MONTEZUMA COUNTY, COLORADO

Accountants' Reports
and
Basic Financial Statements

December 31, 2025

MONTEZUMA COUNTY, COLORADO

TABLE OF CONTENTS
December 31, 2025

MONTEZUMA COUNTY, COLORADO

TABLE OF CONTENTS
December 31, 2025

Majors and Haley, P.C.
Certified Public Accountants

P.O. Box 1478
Cortez, CO 81321
(970) 565-9521
Fax: (970) 565-9441

Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Montezuma County, Colorado
Cortez, Colorado 81321

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montezuma County, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Montezuma County, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Montezuma County, Colorado, as of December 31, 2025, 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 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 Montezuma County; Colorado and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Montezuma County, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Montezuma County Colorado'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 Montezuma County, Colorado'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 management's discussion and analysis and budgetary comparison information on pages 3–13 and 43–49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montezuma County, Colorado's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, local highway finance report and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, local highway finance report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2026, on our consideration of Montezuma County Colorado'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 Montezuma County, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montezuma County, Colorado's internal control over financial reporting and compliance.

Majors and Haley P.C.
July 1, 2026

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2025

FINANCIAL HIGHLIGHTS

Key financial highlights for the County in 2025 are as follows:

- In total, net position increased by $142,743. Net position of governmental activities decreased by $20,540 which represents a .03 percent decrease from 2024. Net position of business type activities increased by $163,283 or 8 percent from 2024.

- General revenues accounted for $15,155,282 in revenue or 35 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $30,717,269 or 65 percent of total revenues of $45,872,551.

- Governmental activities total assets increased by $387,114. Total liabilities decreased by $505,462. Deferred inflows of resources increased by $913,116.

- The County incurred $43,841,346 in expenses related to government activities. $28,665,524 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily mineral leasing and property taxes) of $15,155,282 were adequate to cover all but $20,540 of the costs of these programs.

- Among the major funds, the General Fund had $14,683,815 in revenues, and $21,885,603 in expenditures including net transfers. It's fund balance decreased by $7,201,788 from $29,053,302 to $21,851,514.

- Net position of the Enterprise Fund increased from $2,041,933 to $2,205,216.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County.

- The first two statements are County-wide financial statements that provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
- The governmental funds statements tell how basic services such as public works were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the County operates like businesses, such as landfill services.
- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the County's budget for the year.

County-wide Statements

The County-wide statements report information about the County, as a whole using accounting methods similar to those used by private companies. The statement of net position includes all the County's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two County-wide statements report the County's net position and how it has changed. Net position (the difference between the County's assets and liabilities) is one way to measure the County's financial position.

- Over time, increases or decreases in the County's net position is an indicator of whether its financial position is improving or deteriorating.

- To assess the County's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of county facilities.

In the County-wide financial statements, the County's activities are divided into two categories:

- ***Governmental activities-*** Most of the County's basic services are included here, such as general government, public safety, public health, public works, and culture and recreation. These activities are financed mainly through property taxes and grants.

- ***Business-type activities-*** The County charges fees to help cover the costs of certain services it provides. The County's landfill facility is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds, focusing on its most significant or "major" funds, not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the County establishes many other funds to help it manage and control its finances to achieve certain results.

The County uses three types of funds:

- ***Governmental funds-*** Most of the County's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- ***Proprietary funds-*** Services for which the County charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the County-wide financial statements. The County's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis. The County uses an enterprise fund to account for its landfill operations.

- ***Fiduciary funds-*** The County is the fiduciary, for assets that belong to others, such as the Custodial Fund. The County is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The County excludes these activities from the County-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Total assets increased by $533,322. Total liabilities decreased by $522,537. Deferred inflows of resources increased by $913,116.

The County's combined net position was larger on December 31, 2025, than it was on December 31, 2024, increasing by .2 percent to $64,236,181. All of the increase came from its business type activities, the net position of which increased $163,283 to $2,205,216. The net position of the County's governmental activities decreased $20,540 to $62,030,965.

Table 1 provides a summary of the County's net position for 2025 compared to 2024:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total County	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets	$ 52.504	$ 51.222	$ 0.892	$ 0.514	$ 53.396	$ 51.736
Noncurrent assets, net	23.360	24.255	3.612	3.844	26.972	28.099
Total assets	75.864	75.477	4.504	4.358	80.368	79.835
Liabilities						
Current liabilities	2.050	2.627	2.299	2.316	4.349	4.943
Noncurrent liabilities	1.806	1.734			1.806	1.734
Deferred inflows of resources	9.978	9.064			9.978	9.064
Net Position						
Invested in capital	21.554	22.521	2.205	2.042	23.759	24.563
Nonspendable	0.050	0.050			0.050	0.050
Restricted	5.498	4.698			5.498	4.698
Unrestricted	34.928	34.783			34.928	34.783
Total net position	$ 62.030	$ 62.052	$ 2.205	$ 2.042	$ 64.235	$ 64.094

Table 2 shows the changes in net position for fiscal year 2025 compared to 2024.

Table 2
Changes in Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total County	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 3.806	$ 3.639	$ 2.052	$ 1.709	$ 5.858	$ 5.348
Operating grants	24.653	24.899			24.653	24.899
Capital grants	0.207	0.234			0.207	-
General revenues						
Property taxes	9.735	11.314			9.735	11.314
Mineral leasing	1.156	1.613			1.156	1.613
Other	4.264	4.848			4.264	4.848
Total revenues	43.821	46.547	2.052	1.709	45.873	48.022
Expenses						
General government	6.771	6.976			6.771	6.976
Public safety	9.481	8.870			9.481	8.870
Public works	5.151	6.058	1.889	1.937	7.040	7.995
Public health and welfare	21.460	21.447			21.460	21.447
Culture and recreation	0.713	0.766			0.713	0.766
Depreciation-unallocated	0.265	0.306			0.265	0.306
Total expenses	43.841	44.423	1.889	1.937	45.730	46.360
Increase (decrease) in net position	$ (0.020)	$ 2.124	$ 0.163	$ (0.228)	$ 0.143	$ 1.662

Operating and capital grants and property taxes accounted for most of the County's total revenue, with each contributing 54.19 percent and 21.22 percent respectively (See Table 3). Another 12.77 percent came from charges for services and the remainder from mineral leasing, and other sources.

The County's expenses are predominately related to public health and welfare, (46.9 percent), public works (15.4 percent) and public safety (20.7 percent) (See Table 4). The County's general government activities accounted for 14.8 percent of total costs.

Table 3
Sources of Revenue for Fiscal Year 2025

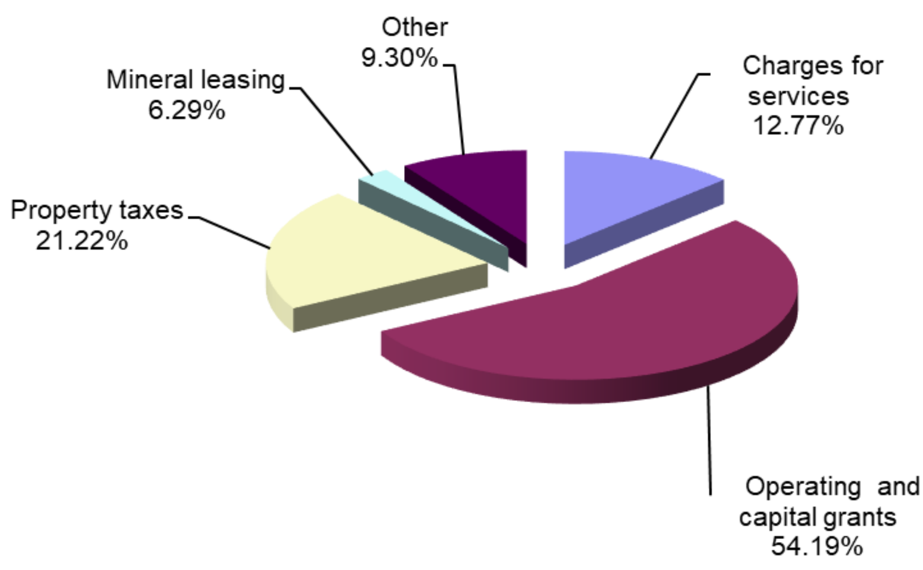
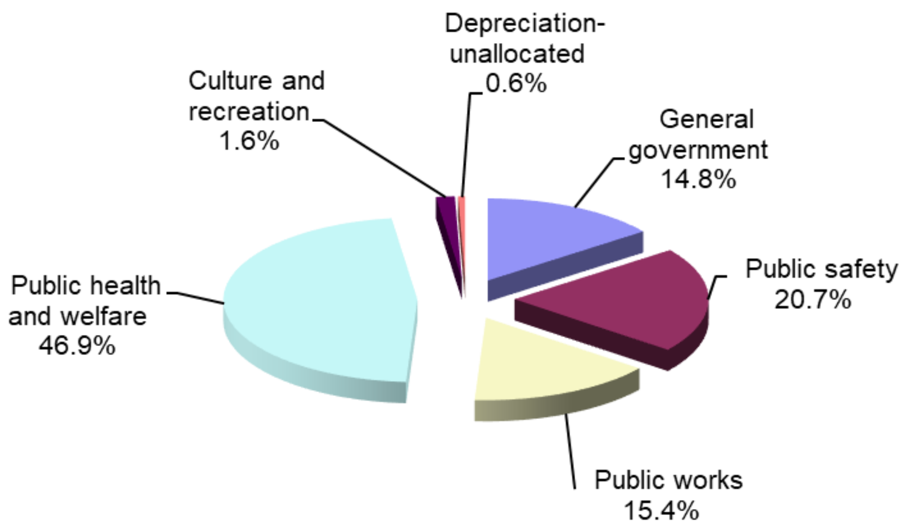


Table 4
Expenses for Fiscal Year 2025
Governmental Activities



The primary sources of operating revenue for the County come from operating grants and general property taxes. The County receives approximately 75 percent of this funding from these sources while the remaining amounts come from charges for services and other general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by general revenues including general property taxes and sales taxes.

Table 5
Government Activities
(In millions)

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
General government	$ 6.771	$ 6.976	$ 5.280	$ 2.339
Public safety	9.481	8.870	7.269	7.020
Public works	5.151	7.995	1.551	1.540
Public health and welfare	21.460	21.447	0.771	1.088
Culture and recreation	0.713	0.766	0.040	0.183
Depreciation-unallocated	0.265	0.306	0.265	0.288
Total	$ 43.841	$ 46.360	$ 15.176	$ 12.458

- The cost of all governmental activities during the year was $43.841 million.
- Some of the cost was financed by the users of the County's programs ($3.806 million)
- Federal and state government subsidized certain programs with grants and contributions ($24.860 million).
- However, $15.156 million was financed by state and county taxpayers. This portion of governmental activities was financed with $9.735 million in property taxes, $1.156 million in mineral leasing and $4.265 million in other general revenues.

Business-type Activities

Business-type activities are made up of the Landfill Fund. This program had revenues of $2.052 million and expenses of $1.889 million. Business-type activities receive no support from tax revenue.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Information about the County's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues and other financing sources of $44.238 million and expenditures of $43.292 million.

General Fund Budgetary Highlights

The County's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the County made one revision to the annual operating budget.

- Actual expenditures were $959,137 under budget, primarily because the County closely monitored expenditures in an effort to remain below budget levels.

CAPITAL ASSET ADMINISTRATION

By the end of 2025, the County has invested $54.211 million in land, buildings, and equipment (including vehicles), of this total $44.841 million was from governmental activities.

Table 6 shows capital assets for 2025 compared to 2024:

Table 6
Capital Assets at December 31
(In millions)

	Governmental Activities		Business-Type Activities		Total County	
	2025	2024	2025	2024	2025	2024
Land	$ 1.344	$ 1.344			$ 1.344	$ 1.344
Infrastructure	4.790	4.790			4.790	4.790
Buildings	24.047	23.995			24.047	23.995
Equipment	14.660	14.504	$ 9.370	$ 9.083	24.030	23.587
Total	$ 44.841	$ 44.633	$ 9.370	$ 9.083	$ 54.211	$ 53.716

Additional information on the County's capital assets can be found in the Notes to the Financial Statements on page 35 of this report.

FACTORS BEARING ON THE COUNTY'S FUTURE

At the time these financial statements were prepared and audited, the County is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the County's citizens, taxpayers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Montezuma County Administration Office, 109 W Main, Room 302 Cortez, Colorado 81321.

MONTEZUMA COUNTY, COLORADO
Statement of Net Position

December 31, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Current assets				
Cash	$ 40,098,694	$ 848,835	$ 40,947,529	$ 4,537
Property taxes receivable	9,977,601		9,977,601	
Due from other funds		43,500	43,500	
Other receivables	1,811,737		1,811,737	
Due from state	255,187		255,187	
Due from other governments	310,758		310,758	
Inventory	50,000		50,000	
Total current assets	52,503,977	892,335	53,396,312	4,537
Noncurrent assets				
Right to use leased assets, net	427,166		427,166	
Capital assets				
Land	1,344,190		1,344,190	
Depreciable capital assets, net	21,589,143	3,611,802	25,200,945	
Total noncurrent assets	23,360,499	3,611,802	26,972,301	
Total Assets	75,864,476	4,504,137	80,368,613	4,537
Liabilities				
Current liabilities				
Accounts payable	263,231	22,760	285,991	
Accrued closure costs		2,276,161	2,276,161	
Due to other funds	43,500		43,500	
Payments in arrears	1,541,145		1,541,145	
Unearned revenue	201,972		201,972	
Total current liabilities	2,049,848	2,298,921	4,348,769	
Long-term liabilities				
Due in one year	297,563		297,563	
Due in more than one year	1,508,499		1,508,499	
Total long-term liabilities	1,806,062		1,806,062	
Total Liabilities	3,855,910	2,298,921	6,154,831	
Deferred Inflows of Resources				
Unearned property tax revenue	9,977,601		9,977,601	
Net Position				
Net investment in capital assets	21,554,437	2,205,216	23,759,653	
Nonspendable				
Inventories	50,000		50,000	
Restricted				
Cancer treatments	66,445		66,445	
TABOR	1,300,000		1,300,000	
Roads and bridges	3,549,085		3,549,085	
Public health and welfare	582,759		582,759	
Unrestricted	34,928,239		34,928,239	4,537
Total Net Position	$ 62,030,965	$ 2,205,216	$ 64,236,181	$ 4,537

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO
Statement of Activities

For the Year Ended December 31, 2025

		Program Revenues			Net (Expenses) Revenue And Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities								
General government	$ 6,771,490	$ 1,106,297	$ 332,069	$ 53,155	$ (5,279,969)		$ (5,279,969)	
Public safety	9,481,441	1,350,281	708,144	153,543	(7,269,473)		(7,269,473)	
Public works	5,150,493	396,905	3,202,719		(1,550,869)		(1,550,869)	
Public health and welfare	21,459,791	775,621	19,913,623		(770,547)		(770,547)	
Culture and recreation	713,364	176,594	496,573		(40,197)		(40,197)	
Depreciation-unallocated	264,767				(264,767)		(264,767)	
Total Governmental Activities	43,841,346	3,805,698	24,653,128	206,698	(15,175,822)		(15,175,822)	
Business-Type Activities								
County landfill	1,888,462	2,051,745				$ 163,283	163,283	
Total Business-Type Activities	1,888,462	2,051,745				163,283	163,283	
Total Primary Government	$ 45,729,808	$ 5,857,443	$ 24,653,128	$ 206,698	(15,175,822)	163,283	(15,012,539)	
Component Unit								
Upper Road 42 Improvement District	$ 43,958			$ 35,645				
Total Component Units	$ 43,958			$ 35,645				$ (8,313)
General Revenues								
Property Tax for general purposes					9,734,695		9,734,695	
Specific Ownership Tax for general purposes					1,302,208		1,302,208	
Delinquent Tax and Interest					20,444		20,444	
Lodgers Tax					269,732		269,732	
Severance Tax					25,093		25,093	
Intergovernmental								
Motor Vehicle License Fees					85,026		85,026	
Mineral Leasing					1,155,649		1,155,649	
Payment in Lieu of Taxes					241,901		241,901	
Tobacco Taxes					7,497		7,497	
Earnings on investments					1,360,238		1,360,238	
Reimbursements					443,490		443,490	
Royalties					148,451		148,451	
Asset sales					160,127		160,127	
Miscellaneous					200,731		200,731	
Total General Revenues					15,155,282	-	15,155,282	
Changes in Net Position					(20,540)	163,283	142,743	(8,313)
Net Position Beginning of the Year					62,051,505	2,041,933	64,093,438	12,850
Net Position End of the Year					$ 62,030,965	$ 2,205,216	$ 64,236,181	$ 4,537

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO
Balance Sheet
Governmental Funds

December 31, 2025

	General Fund	Road and Bridge Fund	Social Services Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash-unrestricted	$ 21,927,026	$ 3,318,185	$ 516,705	$ 7,202,149	$ 7,134,629	$ 40,098,694
Property taxes receivable	7,411,636	1,716,098	849,867			9,977,601
Other receivables	118,908		1,541,145	149,354	2,330	1,811,737
Due from state			255,187			255,187
Due from other governments		284,263	12,839		13,656	310,758
Inventory		50,000				50,000
Total Assets	$ 29,457,570	$ 5,368,546	$ 3,175,743	$ 7,351,503	$ 7,150,615	$ 52,503,977
Liabilities						
Accounts payable	$ 194,420	$ 53,363		$ 3,540	$ 11,908	$ 263,231
Due to other funds				43,500		43,500
Due to other governments						-
Payments in arrears			$ 1,541,145			1,541,145
Unearned revenue			201,972			201,972
Total Liabilities	194,420	53,363	1,743,117	47,040	11,908	2,049,848
Deferred inflows of resources						
Deferred property tax revenues	7,411,636	1,716,098	849,867			9,977,601
Fund Balances						
Nonspendable						
Inventories		50,000				50,000
Restricted						
TABOR	577,881				722,119	1,300,000
Cancer treatments					66,445	66,445
Roads and bridges		3,549,085				3,549,085
Public health and welfare			582,759			582,759
Unrestricted						
Assigned for future year's expenditures	21,273,633			7,304,463	6,350,143	34,928,239
Total Fund Balances	21,851,514	3,599,085	582,759	7,304,463	7,138,707	40,476,528
Total Liabilities, Deferred inflows of resources and Fund Balances	$ 29,457,570	$ 5,368,546	$ 3,175,743	$ 7,351,503	$ 7,150,615	$ 52,503,977

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total Fund Balance Governmental Funds		$ 40,476,528
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 as assets in governmental funds.		
Capital assets	$ 44,840,763	
Accumulated depreciation	(21,907,430)	
		22,933,333
Right to use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Right to use assets	1,056,231	
Accumulated amortization	(629,065)	
		427,166
Long term liabilities are not due and payable in the current period and therefore, they they are not reported in the govermental funds balance sheet.		
Due in one year	(297,563)	
Due in more than one year	(1,508,499)	
		(1,806,062)
Total Net Position Governmental Activities		$ 62,030,965

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2025

	General Fund	Road and Bridge Fund	Social Services Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 7,648,150	$ 1,846,159	$ 755,031		$ 1,110,922	$ 11,360,262
Intergovernmental revenues	2,591,307	3,287,745	17,677,318	$ 457,010	2,329,023	26,342,403
Charges for services	540,645	396,425			1,541,031	2,478,101
Fines and forfeitures	32,333					32,333
Earnings on investments	1,282,860				77,403	1,360,263
Fee accounts	1,259,416					1,259,416
Other	960,379	75,949				1,036,328
Total Revenues	14,315,090	5,606,278	18,432,349	457,010	5,058,379	43,869,106
Expenditures						
General government	6,265,434			320,713	318,960	6,905,107
Public safety	8,861,694			47,323	572,242	9,481,259
Public works		4,871,165				4,871,165
Public health and welfare	70,775		18,371,253		2,943,062	21,385,090
Culture and recreation	333,236			316,217		649,453
Total Expenditures	15,531,139	4,871,165	18,371,253	684,253	3,834,264	43,292,074
Excess revenues over (under) expenditures	(1,216,049)	735,113	61,096	(227,243)	1,224,115	577,032
Other Financing Sources (Uses)						
Transfers in (out)	(6,354,464)			6,051,492	302,972	-
Proceeds from leases	368,725					368,725
Total Other Financing Sources (Uses)	(5,985,739)	-	-	6,051,492	302,972	368,725
Net Change in Fund Balances	(7,201,788)	735,113	61,096	5,824,249	1,527,087	945,757
Fund Balances beginning of the year	29,053,302	2,863,972	521,663	1,480,214	5,611,620	39,530,771
Fund Balances end of the year	$ 21,851,514	$ 3,599,085	$ 582,759	$ 7,304,463	$ 7,138,707	$ 40,476,528

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

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

For the Year Ended December 31, 2025

Net Change in Fund Balances Governmental Funds		$ 945,757
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital asset purchases capitalized	$ 797,445	
Depreciation expense	(1,379,901)	
		(582,456)
Amortization expense for right to use assets		(264,058)
Governmental funds report asset sales as revenue. However, in the Statement of Activities gain or loss on the disposal is computed.		
Proceeds from the sale of capital assets	(208,427)	
Gain on asset sales	160,127	
		(48,300)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the pricipal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt	356,603	
Proceeds from leases	(368,725)	
Increase in accrued compensated absences	(59,361)	
		(71,483)
Change in Net Position of Governmental Activities		$ (20,540)

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Net Position
Proprietary Fund

December 31, 2025

		Landfill Fund Enterprise Fund
Assets		
Current Assets		
Cash	$	848,835
Due from other funds		43,500
Total Current Assets		892,335
Noncurrent Assets		
Capital Assets		9,370,024
Accumulated Depreciation		(5,758,222)
Total Noncurrent Assets		3,611,802
Total Assets		4,504,137
Liabilities		
Current Liabilities		
Accounts payable		22,760
Accrued closure costs		2,276,161
Total Current Liabilities		2,298,921
Net Position		
Net investment in capital assets		2,205,216
Total Net Position	$	2,205,216

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund

For the Year Ended December 31, 2025

	Landfill Fund Enterprise Fund
Operating Revenues	
Landfill fees	$ 2,051,745
Total Operating Revenues	2,051,745
Operating Expenses	
Salaries	491,307
Employee benefits	164,466
Other operating expenses	171,133
Fuel	83,117
Professional fees	113,881
Utilities	35,071
Insurance and bonds	41,672
Repairs and maintenance	118,750
Depreciation	518,596
Total Operating Expenses	1,737,993
Operating income (loss)	313,752
Non-Operating Revenue (Expense)	
Increase in accrued closure costs	(150,469)
Total Non-Operating Revenue (Expense)	(150,469)
Change in net position	163,283
Net position beginning of the year	2,041,933
Net position end of the year	$ 2,205,216

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Cash Flows
Proprietary Fund

For the Year Ended December 31, 2025

	Landfill Fund Enterpise Fund
Cash Flows from Operating Activities	
Cash received from customers	$ 2,051,745
Cash payments to employees for services	(677,076)
Cash payments to suppliers for goods and services	(709,865)
Net Cash Flows provided (used) by Operating Activities	664,804
Cash Flows from Capital and Related Financing Activities	
Purchase of equipment and facilities	(286,680)
Net Cash Flows provided (used) by Capital and Related Financing Activities	(286,680)
Net increase (decrease) in cash and cash equivalents	378,124
Cash and cash equivalents beginning of the year	470,711
Cash and cash equivalents end of the year	$ 848,835
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities	
Operating income (loss)	$ 313,752
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	518,596
Increase or (decrease) in	
Accounts payable	(146,241)
Accrued payroll liabilities	(21,303)
Net Cash Flows provided (used) by Operating Activities	$ 664,804

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Fiduciary Net Position

As of December 31, 2025

	Custodial Fund
Assets	
Cash	$ 910,929
Total Assets	910,929
Liabilities	
Due to other governments	910,929
Total Liabilities	910,929
Net Position	**$ -**

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2025

	Custodial Fund
Additions	
Taxes collected for other governments	$ 41,030,305
Total Additions	41,030,305
Deductions	
Payment of taxes to other governments	41,030,305
Total Deductions	41,030,305
Net increase (decrease) in fiduciary net position	-
Net position beginning	-
Net position ending	$ -

The accompanying notes are an integral part of this statement.

Summary of Significant Accounting Policies – Montezuma County, Colorado's (the County) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – Montezuma County, Colorado is a statutory (non-home-rule) county and serves as an administrative unit of the State of Colorado.

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

In applying these criteria, the Montezuma County Hospital District and the Montezuma County Housing Authority have been excluded from the financial statements of the reporting entity. These organizations are financially independent units that select a governing board, designate management staff, set user charges, establish budgets and control all aspects of daily activities.

The Montezuma County Sheriff's Department Forfeiture Account is a blended component unit of the County (primary government). A three-member board is appointed by the County which oversees the activities of the account. This blended component unit is accounted for as a Special Revenue Fund. Pursuant to C.R.S. Section 16-13-506, proceeds from the property ordered forfeited by the courts are placed in an account by the seizing agency and used for non-operating purposes. Expenditures of monies forfeited after July 1,1992 must be approved by the board created pursuant to C.R.S. Section 16-13-702 (2).

The Montezuma County Local Improvement District No. 2023-1 (Upper Road 42) is a taxpayer approved local improvement district for road improvements and is a discretely presented component unit of the County. The District selects its own board and establishes its own budget

Fund Accounting – The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources and liabilities and deferred inflows of resource, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”.

Governmental Funds – are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the County’s major governmental funds.

General Fund – is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and state and federal grants.

Special Revenue Funds-

Road and Bridge Fund – accounts for the costs related to county road and bridge construction and maintenance. By state law, a portion of this fund’s property tax revenues are allocated to cities and towns for use in their road and street activities. This fund is required by state law.

Social Services Fund- accounts for federal and state public welfare programs administered by the County. This fund is also required by state law.

Capital Projects Funds-

Capital Fund- accounts for revenue and expenditures related to general capital projects of the County.

Non-major Funds- The following other governmental funds of the County are Special Revenue Funds. These funds account for revenues derived from earmarked revenue sources. Special revenue funds consist of the Public Health Fund, Senior Service and Transportation Fund, Conservation Trust Fund, Law Enforcement Authority Fund, Clara Ormiston Fund, Emergency Telephone Service Fund, Sheriff’s Forfeiture Fund, Revolving Loan Fund, Lodgers’ Tax Fund, Emergency Reserve Fund, and the Contingent Fund.

Proprietary Funds– focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The County has the following proprietary funds:

Enterprise Fund-

Landfill Fund- is used to account for the financial transactions related to the landfill operations of the County.

Fiduciary Funds – reporting focuses on net position and changes in net position. In 2019 the County implemented GASB 84. Under this new reporting requirement the County has one custodial fund.

Basis of Presentation-

County-wide Financial Statements- The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The county-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the county-wide financial statements and the statements for governmental funds.

The county-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements- Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. County-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

Unearned Revenue- arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets and Budgetary Accounting – The County is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Landfill Fund, which is prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

> Prior to October 20, the Budget Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January 1.
>
> The operating budget includes proposed expenditures and the means of financing them.
>
> Public hearings are conducted to obtain comments.
>
> Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.
>
> Formal budgetary integration is employed as a management control device during the year.
>
> Department directors are authorized to transfer budget amounts within the department. However, the County Commissioners must approve any revisions that alter the total expenditures of any department.

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Fund is considered to be all of the highly liquid investments with a maturity of six months or less.

Short-term Inter-fund Receivables/Payables- During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the County-wide statement of net position and, classified as due from other funds or due to other funds on the balance sheet.

Inventories – in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase. Restrictions of fund balance have been established for the inventory balances.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the county-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the county-wide statements of net position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The County maintains a capitalization threshold of five thousand dollars.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20-50 Years	15-50 Years
Furniture and Equipment	5-15 Years	5-20 Years
Vehicles	8 Years	5 Years

Right to Use Assets- The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Property Tax Revenue Recognition – The County bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Compensated absences- Compensated absences arise from policies concerning vacation and sick leave. County employees accrue unlimited sick leave on the basis of one working day per month. Unused accrued sick leave shall not be paid at the time of termination of the employee’s service, except in the event the employee terminated voluntarily in good standing after 5 years of service with the County and the employee has reached eligible retirement age. Such employees will be paid at the rate of 50% of wages for actual accumulated sick days up to a maximum of 15 days for 5 to 10 years of service, 25 days for the following 5 years, 45 days for 21 to 30 years and 60 days for over 31 years of service. County employees are entitled to paid vacation after completion of six months of service. All full-time employees begin to accumulate vacation at the time of entry into service. The rate of accumulation varies from 1 day per month for the first five years of employment up to 2.5 days per month after 25 years of service. Vacation is accumulated throughout each calendar year, but the maximum accumulation is 17 days for the first five years of service, 20 days for the following five years and 23 days for eleven years and over.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the county-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

> ***Non-spendable-*** Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact. This includes inventory maintained in the Road and Bridge Fund.
>
> ***Restricted-*** Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the County's TABOR reserve.
>
> ***Committed-*** Amounts that can be used only for specific purposes determined by a formal action by the Board of County Commissioners.
>
> ***Assigned-*** Amounts that are designated by the Board of County Commissioners for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.
>
> ***Unassigned-*** All amounts not included in the other spendable classifications.

Use of Restricted Resources-When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications-committed and then assigned fund balances before using unassigned fund balance.

Net Position- Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses- Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are sales related to landfill operations and fleet services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

***Cash and Investments* –** The County Treasurer maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash".

Cash on the Combined Balance Sheet consisted of:

Cash on hand	$ 8,400
Deposits and certificates of deposit	11,497,229
Market linked certificates of deposit	1,683,000
Investments at cost	28,669,829
Total cash and investments	$ 41,858,458

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the County's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

At December 31, the carrying amount of the County's deposits was $11,497,229 and the bank balance was $11,319,254. Of the bank balance, $1,000,000 was covered by federal depository insurance and $10,319,254 was collateralized with securities held in single financial institution collateral pools as provided by statute. Collateral for uninsured deposits is held by banks in the name of a number of government accounts of which the County is a part. The carrying amount of the County's market linked certificates of deposit was $1,683,000 and the bank balance was $1,683,000. The bank balances were fully insured by federal depository insurance.

Investments- Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

At December 31, the County had investments in two local government investment pools: the Colorado Government Liquid Asset Trust (COLOTRUST), and the Colorado Surplus Asset Fund Trust (CSAFE). These investment pools are investment vehicles established for local government entities in Colorado to pool surplus funds for investment purposes. The pools are routinely monitored by the Colorado Division of Securities with regard to their operations and investments, which are subject to provisions of C.R.S. Title 24, Article 75, Section 6. The fair value of the investments in the pools is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAAm from Standard and Poor’s, and CSAFE is rated AAAm from Standard and Poor’s.

At December 31, the County had invested in money market funds with two brokerage houses. These accounts are used to hold money from the sale of government securities until they are reinvested. All funds in these accounts will be reinvested in investments approved by state statute. The money market accounts are rated AAA from Standard and Poor’s. These investments are not categorized because they are not evidenced by securities that exist in physical or book form.

At December 31, the County had the following investments subject to interest rate risk:

		Investment Maturities (in years)			
Investment Type	Cost	Less than 1	1-5	6-10	More than 10
Investment Pools					
COLOTRUST	$ 16,456,093				
CSAFE	894,936				
	17,351,029				
Brokerage Money Market	10,000				
FHLM,FHLB and FHMA Notes	5,070,849	$ 1,499,989	3,570,860		
US Treasury Notes	6,237,951	499,664	5,738,287		
		$ 1,999,653	$ 9,309,147		
Total	$ 28,669,829				

The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Retirement Plan **–** The County is a member of the Colorado County Officials and Employees Retirement Association. All members of the Association are participants in a defined contribution retirement plan which was adopted and is administered to provide income after retirement in addition to benefits provided by Federal Social Security. All County employees are required to participate immediately upon the first day of the employee's first full payroll period. Contributions made by the employee are a minimum of 5% and a maximum of 10% of gross salary, at the employees' discretion. Employees may make additional voluntary contributions not to exceed 25% of compensation. Employer contributions are 5% for years one through ten of service, 6% for years eleven through fifteen of service and 7% for years of service in excess of fifteen years.

The County maintains no control over the plan, other than being a member of the Association. Employees are vested at a rate of 20% per month of service. The County has no unfunded liability under the plan. The total 2025 County payroll was $13,342,041. The covered payroll for retirement plan purposes was $13,009,841. The 2025 employer and employee contributions to the plan were $699,732 and $647,863 respectively. There were no County securities or other transactions included in the plan's assets.

Right to Use Leased Assets- The County has right to use lease assets for leased vehicles. The related leases are discussed in the Leases subsection of the Long-Term Debt footnote. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended December 31, 2025:

	Balance Jan 1, 2025	Additions	Deletions	Balance Dec 31, 2025
Governmental Activities				
Right to use assets				
Lease vehicles	$ 732,084	$ 368,725	$ (44,578)	$ 1,056,231
Total right to use assets	732,084	368,725	(44,578.00)	1,056,231
Less accumulated amortization for:				
Leased vehicles	(387,297)	(264,058)	22,290	(629,065)
Total accumulated amortization	(387,297)	(264,058)	22,290	(629,065)
Right to use assets, net	$ 344,787	$ 104,667	(22,288)	$ 427,166

Capital Assets **–** Capital asset activity for the fiscal year ended December 31, 2025:

	Capital Assets Jan 1, 2025	Additions	Deletions/ Transfers	Capital Assets Dec 31, 2025
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 1,344,190			$ 1,344,190
Total capital assets not depreciated	1,344,190	-	-	1,344,190
Capital assets, being depreciated:				
Buildings	23,995,173	$ 51,405		24,046,578
Equipment	14,503,484	377,315	$ (220,828)	14,659,971
Infrastructure	4,790,023			4,790,023
Total capital assets being depreciated	43,288,680	428,720	(220,828)	43,496,572
Less accumulated depreciation for:				
Buildings	(8,597,924)	(608,883)		(9,206,807)
Equipment	(10,315,671)	(656,446)	194,817	(10,777,300)
Infrastructure	(1,808,750)	(114,572)		(1,923,322)
Total accumulated depreciation	(20,722,345)	(1,379,901)	194,817	(21,907,429)
Total capital assets, being depreciated, net	22,566,335	(951,181)	(26,011)	21,589,143
Governmental Activities Capital Assets, net	$ 23,910,525	$ (951,181)	$ (26,011)	$ 22,933,333
Business Type Activities				
Equipment and facilities	$ 9,083,344	$ 286,680		$ 9,370,024
Less accumulated depreciation	(5,239,626)	(518,596)		(5,758,222)
Business Type Activities Capital Assets net	$ 3,843,718	$ (231,916)	-	$ 3,611,802

Depreciation expense was charged as a direct expense to the following governmental programs:

General government	$ 18,858
Public safety	402,274
Public works	555,390
Public health and welfare	74,701
Culture and recreation	63,911
Unallocated	264,767
Total depreciation government activities	$ 1,379,901

***Schedule of Social Services Costs Due To/From State of Colorado* –**

	Due To (From)
Colorado works	$ 62,579
Child care	(5,974)
Child welfare	80,215
County administration	89,897
Core services	14,457
Child support	8,944
Adult protective services	10,407
LEAP	2,366
Aid to need disabled	(11,752)
Home care allowance	(16)
Old age pension	4,966
Food assistance	(765)
TANF collections retained	613
Medicaid Collections	(750)
Net Amount Due From State	$ 255,187

All Electronic Benefit transfers paid by the State of Colorado for Montezuma County are included in the financial statements.

***Long-Term Debt*-** The County has incurred the following long-term debt.

Governmental Activities:

Leases- As of December 31, 2025 the County had 23 active leases. The leases have payments that range from $794 to $1,157 per month and interest rates that range from 2.223% to 8.787%. The combined value of the lease liability is $488,265. The combined value of the right-of-use assets of $1,056,031 with accumulated amortization of $629,065 is included in the Right to Use Asset disclosure on page 34.

Financed Purchase Agreements-

In 2022, the County obtained an annually renewable equipment financed purchase agreement for two John Deere blades. The agreement is payable in 10 semi-annual installments of $48,196 beginning in January of 2023 along with a final balloon payment of $343,375 due in

December of 2027. The blades are included in the capital assets at a cost of $720,216 with accumulated depreciation of $192,058. The agreement is serviced by the Road and Bridge Fund and the equipment serves as collateral.

Changes in General Long-Term Debt- A summary of changes in long-term debt follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
Financed purchase agreements	$ 530,547		$ (75,275)	$ 455,272
Lease liabilities	400,868	$ 368,725	(281,328)	488,265
Accrued compensation	803,164	59,361		862,525
Total	$ 1,734,579	$ 428,086	$ (356,603)	$ 1,806,062

Annual requirements to amortize the long-term debt is as follows:

Year Ending	Lease Liablities		Financed Purchase Agreements	
December, 31	Principal	Interest	Principal	Interest
2026	$ 219,150	$ 32,056	$ 78,412	$ 17,980
2027	92,546	22,601	376,860	14,711
2028	66,844	15,693		
2029	76,132	8,005		
2030	33,593	907		
Total	$ 488,265	$ 79,262	$ 455,272	$ 32,691

***Interfund Operating Transfers*- ** consist of the following:

	Transfer In	Transfer out
General Fund	$ 976,537	$ 7,331,000
Special Revenue Funds		
Conservation Trust Fund		151,654
Law Enforcement Authority		778,264
Emergency Telephon		46,619
Senior Services	239,664	
Health fund	39,845	
Contingency Fund	1,000,000	
Capital Fund	6,051,491	
	$ 8,307,537	$ 8,307,537

All transfers were made for the purpose of subsidizing the receiving fund.

***Fund Balance Restrictions and Assignments* –** Nonspendable indicates amounts that cannot be spent, either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state of federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Board of County Commissioners but are not spendable until appropriated. The County uses the following restrictions and assignments:

Non-spendable

Inventory- indicates that the portion of fund balance represented by inventories is not available for appropriation and expenditure at the balance sheet date. Non-spendable fund balance related to inventory consists of $50,000 in the Road and Bridge Fund.

Restricted

TABOR- indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of $722,119 in the Emergency Reserve Fund and $577,881 in the General Fund.

Cancer treatments-indicates that the fund balance within the Ormiston Fund is restricted for the payment of cancer treatments costs of qualified county residents.

Roads and bridges-indicates that the fund balance within the Road and Bridge Fund is restricted for construction and maintenance of County roads and bridges.

Public health and welfare-indicates that the fund balance of the Social Services Fund is restricted for the purpose of public health and welfare.

Assigned for future expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balances assigned for future expenditures consist of the following:

General Fund	$ 21,273,633
Special Revenue Funds	
Contingent Fund	1,595,335
Emergency Telephone Service Fund	1,972,427
Sheriff's Forfeiture Fund	12,607
Conservation Trust Fund	635,341
Law Enforcement Authority Fund	204,627
Revolving Loan Fund	43,005
Lodger's Tax Fund	210,651
Public Health Fund	1,449,877
Senior Services Fund	226,273
Capital Projects Funds	
Capital Fund	7,304,463
Total	$ 34,928,239

Public Trustee **–** The County Treasurer holds the office of the County Public Trustee. Public Trustees are named as trustees for Deeds of Trust and perform all the functions and exercise all the powers conferred upon them by the Deeds of Trust. These functions include releasing Deeds of Trust when indebtedness is paid in full, making sales whenever default occurs, issuing Certificates of Purchase and Certificates of Redemption of Trustee's Deeds. Fees for such services are used to cover related expenses and pay the Trustee an annual salary.

The accounts of the County Public Trustee consist of the following as of and for the year ended December 31, 2025:

Cash at January 1, 2025	$ 49,403
Revenues	
Interest and fees	25,924
Expenditures	-
Cash at December 31, 2025	$ 75,327

Commitments and Contingent Liabilities **–** There appear to be no commitments or contingencies that would pose a threat of significant liability to the County.

Tax Spending, Revenue and Debt Limitations- 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 governments.

“Enterprises,” defined as government owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior year’s spending adjusted for inflation and local growth. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Those exceptions include spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The Amendment requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the Amendment.

Risk Management **–** County Workers Compensation Pool – The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental formation agreement of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County has purchased commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

Colorado Immunity Act – Under Colorado statutes, the County has immunity from liability in excess of $150,000 per individual and $600,000 per occurrence.

Municipal Solid Waste Landfill**-** The County assumed operation of the landfill in 1991 from the Cortez Sanitation District. The old inactive landfill areas have monitoring wells in place and closure and post-closure costs are not estimated to exceed normal operating costs.

Currently, the landfill is operating on a cell basis. An average "life to closure" has been estimated at 30 to 40 years for the cells. It is estimated that at December 31, 2024 82.4% of the capacity had been used. Engineer estimates have been obtained for anticipated closure and post-closure costs. The County is required to perform certain maintenance and monitoring functions for thirty years after closure. The expense and liability associated with these requirements are reflected in the financial statements of the Landfill Fund.

	Estimated Costs	Estimated Capacity Used	Accrued Closure Costs
Closure	$ 1,578,289	86.46%	$ 1,364,589
Post-closure	871,275	86.46%	753,304
Post-closure Carver Landfill	158,268	100%	158,268
Total	$ 2,607,832		$ 2,276,161

It is anticipated that the remaining amount will be recognized in the future as the landfill reaches capacity. These figures are estimates. The County has provided the “Financial Assurance for Compliance” required by the Colorado Department of Public Health and Environment.

***Compliance with Laws and Regulations*-**The County may be in violation of State Statute. Expenditures exceeded appropriations in the General Fund, Public Health Fund and the Sheriff’s Forfeiture Fund.

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedules
- General Fund
- Road and Bridge Fund
- Social Services Fund

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes				
General property taxes	$ 6,853,596	$ 6,853,596	$ 6,793,087	$ (60,509)
Specific ownership taxes	800,000	800,000	805,898	5,898
Delinquent tax and interest	19,000	19,000	16,575	(2,425)
Severance taxes	-	-	25,093	25,093
Tobacco products taxes	6,000	6,000	7,497	1,497
Total taxes	7,678,596	7,678,596	7,648,150	(30,446)
Intergovernmental revenues				
Payment in lieu of taxes	215,000	215,000	241,901	26,901
Mineral leasing	1,500,000	1,500,000	1,155,649	(344,351)
Grants				
Public safety grants	526,275	526,275	861,687	335,412
Other grants	115,706	115,706	332,070	216,364
Total intergovernmental revenues	2,356,981	2,356,981	2,591,307	234,326
Charges for services				
General government	52,000	52,000	91,051	39,051
Sheriff contracts	275,000	275,000	273,000	(2,000)
County fair and fairground user fees	105,000	105,000	176,594	71,594
Total charges for services	432,000	432,000	540,645	108,645
Fines and forfeitures				
Court fines	30,000	30,000	32,333	2,333
Total fines and forfeitures	30,000	30,000	32,333	2,333
Earnings on investments	1,200,000	1,200,000	1,282,860	82,860
Miscellaneous revenues				
Rents and royalties	220,000	220,000	148,451	(71,549)
Reimbursements	339,020	339,020	478,454	139,434
Other	143,100	143,100	333,474	190,374
Total miscellaneous revenues	702,120	702,120	960,379	258,259
Fee accounts				
Sheriff fees	225,000	225,000	279,539	54,539
Clerk fees	545,000	545,000	661,956	116,956
Treasurers fees	250,000	250,000	260,061	10,061
Public trustee fees	40,000	40,000	57,860	17,860
Total fee accounts	1,060,000	1,060,000	1,259,416	199,416
Total revenues	13,459,697	13,459,697	14,315,090	855,393

(continued)

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Expenditures				
General government				
Board of county commissioners	$ 643,247	$ 643,247	$ 490,723	$ 152,524
Planning department	194,705	195,665	192,871	2,794
Clerk	928,251	928,251	812,410	115,841
Treasurer	409,250	409,250	369,213	40,037
Public trustee	20,000	20,800	18,846	1,954
Assessor	533,058	533,058	429,175	103,883
Attorney	365,440	365,440	259,992	105,448
Grounds and buildings	949,840	949,840	848,098	101,742
Administration	718,890	776,696	871,352	(94,656)
Elections	129,019	129,019	102,548	26,471
Extention services	108,520	108,520	87,626	20,894
Veteran's office	80,196	81,250	73,714	7,536
Purchasing	33,000	33,000	15,868	17,132
Computer services and mapping	1,031,123	1,135,458	1,095,060	40,398
Surveyor	4,230	4,630	3,964	666
Natural resources and public lands	108,600	109,100	100,438	8,662
Noxious weed	84,400	84,900	80,778	4,122
Miscellaneous	432,100	432,100	412,758	19,342
Total general government	6,773,869	6,940,224	6,265,434	674,790
Public safety				
Sheriff administration	4,385,997	4,435,997	4,611,966	(175,969)
Coroner	229,867	231,047	215,486	15,561
District attorney	1,059,152	1,059,152	1,059,379	(227)
Jail	3,041,013	3,034,043	2,833,746	200,297
Emergency management	165,880	166,360	141,117	25,243
Total public safety	8,881,909	8,926,599	8,861,694	64,905
Health and welfare				
Community intervention	150,998	150,998	70,775	80,223
Total health and welfare	150,998	150,998	70,775	80,223

(continued)

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Expenditures (continued)				
Culture and recreation				
County fair	$ 35,600	$ 35,600	$ 34,873	$ 727
Fairgrounds	83,855	83,855	71,134	12,721
Conservation trust	353,000	353,000	227,229	125,771
Total culture and recreation	472,455	472,455	333,236	139,219
Total expenditures	16,279,231	16,490,276	15,531,139	959,137
Excess (deficit) of revenues over (under) expenditures	(2,819,534)	(3,030,579)	(1,216,049)	1,814,530
Other financing sources (uses)				
Net operating transfers in (out)	1,087,883	1,087,883	(6,354,464)	(7,442,347)
Proceeds from leases			368,725	368,725
Total other financing sources (uses)	1,087,883	1,087,883	(5,985,739)	(7,073,622)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(1,731,651)	(1,942,696)	(7,201,788)	(5,259,092)
Fund balance, beginning	26,079,052	29,053,302	29,053,302	-
Fund balance, ending	$ 24,347,401	$ 27,110,606	$ 21,851,514	$ (5,259,092)

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balance- Budget and Actual
Road and Bridge Fund

For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes				
General property taxes	$ 1,693,125	$ 1,693,125	$ 1,515,545	$ (177,580)
Specific ownership taxes	311,846	311,846	327,813	15,967
Delinquent taxes and interest	53,184	53,184	2,801	(50,383)
Total taxes	2,058,155	2,058,155	1,846,159	(211,996)
Intergovernmental revenues				
State shared revenues				
Highway user's tax	3,272,587	3,272,587	3,202,719	(69,868)
Additional motor vehicle registration fee	72,137	72,137	85,026	12,889
Total intergovernmental revenues	3,344,724	3,344,724	3,287,745	(56,979)
Miscellaneous revenues				
Permits and charges for services	194,650	194,650	147,795	(46,855)
Sale of assets	5,000	5,000	66,190	61,190
Impact fees			248,630	248,630
Other	2,540	2,540	9,759	7,219
Total miscellaneous revenues	202,190	202,190	472,374	270,184
Total revenues	5,605,069	5,605,069	5,606,278	1,209
Expenditures				
Current operating				
Public Works				
Administration	188,796	188,796	184,067	4,729
Maintenance of condition	5,459,049	5,459,049	3,636,133	1,822,916
Snow and ice removal	101,981	101,981	68,077	33,904
System preservation	1,604,590	1,604,590	749,046	855,544
Payments to cities	150,000	150,000	158,567	(8,567)
Debt service				
Principal	183,760	183,760	75,275	(108,485)
Total public works	7,688,176	7,688,176	4,871,165	2,817,011
Total expenditures	7,688,176	7,688,176	4,871,165	2,817,011
Excess (deficit) of revenues over (under) expenditures	(2,083,107)	(2,083,107)	735,113	2,818,220
Other financing sources (uses)				
Transfers in (out)	798,640	798,640		(798,640)
Total other financing sources (uses)	798,640	798,640	-	(798,640)
Excess (deficit) of other financing sources over (under) expenditures and other financing uses	(1,284,467)	(1,284,467)	735,113	2,019,580
Fund balance, beginning	2,734,683	2,863,972	2,863,972	-
Fund balance, ending	$ 1,450,216	$ 1,579,505	$ 3,599,085	$ 2,019,580

MONTEZUMA COUNTY, COLORADO

Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Social Services Fund

For the year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Taxes				
General Property Taxes	$ 517,764	$ 517,764	$ 676,283	$ 158,519
Specific Ownership Taxes	63,086	63,086	78,748	15,662
Total taxes	580,850	580,850	755,031	174,181
Intergovernmental revenues				
Programs settled by CFMS				
Colorado Works	1,225,034	1,157,532	967,164	(190,368)
Child Care	751,223	517,163	449,024	(68,139)
Child Welfare	1,793,613	1,547,440	1,549,327	1,887
Administration	1,343,595	1,102,663	1,319,494	216,831
Core Services	366,021	366,021	324,300	(41,721)
Child Support	223,580	119,546	144,700	25,154
LEAP	717,419	625,204	627,778	2,574
Adult Protective Services	244,804	244,804	162,745	(82,059)
Aid to Needy Disabled	194,871	53,502	54,776	1,274
Home Care Allowance	32,744	32,744	5,161	(27,583)
Old Age Pension	324,069	324,069	306,367	(17,702)
Food Assistance	10,197,921	11,324,206	11,264,749	(59,457)
Child Welfare Discretionary Grants			199	199
Tanf Collections EBT	(6,219)	(6,219)	(3,123)	3,096
State and Federal Incentives	189,167	189,167	114,541	(74,626)
TANF Collections IVD Retained	(19,280)	(19,280)	(18,022)	1,258
Medicaid Collections	(5,155)	(5,155)	(3,802)	1,353
Total Programs settled by CFMS	17,573,407	17,573,407	17,265,378	(308,029)
Other				
Integrated Care Management	114,650	114,650	48,576	(66,074)
Title IV-B PSSF	200,984	200,984	183,122	(17,862)
Family Voice			7,504	7,504
Rocky Mountain Health	27,860	27,860	30,655	2,795
Other	14,419	14,419	142,083	127,664
Total Other	357,913	357,913	411,940	54,027
Total Intergovernmental revenues	17,931,320	17,931,320	17,677,318	(254,002)
Total Revenues	18,512,170	18,512,170	18,432,349	(79,821)

Continued

MONTEZUMA COUNTY, COLORADO

Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Social Services Fund

For the year Ended December 31, 2025

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Expenditures				
Health and Welfare				
Programs settled by CFMS				
Colorado Works	$ 1,225,034	1,157,532	$ 1,108,673	$ 48,859
Child Care	751,223	517,163	521,083	(3,920)
Child Welfare	2,213,922	1,967,749	1,876,309	91,440
Administration	1,679,494	1,438,562	1,573,732	(135,170)
Core Services	393,824	393,824	327,607	66,217
Child Support	338,757	234,723	215,537	19,186
LEAP	717,419	625,204	627,778	(2,574)
Adult Protective Services	306,006	306,006	203,431	102,575
Aid to Needy Disabled	243,589	102,220	68,469	33,751
Home Care Allowance	34,468	34,468	5,433	29,035
Old Age Pension	324,069	324,069	306,367	17,702
Food Assistance	10,197,921	11,324,206	11,264,749	59,457
Child Welfare Discretionary Grants			249	(249)
Tanf Collections EBT	(6,219)	(6,219)	(3,904)	(2,315)
Tanf Collections IVD Retained	(17,053)	(17,053)	(22,527)	5,474
Medicaid Collections	(5,156)	(5,156)	(3,802)	(1,354)
Total Programs settled by CFMS	18,397,298	18,397,298	18,069,184	328,114
Other				
Integrated Care Management	114,650	114,650	48,576	66,074
Title IV-B PSSF	200,984	200,984	183,122	17,862
Family Voice			7,504	(7,504)
Rocky Mountain Health	27,860	27,860	30,655	(2,795)
Other	50,000	50,000	32,212	17,788
Total Other	393,494	393,494	302,069	91,425
Total expenditures	18,790,792	18,790,792	18,371,253	419,539
Excess revenues over (under) expenditures	(278,622)	(278,622)	61,096	339,718
Fund balance, beginning	283,381	283,381	521,663	238,282
Fund balance, ending	$ 4,759	$ 4,759	$ 582,759	$ 578,000

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Combining Statements- Nonmajor governmental funds

Budgetary Comparison Schedules- Nonmajor governmental funds

Budgetary Comparison Schedule-Capital Fund

Budgetary Comparison Schedule-Enterprise Fund

Special Revenue Funds

Special revenue funds are used to account for taxes and other designated revenues of the County which are used for a specified purpose as required by law or administrative action.

Public Health Fund

This fund is required by state statute to account for the County's public health operations.

Conservation Trust Fund

This fund accounts for the County's share of lottery proceeds from the state to pay for local conservation efforts.

Clara Ormiston Fund

This fund accounts for money received from the Clara Ormiston Trust to help residents of the county with health care costs for the treatment of cancer.

Emergency Telephone Service Fund

This fund accounts for an emergency telephone service system in Montezuma County.

Sheriff's Department Forfeiture Fund

This fund was established pursuant to Section 16-13-506 C.R.S. to account for proceeds from property ordered by the court to be forfeited and used for nonoperating purposes.

Revolving Loan Fund

The Housing and Community Development Act of 1974 has established a Community Development Block Grant program to support economic development projects that create or retain jobs and which contribute to sound overall community development at the local level. The Revolving Loan Fund accounts for the revenue and expenditures relative to these federal monies.

Lodgers' Tax Fund

This fund accounts for the lodgers' tax revenue collected by merchants to be used for the promotion of Montezuma County.

Emergency Reserve Fund

This fund accounts for a portion of the County fund balance that was set aside to meet the emergency reserve required by TABOR. This fund had no activity during the current year.

Contingent Fund

This fund is required by state law. This fund accounts for expenditures not reasonably foreseen at the time the budget is adopted. This fund had no activity during the year.

Law Enforcement Authority

This fund was created in 2008 to account for the voter approved levy of property taxes to provide increased funding for public safety operations of the County.

Senior Services and Transportation Fund

This fund was created in 2025 to account for the Senior and Transportation services of the County.

MONTEZUMA COUNTY
Combining Balance Sheet
Non Major Governmental Funds

December 31, 2025

	Special Revenue Funds											
	Public Health Fund	Conservation Trust Fund	Clara Ormiston Fund	Emergency Telephone Fund	Sheriff's Forfeiture Fund	Revolving Loan Fund	Lodgers Tax Fund	Emergency Reserve Fund	Contingent Fund	Law Enforcement Authority Fund	Senior Services and Transportation Fund	Total
Assets												
Cash	$ 1,443,348	$ 633,036	$ 66,420	$ 1,977,208	$ 12,607	$ 43,005	$ 210,651	$ 722,119	$ 1,595,335	$ 204,627	$ 226,273	$ 7,134,629
Due from other governments	13,656											13,656
Other receivables		2,305	25									2,330
Total Assets	$ 1,457,004	$ 635,341	$ 66,445	$ 1,977,208	$ 12,607	$ 43,005	$ 210,651	$ 722,119	$ 1,595,335	$ 204,627	$ 226,273	$ 7,150,615
Liabilities												
Accounts payable	$ 7,127			$ 4,781								$ 11,908
Total Liabilities	7,127	-	-	4,781	-	-	-	-	-	-	-	11,908
Fund Balance												
Restricted												
Cancer treatments			$ 66,445									66,445
TABOR								$ 722,119				722,119
Unrestricted												
Assigned for future year's expenditures	1,449,877	$ 635,341		1,972,427	$ 12,607	$ 43,005	$ 210,651		$ 1,595,335	$ 204,627	$ 226,273	6,350,143
Total Fund Balance	1,449,877	635,341	66,445	1,972,427	12,607	43,005	210,651	722,119	1,595,335	204,627	226,273	7,138,707
Total Liabilities and Fund Balance	$ 1,457,004	$ 635,341	$ 66,445	$ 1,977,208	$ 12,607	$ 43,005	$ 210,651	$ 722,119	$ 1,595,335	$ 204,627	$ 226,273	$ 7,150,615

MONTEZUMA COUNTY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non Major Governmental Funds

For the Year Ended December 31, 2025

	Special Revenue Funds											
	Public Health Fund	Conservation Trust Fund	Clara Ormiston Fund	Emergency Telephone Fund	Sheriff's Forfeiture Fund	Revolving Loan Fund	Lodgers Tax Fund	Emergency Reserve Fund	Contingent Fund	Law Enforcement Authority Fund	Senior Services and Transportation Fund	Total
Revenues												
Taxes							$ 269,732			$ 841,190		$ 1,110,922
Intergovernmental	$ 1,638,974	$ 92,719									$ 597,330	2,329,023
Charges for services	661,894			$ 765,410							113,727	1,541,031
Earnings on investments		73,124	$ 4,096		$ 25	$ 158						77,403
Total Revenues	2,300,868	165,843	4,096	765,410	25	158	269,732	-	-	841,190	711,057	5,058,379
Expenditures												
General government							318,960					318,960
Public safety				571,878	364							572,242
Public Health	2,218,614										724,448	2,943,062
Total expenditures	2,218,614	-	-	571,878	364	-	318,960	-	-	-	724,448	3,834,264
Excess revenues over (under) expenditures	82,254	165,843	4,096	193,532	(339)	158	(49,228)	-	-	841,190	(13,391)	1,224,115
Other financing sources (uses)												
Operating transfers in (out)	39,845	(151,654)	-	(46,619)					$ 1,000,000	(778,264)	239,664	302,972
Total other financing sources (uses)	39,845	(151,654)	-	(46,619)	-	-	-	-	1,000,000	(778,264)	239,664	302,972
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	122,099	14,189	4,096	146,913	(339)	158	(49,228)	-	1,000,000	62,926	226,273	1,527,087
Fund Balances beginning of the year	1,327,778	621,152	62,349	1,825,514	12,946	42,847	259,879	$ 722,119	$ 595,335	141,701	-	5,611,620
Fund Balances end of the year	$ 1,449,877	$ 635,341	$ 66,445	$ 1,972,427	$ 12,607	$ 43,005	$ 210,651	$ 722,119	$ 1,595,335	$ 204,627	$ 226,273	$ 7,138,707

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Public Health Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Intergovernmental revenues				
Operating grants	$ 1,266,777	$ 1,681,004	$ 1,638,974	$ (42,030)
Charges of services	541,100	561,100	661,894	100,794
Total Revenues	1,807,877	2,242,104	2,300,868	58,764
Expenditures				
Public health	2,019,744	2,019,744	2,218,614	(198,870)
Total Expenditures	2,019,744	2,019,744	2,218,614	(198,870)
Excess revenues over (under) expenditures	(211,867)	222,360	82,254	(140,106)
Other financing sources (uses)				
Operating transfers in (out)	40,000	40,000	39,845	(155)
Total other financing sources (uses)	40,000	40,000	39,845	(155)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(171,867)	262,360	122,099	(140,261)
Fund Balances beginning of the year	1,412,334	1,327,778	1,327,778	-
Fund Balances end of the year	$ 1,240,467	$ 1,590,138	$ 1,449,877	$ (140,261)

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Conservation Trust Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Lottery funds	$ 168,000	$ 168,000	$ 92,719	$ (75,281)
Total intergovernmental revenues	168,000	168,000	92,719	(75,281)
Miscellaneous				
Earnings on investments	5,100	5,100	73,124	68,024
Total miscellaneous revenues	5,100	5,100	73,124	68,024
Total Revenues	173,100	173,100	165,843	(7,257)
Other financing sources (uses)				
Operating transfers out	(353,000)	(353,000)	(151,654)	201,346
Total other financing sources (uses)	(353,000)	(353,000)	(151,654)	201,346
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(179,900)	(179,900)	14,189	194,089
Fund Balances beginning of the year	486,096	621,152	621,152	-
Fund Balances end of the year	$ 306,196	$ 441,252	$ 635,341	$ 194,089

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Clara Ormiston Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Earnings on investments	$ -	$ -	$ 4,096	$ 4,096
Total Revenues	-	-	4,096	4,096
Other financing sources (uses)				
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	4,096	4,096
Fund Balances beginning of the year	$ 60,305	$ 60,305	62,349	2,044
Fund Balances end of the year	$ 60,305	$ 60,305	$ 66,445	$ 6,140

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Emergency Telephone Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Charges for services	$ 680,000	$ 680,000	$ 765,410	$ 85,410
Total Revenues	680,000	680,000	765,410	85,410
Expenditures				
Public safety	453,155	583,155	571,878	11,277
Total Expenditures	453,155	583,155	571,878	11,277
Excess revenues over (under) expenditures	226,845	96,845	193,532	96,687
Other financing sources (uses)				
Operating transfers out	(45,720)	(45,720)	(46,619)	(899)
Total other financing sources (uses)	(45,720)	(45,720)	(46,619)	(899)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	181,125	51,125	146,913	95,788
Fund Balances beginning of the year	1,117,507	1,825,514	1,825,514	-
Fund Balances end of the year	$ 1,298,632	$ 1,876,639	$ 1,972,427	$ 95,788

MONTEZUMA COUNTY

Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Sheriff's Forfeiture Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Other			$ 25	$ 25
Total Revenues	-	-	25	25
Expenditures				
Public safety			364	(364)
Total expenditures	-	-	364	(364)
Excess revenues over (under) expenditures	-	-	(339)	(339)
Fund Balances beginning of the year	$ 12,916	$ 12,916	12,946	30
Fund Balances end of the year	$ 12,916	$ 12,916	$ 12,607	$ (309)

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Revolving Loan Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Earnings on investments			$ 158	$ 158
Total Revenues	-	-	158	158
Expenditures				-
Excess revenues over (under) expenditures	-	-	158	158
Other financing sources (uses)				
Operating transfers out				-
Total other financial sources (uses)		-	-	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses		-	158	158
Fund Balances beginning of the year	$ 1,689	1,689	42,847	41,158
Fund Balances end of the year	$ 1,689	$ 1,689	$ 43,005	$ 41,316

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Lodgers Tax Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Lodgers tax	$ 275,000	$ 443,000	$ 269,732	$ (173,268)
Total Revenues	275,000	443,000	269,732	(173,268)
Expenditures				
General government	375,000	375,000	318,960	56,040
Total Expenditures	375,000	375,000	318,960	56,040
Excess revenues over (under) expenditures	(100,000)	68,000	(49,228)	(117,228)
Fund Balances beginning of the year	241,788	259,879	259,879	-
Fund Balances end of the year	$ 141,788	$ 327,879	$ 210,651	$ (117,228)

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Emergency Reserve Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Earnings on investments				
Total Revenues	-	-	-	-
Expenditures				
General government				-
Total Expenditures			-	-
Excess revenues over (under) expenditures			-	-
Other financing sources (uses)				
Operating transfers out				-
Total other financing sources (uses)	-	-	-	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-
Fund Balances beginning of the year	$ 722,119	$ 722,119	$ 722,119	-
Fund Balances end of the year	$ 722,119	$ 722,119	$ 722,119	$ -

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Contingent Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Reimbursements				
Total Revenues	-	-	-	-
Expenditures				
General government				-
Total Expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers out			$ 1,000,000	$ 1,000,000
Total other financing sources (uses)			1,000,000	1,000,000
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	$ 595,335	$ 595,335	$ 595,335	-
Fund Balances end of the year	$ 595,335	$ 595,335	$ 1,595,335	$ 1,000,000

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Law Enforcement Authority Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Taxes				
Property taxes	$ 756,288	$ 756,288	$ 749,780	$ (6,508)
Specific ownership taxes	90,000	90,000	89,749	(251)
Delinquent tax and interest	2,800	2,800	1,068	(1,732)
Miscellaneous			593	593
Total Revenues	849,088	849,088	841,190	(7,898)
Other financing sources (uses)				
Operating transfers out	(778,264)	(778,264)	(778,264)	-
Total other financing sources (uses)	(778,264)	(778,264)	(778,264)	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	70,824	70,824	62,926	(7,898)
Fund Balances beginning of the year	184,944	141,701	141,701	-
Fund Balances end of the year	$ 255,768	$ 212,525	$ 204,627	$ (7,898)

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Senior and Transportation Fund

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Intergovernmental revenues				
Operating grants	$ 553,743	$ 553,743	$ 597,330	$ 43,587
Charges of services	249,000	249,000	113,727	(135,273)
Total Revenues	802,743	802,743	711,057	(91,686)
Expenditures				
Public health	796,768	796,768	724,448	72,320
Total Expenditures	796,768	796,768	724,448	72,320
Excess revenues over (under) expenditures	5,975	5,975	(13,391)	(19,366)
Other financing sources (uses)				
Operating transfers in (out)	50,000	50,000	239,664	189,664
Total other financing sources (uses)	50,000	50,000	239,664	189,664
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	55,975	55,975	226,273	170,298
Fund Balances beginning of the year	-	-	-	-
Fund Balances end of the year	$ 55,975	$ 55,975	$ 226,273	$ 170,298

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balance- Budget and Actual
Capital Fund

For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental revenues				
Grants	$ 453,438	$ 453,438	$ 457,009	$ 3,571
Total Revenues	453,438	453,438	457,009	3,571
Expenditures				
General government	471,000	471,000	320,713	150,287
Public safety	150,000	150,000	36,415	113,585
Culture and recreation	300,000	300,000	316,217	(16,217)
Debt service				
Principal			10,908	(10,908)
Total expenditures	921,000	921,000	684,253	236,747
Excess of revenues over (under) expenditures	(467,562)	(467,562)	(227,244)	(233,176)
Other financing sources (uses)				
Operating transfers in (out)			6,051,492	
Total other financing sources (uses)			6,051,492	
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(467,562)	(467,562)	5,824,248	(233,176)
Fund balance, beginning of the year	1,094,530	1,480,214	1,480,214	-
Fund balance, end of the year	$ 626,968	$ 1,012,652	$ 7,304,462	$ (233,176)

MONTEZUMA COUNTY, COLORADO
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Proprietary Fund
Enterprise Fund
Landfill Fund

For the Year Ended December 31, 2025

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
Landfill fees	$ 1,684,316	$ 1,684,316	$ 2,051,745	$ 367,429
Total local sources	1,684,316	1,684,316	2,051,745	367,429
Operating Expenses				
Landfill operations				
Salaries	515,505	515,505	491,307	24,198
Employee benefits	173,308	173,308	164,466	8,842
Other operating expenses	176,116	176,116	171,133	4,983
Fuel	135,840	135,840	83,117	52,723
Professional fees	169,400	169,400	113,881	55,519
Utilities	41,561	41,561	35,071	6,490
Insurance and bonds	54,935	54,935	41,672	13,263
Repairs and maintenance	79,168	79,168	118,750	(39,582)
Capital outlay	444,487	444,487	286,680	157,807
Total Operating Expenses	1,790,320	1,790,320	1,506,077	284,243
Operating income (loss)	(106,004)	(106,004)	545,668	651,672
Non-Operating Revenue (Expense)				
(Increase) Decrease in accrued closure costs	(120,000)	(120,000)	(150,469)	(30,469)
Total Non-Operating Revenue (Expense)	(120,000)	(120,000)	(150,469)	(30,469)
Change in net position non GAAP basis	(226,004)	(226,004)	395,199	621,203
Add capital outlay			286,680	286,680
Less depreciation expense			(518,596)	(518,596)
Change in net position	(226,004)	(226,004)	163,283	389,287
Net position beginning of the year	1,343,691	1,343,691	2,041,933	698,242
Net position end of the year	$ 1,117,687	$ 1,117,687	$ 2,205,216	$ 1,087,529

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

Majors and Haley, P.C.
Certified Public Accountants

P.O. Box 1478
Cortez, CO 81321
(970) 565-9521
Fax: (970) 565-9441

Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITOR'S 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*

To the Board of County Commissioners
Montezuma County, Colorado
Cortez, Colorado 81321

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 Montezuma County, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Montezuma County, Colorado's basic financial statements, and have issued our report thereon dated July 1, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montezuma County, Colorado's internal control over financial reporting (internal control) as a basis for designing 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 Montezuma County, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Montezuma County, Colorado'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montezuma County, Colorado'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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Majors and Haley, P.C.
July 1, 2026

Majors and Haley, P.C.
Certified Public Accountants

P.O. Box 1478
Cortez, CO 81321
(970) 565-9521
Fax: (970) 565-9441

Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of County Commissioners
Montezuma County, Colorado
Cortez, Colorado 81321

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Montezuma County, Colorado's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Montezuma County Colorado's major federal programs for the year ended December 31, 2025. Montezuma County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Montezuma County, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Montezuma County, Colorado and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Montezuma County, Colorado's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Montezuma County, Colorado's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Montezuma County, Colorado's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Montezuma County, Colorado's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Montezuma County, Colorado's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Montezuma County, Colorado's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Montezuma County, Colorado's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Majors and Haley, P.C.
July 1, 2026

MONTEZUMA COUNTY COLORADO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Pass-through Grantor and Number*	*Federal Expenditures($)*
CCDF Cluster-Cluster			
Department of Health and Human Services			
Child Care and Development Block Grant	93.575	Colorado Department of Human Services	309,820
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services	56,516
Total CCDF Cluster-Cluster			366,336
Medicaid Cluster-Cluster			
Department of Health and Human Services			
Grants to States for Medicaid	93.778	Colorado Department of Human Services	468,601
Total Medicaid Cluster-Cluster			468,601
SNAP Cluster-Cluster			
United States Department of Agriculture			
Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services	28,629
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services	420,670
Total SNAP Cluster-Cluster			449,299
Other Programs			
Department of Homeland Security			
Emergency Management Performance Grants			
Emergency Management Performance Grants	97.042	Colorado Department of Public Safety	47,134
United States Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Colorado Department of Public Safety	153,543
Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Colorado Department of Transportation	166,052
Department of Health and Human Services			
Public Health Emergency Preparedness	93.069	Colorado Department of Public Health and Environment	49,769
Guardianship Assistance	93.090	Colorado Department of Human Services	33,322
Injury Prevention and Control Research and State and Community Based Programs	93.136	Colorado Department of Public Health and Environment	73,498
Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment	12,258
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Public Health and Environment	61,020
Title IV-E Kinship Navigator Program	93.471	Colorado Department of Human Services	75,441
Title IV-E Prevention Program	93.472	Colorado Department of Human Services	35,478
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Colorado Department of Human Services	183,123
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services	1,012,790
Child Support Services	93.563	Colorado Department of Human Services	230,795
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services	266,488
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services	5,668
Adoption Assistance	93.659	Colorado Department of Human Services	72,903
Social Services Block Grant	93.667	Colorado Department of Human Services	109,921
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	Colorado Department of Public Health and Environment	54,198
Preventive Health and Health Services Block Grant	93.991	Colorado Department of Public Health and Environment	22,333
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment	23,029
Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)	21.027	Colorado Department of Human Services	-3,102
United States Department of Agriculture			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Colorado Department of Public Health and Environment	539,886
Total Other Programs			3,225,547
Total Expenditures of Federal Awards			$ 4,509,783

The accompanying notes are an integral part of this schedule

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Organization

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Montezuma County, Colorado for the year ended December 31, 2025. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies, are included on the schedule.

Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Indirect Costs

The County has not elected to use the 15% *de minimis* indirect cost rate as allowed in the Uniform Guidance, Section 414.

Food Distribution

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

Sub-recipients

Montezuma County had no sub-recipients of federal funds for the year ended December 31, 2025.

MONTEZUMA COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

Section 1- Summary of Auditors' Results

<u>Financial Statements</u>

Type of auditors' report issued	Unmodified Opinion			
Internal control over financial reporting:				
Material weakness(es) identified?	______	yes	X	no
Significant deficiency(ies) identified not considered to be material weaknesses?	______	yes	X	no

<u>Federal Awards</u>

Internal control over major programs:				
Material weakness(es) identified?	______	yes	X	no
Significant deficiency(ies) identified not considered to be material weaknesses?	______	yes	X	no
Type of auditors' report issued on compliance for major programs:	Unmodified Opinion			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	______	yes	X	no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold to distringuish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee	X	yes	______	no

Section 2- Findings under Generally Accepted Government Auditing Standards

There were no findings required to be reported under Generally Accepted Government Auditing Standards

Section 3- Findings and Questioned Costs Under Uniform Guidance

There were no findings or questioned cost for federal awards as defined in the Uniform Guidance.

MONTEZUMA COUNTY, COLORADO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2025

There were no prior year findings or questioned costs noted that were reportable under the Uniform Guidance criteria.

MONTEZUMA COUNTY, COLORADO

SCHEDULE OF CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2025

There were no audit findings to be included in the current audit report; therefore, a corrective action plan is not necessary.

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**	**STATE:** COLORADO
Montezuma County Colorado	Majors and Haley PC chris@majorshaley.com	**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Total (1 - (2 through 4))				

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	1,518,346.00	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	327,813.00	b. Other Misc. Local Receipts	472,374.00
c. Total (a + b)	$ 1,846,159.00	**c. Total (a + b)**	$ 472,374.00

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	3,202,719.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	85,026.00		
c. Total (a + b)	$ 85,026.00		
4. Total (1 + 2 + 3c)	$ 3,287,745.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	
c. Construction Costs	749,046.00
d. Total Capital Outlay (a+ b + c)	$ 749,046.00

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,846,159.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 472,374.00
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 2,318,533.00
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 3,287,745.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 5,606,278.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 749,046.00
2. Maintenance:	3,636,133.00
3. Road and Street Services:	
a. Snow and Ice Removal	68,077.00
b. Other & Traffic Control Operations	137,451.00
c. Total (a + b)	$ 205,528.00
4. General Administration & Miscellaneous	184,067.00
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 4,774,774.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	21,116.00
b. Redemption	75,275.00
c. Total (a + b)	$ 96,391.00
3. Total (1c + 2c)	$ 96,391.00
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 4,871,165.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	530,547	$ -	$ 75,275.00	$ 455,272.00