)	(56,936)	-
TOTAL NON-OPERATING EXPENSES	(69,405)	(69,405)	(69,405)	-
CHANGE IN NET POSITION - BUDGET BASIS	$ (67,207)	$ (67,207)	(113,741)	$ (46,534)
GAAP BASIS ADJUSTMENTS				
Debt service principal			56,936	
CHANGE IN NET POSITION - GAAP BASIS			(56,805)	
Net Position, Beginning			43,656	
Net Position, Ending			$ (13,149)	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 462,567	$ 462,567	$ 443,320	$ (19,247)
TOTAL OPERATING REVENUES	462,567	462,567	443,320	(19,247)
OPERATING EXPENSES				
Fiber outside plant	106,034	106,034	101,561	4,473
Fiber administration	122,200	122,200	93,788	28,412
Fiber inside plant	58,260	58,260	359,005	(300,745)
Depreciation	90,000	90,000	79,870	10,130
Internal charges	-	-	57,648	57,648
TOTAL OPERATING EXPENSES	376,494	376,494	691,872	(200,082)
OPERATING INCOME	86,073	86,073	(248,552)	(219,329)
NON-OPERATING (EXPENSES)				
Transfers (out)	(21,737)	(21,737)	-	21,737
Interest expense	-	-	(6,000)	(6,000)
TOTAL NON-OPERATING EXPENSES	(21,737)	(21,737)	(6,000)	15,737
CHANGE IN NET POSITION - BUDGET BASIS	$ 64,336	$ 64,336	(254,552)	$ (203,592)
Net Position, Beginning			415,268	
Net Position, Ending			$ 160,716	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 648,352	$ 648,352	$ 456,677	$ (191,675)
Interfund charges	355,420	355,420	268,434	(86,986)
TOTAL OPERATING REVENUES	1,003,772	1,003,772	725,111	(278,661)
OPERATING EXPENSES				
Police support services	935,797	935,797	711,531	224,266
Depreciation	16,000	16,000	27,467	(11,467)
Internal charges	26,200	26,200	2,977	(23,223)
TOTAL OPERATING EXPENSES	977,997	977,997	741,975	189,576
OPERATING INCOME	25,775	25,775	(16,864)	(89,085)
CHANGE IN NET POSITION - BUDGET BASIS	$ 25,775	$ 25,775	(16,864)	$ (89,085)
Net Position, Beginning			467,450	
Net Position, Ending			$ 450,586	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
December 31, 2021

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
ASSETS				
CURRENT ASSETS				
Cash	$ -	$ -	$ 2,576,282	$ 2,576,282
Petty cash	152	-	-	152
Inventories	57,075	-	-	57,075
Accounts receivable	-	-	-	-
TOTAL CURRENT ASSETS	57,227	-	2,576,282	2,633,509
CAPITAL ASSETS				
Capital assets, depreciable	9,400	760	-	10,160
NET CAPITAL ASSETS	9,400	760	-	10,160
TOTAL ASSETS	$ 66,627	$ 760	$ 2,576,282	$ 2,643,669
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	908,841	878,996	532,161	$ 2,319,998
Accrued liabilities	4,368	2,712	-	7,080
TOTAL CURRENT LIABILITIES	913,209	881,708	532,161	2,327,078
LONG-TERM LIABILITIES				
Compensated absences	42,442	20,588	-	63,030
TOTAL LONG-TERM LIABILITIES	42,442	20,588	-	63,030
TOTAL LIABILITIES	955,651	902,296	532,161	2,390,108
NET POSITION				
Net investment in capital assets	9,400	760	-	10,160
Unrestricted	(898,424)	(902,296)	2,044,121	243,401
TOTAL NET POSITION	$ (889,024)	$ (901,536)	$ 2,044,121	$ 253,561

CITY OF CORTEZ, COLORADO
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2021

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ 3,441	$ 2,687,533	$ 2,690,974
Interfund charges	441,061	-	-	441,061
TOTAL OPERATING REVENUES	441,061	3,441	2,687,533	3,132,035
OPERATING EXPENSES				
Health claims	-	-	2,254,551	2,254,551
Shop	752,904	-	-	752,904
Building overhead	106,358	-	-	106,358
Technology	-	465,812	-	465,812
Telecommunications	-	101,811	-	101,811
Depreciation	1,209	339	-	1,548
TOTAL OPERATING EXPENSES	860,471	567,962	2,254,551	3,682,984
OPERATING INCOME (LOSS)	(419,410)	(564,521)	432,982	(550,949)
CHANGE IN NET POSITION	(419,410)	(564,521)	432,982	(550,949)
NET POSITION, Beginning (Deficit)	(469,614)	(337,015)	1,611,139	804,510
NET POSITION, Ending (Deficit)	$ (889,024)	$ (901,536)	$ 2,044,121	$ 253,561

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2021

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 441,061	$ 3,441	$ -	$ 444,502
Cash flows from internal activities	-	-	2,687,533	2,687,533
Payments to suppliers	(51,605)	202,521	-	150,916
Payments for claims and loss adjustments	-	-	(856,238)	(856,238)
Payments to employees	(389,456)	(212,362)	(1,224,296)	(1,826,114)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	(6,400)	606,999	600,599
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(6,400)	606,999	600,599
CASH AND CASH EQUIVALENTS, Beginning of Year	152	6,400	1,969,283	1,975,835
CASH AND CASH EQUIVALENTS, End of Year	$ 152	$ -	$ 2,576,282	$ 2,576,434
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (419,410)	$ (564,521)	$ 432,982	$ (550,949)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	1,209	339	-	1,548
Changes in assets and liabilities:				
Accounts receivable	-	-	-	-
Inventories	(19,659)	-	-	(19,659)
Increase (decrease) in:				
Accounts payable	435,684	543,770	174,017	1,153,471
Accrued liabilities	(798)	1,484	-	686
Compensated absences	2,974	12,528	-	15,502
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ -	$ (6,400)	$ 606,999	$ 600,599

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Interfund charges	$ 943,234	$ 943,234	$ 441,061	$ (502,173)
TOTAL OPERATING REVENUES	943,234	943,234	441,061	(502,173)
OPERATING EXPENSES				
Shop	964,313	964,313	752,904	211,409
Building overhead	117,422	117,422	106,358	11,064
Depreciation	-	-	1,209	(1,209)
TOTAL OPERATING EXPENSES	1,081,735	1,081,735	860,471	221,264
OPERATING (LOSS)	(138,501)	(138,501)	(419,410)	(280,909)
CHANGE IN NET POSITION - BUDGET BASIS	$ (138,501)	$ (138,501)	(419,410)	$ (280,909)
Net Position, Beginning (Deficit)			(469,614)	
Net Position, Ending (Deficit)			$ (889,024)	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 622,027	$ 622,027	$ 3,441	$ (618,586)
TOTAL OPERATING REVENUES	622,027	622,027	3,441	(618,586)
OPERATING EXPENSES				
Technology	551,292	551,292	465,812	85,480
Telecommunications	57,200	57,200	101,811	(44,611)
Depreciation	7,825	7,825	339	7,486
TOTAL OPERATING EXPENSES	616,317	616,317	567,962	48,355
OPERATING INCOME (LOSS)	5,710	5,710	(564,521)	(570,231)
CHANGE IN NET POSITION - BUDGET BASIS	$ 5,710	$ 5,710	(564,521)	$ (570,231)
Net Position, Beginning			(337,015)	
Net Position, Ending (Deficit)			$ (901,536)	

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 2,856,300	$ 2,856,300	$ 2,687,533	$ (168,767)
TOTAL OPERATING REVENUES	2,856,300	2,856,300	2,687,533	(168,767)
OPERATING EXPENSES				
Health claims	2,381,222	2,381,222	2,254,551	126,671
TOTAL OPERATING EXPENSES	2,381,222	2,381,222	2,254,551	126,671
OPERATING INCOME	475,078	475,078	432,982	(42,096)
CHANGE IN NET POSITION - BUDGET BASIS	$ 475,078	$ 475,078	432,982	$ (42,096)
Net Position, Beginning			1,611,139	
Net Position, Ending			$ 2,044,121	

STATISTICAL SECTION

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES:										
Taxes-Assessments	$ 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	$ 10,992,412
Licenses and Permits	197,714	82,312	339,138	129,901	270,637	419,464	234,053	204,629	235,498	264,580
Intergovernmental	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	1,005,707
Charges for Services	529,043	526,636	563,625	690,829	547,762	656,035	579,706	528,166	586,778	775,492
Fine and Forefeitures	90,220	80,419	83,951	76,981	81,673	74,130	54,564	65,764	32,193	27,886
Investment Income	14,375	14,334	14,765	18,530	9,725	15,710	34,051	79,755	78,198	15,735
Miscellaneous	22,210	33,074	105,705	24,630	82,432	301,471	6,830	227,542	10,024	328,355
Donation	37,093	63,086	47,877	49,001	18,057	10,645	42,477	19,591	29,010	24,523
Grant Revenue	154,304	160,334	148,242	134,978	1,938,709	425,244	404,709	231,134	840,336	1,227,315
TOTAL REVENUES	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	14,662,005
EXPENDITURES:										
General Government	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	3,057,339
Public Safety	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	4,076,900
Public Works	1,102,022	928,184	960,435	994,693	1,046,749	1,168,092	1,214,268	1,098,998	1,077,236	1,053,206
Parks & Recreation	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	1,986,644
Internal Charges	-	1,018,625	-	-	1,340,665	1,494,734	1,688,688	1,335,552	877,388	775,091
Capital Outlay	-	-	-	-	-	1,399,039	450,983	5,450	31,200	5,200
TOTAL EXPENDITURES	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	10,954,380
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	917,590	(489,594)	1,050,514	(2,487,568)	1,669,084	(820,599)	(1,359,982)	54,288	2,306,596	3,707,625
OTHER FINANCING SOURCES/USES										
Transfer In	127,543	90,472	39,600	44,831	43,327	46,239	-	213,911	75,000	-
Transfer Out	(208,600)	(163,600)	(163,600)	(163,600)	(1,667,155)	-	(7,049)	(35,500)	-	-
TOTAL	(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	836,533	(562,722)	926,514	(2,606,337)	45,256	(774,360)	(1,367,031)	232,699	2,381,596	3,707,625
FUND BALANCE										
Beginning	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
Prior Period Restatement	75,036	-	-	-	-	-	-	-	-	-
FUND BALANCE										
Ending	$ 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	$ 7,555,527

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPERATING REVENUES:										
Charges for services	$ 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	$ 3,633,937
Other	(6,402)	9,998	10,770	-	(829)	19,375	14,222	13,200	13,200	12,100
Total Operating Revenues	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	3,646,037
OPERATING EXPENSES:										
Operations & Services	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	3,074,394
Capital Outlay	179,389	488,647	50,586	1,361,134	876,339	883,756	409,052	76,633	-	-
Total Operating Expenses	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	3,074,394
Operating Income/(Loss)	992,967	405,672	652,882	(1,185,043)	148,793	46,679	941,696	(176,155)	1,785,330	571,643
OTHER REVENUES (EXPENSES)										
Grant Revenue	-	-	-	231,033	19,180	76,817	-	-	-	-
Interest Income	2,697	2,979	1,861	6,577	2,452	1,600	954	3,447	2,550	2,307
Debt Service - Interest	-	-	-	-	-	(232,728)	(228,836)	(213,248)	(205,189)	(194,469)
Debt Service - Principal	(369,206)	(369,185)	(369,162)	(369,141)	(405,164)	(231,229)	(236,889)	(250,308)	(260,534)	(271,255)
NET INCOME(LOSS) before transfers	626,458	39,466	285,581	(1,316,574)	(234,739)	(338,861)	476,925	(636,264)	1,322,157	108,226
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	587,039	39,466	285,581	(1,316,574)	(230,739)	(338,861)	(84,685)	(804,764)	1,322,157	108,226
GAAP BASIS ADJUSTMENTS										
Capital Outlay	18,908	32,111	27,223	1,340,165	729,226	35,281	-	-	-	-
Depreciation	(442,131)	(433,635)	-	-	-	-	-	-	-	-
Debt Service Principal	120,091	126,013	132,246	138,814	161,474	231,229	236,889	250,308	260,534	271,255
NET INCOME	283,907	(236,045)	445,050	162,405	659,961	(72,351)	152,204	(554,456)	1,582,691	379,481
NET POSITION, Beginning	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	12,523,089
Prior Period Adjustment	-	-	-	-	90,126	-	-	-	-	-
Net Position, Beginning (As Restated)	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	12,523,089
Net Position, Ending	$ 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	$ 12,902,570

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Water Charges	$ 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	$ 3,418,190
Water Development Fees	25,410	16,595	97,515	70,537	169,820	34,799	53,027	95,017	165,342	199,312
Penalties, Connection & Other Charges	110,904	128,872	46,499	265,888	18,364	56,397	48,643	24,906	27,476	28,535
Investment Income	2,697	2,979	1,860	6,577	2,453	19,375	14,222	13,200	2,550	2,307
Total Revenues	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	3,648,344
Total Expenses	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	3,074,394
Less: Depreciation	(442,131)	(433,635)	(405,520)	(442,697)	(500,882)	(521,346)	(521,008)	(517,689)	(524,511)	(485,394)
Less: Capital Outlay	(160,303)	(468,149)	(23,395)	(1,340,165)	(876,339)	(848,475)	-	-	-	-
Less: Debt Service	(249,115)	(243,172)	(236,916)	(369,141)	(405,164)	(231,229)	(236,889)	(250,308)	(260,534)	(271,255)
Operating Expenses (int including depreciation)	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	2,317,745
Net Revenues	1,135,455	908,913	1,097,662	835,429	1,529,296	1,683,010	1,699,593	591,842	2,572,925	1,330,599
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	3	2	3	2	4	4	4	4	4	4

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Hydro-Production Credits	$ 51,040	$ 49,472	$ 55,084	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355	$ 26,770
Energy Credits	37,321	17,174	-	-	-	-	-	-	-	-
Total Revenues	$ 88,361	$ 66,646	$ 55,084	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355	$ 26,770
Total Expenses	$ 124,876	$ 89,809	$ 88,682	$ 88,631	$ 146,392	$ 69,167	$ 69,964	$ 65,955	$ 67,146	$ 71,106
Less Depreciation	(75,828)	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)
Less Debt Service	(20,850)	(19,879)	(18,888)	(68,435)	(69,443)	(69,405)	(53,652)	(54,725)	(55,820)	(56,936)
Operating Expenses	28,198	4,128	3,992	(45,606)	11,592	(65,595)	(49,045)	(54,127)	(54,031)	(51,187)
Net Revenues	$ 60,163	$ 62,518	$ 51,092	$ 105,881	$ 63,948	$ 137,996	$ 123,081	$ 120,727	$ 113,386	$ 77,957
Aannual Debt Service Requirement										
2009 CWRPDA Hydro Loan	$ 69,405	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435	$ 69,413	$ 69,413	$ 60,061	$ 69,405
Total Annual Debt Service	$ 69,405	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435	$ 69,413	$ 69,413	$ 60,061	$ 69,405
Debt Ratio Coverage	86.68%	90.08%	73.61%	154.72%	93.44%	201.65%	177.32%	173.93%	188.78%	112.32%

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPERATING REVENUES:										
Hydro-Production Credits	$ 51,040	$ 49,472	$ 55,083	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355	$ 26,770
Energy Credits	37,320	17,177	-	-	-	-	-	-	-	-
Total Operating Revenues	88,360	66,649	55,083	60,275	75,540	72,401	74,036	66,600	59,355	26,770
Operating Expenditures:										
Operations and Services	3,199	4,128	3,992	4,951	11,592	3,810	2,367	598	1,789	5,749
Other Revenues(Expenses)										
Debt Service Interest	(20,850)	(68,473)	(68,455)	(68,435)	(69,443)	(68,390)	(71,645)	(69,405)	(69,405)	(69,405)
Net Income/(Loss) before transfers	64,311	(5,952)	(17,364)	(13,111)	(5,495)	201	24	(3,403)	(11,839)	(48,384)
Transfers										
Transfers In	-	-	76,350	-	-	-	27,914	-	-	-
Transfers Out	(25,000)	-	-	-	-	-	-	-	-	-
Net Transfers	(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	56,936
Depreciation	(75,828)	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)
Net Income	(36,517)	(23,160)	42,751	(28,356)	(18,252)	(12,556)	16,233	(10,834)	(21,376)	(56,805)
Net Position, Beginning	171,787	107,619	84,459	127,210	98,854	72,189	59,633	75,866	65,032	43,656
Prior Perid Restatement	(27,651)	-	-	-	(8,413)	-	-	-	-	-
Net Position, Ending	$ 107,619	$ 84,459	$ 127,210	$ 98,854	$ 72,189	$ 59,633	$ 75,866	$ 65,032	$ 43,656	$ (13,149)