CITY OF CORTEZ, COLORADO

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

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CITY OF CORTEZ, COLORADO
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2022

CITY COUNCIL

As of December 31, 2022

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

City Staff

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

As of December 2023

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

City Staff

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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, 2022 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, 2022, 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Opinions

As discussed in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, GASB No. 87, Leases. Our opinions are not modified with respect to this matter.

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 December 15, 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
December 15, 2023

CITY OF CORTEZ, COLORADO
MANAGEMENT'S DISCUSSION & ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022. 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 $68.0 million (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $15.2 million.
- General revenues totaled $16.2 million in revenue. Program specific revenues in the form of charges for services and fees and grants accounted for $14.3 million or 46.9% of total revenues of $30.5 million.
- The City had $20.5 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

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.

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

	Governmental Activities			*Business-Type Activities*			*Total*		
	2022	*2021*	*Change*	*2022*	*2021*	*Change*	*2022*	*2021*	*Change*
Assets									
Current and other assets	$ 15.5	$ 14.9	4.0%	$ 14.6	$ 12.0	21.7%	$ 30.1	$ 26.9	11.9%
Capital assets	18.3	18.4	-0.5%	25.3	26.4	-4.2%	43.6	44.8	-2.7%
Total assets	33.8	33.3	1.5%	39.9	38.4	3.9%	73.7	71.7	2.8%
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	0.6	0.5	20.0%	4.0	4.2	-4.8%	4.6	4.7	-2.1%
Other liabilities	0.6	0.8	-25.0%	0.4	0.4	0.0%	1.0	1.2	-16.7%
Total liabilities	1.2	1.3	-7.7%	4.4	4.6	-4.3%	5.6	5.9	-5.1%
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	18.3	18.4	-0.5%	21.6	22.5	-4.0%	39.9	40.9	-2.4%
Restricted	0.4	0.4	0.0%	0.6	0.6	0.0%	1.0	1.0	0.0%
Unrestricted	13.8	13.1	5.3%	13.3	10.7	24.3%	27.1	23.8	13.9%
Total net position	$ 32.5	$ 31.9	1.9%	$ 35.5	$ 33.8	5.0%	$ 68.0	$ 65.7	3.5%

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 $68.0 million. The City's total liabilities and deferred inflows of resources equal $5.7 million.

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

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

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

	Governmental Activities			*Business-Type Activities*			*Total*		
	2022	*2021*	*Change*	*2022*	*2021*	*Change*	*2022*	*2021*	*Change*
Revenues									
Program Revenues									
Charges for services	$ 3.7	$ 3.8	-2.6%	$ 7.1	$ 6.9	2.9%	$ 10.8	$ 10.7	0.9%
Operating grants and contributions	3.2	2.7	18.5%	0.0	0.0	0.0%	3.2	2.7	18.5%
Capital grants and contributions	0.0	0.0	0.0%	0.3	0.6	0.0%	0.3	0.6	0.0%
General Revenues									
Property and sales taxes	12.9	12.9	0.0%	2.0	2.0	0.0%	14.9	14.9	0.0%
Franchise taxes	0.7	0.6	16.7%	0.0	0.0	0.0%	0.7	0.6	16.7%
Interfund charges	0.5	0.4	0.0%	0.0	0.0	0.0%	0.5	0.4	0.0%
Investment income	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Miscellaneous revenue	0.1	0.4	-75.0%	0.0	0.0	0.0%	0.1	0.4	-75.0%
Total revenues	21.1	20.8	1.4%	9.4	9.5	-1.1%	30.5	30.3	0.7%
Expenses									
General government	3.5	2.8	25.0%	0.0	0.0	0.0%	3.5	2.8	25.0%
General services	5.0	4.8	4.2%	0.0	0.0	0.0%	5.0	4.8	4.2%
Public safety	4.6	4.4	4.5%	0.0	0.0	0.0%	4.6	4.4	4.5%
Public works	4.2	3.3	27.3%	0.0	0.0	0.0%	4.2	3.3	27.3%
Parks and recreation	2.5	2.0	25.0%	0.0	0.0	0.0%	2.5	2.0	25.0%
Capital projects	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Internal charges	0.7	0.7	0.0%	0.0	0.0	0.0%	0.7	0.7	0.0%
Airport	0.0	0.0	0.0%	0.8	0.9	-11.1%	0.8	0.9	-11.1%
Recreation	0.0	0.0	0.0%	1.3	1.2	8.3%	1.3	1.2	8.3%
Water	0.0	0.0	0.0%	3.0	3.3	-9.1%	3.0	3.3	-9.1%
Solid waste collection	0.0	0.0	0.0%	1.4	1.4	0.0%	1.4	1.4	0.0%
Police dispatch	0.0	0.0	0.0%	0.8	0.7	14.3%	0.8	0.7	14.3%
Hydro plant	0.0	0.0	0.0%	0.1	0.1	0.0%	0.1	0.1	0.0%
City community network	0.0	0.0	0.0%	0.3	0.7	-57.1%	0.3	0.7	-57.1%
Total expenses	20.5	18.0	13.9%	7.7	8.3	-7.2%	28.2	26.3	7.2%
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	0.6	2.8	-78.6%	1.7	1.2	-41.7%	2.3	4.0	42.5%
Net position, beginning	31.9	29.1	9.6%	33.8	32.6	3.7%	65.7	61.7	6.5%
Net position, ending	$ 32.5	$ 31.9	1.9%	$ 35.5	$ 33.8	5.0%	$ 68.0	$ 65.7	3.5%

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2022 and 2021. 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.

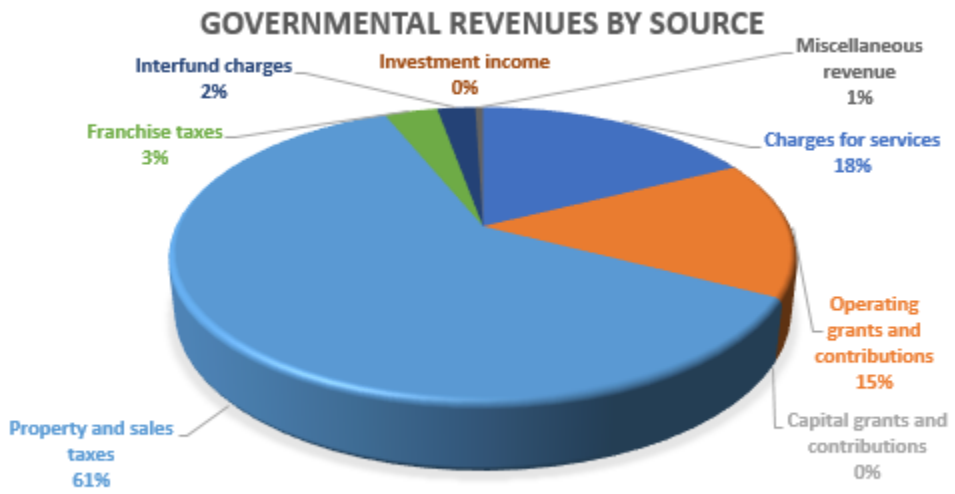
Expenses

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.

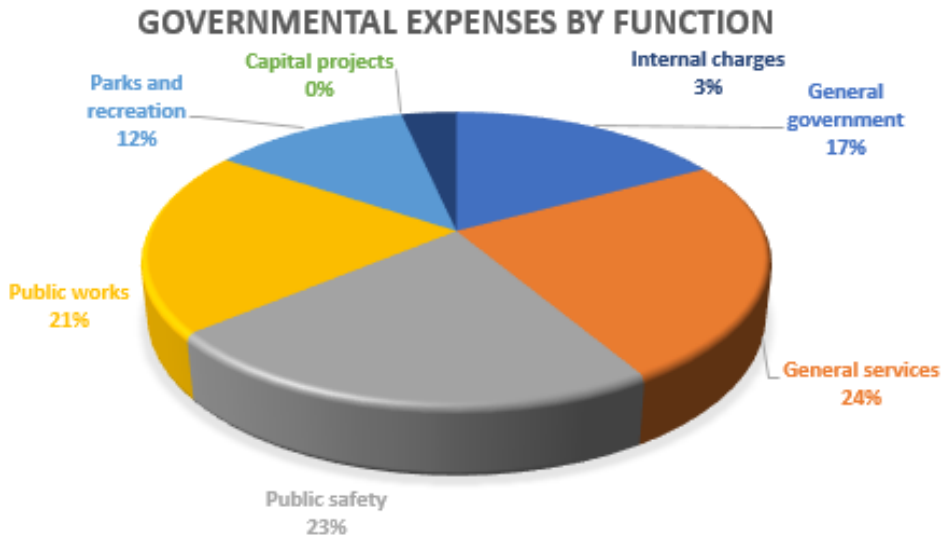
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.



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 $21,052,503.



Expenses

Total government activities' expenditures for the current year was $20,490,367.

Capital Assets and Debt Administration

Capital Assets

By the end of 2022, the City had compiled a total investment of $85.7 million ($43.6 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*		
	2022	*2021*	*Change*	*2022*	*2021*	*Change*	*2022*	*2021*	*Change*
Land	$ 1.7	$ 1.6	6.2%	$ 0.7	$ 0.7	0.0%	$ 2.4	$ 2.3	4.3%
Water rights	0.0	0.0	0.0%	4.2	4.2	0.0%	4.2	4.2	0.0%
Buildings	8.8	9.0	-2.2%	6.9	7.3	-5.5%	15.7	16.3	-3.7%
Machinery and equipment	1.4	1.0	40.0%	0.6	0.8	-25.0%	2.0	1.8	11.1%
Other improvements	0.5	0.6	-16.7%	0.4	0.3	33.3%	0.9	0.9	0.0%
Land improvements	0.1	0.1	0.0%	0.0	0.0	0.0%	0.1	0.1	0.0%
Infrastructure	5.7	6.1	-6.6%	12.5	13.1	-4.6%	18.2	19.2	-5.2%
Lease asset - equipment	0.1	0.0	100.0%	0.0	0.0	0.0%	0.1	0.0	100.0%
Internal service equipment	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	$ 18.3	$ 18.4	-0.5%	$ 25.3	$ 26.4	-4.2%	$ 43.6	$ 44.8	-2.7%

Debt Administration

The table below summaries the City's bonded and similar indebtedness. As of December 31, 2022, the City had a total of $4.5 million of long-term debt outstanding. Of this amount, $4.0 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*		
	2022	*2021*	*Change*	*2022*	*2021*	*Change*	*2022*	*2021*	*Change*
1986 Dolores Water Conservancy Dist	$0.0	$0.0	0.0%	$2.6	$2.7	-3.7%	$2.6	$2.7	-3.7%
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	0.2	0.0%	0.2	0.2	0.0%
2015 Colorado Water Cons Board	0.0	0.0	0.0%	0.4	0.4	0.0%	0.4	0.4	0.0%
2009 CWRPDA Hydro Loan	0.0	0.0	0.0%	0.5	0.6	-16.7%	0.5	0.6	-16.7%
Lease payable	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Compensated Absences	0.6	0.5	20.0%	0.2	0.2	0.0%	0.8	0.7	14.3%
Total	$0.6	$0.5	20.0%	$4.0	$4.2	-4.8%	$4.6	$4.7	-2.1%

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, 2022

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
ASSETS			
Cash and equivalents	$ 8,159,253	$ 12,182,794	$ 20,342,047
Investments, at fair value	4,748,460	1,493,599	6,242,059
Property taxes receivable	2,294	-	2,294
Accounts receivable	1,440,908	752,963	2,193,871
Intergovernmental receivable	88,096	-	88,096
Interfund balances	700,943	(700,943)	-
Prepaid expenses	14,350	623	14,973
Inventories	123,663	308,423	432,086
Net pension asset	209,390	-	209,390
Restricted cash	-	577,539	577,539
Capital assets, non-depreciable	1,700,555	4,921,300	6,621,855
Capital assets, depreciable	16,559,762	20,392,686	36,952,448
TOTAL ASSETS	$ 33,747,674	$ 39,928,984	$ 73,676,658
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ 13,733	$ -	$ 13,733
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,733	-	13,733
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 33,761,407	$ 39,928,984	$ 73,690,391
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Accounts payable	$ 469,764	$ 140,112	$ 609,876
Accrued liabilities	141,558	45,433	186,991
Accrued interest payable	-	15,761	15,761
Unearned revenue	-	233,270	233,270
Deposits	14,730	33,764	48,494
Noncurrent liabilities			
Due within one year	6,787	277,659	284,446
Due in more than one year	549,765	3,681,115	4,230,880
TOTAL LIABILITIES	$ 1,182,604	$ 4,427,114	$ 5,609,718
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to property taxes	$ 99,742	$ -	$ 99,742
Deferred inflows related to pensions	10,716	-	10,716
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 110,458	$ -	$ 110,458
NET POSITION			
Net investment in capital assets	$ 18,260,317	$ 21,598,114	$ 39,858,431
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	13,841,239	13,326,217	27,167,456
TOTAL NET POSITION	$ 32,468,345	$ 35,501,870	$ 67,970,215

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, 2022

		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	3,511,929	$ 2,672,697	$ 2,435,963	$ -	$ 1,596,731	$ -	$ 1,596,731
General services	4,972,869	79,991	-	-	(4,892,878)	-	(4,892,878)
Public safety	4,650,143	50,463	137,921	-	(4,461,759)	-	(4,461,759)
Public works	4,169,906	222,603	532,095	-	(3,415,208)	-	(3,415,208)
Parks and recreation	2,527,582	666,515	129,155	-	(1,731,912)	-	(1,731,912)
Internal charges	657,938	-	-	-	(657,938)	-	(657,938)
TOTAL GOVERNMENTAL ACTIVITIES	20,490,367	3,692,269	3,235,134	-	(13,562,964)	-	(13,562,964)
Business - Type Activities							
Airport	813,115	169,588	32,117	314,716	-	(296,694)	(296,694)
Recreation	1,309,984	420,598	-	-	-	(889,386)	(889,386)
Water	3,044,924	3,687,586	-	-	-	642,662	642,662
Solid waste collection	1,355,886	1,600,825	-	-	-	244,939	244,939
Police dispatch	831,904	829,813	-	-	-	(2,091)	(2,091)
Hydro plant	81,943	9,067	-	-	-	(72,876)	(72,876)
City community network	317,276	434,476	-	-	-	117,200	117,200
TOTAL BUSINESS-TYPE ACTIVITIES	7,755,032	7,151,953	32,117	314,716	-	(256,246)	(256,246)
TOTAL PRIMARY GOVERNMENT	$ 28,245,399	$ 10,844,222	$ 3,267,251	$ 314,716	$ (13,562,964)	$ (256,246)	$ (13,819,210)
GENERAL REVENUES							
Property and sales taxes					$ 12,880,203	$ 1,908,365	$ 14,788,568
Franchise taxes					672,872	-	672,872
Interfund charges					535,833	-	535,833
Investment income					(41,243)	(1,836)	(43,079)
Miscellaneous revenue					77,435	26,121	103,556
TOTAL GENERAL REVENUES AND TRANSFERS					14,125,100	1,932,650	16,057,750
CHANGE IN NET POSITION					562,136	1,676,404	2,238,540
NET POSITION - Beginning of Year					31,906,209	33,825,466	65,731,675
NET POSITION - End of Year					$ 32,468,345	$ 35,501,870	$ 67,970,215

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

CITY OF CORTEZ, COLORADO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2022

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 5,068,514	$ 1,104,217	$ 2,257,834	$ 8,430,565
Investments, at fair value	3,269,085	775,987	703,388	4,748,460
Inventories	51,775	-	-	51,775
Prepaid expenses	-	-	14,350	14,350
Property taxes receivable	2,294	-	-	2,294
Accounts receivable	1,224,144	156,626	60,138	1,440,908
Interfund receivable	700,943	-	-	700,943
Intergovernmental receivable	58,025	-	30,071	88,096
TOTAL ASSETS	$ 10,374,780	$ 2,036,830	$ 3,065,781	$ 15,477,391
LIABILITIES				
Accounts payable	$ 20,872	$ 39,500	$ 6,708	$ 67,080
Accrued liabilities	111,991	11,082	-	123,073
Unearned revenue	-	-	6,918	6,918
Deposits	14,730	-	-	14,730
TOTAL LIABILITIES	147,593	50,582	13,626	211,801
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	2,294	99,742	-	102,036
FUND BALANCE				
Nonspendable	51,775	-	14,350	66,125
Restricted	-	-	366,789	366,789
Committed	-	2,991,854	-	2,991,854
Unassigned	10,173,118	(1,105,348)	2,671,016	11,738,786
TOTAL FUND BALANCE	10,224,893	1,886,506	3,052,155	15,163,554
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 10,374,780	$ 2,036,830	$ 3,065,781	$ 15,477,391

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, 2022

Total Fund Balances - Governmental Funds	$	15,163,554
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.		18,241,161
Net pension asset related to pensions do not related to current financial resources and is not reported in the governmental funds.		209,390
Deferred outflows of resources related to pensions are not current financial resources and are not reported in the governmental funds.		13,733
Deferred inflows of resources related to pensions are not current financial resources and are not reported in the governmental funds.		(10,716)
Internal service funds are not reported in the statement of net position as governmental activities.		(653,221)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds:		
Lease payable		(20,850)
Compensated absences		(474,706)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	32,468,345

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, 2022

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property and sales taxes	$ 10,391,687	$ 1,781,153	$ 707,363	$ 12,880,203
Franchise taxes	672,872	-	-	672,872
Licenses, permits and fees	222,603	-	-	222,603
Intergovernmental	1,404,975	-	532,095	1,937,070
Charges for services	636,987	-	-	636,987
Fines and forfeitures	50,463	-	-	50,463
Donations	29,528	-	-	29,528
Investment income	1,245	(21,782)	(20,706)	(41,243)
Grant revenue	1,309,043	-	-	1,309,043
Interfund charges	63,647	-	-	63,647
Miscellaneous	28,289	15,639	36,238	80,166
TOTAL REVENUES	14,811,339	1,775,010	1,254,990	17,841,339
EXPENDITURES				
General government	2,587,075	-	686,458	3,273,533
General services	1,070,111	-	8,808	1,078,919
Public safety	4,313,324	-	-	4,313,324
Public works	1,145,676	2,829,285	-	3,974,961
Parks and recreation	2,331,748	-	-	2,331,748
Capital projects	36,101	105,000	405,076	546,177
Internal charges	657,938	-	-	657,938
TOTAL EXPENDITURES	12,141,973	2,934,285	1,100,342	16,176,600
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,669,366	(1,159,275)	154,648	1,664,739
FUND BALANCE, Beginning	7,555,527	3,045,781	2,897,507	13,498,815
FUND BALANCE, Ending	$ 10,224,893	$ 1,886,506	$ 3,052,155	$ 15,163,554

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, 2022

Net change in fund balances - total governmental funds	$	1,664,739
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		546,177
Depreciation is reported in the government-wide financial statements		(1,047,657)
Net book value of assets retired and adjustments		348,460
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		(21,709)
Net pension asset		(13,691)
Deferred outflows of resources related to pensions		5,336
Deferred inflows of resources related to pensions		8,113
Lease payable		(20,850)
The change in net position of the internal service fund reported with governmental activities		(906,782)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	562,136

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

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	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	$ 277,986	$ 4,617,743	$ 4,930,649	$ 1,397,365	$ 957,110	$ 12,180,853	$ 2,809,020
Petty cash	-	1,341	600	-	-	1,941	152
Investments, at fair value	-	882,908	484,181	126,510	-	1,493,599	-
Prepaids	623	-	-	-	-	623	-
Inventories	-	1,614	244,787	-	62,022	308,423	71,888
Accounts receivable	11,930	193,969	305,598	229,972	11,494	752,963	-
TOTAL CURRENT ASSETS	290,539	5,697,575	5,965,815	1,753,847	1,030,626	14,738,402	2,881,060
CAPITAL ASSETS							
Capital assets, non-depreciable	718,874	-	4,202,426	-	-	4,921,300	-
Capital assets, depreciable	7,008,321	5,731,964	6,469,915	239,100	943,386	20,392,686	8,951
NET CAPITAL ASSETS	7,727,195	5,731,964	10,672,341	239,100	943,386	25,313,986	8,951
RESTRICTED CASH	-	-	508,134	-	69,405	577,539	-
TOTAL ASSETS	$ 8,017,734	$ 11,429,539	$ 17,146,290	$ 1,992,947	$ 2,043,417	$ 40,629,927	$ 2,890,011
LIABILITIES AND NET POSITION							
CURRENT LIABILITIES							
Accounts payable	$ 143	$ 7,089	$ 9,530	$ -	$ 123,350	$ 140,112	$ 3,470,669
Deposits	-	33,764	-	-	-	33,764	-
Accrued interest payable	-	-	3,866	-	11,895	15,761	-
Accrued liabilities	4,650	12,906	13,755	8,241	5,881	45,433	11,567
Interfund payables	-	-	-	-	700,943	700,943	-
Unearned revenue	-	9,033	224,237	-	-	233,270	-
Notes and loans payable due within one year	-	-	218,422	-	59,237	277,659	-
TOTAL CURRENT LIABILITIES	4,793	62,792	469,810	8,241	901,306	1,446,942	3,482,236
LONG-TERM LIABILITIES							
Compensated absences	14,563	35,992	58,304	22,270	52,536	183,665	60,996
Notes and loans payable	-	-	3,048,261	-	449,189	3,497,450	-
TOTAL LONG-TERM LIABILITIES	14,563	35,992	3,106,565	22,270	501,725	3,681,115	60,996
TOTAL LIABILITIES	19,356	98,784	3,576,375	30,511	1,403,031	5,128,057	3,543,232
NET POSITION							
Net investment in capital assets	7,727,195	5,731,964	7,405,658	239,100	494,197	21,598,114	8,951
Restricted investments	-	-	508,134	-	69,405	577,539	-
Unrestricted	271,183	5,598,791	5,656,123	1,723,336	76,784	13,326,217	(662,172)
TOTAL NET POSITION	$ 7,998,378	$ 11,330,755	$ 13,569,915	$ 1,962,436	$ 640,386	$ 35,501,870	$ (653,221)

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, 2022

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business-Type Funds	Total	Internal Service Funds
OPERATING REVENUES							
Charges for services	$ 169,588	$ 384,191	$ 3,687,586	$ 1,600,825	$ 957,751	$ 6,799,941	$ 2,672,697
Intergovernmental	32,117	-	-	-	-	32,117	-
Grant revenue	314,716	-	-	-	-	314,716	-
Interfund charges	-	36,407	-	-	315,605	352,012	535,833
Miscellaneous revenue	2,558	10,363	13,200	-	-	26,121	2,634
TOTAL OPERATING REVENUES	518,979	430,961	3,700,786	1,600,825	1,273,356	7,524,907	3,211,164
OPERATING EXPENSES							
Health claims	-	-	-	-	-	-	2,280,007
Shop	-	-	-	-	-	-	834,380
Building overhead	-	-	-	-	-	-	102,480
Technology	-	-	-	-	-	-	765,272
Telecommunications	-	-	-	-	-	-	134,598
Administration	-	-	40,516	6,958	5,256	52,730	-
Filtration and treatment	-	-	1,589,532	-	-	1,589,532	-
Transmission and distribution	-	-	668,042	-	-	668,042	-
Airport operations	539,048	-	-	-	-	539,048	-
Meter maintenance	-	-	5,387	-	-	5,387	-
Collection	-	-	-	934,631	-	934,631	-
Recycling	-	-	-	168,843	-	168,843	-
Fiber outside plant	-	-	-	-	111,293	111,293	-
Fiber administration	-	-	-	-	30,896	30,896	-
Fiber inside plant	-	-	-	-	58,530	58,530	-
Recreation center	-	1,056,978	-	-	-	1,056,978	-
Police support services	-	-	-	-	803,114	803,114	-
Depreciation	267,240	253,006	475,391	94,240	145,734	1,235,611	1,209
Internal charges	6,827	-	82,826	151,214	60,123	300,990	-
TOTAL OPERATING EXPENSES	813,115	1,309,984	2,861,694	1,355,886	1,214,946	7,555,625	4,117,946
OPERATING INCOME (LOSS)	(294,136)	(879,023)	839,092	244,939	58,410	(30,718)	(906,782)
NON-OPERATING REVENUE (EXPENSE)							
Property and sales taxes	-	1,908,365	-	-	-	1,908,365	-
Investment income	-	(14,855)	11,483	1,536	-	(1,836)	-
Interest expense	-	-	(183,230)	-	(16,177)	(199,407)	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	-	1,893,510	(171,747)	1,536	(16,177)	1,707,122	-
CHANGE IN NET POSITION	(294,136)	1,014,487	667,345	246,475	42,233	1,676,404	(906,782)
NET POSITION, Beginning	8,292,514	10,316,268	12,902,570	1,715,961	598,153	33,825,466	253,561
NET POSITION, Ending	$ 7,998,378	$ 11,330,755	$ 13,569,915	$ 1,962,436	$ 640,386	$ 35,501,870	$ (653,221)

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, 2022

	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	$ 609,785	$ 456,834	$ 3,680,863	$ 1,578,935	$ 1,325,849	$ 7,652,266	$ 546,867
Cash flows from internal activities	-	-	-	-	-	-	2,664,297
Payments to suppliers	(354,091)	(361,856)	(1,437,877)	(588,461)	(210,356)	(2,952,641)	245,877
Payments for claims and loss adjustments	-	-	-	-	-	-	(1,883,587)
Payments to employees	(192,412)	(683,276)	(954,165)	(740,946)	(862,639)	(3,433,438)	(1,340,716)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	63,282	(588,298)	1,288,821	249,528	252,854	1,266,187	232,738
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Tax revenue	-	1,908,365	-	-	-	1,908,365	-
Cash (to) from other funds	-	(36,407)	-	-	-	(36,407)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	1,871,958	-	-	-	1,871,958	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases of property and equipment	(33,700)	(6,466)	-	-	-	(40,166)	-
Debt payments	-	-	(215,508)	-	(58,075)	(273,583)	-
Interest paid	-	-	(183,230)	-	(16,177)	(199,407)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(33,700)	(6,466)	(398,738)	-	(74,252)	(513,156)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	-	(14,855)	11,483	1,536	-	(1,836)	-
Net cash invested	-	27,716	(132,616)	(1,510)	-	(106,410)	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	12,861	(121,133)	26	-	(108,246)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,582	1,290,055	768,950	249,554	178,602	2,516,743	232,738
CASH AND CASH EQUIVALENTS, Beginning of Year	248,404	3,329,029	4,670,433	1,147,811	847,913	10,243,590	2,576,434
CASH AND CASH EQUIVALENTS, End of Year	$ 277,986	$ 4,619,084	$ 5,439,383	$ 1,397,365	$ 1,026,515	$12,760,333	$ 2,809,172
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES							
Operating income (loss)	$ (294,136)	$ (879,023)	$ 839,092	$ 244,939	$ 58,410	$ (30,718)	$ (906,782)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Depreciation	267,240	253,006	475,391	94,240	145,734	1,235,611	1,209
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable	90,806	25,873	(19,923)	(21,890)	52,493	127,359	-
Inventories	-	-	-	-	(10,023)	(10,023)	(14,813)
Increase (decrease) in:							
Accounts payable	(8,240)	(4,757)	(43,826)	(30,283)	(768)	(87,874)	1,150,671
Accrued liabilities	2,950	5,161	1,824	(43)	(519)	9,373	4,487
Deposits	-	1,500	-	-	-	1,500	-
Unearned revenue	-	3,397	39,212	-	-	42,609	-
Compensated absences	4,662	6,545	(2,949)	(37,435)	7,527	(21,650)	(2,034)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 63,282	$ (588,298)	$ 1,288,821	$ 249,528	$ 252,854	$ 1,266,187	$ 232,738

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cortez (City) 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.

Coronavirus Disease (COVID-19)

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.

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 12.
- 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 $12,182,794 at December 31, 2022.

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 2022.

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.

Leases

Effective January 1, 2022, the City implemented GASB No. 87, Leases. As the lessee, the City determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as short-term leases. Lease agreements that transfer ownership of the underlying asset to the City at the end of the contract are recorded as a finance purchase with a related lease liability. Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right to use lease asset. An Intangible right to use lease asset represents the City 's right to use an underlying asset during the lease term and the lease liability represents the City 's obligation to make lease payments arising from the lease. Intangible right to use lease assets and lease liabilities are recognized at lease commencement based upon the estimate prevent value of unpaid lease payments over the lease term. The City uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the City applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments.

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, 2022, the following individual funds had a deficit balance:

Fund		Amount
Hydro Plant Fund	$	(86,025)
Shop Fund	$	(1,288,626)
Technology Fund	$	(1,793,006)

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
Technology Fund	$	851,286	$	899,870	$	48,584

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, 2022:

	Carrying Value	Bank Balances	Associated Risks
Petty cash	$ 4,147	$ 4,147	N/A
Deposits	20,915,439	21,866,035	Custodial credit risk
Negotiable CD's	6,242,059	6,242,059	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Total	$ 27,161,645	$ 28,112,241	

Reconciliation to financial statements:

Per statement of net position	
Cash and cash equivalents	$ 20,342,047
Investments	6,242,059
Restricted cash	577,539
Total Deposits and Investments	$ 27,161,645

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, 2022, the carrying amount of the City's deposits with financial institutions, which includes demand deposits, savings accounts, and certificates of deposit was $20,915,439. As of December 31, 2022, none of the City's bank balances (certificates of deposit, checking, and savings accounts) were exposed to custodial credit risk.

Investments

At December 31, 2022, 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	$ 6,242,059	$ 4,468,333	$ 1,773,726	AA+
Total	$ 6,242,059	$ 4,468,333	$ 1,773,726	

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, 2022, the City's investments were measure using the valuation inputs as follows:

	December 31, 2022			
Investment Type	Level 1	Level 2	Level 3	Total
Negotiable CD's	$ -	$ 6,242,059	$ -	$ 6,242,059
Total	$ -	$ 6,242,059	$ -	$ 6,242,059

Investment Type	Fair Value	Weighted Avg Maturity in Years	% of Portfolio
Negotiable CD's	$ 6,242,059	2.7	100
Total	$ 6,242,059	2.7	100

During the year ended December 31, 2022, 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, 2022 is as follows:

Governmental Activities:	Balance 1/1/22	Additions	Deletions	Transfers	Balance 12/31/22
Not depreciated:					
Land	$ 1,569,905	$ 105,000	$ -	$ -	$ 1,674,905
Development in process	-	25,650	-	-	25,650
Total not depreciated	1,569,905	130,650	-	-	1,700,555
Depreciable capital assets:					
Buildings	13,386,655	-	-	-	13,386,655
Machinery and equipment	6,669,748	415,527	(155,761)	-	6,929,514
Other improvements	5,595,170	-	-	(243,525)	5,351,645
Land improvements	602,358	-	-	-	602,358
Infrastructure	10,440,504	-	-	-	10,440,504
Internal service equipment	135,361	-	-	-	135,361
Lease asset – equipment	-	20,026	-	-	20,026
Total depreciable assets:	36,829,796	435,553	(155,761)	(243,525)	36,866,063
Less Accumulated Depreciation for:					
Buildings	(4,386,339)	(267,455)	-	-	(4,653,794)
Machinery and equipment	(5,686,282)	(289,047)	520,602	-	(5,454,727)
Other improvements	(4,990,414)	(65,962)	-	207,118	(4,849,258)
Land improvements	(500,559)	(19,564)	-	-	(520,123)
Infrastructure	(4,296,360)	(405,629)	-	-	(4,701,989)
Internal service equipment	(125,201)	(1,209)	-	-	(126,410)
Total accumulated depreciation:	(19,985,155)	(1,048,866)	520,602	207,118	(20,306,301)
Net Capital Assets	$ 18,414,546	$ (482,663)	$ 364,841	(36,407)	$ 18,260,317

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

General Government	$ 180,206
General Services	140,845
Public Safety	336,819
Public Works	194,945
Parks and Recreation	194,842
Internal Service Fund	1,209
Total	$ 1,048,866

Business-Type Activities	Balance 1/1/22	Additions	Deletions	Transfers	Balance 12/31/22
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	3,630,673	40,167	(15,106)	-	3,655,734
Other improvements	922,621	-	-	243,525	1,166,146
Infrastructure	21,954,983	-	(3,126)	-	21,951,857
Total depreciable assets:	41,952,410	40,167	(18,232)	243,525	42,217,870
Less Accumulated Depreciation for:					
Buildings	(8,125,764)	(464,613)	-	-	(8,590,377)
Machinery and equipment	(2,782,422)	(194,044)	-	-	(2,976,466)
Other improvements	(574,410)	(57,337)	-	(207,118)	(838,865)
Infrastructure	(8,902,984)	(519,617)	3,125	-	(9,419,476)
Total accumulated depreciation:	(20,385,580)	(1,235,611)	3,125	(207,118)	(21,825,184)
Net Capital Assets	$ 26,488,130	$ (1,195,444)	$ (15,107)	$ 36,407	$ 25,313,986

Depreciation expense was allocated to the funds as follows:

Airport	$	267,240
Police Dispatch		27,467
Recreation Center		253,006
Water		475,391
Hydro Plant		65,357
City Community Network		52,910
Solid Waste Collection		94,240
Total	$	1,235,611

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	$	700,943
City Community Network Fund		(700,943)
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, 2022:

Governmental Activities	Balance 1/1/22	Additions	Deletions	Balance 12/31/22	Due Within One Year
Compensated Absences	$ 516,027	$ 535,702	$ (516,027)	$ 535,702	$ -
Lease payable	-	29,484	(8,634)	20,850	6,787
Total	$ 516,027	$ 565,186	$ (524,661)	$ 556,552	$ 6,787

The following is a summary of other contractual liability transactions for business-type activities of the City for the year ended December 31, 2022:

Business-Type Activities	Balance 1/1/22	Additions	Deletions	Balance 12/31/22	Due Within One Year
1986 Colorado Water Cons Board	$ 5,257	$ -	$ (5,257)	$ -	$ -
1986 Dolores Water Cons Dist	2,726,901	-	(81,016)	2,645,885	85,926
2005 DOLA Water Loan	84,294	-	(19,557)	64,737	20,535
2010 CWRPDA Water Loan	223,402	-	(22,893)	200,509	23,353
2015 Colorado Water Cons Board	442,337	-	(86,785)	355,552	88,608
2009 CWRPDA Hydro Loan	566,501	-	(58,075)	508,426	59,237
Compensated Absences	205,315	183,665	(205,315)	183,665	-
Total	$ 4,254,007	$ 183,665	$ (473,641)	$ 3,958,774	$ 277,659

Enterprise Fund notes/loan payable at December 31, 2022, 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%	$	508,426
$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%		355,552
$525,000, 2010 CWRPDA Water Loan, due in semi-annual installments of $13,623 through November 1, 2030; interest rate of 2.00%		200,509
$300,000, 2005 DOLA Water Loan, due in annual installments of $23,772 through September 1, 2025; interest rate of 5.00%		64,737
$5,336,000, 1986 Dolores Water Conservancy Dist, due in annual installments of $246,125 through December 31, 2046; interest rate of 5.623%		2,645,885
Total	$	3,775,109

Debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 277,659	$ 184,977	$ 462,636
2024	287,411	175,255	462,666
2025	297,602	165,035	462,637
2026	274,281	154,383	428,664
2027	198,145	144,647	342,792
2028 – 2032	930,063	591,175	1,521,238
2033 – 2037	732,041	361,077	1,093,118
2038 – 2042	546,491	156,278	702,769
2043 – 2045	231,416	28,153	259,569
Total	$ 3,775,109	$ 1,960,980	$ 5,736,089

NOTE 8: LEASES

Pursuant to GASB No. 87, *Leases*, the City has recorded an intangible right to use leased asset which represents the City's right to use an underlying asset during the lease term. The City has obtained equipment through Right to Use leased assets.

Annual installments range from $174 to $529. Discount rate is the respective lease start date and term at 11.32% and 6.46%. The due dates range from 2025 to 2027.

At December 31, 2022, Right-to-Use leased assets consisted of the following:

Governmental Activities	
Right-to-Use Asset	$ 20,026
Less Accumulated Amortization	-
Right-to-Use Assets, net	$ 20,026

Pursuant to GASB No. 87, *Leases*, the City recorded a right to use lease liability in conjunction with the intangible right to use leased asset. The lease liability represents the City's obligation to make lease payments arising from the lease.

Following is a summary of the City's right to use lease liability principal maturities and interest requirements:

Year Ended December 31	Principal	Interest	Total
2023	$ 6,787	$ 1,488	$ 8,275
2024	6,463	584	7,047
2025	1,697	391	2,088
2026	2,584	278	2,862
2027	3,319	119	3,438
	$ 20,850	$ 2,860	$ 23,710

NOTE 9: 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 $163,441, $201,549 and $102,974 in 2022, 2021 and 2020, 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 2022, 2021, and 2020 was $296,327, $254,006, and $233,985,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, 2021, 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, 2021 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ended December 31, 2021. The valuation used the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Asset Valuation Method	5-Year smoothed fair value
Inflation Rate	2.50%
Salary Increases	N/A
Investment Rate of Return	4.50%
Retirement Age	Any remaining actives are assumed to retire immediately
Mortality	Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years Disabled (pre-1980): 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 1.84%, 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, 2021	$ 81,828	$ 304,909	$ (223,081)
Changes for the year:			
Interest on the total pension liability	3,442	-	3,442
Difference between expected and actual experience of total pension liability	10,816	-	10,816
Net investment income	-	1,522	(1,522)
Benefit payments, including refunds of employee contributions	(11,695)	(11,695)	-
Administrative expense	-	(975)	975
Balances at December 31, 2022	$ 84,371	$ 293,761	$ (209,390)

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	$ (204,905)	$ (209,390)	$ (213,476)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 13,733	$ 10,716
Total	$ 13,733	$ 10,716

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
2023	$ 2,169
2024	(2,029)
2025	492
2026	2,385
Total	$ 3,017

NOTE 10: 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 11: 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
12/31/2020	$ 220,553	$ 2,167,615	$ 2,030,024	$ 358,144
12/31/2021	$ 358,144	$ 2,254,551	$ 2,080,534	$ 532,161
12/31/2021	$ 532,161	$ 2,280,007	$ 2,431,559	$ 380,609

NOTE 12: 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, 2022, the emergency reserve of $366,786 was recorded in the Emergency Reserve - Tabor Fund.

NOTE 13: NEW GASB PRONOUNCEMENTS

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

- GASB Statement No. 91, *Conduit Debt Obligations*
- 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. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

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

NOTE 14: SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated transactions for potential disclosure through December 15, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to December 31, 2022 that would require disclosure.

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)

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Total Pension Liability							
Interest	$ 3,422	$ 3,771	$ 5,544	$ 5,915	$ 11,847	$ 12,242	$ 10,885
Differences between expected and actual experience	10,816	-	5,319	-	(78,204)	-	11,802
Changes of assumptions	-	-	10,245	-	-	-	15,275
Benefit payments	(11,695)	(11,355)	(11,024)	(10,703)	(14,721)	(20,177)	(19,589)
Net changes in total pension liability	2,543	(7,584)	10,084	(4,788)	(81,078)	(7,935)	18,373
Total Pension Liability - beginning	81,828	89,412	79,328	84,116	165,194	173,129	154,756
Total Pension Liability - ending (a)	$ 84,371	$ 81,828	$ 89,412	$ 79,328	$ 84,116	$ 165,194	$ 173,129

	12/31/2022	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	$ 1,522	$ 22,479	$ 32,815	$ 177	$ 37,909	$ 14,047	$ 5,235
Benefit payments, including refunds of employeee contributions	(11,695)	(11,355)	(11,024)	(10,703)	(14,721)	(20,177)	(19,589)
Administrative expense	(975)	(2,299)	(1,168)	(2,971)	(689)	(2,297)	(772)
Net change in plan fiduciary net position	(11,148)	8,825	20,623	(13,497)	22,499	(8,427)	(15,126)
Plan fiduciary net position - beginning	304,909	296,084	275,461	288,958	266,459	274,886	290,012
Plan fiduciary net position - ending (b)	$ 293,761	$ 304,909	$ 296,084	$ 275,461	$ 288,958	$ 266,459	$ 274,886
City's net pension (asset) - ending (a) - (b)	$ (209,390)	$ (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)

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Total Pension Liability	$ 84,371	$ 81,828	$ 89,412	$ 79,328	$ 84,116	$ 165,194	$ 173,129	$ 162,303
Plan's Fiduciary Net Position	(293,761)	(304,909)	(296,084)	(275,461)	(288,958)	(266,459)	(274,886)	(292,988)
Net Pension (Asset) Liability	$ (209,390)	$ (223,081)	$ (206,672)	$ (196,133)	$ (204,842)	$ (101,265)	$ (101,757)	$ (130,685)
Plan's Fiduciary Net Position as % of Total Pension Liability	348%	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	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 ACTUARIAL DETERMINED AND ACTUAL CONTRIBUTIONS
CORTEZ OLD HIRE POLICE PENSION FUND
LAST 10 FISCAL YEARS (1)

	12/31/2022	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	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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 10,567,150	$ 10,567,150	$ 10,391,687	$ (175,463)
Franchise fees	675,532	675,532	672,872	(2,660)
Licenses, permits and fees	356,846	356,846	222,603	(134,243)
Intergovernmental revenue	1,464,370	1,464,370	1,404,975	(59,395)
Charges for services	745,700	745,700	636,987	(108,713)
Fines and forfeitures	22,916	22,916	50,463	27,547
Donations	3,050	3,050	29,528	26,478
Investment income	37,916	37,916	1,245	(36,671)
Grant revenue	1,207,676	1,207,676	1,309,043	101,367
Interfund charges	-	-	63,647	63,647
Miscellaneous revenue	12,554	12,554	28,289	15,735
TOTAL REVENUES	15,093,710	15,093,710	14,811,339	(282,371)
EXPENDITURES				
General Government				
City council	670,258	818,858	715,733	103,125
City attorney	9,550	89,295	96,164	(6,869)
Human resources	288,842	288,842	253,325	35,517
Municipal court	213,711	213,711	208,430	5,281
City manager	334,197	334,197	285,321	48,876
Finance department	726,729	726,729	657,857	68,872
Passthrough grants	-	-	1,497	(1,497)
City clerk	278,483	278,483	201,347	77,136
Grants administrator	10,000	10,000	5,262	4,738
Special events	155,074	155,074	162,139	(7,065)
Total General Government	2,686,844	2,915,189	2,587,075	328,114
General Services				
Administration	142,770	142,770	171,946	(29,176)
Building maintenance	261,402	261,402	243,996	17,406
City hall operations	124,840	124,840	162,075	(37,235)
Welcome center	63,580	63,580	74,523	(10,943)
Planning and building	478,355	478,355	417,571	60,784
Total General Services	1,070,947	1,070,947	1,070,111	836
Public Safety				
Police administration	636,528	636,528	547,745	88,783
Patrol	2,421,719	2,421,719	2,437,251	(15,532)
Police support services	235,235	235,235	221,127	14,108
Police investigation	705,334	705,334	693,229	12,105
Police corrections	63,190	63,190	35,856	27,334
Building operations	114,608	114,608	125,301	(10,693)
Kennel operations	244,310	244,310	252,815	(8,505)
Total Public Safety	4,420,924	4,420,924	4,313,324	107,600
Public Works				
P.W. administration	391,932	391,932	283,584	108,348
Streets & utilities	383,753	383,753	463,246	(79,493)
Traffic services	184,000	184,000	191,325	(7,325)
Snow and ice removal	74,141	74,141	17,748	56,393
Street cleaning	177,089	177,089	189,773	(12,684)
Total Public Works	1,210,915	1,210,915	1,145,676	65,239

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	$ 116,708	$ 116,708	$ 148,955	$ (32,247)
Aquatics	240,676	240,676	278,559	(37,883)
Golf course administration	61,768	61,768	79,061	(17,293)
Golf course maintenance	453,907	453,907	380,588	73,319
City parks	734,596	734,596	631,772	102,824
Recreation	192,841	192,841	169,358	23,483
Library	689,976	689,976	643,455	46,521
Total Parks and Recreation	2,490,472	2,490,472	2,331,748	158,724
Capital outlay	710,000	710,000	36,101	673,899
Internal charges	355,420	355,420	657,938	(302,518)
TOTAL EXPENDITURES	12,945,522	13,173,867	12,141,973	1,031,894
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,148,188	1,919,843	2,669,366	749,523
OTHER FINANCING SOURCES				
Transfers in	7,904	7,904	-	(7,904)
TOTAL OTHER FINANCING SOURCES	7,904	7,904	-	(7,904)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	2,156,092	1,927,747	2,669,366	741,619
Fund Balance, Beginning			7,555,527	
Fund Balance, Ending			$ 10,224,893	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 1,722,620	$ 1,722,620	$ 1,781,153	$ 58,533
Investment income	7,986	7,986	(21,782)	(29,768)
Miscellaneous	-	-	15,639	15,639
TOTAL REVENUES	1,730,606	1,730,606	1,775,010	44,404
EXPENDITURES				
Public works	2,997,237	2,997,237	2,829,285	167,952
Capital outlay	-	105,299	105,000	299
TOTAL EXPENDITURES	2,997,237	3,102,536	2,934,285	168,251
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,266,631)	$ (1,371,930)	(1,159,275)	$ 212,655
Fund Balance, Beginning			3,045,781	
Fund Balance, Ending			$ 1,886,506	

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, 2022

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
December 31, 2022

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve-TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
ASSETS							
Cash	$ 453,064	$ -	$ 366,786	$ 1,437,731	$ 250	$ 3	$ 2,257,834
Investments, at fair value	-	-	-	703,388	-	-	703,388
Prepaid expenses	-	-	-	-	14,350	-	14,350
Intergovernmental receivable	10,025	20,046	-	-	-	-	30,071
Accounts receivable	-	-	-	43,974	16,164	-	60,138
TOTAL ASSETS	463,089	20,046	366,786	2,185,093	30,764	3	3,065,781
LIABILITIES							
Accounts payable	-	-	-	-	6,708	-	6,708
Unearned revenue	-	-	-	-	6,918	-	6,918
TOTAL LIABILITIES	-	-	-	-	13,626	-	13,626
FUND BALANCE							
Nonspendable	-	-	-	-	14,350	-	14,350
Restricted	-	-	366,786	-	-	3	366,789
Unassigned	463,089	20,046	-	2,185,093	2,788	-	2,671,016
TOTAL FUND BALANCE	463,089	20,046	366,786	2,185,093	17,138	3	3,052,155
TOTAL LIABILITIES AND FUND BALANCE	$ 463,089	$ 20,046	$ 366,786	$ 2,185,093	$ 30,764	$ 3	$ 3,065,781

CITY OF CORTEZ, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2022

	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	$ 264,892	$ -	$ -	$ 442,471	$ -	$ -	$ 707,363
Intergovernmental revenue	-	-	-	-	532,095	-	532,095
Investment income	-	-	-	(20,706)	-	-	(20,706)
Miscellaneous revenue	-	-	-	30,873	5,365	-	36,238
TOTAL OPERATING REVENUES	264,892	-	-	452,638	537,460	-	1,254,990
EXPENDITURES							
General government	131,810	-	-	-	554,648	-	686,458
General services	-	-	-	8,808	-	-	8,808
Capital projects	-	-	-	372,327	32,749	-	405,076
TOTAL OPERATING EXPENDITURES	131,810	-	-	381,135	587,397	-	1,100,342
CHANGES IN FUND BALANCE	133,082	-	-	71,503	(49,937)	-	154,648
FUND BALANCE (DEFICIT), BEGINNING	330,007	20,046	366,786	2,113,590	67,075	3	2,897,507
FUND BALANCE (DEFICIT), ENDING	$ 463,089	$ 20,046	$ 366,786	$ 2,185,093	$ 17,138	$ 3	$ 3,052,155

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 164,556	$ 164,556	$ 264,892	$ 100,336
EXPENDITURES				
General Government				
City council	131,969	131,969	131,810	159
TOTAL EXPENDITURES	131,969	131,969	131,810	159
REVENUES IN EXCESS OF EXPENDITURES	32,587	32,587	133,082	100,495
OTHER FINANCING (USES)				
Transfers (Out)	(32,587)	(32,587)	-	32,587
CHANGE IN FUND BALANCE	-	-	133,082	132,764
Fund Balance, Beginning			330,007	
Fund Balance, Ending			$ 463,089	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenue	$ 336,521	$ 336,521	$ -	$ (336,521)
TOTAL REVENUES	336,521	336,521	-	(336,521)
TOTAL REVENUES	336,521	336,521	-	(336,521)
CHANGE IN FUND BALANCE	$ 336,521	$ 336,521	-	$ (336,521)
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, 2022

	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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 429,084	$ 429,084	$ 442,471	$ 13,387
Investment income	12,420	12,420	(20,706)	(33,126)
TOTAL REVENUES	441,504	441,504	452,638	11,134
EXPENDITURES				
General Services				
Equipment	324	324	8,808	(8,484)
Capital outlay	410,000	410,000	372,327	37,673
TOTAL EXPENDITURES	410,324	410,324	381,135	29,189
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	-	-	-
OTHER FINANCING (USES)				
Transfers (out)	(8,668)	(8,668)	-	8,668
CHANGE IN FUND BALANCE	$ 22,512	$ 22,512	71,503	$ (9,387)
Fund Balance, Beginning			2,113,590	
Fund Balance, Ending			$ 2,185,093	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
December 31, 2022

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash	$ -	$ 565,562	$ 391,548	$ 957,110
Inventories	-	62,022	-	62,022
Accounts receivable	-	11,494	-	11,494
TOTAL CURRENT ASSETS	-	639,078	391,548	1,030,626
CAPITAL ASSETS				
Capital assets, depreciable	488,213	351,856	103,317	943,386
NET CAPITAL ASSETS	488,213	351,856	103,317	943,386
RESTRICTED CASH	69,405	-	-	69,405
TOTAL ASSETS	$ 557,618	$ 990,934	$ 494,865	$ 2,043,417
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ 123,322	$ -	$ 28	$ 123,350
Accrued interest payable	11,895	-	-	11,895
Accrued liabilities	-	1,423	4,458	5,881
Interfund payables	-	700,943	-	700,943
Notes and loans payable due within one year	59,237	-	-	59,237
TOTAL CURRENT LIABILITIES	194,454	702,366	4,486	901,306
LONG-TERM LIABILITIES				
Compensated absences	-	10,652	41,884	52,536
Notes and loans payable	449,189	-	-	449,189
TOTAL LONG-TERM LIABILITIES	449,189	10,652	41,884	501,725
TOTAL LIABILITIES	643,643	713,018	46,370	1,403,031
NET POSITION				
Net investment in capital assets	39,024	351,856	103,317	494,197
Restricted investments	69,405	-	-	69,405
Unrestricted	(194,454)	(73,940)	345,178	76,784
TOTAL NET POSITION	$ (86,025)	$ 277,916	$ 448,495	$ 640,386

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUNDS
For the Year Ended December 31, 2022

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 9,067	$ 434,476	$ 514,208	$ 957,751
Interfund charges	-	-	315,605	315,605
TOTAL OPERATING REVENUES	9,067	434,476	829,813	1,273,356
OPERATING EXPENSES				
Administration	5,256	-	-	5,256
Fiber outside plant	-	111,293	-	111,293
Fiber administration	-	30,896	-	30,896
Fiber inside plant	-	58,530	-	58,530
Police support services	-	-	803,114	803,114
Depreciation	65,357	52,910	27,467	145,734
Internal charges	-	58,800	1,323	60,123
TOTAL OPERATING EXPENSES	70,613	312,429	831,904	1,214,946
OPERATING (LOSS)	(61,546)	122,047	(2,091)	58,410
NON-OPERATING REVENUE (EXPENSE)				
Interest expense	(11,330)	(4,847)	-	(16,177)
TOTAL NON-OPERATING (EXPENSE)	(11,330)	(4,847)	-	(16,177)
CHANGE IN NET POSITION	(72,876)	117,200	(2,091)	42,233
NET POSITION, Beginning	(13,149)	160,716	450,586	598,153
NET POSITION, Ending	$ (86,025)	$ 277,916	$ 448,495	$ 640,386

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2022

	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	$ 9,067	$ 486,929	$ 829,853	$ 1,325,849
Payments to suppliers	60,338	(239,721)	(30,973)	(210,356)
Payments to employees	-	(94,321)	(768,318)	(862,639)
NET CASH PROVIDED BY OPERATING ACTIVITIES	69,405	152,887	30,562	252,854
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Debt payments	(58,075)	-	-	(58,075)
Interest paid	(11,330)	(4,847)	-	(16,177)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(69,405)	(4,847)	-	(74,252)
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	148,040	30,562	178,602
CASH AND CASH EQUIVALENTS, Beginning of Year	69,405	417,522	360,986	847,913
CASH AND CASH EQUIVALENTS, End of Year	$ 69,405	$ 565,562	$ 391,548	$ 1,026,515
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (61,546)	$ 122,047	$ (2,091)	$ 58,410
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	65,357	52,910	27,467	145,734
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	-	52,453	40	52,493
Inventories	-	(10,023)	-	(10,023)
Increase (decrease) in:				
Accounts payable	65,594	(65,578)	(784)	(768)
Accrued liabilities	-	571	(1,090)	(519)
Compensated absences	-	507	7,020	7,527
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 69,405	$ 152,887	$ 30,562	$ 252,854

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 250,140	$ 250,140	$ 169,588	$ (80,552)
Intergovernmental revenue	26,842	26,842	32,117	5,275
Grant revenue	754,681	754,681	314,716	(439,965)
Miscellaneous revenue	-	-	2,558	2,558
TOTAL OPERATING REVENUES	1,031,663	1,031,663	518,979	(512,684)
OPERATING EXPENSES				
Airport operations	715,545	865,545	539,048	326,497
Depreciation	275,000	275,000	267,240	7,760
Internal charges	2,500	2,500	6,827	(4,327)
TOTAL OPERATING EXPENSES	993,045	1,143,045	813,115	329,930
OPERATING INCOME (LOSS)	38,618	(111,382)	(294,136)	(182,754)
CHANGE IN NET POSITION - BUDGET BASIS	$ 38,618	$ (111,382)	(294,136)	$ (182,754)
CHANGE IN NET POSITION - GAAP BASIS			(294,136)	
Net Position, Beginning			8,292,514	
Net Position, Ending			$ 7,998,378	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 215,050	$ 215,050	$ 384,191	$ 169,141
Interfund charges	-	-	36,407	36,407
Miscellaneous revenue	4,000	4,000	10,363	6,363
TOTAL OPERATING REVENUES	219,050	219,050	430,961	211,911
OPERATING EXPENSES				
Recreation center	1,351,197	1,351,197	1,056,978	294,219
Depreciation	252,000	252,000	253,006	(1,006)
TOTAL OPERATING EXPENSES	1,603,197	1,603,197	1,309,984	293,213
OPERATING INCOME (LOSS)	(1,384,147)	(1,384,147)	(879,023)	505,124
NON-OPERATING REVENUES (EXPENSES)				
Property and sales taxes	1,898,032	1,898,032	1,908,365	10,333
Investment income	5,000	5,000	(14,855)	(19,855)
Debt retirement	(590,000)	(590,000)	(590,000)	-
TOTAL NON-OPERATING REVENUES	1,313,032	1,313,032	1,303,510	(9,522)
CHANGE IN NET POSITION - BUDGET BASIS	$ (71,115)	$ (71,115)	424,487	$ 495,602
GAAP BASIS ADJUSTMENTS				
Debt service principal			590,000	
CHANGE IN NET POSITION - GAAP BASIS			1,014,487	
Net Position, Beginning			10,316,268	
Net Position, Ending			$ 11,330,755	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 3,663,802	$ 3,663,802	$ 3,687,586	$ 23,784
Miscellaneous revenue	12,000	12,000	13,200	1,200
TOTAL OPERATING REVENUES	3,675,802	3,675,802	3,700,786	24,984
OPERATING EXPENSES				
Administration	92,774	92,774	40,516	52,258
Filtration and treatment	2,339,118	2,339,118	1,589,532	749,586
Transmission and distribution	613,089	613,089	668,042	(54,953)
Meter maintenance	15,237	15,237	5,387	9,850
Depreciation	377,195	377,195	475,391	(98,196)
Internal charges	37,850	37,850	82,826	(44,976)
TOTAL OPERATING EXPENSES	3,475,263	3,475,263	2,861,694	613,569
OPERATING INCOME (LOSS)	200,539	200,539	839,092	638,553
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,500	1,500	11,483	9,983
Interest expense	(191,359)	(191,359)	(183,230)	8,129
Debt retirement	(216,178)	(216,178)	(271,255)	(55,077)
TOTAL NON-OPERATING EXPENSES	(406,037)	(406,037)	(443,002)	(36,965)
CHANGE IN NET POSITION - BUDGET BASIS	$ (205,498)	$ (205,498)	396,090	$ 601,588
GAAP BASIS ADJUSTMENTS				
Debt service principal			271,255	
CHANGE IN NET POSITION - GAAP BASIS			667,345	
Net Position, Beginning			12,902,570	
Net Position, Ending			$ 13,569,915	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 1,605,711	$ 1,605,711	$ 1,600,825	$ (4,886)
TOTAL OPERATING REVENUES	1,605,711	1,605,711	1,600,825	(4,886)
OPERATING EXPENSES				
Administration	8,900	8,900	6,958	1,942
Collection	1,203,689	1,203,689	934,631	269,058
Recycling	209,376	209,376	168,843	40,533
Depreciation	40,000	40,000	94,240	(54,240)
Internal charges	12,963	12,963	151,214	(138,251)
TOTAL OPERATING EXPENSES	1,474,928	1,474,928	1,355,886	119,042
OPERATING INCOME (LOSS)	130,783	130,783	244,939	114,156
NON-OPERATING REVENUES (EXPENSES)				
Investment income	1,800	1,800	1,536	(264)
Transfers in	19,363	19,363	-	(19,363)
TOTAL NON-OPERATING REVENUES	21,163	21,163	1,536	(19,627)
CHANGE IN NET POSITION - BUDGET BASIS	$ 151,946	$ 151,946	246,475	$ 94,529
CHANGE IN NET POSITION - GAAP BASIS			246,475	
Net Position, Beginning			1,715,961	
Net Position, Ending			$ 1,962,436	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 20,174	$ 20,174	$ 9,067	$ (11,107)
TOTAL OPERATING REVENUES	20,174	20,174	9,067	(11,107)
OPERATING EXPENSES				
Administration	19,799	19,799	5,256	14,543
Depreciation	65,802	65,802	65,357	445
TOTAL OPERATING EXPENSES	85,601	85,601	70,613	14,988
OPERATING INCOME (LOSS)	(65,427)	(65,427)	(61,546)	3,881
NON-OPERATING (EXPENSES)				
Interest expense	(11,330)	(11,330)	(11,330)	-
Debt retirement	(58,075)	(58,075)	(58,075)	-
TOTAL NON-OPERATING EXPENSES	(69,405)	(69,405)	(69,405)	-
CHANGE IN NET POSITION - BUDGET BASIS	$ (134,832)	$ (134,832)	(130,951)	$ 3,881
GAAP BASIS ADJUSTMENTS				
Debt service principal			58,075	
CHANGE IN NET POSITION - GAAP BASIS			(72,876)	
Net Position, Beginning			(13,149)	
Net Position, Ending			$ (86,025)	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 462,567	$ 462,567	$ 434,476	$ (28,091)
TOTAL OPERATING REVENUES	462,567	462,567	434,476	(28,091)
OPERATING EXPENSES				
Fiber outside plant	119,488	119,488	111,293	8,195
Fiber administration	121,000	121,000	30,896	90,104
Fiber inside plant	70,700	70,700	58,530	12,170
Depreciation	90,000	90,000	52,910	37,090
Internal charges	-	-	58,800	58,800
TOTAL OPERATING EXPENSES	401,188	401,188	312,429	206,359
OPERATING INCOME	61,379	61,379	122,047	178,268
NON-OPERATING (EXPENSES)				
Transfers (out)	(11,486)	(11,486)	-	11,486
Interest expense	-	-	(4,847)	(4,847)
TOTAL NON-OPERATING EXPENSES	(11,486)	(11,486)	(4,847)	6,639
CHANGE IN NET POSITION - BUDGET BASIS	$ 49,893	$ 49,893	117,200	$ 184,907
Net Position, Beginning			160,716	
Net Position, Ending			$ 277,916	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 519,555	$ 519,555	$ 514,208	$ (5,347)
Interfund charges	315,605	315,605	315,605	-
TOTAL OPERATING REVENUES	835,160	835,160	829,813	(5,347)
OPERATING EXPENSES				
Police support services	828,655	828,655	803,114	25,541
Depreciation	-	-	27,467	(27,467)
Internal charges	40,200	40,200	1,323	(38,877)
TOTAL OPERATING EXPENSES	868,855	868,855	831,904	(40,803)
OPERATING INCOME (LOSS)	(33,695)	(33,695)	(2,091)	(46,150)
CHANGE IN NET POSITION - BUDGET BASIS	$ (33,695)	$ (33,695)	(2,091)	$ (46,150)
Net Position, Beginning			450,586	
Net Position, Ending			$ 448,495	

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
December 31, 2022

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
ASSETS				
CURRENT ASSETS				
Cash	$ -	$ -	$ 2,809,020	$ 2,809,020
Petty cash	152	-	-	152
Inventories	71,888	-	-	71,888
Accounts receivable	-	-	-	-
TOTAL CURRENT ASSETS	72,040	-	2,809,020	2,881,060
CAPITAL ASSETS				
Capital assets, depreciable	8,191	760	-	8,951
NET CAPITAL ASSETS	8,191	760	-	8,951
TOTAL ASSETS	$ 80,231	$ 760	$ 2,809,020	$ 2,890,011
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	1,325,678	1,764,382	380,609	$ 3,470,669
Accrued liabilities	5,708	5,859	-	11,567
TOTAL CURRENT LIABILITIES	1,331,386	1,770,241	380,609	3,482,236
LONG-TERM LIABILITIES				
Compensated absences	37,471	23,525	-	60,996
TOTAL LONG-TERM LIABILITIES	37,471	23,525	-	60,996
TOTAL LIABILITIES	1,368,857	1,793,766	380,609	3,543,232
NET POSITION				
Net investment in capital assets	8,191	760	-	8,951
Unrestricted	(1,296,817)	(1,793,766)	2,428,411	(662,172)
TOTAL NET POSITION	$ (1,288,626)	$ (1,793,006)	$ 2,428,411	$ (653,221)

CITY OF CORTEZ, COLORADO
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2022

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ 8,400	$ 2,664,297	$ 2,672,697
Interfund charges	535,833	-	-	535,833
Miscellaneous revenue	2,634	-	-	2,634
TOTAL OPERATING REVENUES	538,467	8,400	2,664,297	3,211,164
OPERATING EXPENSES				
Health claims	-	-	2,280,007	2,280,007
Shop	834,380	-	-	834,380
Building overhead	102,480	-	-	102,480
Technology	-	765,272	-	765,272
Telecommunications	-	134,598	-	134,598
Depreciation	1,209	-	-	1,209
TOTAL OPERATING EXPENSES	938,069	899,870	2,280,007	4,117,946
OPERATING INCOME (LOSS)	(399,602)	(891,470)	384,290	(906,782)
CHANGE IN NET POSITION	(399,602)	(891,470)	384,290	(906,782)
NET POSITION, Beginning (Deficit)	(889,024)	(901,536)	2,044,121	253,561
NET POSITION, Ending (Deficit)	$ (1,288,626)	$ (1,793,006)	$ 2,428,411	$ (653,221)

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2022

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 538,467	$ 8,400	$ -	$ 546,867
Cash flows from internal activities	-	-	2,664,297	2,664,297
Payments to suppliers	(113,099)	358,976	-	245,877
Payments for claims and loss adjustments	-	-	(1,883,587)	(1,883,587)
Payments to employees	(425,368)	(367,376)	(547,972)	(1,340,716)
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	-	232,738	232,738
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	232,738	232,738
CASH AND CASH EQUIVALENTS, Beginning of Year	152	-	2,576,282	2,576,434
CASH AND CASH EQUIVALENTS, End of Year	$ 152	$ -	$ 2,809,020	$ 2,809,172
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ (399,602)	$ (891,470)	$ 384,290	$ (906,782)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	1,209	-	-	1,209
Changes in assets and liabilities:				
Inventories	(14,813)	-	-	(14,813)
Increase (decrease) in:				
Accounts payable	416,837	885,386	(151,552)	1,150,671
Accrued liabilities	1,340	3,147	-	4,487
Compensated absences	(4,971)	2,937	-	(2,034)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ -	$ -	$ 232,738	$ 232,738

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Interfund charges	$ 421,997	$ 421,997	$ 535,833	$ 113,836
Miscellaneous revenue	-	-	2,634	2,634
TOTAL OPERATING REVENUES	421,997	421,997	538,467	116,470
OPERATING EXPENSES				
Shop	849,319	849,319	834,380	14,939
Building overhead	120,920	120,920	102,480	18,440
Depreciation	-	-	1,209	(1,209)
TOTAL OPERATING EXPENSES	970,239	970,239	938,069	32,170
OPERATING (LOSS)	(548,242)	(548,242)	(399,602)	148,640
CHANGE IN NET POSITION - BUDGET BASIS	$ (548,242)	$ (548,242)	(399,602)	$ 148,640
Net Position, Beginning (Deficit)			(889,024)	
Net Position, Ending (Deficit)			$ (1,288,626)	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 32,000	$ 32,000	$ 8,400	$ (23,600)
TOTAL OPERATING REVENUES	32,000	32,000	8,400	(23,600)
OPERATING EXPENSES				
Technology	675,461	675,461	765,272	(89,811)
Telecommunications	168,000	168,000	134,598	33,402
Depreciation	7,825	7,825	-	7,825
TOTAL OPERATING EXPENSES	851,286	851,286	899,870	(48,584)
OPERATING INCOME (LOSS)	(819,286)	(819,286)	(891,470)	(72,184)
CHANGE IN NET POSITION - BUDGET BASIS	$ (819,286)	$ (819,286)	(891,470)	$ (72,184)
Net Position, Beginning			(901,536)	
Net Position, Ending (Deficit)			$ (1,793,006)	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 2,856,300	$ 2,856,300	$ 2,664,297	$ (192,003)
TOTAL OPERATING REVENUES	2,856,300	2,856,300	2,664,297	(192,003)
OPERATING EXPENSES				
Health claims	2,397,240	2,397,240	2,280,007	117,233
TOTAL OPERATING EXPENSES	2,397,240	2,397,240	2,280,007	117,233
OPERATING INCOME	459,060	459,060	384,290	(74,770)
CHANGE IN NET POSITION - BUDGET BASIS	$ 459,060	$ 459,060	384,290	$ (74,770)
Net Position, Beginning			2,044,121	
Net Position, Ending			$ 2,428,411	

STATISTICAL SECTION

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES:										
Taxes-Assessments	$ 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	$ 11,064,559
Licenses and Permits	82,312	339,138	129,901	270,637	419,464	234,053	204,629	235,498	264,580	222,603
Intergovernmental	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	1,404,975
Charges for Services	526,636	563,625	690,829	547,762	656,035	579,706	528,166	586,778	775,492	636,987
Fine and Forefeitures	80,419	83,951	76,981	81,673	74,130	54,564	65,764	32,193	27,886	50,463
Investment Income	14,334	14,765	18,530	9,725	15,710	34,051	79,755	78,198	15,735	1,245
Miscellaneous	33,074	105,705	24,630	82,432	301,471	6,830	227,542	10,024	328,355	91,936
Donation	63,086	47,877	49,001	18,057	10,645	42,477	19,591	29,010	24,523	29,528
Grant Revenue	160,334	148,242	134,978	1,938,709	425,244	404,709	231,134	840,336	1,227,315	1,309,043
TOTAL REVENUES	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	14,811,339
EXPENDITURES:										
General Government	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	3,657,186
Public Safety	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	4,313,324
Public Works	928,184	960,435	994,693	1,046,749	1,168,092	1,214,268	1,098,998	1,077,236	1,053,206	1,145,676
Parks & Recreation	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	2,331,748
Internal Charges	1,018,625	-	-	1,340,665	1,494,734	1,688,688	1,335,552	877,388	775,091	657,938
Capital Outlay	-	-	-	-	1,399,039	450,983	5,450	31,200	5,200	36,101
TOTAL EXPENDITURES	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	12,141,973
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(489,594)	1,050,514	(2,487,568)	1,669,084	(820,599)	(1,359,982)	54,288	2,306,596	3,707,625	2,669,366
OTHER FINANCING SOURCES/USES										
Transfer In	90,472	39,600	44,831	43,327	46,239	-	213,911	75,000	-	-
Transfer Out	(163,600)	(163,600)	(163,600)	(1,667,155)	-	(7,049)	(35,500)	-	-	-
TOTAL	(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	(562,722)	926,514	(2,606,337)	45,256	(774,360)	(1,367,031)	232,699	2,381,596	3,707,625	2,669,366
FUND BALANCE										
Beginning	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
Prior Period Restatement	-	-	-	-	-	-	-	-	-	-
FUND BALANCE										
Ending	$ 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	$ 10,224,893

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES:										
Charges for services	$ 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	$ 3,687,586
Other	9,998	10,770	-	(829)	19,375	14,222	13,200	13,200	12,100	13,200
Total Operating Revenues	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	3,700,786
OPERATING EXPENSES:										
Operations & Services	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	2,861,694
Capital Outlay	488,647	50,586	1,361,134	876,339	883,756	409,052	76,633	-	-	-
Total Operating Expenses	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	2,861,694
Operating Income/(Loss)	405,672	652,882	(1,185,043)	148,793	46,679	941,696	(176,155)	1,785,330	571,643	839,092
OTHER REVENUES (EXPENSES)										
Grant Revenue	-	-	231,033	19,180	76,817	-	-	-	-	-
Interest Income	2,979	1,861	6,577	2,452	1,600	954	3,447	2,550	2,307	11,483
Debt Service - Interest	-	-	-	-	(232,728)	(228,836)	(213,248)	(205,189)	(194,469)	(183,230)
Debt Service - Principal	(369,185)	(369,162)	(369,141)	(405,164)	(231,229)	(236,889)	(250,308)	(260,534)	(271,255)	(271,255)
NET INCOME(LOSS) before transfers	39,466	285,581	(1,316,574)	(234,739)	(338,861)	476,925	(636,264)	1,322,157	108,226	396,090
TRANSFERS										
Transfers In	-	-	-	4,000	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(561,610)	(168,500)	-	-	-
Net Transfers	-	-	-	4,000	-	(561,610)	(168,500)	-	-	-
Change in Net Position - Budget Basis	39,466	285,581	(1,316,574)	(230,739)	(338,861)	(84,685)	(804,764)	1,322,157	108,226	396,090
GAAP BASIS ADJUSTMENTS										
Capital Outlay	32,111	27,223	1,340,165	729,226	35,281	-	-	-	-	-
Depreciation	(433,635)	-	-	-	-	-	-	-	-	-
Debt Service Principal	126,013	132,246	138,814	161,474	231,229	236,889	250,308	260,534	271,255	271,255
NET INCOME	(236,045)	445,050	162,405	659,961	(72,351)	152,204	(554,456)	1,582,691	379,481	667,345
NET POSITION, Beginning	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	12,902,570
Prior Period Adjustment	-	-	-	90,126	-	-	-	-	-	-
Net Position, Beginning (As Restated)	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	12,902,570
Net Position, Ending	$ 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	$ 13,569,915

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Water Charges	$ 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	$ 3,513,799
Water Development Fees	16,595	97,515	70,537	169,820	34,799	53,027	95,017	165,342	199,312	142,547
Penalties, Connection & Other Charges	128,872	46,499	265,888	18,364	56,397	48,643	24,906	27,476	28,535	44,440
Investment Income	2,979	1,860	6,577	2,453	19,375	14,222	13,200	2,550	2,307	11,483
Total Revenues	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	3,712,269
Total Expenses	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	2,861,694
Less: Depreciation	(433,635)	(405,520)	(442,697)	(500,882)	(521,346)	(521,008)	(517,689)	(524,511)	(485,394)	(475,391)
Less: Capital Outlay	(468,149)	(23,395)	(1,340,165)	(876,339)	(848,475)	-	-	-	-	-
Less: Debt Service	(243,172)	(236,916)	(369,141)	(405,164)	(231,229)	(236,889)	(250,308)	(260,534)	(271,255)	(271,255)
Operating Expenses (int including depreciation)	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	2,115,048
Net Revenues	908,913	1,097,662	835,429	1,529,296	1,683,010	1,699,593	591,842	2,572,925	1,330,599	1,597,221
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	2	3	2	4	4	4	4	4	4	4

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Hydro-Production Credits	$ 49,472	$ 55,084	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355	$ 26,770	$ 9,067
Energy Credits	17,174	-	-	-	-	-	-	-	-	-
Total Revenues	$ 66,646	$ 55,084	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355	$ 26,770	$ 9,067
Total Expenses	$ 89,809	$ 88,682	$ 88,631	$ 146,392	$ 69,167	$ 69,964	$ 65,955	$ 67,146	$ 71,106	$ 70,613
Less Depreciation	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)
Less Debt Service	(19,879)	(18,888)	(68,435)	(69,443)	(69,405)	(53,652)	(54,725)	(55,820)	(56,936)	(56,936)
Operating Expenses	4,128	3,992	(45,606)	11,592	(65,595)	(49,045)	(54,127)	(54,031)	(51,187)	(51,680)
Net Revenues	$ 62,518	$ 51,092	$ 105,881	$ 63,948	$ 137,996	$ 123,081	$ 120,727	$ 113,386	$ 77,957	$ 60,747
Aannual Debt Service Requirement										
2009 CWRPDA Hydro Loan	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435	$ 69,413	$ 69,413	$ 60,061	$ 69,405	$ 69,405
Total Annual Debt Service	$ 69,405	$ 69,405	$ 68,435	$ 68,435	$ 68,435	$ 69,413	$ 69,413	$ 60,061	$ 69,405	$ 69,405
Debt Ratio Coverage	90.08%	73.61%	154.72%	93.44%	201.65%	177.32%	173.93%	188.78%	112.32%	87.53%

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUES:										
Hydro-Production Credits	$ 49,472	$ 55,083	$ 60,275	$ 75,540	$ 72,401	$ 74,036	$ 66,600	$ 59,355	$ 26,770	$ 9,067
Energy Credits	17,177	-	-	-	-	-	-	-	-	-
Total Operating Revenues	66,649	55,083	60,275	75,540	72,401	74,036	66,600	59,355	26,770	9,067
Operating Expenditures:										
Operations and Services	4,128	3,992	4,951	11,592	3,810	2,367	598	1,789	5,749	5,749
Other Revenues(Expenses)										
Debt Service Interest	(68,473)	(68,455)	(68,435)	(69,443)	(68,390)	(71,645)	(69,405)	(69,405)	(69,405)	(69,405)
Net Income/(Loss) before transfers	(5,952)	(17,364)	(13,111)	(5,495)	201	24	(3,403)	(11,839)	(48,384)	(66,087)
Transfers										
Transfers In	-	76,350	-	-	-	27,914	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Transfers	-	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	56,936
Depreciation	(65,802)	(65,802)	(65,802)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)	(65,357)
Net Income	(23,160)	42,751	(28,356)	(18,252)	(12,556)	16,233	(10,834)	(21,376)	(56,805)	(74,508)
Net Position, Beginning	107,619	84,459	127,210	98,854	72,189	59,633	75,866	65,032	43,656	(13,149)
Prior Perid Restatement	-	-	-	(8,413)	-	-	-	-	-	-
Net Position, Ending	$ 84,459	$ 127,210	$ 98,854	$ 72,189	$ 59,633	$ 75,866	$ 65,032	$ 43,656	$ (13,149)	$ (87,657)

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

Honorable Mayor and City Council
City of Cortez
Cortez, CO

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cortez, Colorado ("City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2023.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

Purpose of this Report

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

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona
December 15, 2023