Town of Carbondale, Colorado

Financial Report

December 31, 2025

Town of Carbondale, Colorado
Financial Report
December 31, 2025

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements:	
Balance Sheet - Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	C4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	C5
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Statement of Net Position - Proprietary Funds	C7
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	C8
Statement of Cash Flows - Proprietary Funds	C9
Notes to the Financial Statements	D1 – D23
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual:	
General Fund	E1 – E2
Recreation Sales and Use Tax Fund	E3
Sales and Use Tax Fund	E4
Streetscape Fund	E5
Development Dedication Fund	E6

Town of Carbondale, Colorado
Financial Report
December 31, 2025

Table of Contents
(Continued)

	Page
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Capital Projects Fund	F1
Schedule of Revenues and Expenditures - Budget and Actual - Proprietary Funds:	
Water Fund	F2
Wastewater Fund	F3
Trash Fund	F4
Combining Balance Sheet - Non-major Governmental Funds	F5 – F6
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	F7 – F8
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual – Non-Major Governmental Funds:	
Conservation Trust Fund	F9
Victims Assistance Fund	F10
Housing Fund	F11
Community Enhancement Fund	F12
Lodging Tax Fund	F13
1% of Arts Fund	F14
Efficient Building Fund	F15
Disposable Bag Tax Fund	F16
Debt Service Fund	F17
Local Highway Finance Report	F18 – F19

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Trustees
Town of Carbondale, Colorado

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Carbondale, Colorado (the "Town"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

U.S. GAAP require the Management's Discussion and Analysis in section B 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 U.S. GAAS, 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.

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information, and the Local Highway Finance Report in section F, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, individual fund budgetary comparison information, and the Local Highway Finance Report are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
September 1, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis
December 31, 2025

As management of the Town of Carbondale, Colorado (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025.

Financial Highlights

- Sales and use tax revenue increased 13.8% from 2024. Property tax decreased by 3.4% from 2024.

- The Town's governmental fund balances decreased $4,783,832. Of this amount, $6,118,681 is attributable to a decrease in fund balance in Recreation Sales and Use Tax Fund offset by an increase of $530,931 in General Fund fund balance, and a total increase of $1,393,543 in fund balance in all other major and non-major governmental funds. Additionally, the Town's business-type activities increased $1,063,639. The Town's General Fund increased primarily due to increased taxes revenue and expenditures over several departments being less than anticipated. The business-type activities increased primarily in the Water and Wastewater funds. This increase comes mostly from service fees.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Town assets, liabilities, and deferred inflows of resources, with the difference between the three reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected revenues such as grants or earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, streets, culture and recreation, and affordable housing. The business-type activities of the Town include water distribution and system maintenance, wastewater treatment and trash hauling services.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Overview of the Financial Statements (continued)

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and proprietary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the state budget statutes.

Proprietary funds: The Town maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water, wastewater and trash operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town, which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found in Section C of this report. The Town also presents budgetary comparison for its proprietary funds.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Government-wide financial analysis: As previously mentioned, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following graph shows the Town's net position for 2025:

	Governmental Activities		Business-type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	$33,282,942	37,450,389	11,476,931	11,475,902	44,759,873	48,926,291
Capital assets	38,309,933	29,918,738	19,681,783	18,615,739	57,991,716	48,534,477
Total assets	71,592,875	67,369,127	31,158,714	30,091,641	102,751,589	97,460,768
Other liabilities	3,784,583	3,332,887	126,671	123,237	3,911,254	3,456,124
Long-term liabilities outstanding	8,565,357	8,519,718	-	-	8,565,357	8,519,718
Total liabilities	12,349,940	11,852,605	126,671	123,237	12,476,611	11,975,842
Deferred Inflows of Resources	1,148,143	892,448	-	-	1,148,143	892,448
Net Position:						
Net invested in capital assets	30,002,811	21,399,020	19,681,783	18,615,739	49,684,594	40,014,759
Restricted	4,407,781	10,567,593	-	-	4,407,781	10,567,593
Unrestricted	23,684,200	22,657,461	11,350,260	11,352,665	35,034,460	34,010,126
Total net position	$58,094,792	54,624,074	31,032,043	29,968,404	89,126,835	84,592,478

The largest portion of the Town's assets is reflected in the investment in capital assets (i.e., land, buildings, improvements, and equipment). Capital assets account for 50% of the total assets. The Town uses these assets to provide services to its citizens. The Town's remaining assets are generally available to pay liabilities or fund operations. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The Town's capital assets increased due to purchased and donated capital assets being more than depreciation expense in 2025. Maturity for the Town's 2022 long-term bond issue will be retired in 2047. Additional information regarding the Town's long-term liabilities can be found in the Notes to the Financial Statements in Section D of this report.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following chart provides financial information from the Town's Statement of Activities:

	Governmental Activities		Business-type Activities		Total	
REVENUES:	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Program revenues:						
Charges for services	$ 1,877,369	1,890,513	5,257,074	4,717,181	7,134,443	6,607,694
Operating grants and contributions	1,583,753	1,456,092	12,288	-	1,596,041	1,456,092
Capital grants and contributions	35,772	319,343	648,503	547,971	684,275	867,314
General revenues:						
Property taxes	887,005	918,245	-	-	887,005	918,245
Sales and use taxes	11,613,217	10,207,786	-	-	11,613,217	10,207,786
Other taxes	1,367,684	1,414,565	-	-	1,367,684	1,414,565
Interest and other revenue	1,667,025	1,792,493	506,089	543,294	2,173,114	2,335,787
Total Revenues	19,031,825	17,999,037	6,423,954	5,808,446	25,455,779	23,807,483
EXPENSES:						
General government	4,620,037	4,363,495	-	-	4,620,037	4,363,495
Public safety	3,103,658	2,877,654	-	-	3,103,658	2,877,654
Public works	2,476,498	1,927,718	-	-	2,476,498	1,927,718
Culture and recreation	3,705,934	3,870,074	-	-	3,705,934	3,870,074
Interest	373,113	379,000	-	-	373,113	379,000
Affordable housing	1,281,867	191,430	-	-	1,281,867	191,430
Water	-	-	2,429,568	2,217,813	2,429,568	2,217,813
Wastewater	-	-	2,090,143	2,057,901	2,090,143	2,057,901
Trash	-	-	840,604	788,684	840,604	788,684
Total Expenses	15,561,107	13,609,371	5,360,315	5,064,398	20,921,422	18,673,769
Excess (deficiency) of revenues over expenses	3,470,718	4,389,666	1,063,639	744,048	4,534,357	5,133,714
Change in Net Position	3,470,718	4,389,666	1,063,639	744,048	4,534,357	5,133,714
Net Position - Beginning	54,624,074	50,234,408	29,968,404	29,224,356	84,592,478	79,458,764
Net Position - Ending	$58,094,792	54,624,074	31,032,043	29,968,404	89,126,835	84,592,478

The following provide additional insight into the above chart:

- Overall, revenues increased compared to 2024, partially due to an increase in sales and use taxes and operating grants and contributions.

- General government expenses increased due to expenses relating to contributions for affordable housing.

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net position by $3,470,718. Key elements of this change are as follows:

- The Town capitalized $9,676,662 in capital asset additions less depreciation expense of $1,285,466 during 2025. Net invested in capital assets increased $8,603,791 during 2025. Net Position – restricted for other purposes decreased by $6,159,912 while unrestricted increased by $1,026,739.

Business-type activities: Business-type activities increased the Town's net position by $1,063,639. Key elements of this increase are as follows:

- Depreciation expense of $863,228 was recognized between the Water Fund and Wastewater Fund in 2025.

- Tap fee revenues totaling $648,503 were recognized between the Water and Wastewater Funds in 2025.

- The Water Fund had an increase in net position of $507,780, the Wastewater Fund had an increase in net position of $497,023, and the Trash Fund had an increase in net position of $58,836. On a cash basis, the Funds cumulatively decreased their cash and investment holdings by $98,985.

Financial Analysis of the Town's Funds

As mentioned on page B2 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $28,857,388; a decrease of $4,783,832 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

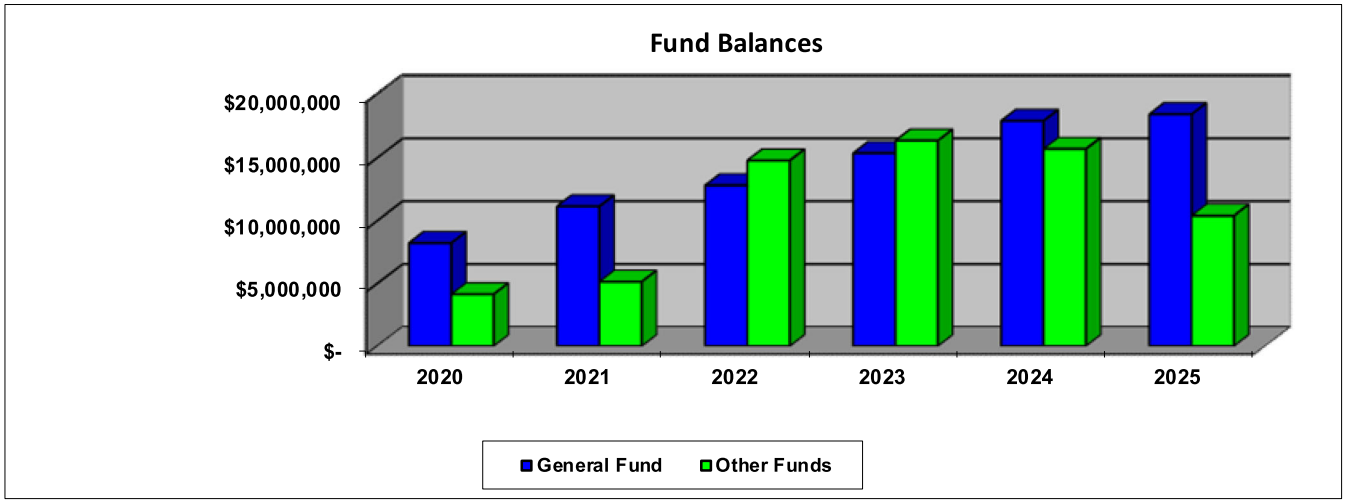
Fund	2020	2021 (as restated)	2022	2023	2024	2025
General	8,221,659	11,119,244	12,795,649	15,363,190	17,939,725	18,470,656
Recreation Sales and Use	1,887,682	2,235,369	11,007,474	11,578,285	10,286,752	3,578,446
Sales and Use	970,551	1,071,464	1,071,456	1,071,456	-	-
Streetscape	(142,552)	102,483	399,169	684,565	1,044,425	1,139,342
Development Dedication	573,064	680,702	755,338	849,524	935,680	994,252
Capital Projects	177,108	167,960	319,713	619,557	1,467,213	3,400,041
Other Governmental	671,630	878,473	1,229,033	1,559,219	1,967,425	1,274,651
Total	$12,359,142	16,255,695	27,577,832	31,725,796	33,641,220	28,857,388

The Sales and Use Tax Fund was closed in 2024.

Financial Analysis of the Town's Funds (continued)

Governmental funds (continued):

As indicated on the table on the previous page, the Recreation and Sales and Use Tax Fund balance decreased while balances increased for other funds. Certain Town fund balances are reduced from the prior year due to projects undertaken in the current year. The following graph is based on the table previously presented:



Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Cash in the Water Fund at the end of the current fiscal year was $5,412,439. The Wastewater Fund had cash of $5,759,587.

Budget variances in the General Fund: The Town's General Fund revenues were over budget by $1,231,320; General Fund expenditures were under budget by $1,003,736. The General Fund's significant budget variances are detailed as follows:

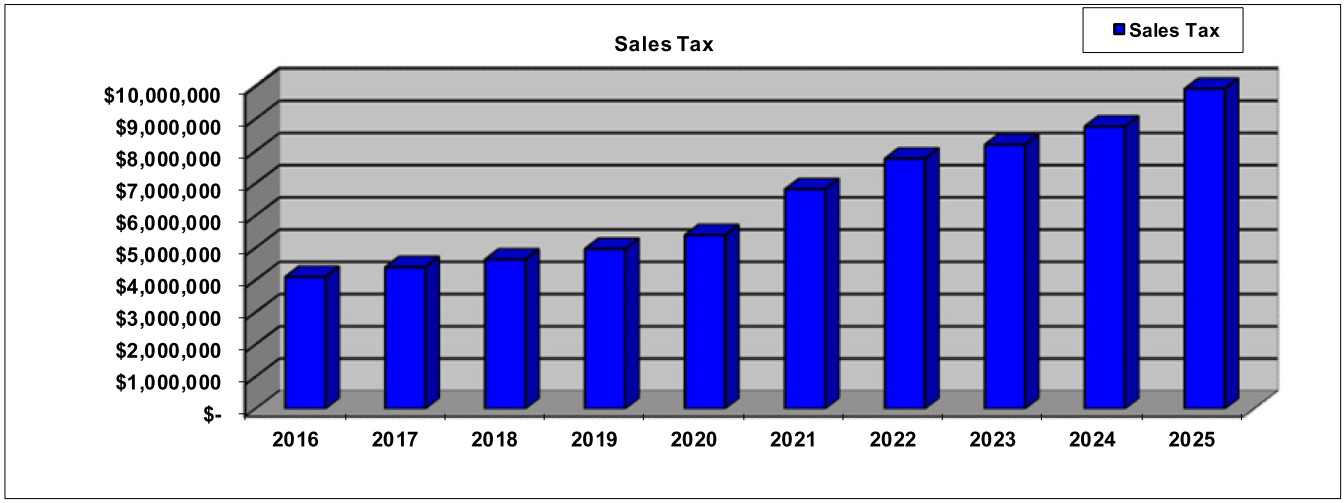
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Reason
Revenues:					
Taxes	10,866,240	10,866,240	11,375,086	508,846	Budgeted conservatively
Investment income	301,000	301,000	960,676	659,676	Budgeted conservatively as yield and income-generating invested balance vary.
Data processing	373,868	373,868	637,369	(263,501)	Unbudgeted multi-year contract for software services
Streets, alleys, snow removal	1,411,723	1,411,723	1,110,691	301,032	Maintenance less than anticipated

Financial Analysis of the Town's Funds (continued)

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, increased due to capital expenditures and donations exceeding depreciation. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements in Section D of this report.

Long-term debt: As of the end of the current fiscal year, the Town had $8,307,122 in long-term debt. Additional information regarding the Town's debt can be found in the Notes to the Financial Statements in Section D of this report.

Sales tax: The Town has a 3.5% sales tax that is used to fund its governmental operations. One half percent of the tax is dedicated to recreation expenditures. Sales tax revenues increased from 2024 by approximately 13.3%. The following chart indicates changes in the sales tax:



Next year's budget and rates: The Town's General Fund balance at the end of fiscal year 2025 was $18,470,656. In the 2026 budget, the Town anticipates reducing accumulated fund balance by approximately $3,143,232.

Other information: The budget for 2026 includes:

- No increase in sales tax projected for 2026 during the 2026 budget season;
- Transfer to Capital Construction Fund of $3,103,536
- An average wage increase of 12%

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Carbondale, Finance Department, 511 Colorado Ave., Carbondale, Colorado 81623.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Carbondale, Colorado
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments - Unrestricted	30,665,415	11,172,026	41,837,441
Receivables, net:			
Taxes	1,023,012	-	1,023,012
Accounts	-	424,754	424,754
Other	437,891	-	437,891
Intergovernmental	603,799	5,000	608,799
Lease receivable	128,821	-	128,821
Internal balances	124,849	(124,849)	-
Prepaid expenses	298,729	-	298,729
Inventories	426	-	426
Capital assets, net	38,309,933	19,681,783	57,991,716
Total Assets	71,592,875	31,158,714	102,751,589
Liabilities:			
Accounts payable	1,821,699	-	1,821,699
Other liabilities	1,455,712	18,195	1,473,907
Compensated absences	474,953	108,476	583,429
Accrued interest	32,219	-	32,219
Long-term liabilities:			
Due within one year:			
Bonds payable	200,000	-	200,000
Subscriptions payable	55,812	-	55,812
Due in more than one year:			
Bonds payable	8,107,122	-	8,107,122
Subscriptions payable	202,423	-	202,423
Total Liabilities	12,349,940	126,671	12,476,611
Deferred Inflows of Resources:			
Unavailable property taxes	1,023,012	-	1,023,012
Lease revenue	125,131	-	125,131
Total Deferred Inflows of Resources	1,148,143	-	1,148,143
Net Position:			
Net invested in capital assets	30,002,811	19,681,783	49,684,594
Restricted for other purposes	4,407,781	-	4,407,781
Unrestricted	23,684,200	11,350,260	35,034,460
Total Net Position	58,094,792	31,032,043	89,126,835

The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	4,620,037	1,113,071	414,620	22,383	(3,069,963)	-	(3,069,963)
Public safety	3,103,658	89,650	10,125	-	(3,003,883)	-	(3,003,883)
Public works	2,476,498	387	382,469	13,389	(2,080,253)	-	(2,080,253)
Culture and recreation	3,705,934	605,075	776,539	-	(2,324,320)	-	(2,324,320)
Affordable housing	1,281,867	69,186	-	-	(1,212,681)	-	(1,212,681)
Interest on long-term debt	373,113	-	-	-	(373,113)	-	(373,113)
Total governmental activities	15,561,107	1,877,369	1,583,753	35,772	(12,064,213)	-	(12,064,213)
Business-type activities:							
Water	2,429,568	2,311,587	12,288	381,445	-	275,752	275,752
Wastewater	2,090,143	2,046,047	-	267,058	-	222,962	222,962
Trash	840,604	899,440	-	-	-	58,836	58,836
Total business-type activities	5,360,315	5,257,074	12,288	648,503	-	557,550	557,550
Total	20,921,422	7,134,443	1,596,041	684,275	(12,064,213)	557,550	(11,506,663)
General revenues:							
Taxes:							
Property tax, levied for general purposes					887,005	-	887,005
Specific ownership tax					58,220	-	58,220
Sales and use tax					11,613,217	-	11,613,217
Franchise tax					353,731	-	353,731
Lodging Tax					184,872	-	184,872
Other miscellaneous taxes					770,861	-	770,861
Investment earnings					1,413,127	506,089	1,919,216
Grants and contributions not restricted to specific programs					199,233	-	199,233
Gain on sale of capital assets					54,665	-	54,665
Total general revenues and special items					15,534,931	506,089	16,041,020
Change in Net Position					3,470,718	1,063,639	4,534,357
Net Position - Beginning					54,624,074	29,968,404	84,592,478
Net Position - Ending					58,094,792	31,032,043	89,126,835

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Town of Carbondale, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:								
Cash and investments - Unrestricted	19,718,899	4,159,549	-	1,139,342	994,252	3,400,041	1,253,332	30,665,415
Receivables, net of allowance for uncollectibles	397,870	13,112	-	-	-	-	26,909	437,891
Lease receivable	128,821	-	-	-	-	-	-	128,821
Due from other governments	517,818	85,981	-	-	-	-	-	603,799
Due from other funds	124,849	-	-	-	-	-	-	124,849
Property tax receivable	596,045	-	-	426,967	-	-	-	1,023,012
Prepaid items	298,729	-	-	-	-	-	-	298,729
Inventory	426	-	-	-	-	-	-	426
Total Assets	21,783,457	4,258,642	-	1,566,309	994,252	3,400,041	1,280,241	33,282,942
Liabilities:								
Accounts/vouchers payable	1,821,699	-	-	-	-	-	-	1,821,699
Other liabilities	509,635	680,196	-	-	-	-	5,590	1,195,421
Accrued payroll and related liabilities	260,291	-	-	-	-	-	-	260,291
Total Liabilities	2,591,625	680,196	-	-	-	-	5,590	3,277,411
Deferred Inflows of Resources:								
Unavailable property taxes	596,045	-	-	426,967	-	-	-	1,023,012
Lease revenue	125,131	-	-	-	-	-	-	125,131
Total Deferred Inflows of Resources	721,176	-	-	426,967	-	-	-	1,148,143
Fund Balance:								
Nonspendable	305,202	-	-	-	-	-	-	305,202
Restricted	922,531	2,016,464	-	1,139,342	-	-	329,444	4,407,781
Committed	10,438,330	1,561,982	-	-	994,252	-	945,207	13,939,771
Assigned	182,368	-	-	-	-	3,400,041	-	3,582,409
Unassigned	6,622,225	-	-	-	-	-	-	6,622,225
Total Fund Balance	18,470,656	3,578,446	-	1,139,342	994,252	3,400,041	1,274,651	28,857,388
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	21,783,457	4,258,642	-	1,566,309	994,252	3,400,041	1,280,241	33,282,942

The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance		28,857,388
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds. Details of these amounts are as follows:		
Capital assets	56,913,937	
Accumulated depreciation	(18,604,004)	
		38,309,933
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of Town long-term liabilities. Details of these amounts are as follows:		
Accrued interest payable	(32,219)	
Bonds payable	(7,810,000)	
Subscription payable	(258,235)	
Unamortized bond premium	(497,122)	
Compensated absences	(474,953)	
		(9,072,529)
Governmental Activities Net Position		58,094,792

Town of Carbondale, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	11,375,086	1,617,532	-	395,403	-	-	479,885	13,867,906
Licenses, permits, and fees	217,750	-	-	-	34,467	-	-	252,217
Intergovernmental revenue	777,034	205,567	-	-	-	-	79,083	1,061,684
Charges for services	1,012,941	329,045	-	-	-	-	-	1,341,986
Fines and forfeitures	72,273	-	-	-	-	-	17,377	89,650
Investment income	960,676	338,746	-	41,522	24,105	45,250	2,828	1,413,127
Miscellaneous	326,483	529,974	-	-	-	13,389	80,745	950,591
Total Revenues	14,742,243	3,020,864	-	436,925	58,572	58,639	659,918	18,977,161
Expenditures:								
General government	4,360,747	-	-	-	-	-	1,306,406	5,667,153
Public safety	3,020,775	-	-	-	-	-	-	3,020,775
Public works	1,451,689	-	-	342,008	-	1,319,818	-	3,113,515
Culture and recreation	2,296,994	9,139,545	-	-	-	-	249,411	11,685,950
Debt service:								
Principal	52,892	-	-	-	-	-	190,000	242,892
Interest	-	-	-	-	-	-	396,500	396,500
Total Expenditures	11,183,097	9,139,545	-	342,008	-	1,319,818	2,142,317	24,126,785
Excess (Deficiency) of Revenues Over Expenditures	3,559,146	(6,118,681)	-	94,917	58,572	(1,261,179)	(1,482,399)	(5,149,624)
Other Financing Sources (Uses):								
Sale of general capital assets	54,665	-	-	-	-	-	-	54,665
SBITA	311,127	-	-	-	-	-	-	311,127
Operating transfers in	-	-	-	-	-	3,194,007	789,625	3,983,632
Operating transfers (out)	(3,394,007)	(589,625)	-	-	-	-	-	(3,983,632)
Total Other Financing Sources (Uses)	(3,028,215)	(589,625)	-	-	-	3,194,007	789,625	365,792
Net Change in Fund Balances	530,931	(6,708,306)	-	94,917	58,572	1,932,828	(692,774)	(4,783,832)
Fund Balances - Beginning	17,939,725	10,286,752	-	1,044,425	935,680	1,467,213	1,967,425	33,641,220
Fund Balances - Ending	18,470,656	3,578,446	-	1,139,342	994,252	3,400,041	1,274,651	28,857,388

The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
December 31, 2025

Governmental Funds Net Change in Fund Balances		(4,783,832)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of capital outlay and depreciation are as follows:		
Capital outlay	9,676,662	
Depreciation expense	(1,285,465)	
		8,391,197
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt service - principal	190,000	
Debt service - premium	22,596	
SBITA issued	(311,127)	
SBITA - principal	52,892	
Adjustments to current year interest	795	
		(44,844)
Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the change in accrued compensated absences during the year.		(91,803)
Governmental Activities Change in Net Position		3,470,718

The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water Fund	Wastewater Fund	Trash Fund	Total
Assets:				
Current assets:				
Cash and investments	5,412,439	5,759,587	-	11,172,026
Accounts receivable, net of allowance for uncollectibles	165,368	178,349	81,037	424,754
Due from other governments	5,000	-	-	5,000
Total current assets	5,582,807	5,937,936	81,037	11,601,780
Non-current assets:				
Land	51,048	133,391	-	184,439
Plant and system	16,040,345	17,656,807	-	33,697,152
Building and improvements	422,145	1,155,372	-	1,577,517
Machinery and equipment	652,808	1,534,338	-	2,187,146
Water rights	356,945	-	-	356,945
Construction in progress	1,072,365	9,719	-	1,082,084
Accumulated depreciation	(8,258,046)	(11,145,454)	-	(19,403,500)
Total non-current assets	10,337,610	9,344,173	-	19,681,783
Total Assets	15,920,417	15,282,109	81,037	31,283,563
Liabilities:				
Current liabilities:				
Other liabilities	7,017	11,178	-	18,195
Due to other funds	-	-	124,849	124,849
Total current liabilities	7,017	11,178	124,849	143,044
Long-term liabilities:				
Accrued compensated absences	54,238	54,238	-	108,476
Total long-term liabilities	54,238	54,238	-	108,476
Total Liabilities	61,255	65,416	124,849	251,520
Net Position:				
Net invested in capital assets	10,337,610	9,344,173	-	19,681,783
Unrestricted	5,521,552	5,872,520	(43,812)	11,350,260
Total Net Position (Deficit)	15,859,162	15,216,693	(43,812)	31,032,043

The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Wastewater Fund	Trash Fund	Total
Operating revenues:				
Charges for services:				
Service fees	2,239,462	1,868,454	899,390	5,007,306
Sale of meters	27,389	-	-	27,389
Other revenues:				
Penalty assessments	5,164	-	-	5,164
Miscellaneous	39,572	177,593	50	217,215
Total operating revenues	2,311,587	2,046,047	899,440	5,257,074
Operating expenses:				
Operations and maintenance	626,872	458,458	763,129	1,848,459
Personnel costs	909,361	845,911	58,977	1,814,249
Administration	480,694	335,186	18,498	834,378
Depreciation	412,641	450,588	-	863,229
Total operating expenses	2,429,568	2,090,143	840,604	5,360,315
Operating Income (Loss)	(117,981)	(44,096)	58,836	(103,241)
Non-operating revenue (expenses):				
Investment income	232,028	274,061	-	506,089
Grants	12,288	-	-	12,288
Total non-operating revenue (expenses)	244,316	274,061	-	518,377
Income (loss) before contributions and transfers	126,335	229,965	58,836	415,136
Capital contributions, and tap fees	381,445	267,058	-	648,503
Change in net position	507,780	497,023	58,836	1,063,639
Total net position - beginning (deficit)	15,351,382	14,719,670	(102,648)	29,968,404
Total net position - ending (deficit)	15,859,162	15,216,693	(43,812)	31,032,043

The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Wastewater Fund	Trash Fund	Total
Cash Flows From Operating Activities:				
Cash received from customers and others	2,253,800	1,845,491	891,396	4,990,687
Cash paid for goods, services and employees	(2,017,896)	(1,630,153)	(891,446)	(4,539,495)
Other cash receipts	39,572	177,593	50	217,215
Net Cash Provided (Used) by Operating Activities	275,476	392,931	-	668,407
Cash Flows From Capital Financing Activities:				
Proceeds from tap and meter sales	381,445	267,058	-	648,503
Acquisition of capital assets	(429,783)	(1,499,489)	-	(1,929,272)
Proceeds from capital grants	7,288	-	-	7,288
Net Cash Provided (Used) by Capital Financing Activities	(41,050)	(1,232,431)	-	(1,273,481)
Cash Flows From Investing Activities				
Interest received	232,028	274,061	-	506,089
Net Cash Provided by Investing Activities	232,028	274,061	-	506,089
Net Increase (Decrease) in Cash and Cash Equivalents	466,454	(565,439)	-	(98,985)
Cash and Cash Equivalents - Beginning	4,945,985	6,325,026	-	11,271,011
Cash and Cash Equivalents - Ending	5,412,439	5,759,587	-	11,172,026
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	(117,981)	(44,096)	58,836	(103,241)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	412,641	450,588	-	863,229
(Increase) decrease in operating accounts receivable	(18,215)	(22,963)	(7,994)	(49,172)
Increase (decrease) in other liabilities	404	10,775	-	11,179
Increase (decrease) in due to other funds	-	-	(50,842)	(50,842)
Increase (decrease) in compensated absences	(1,373)	(1,373)	-	(2,746)
Total Adjustments	393,457	437,027	(58,836)	771,648
Net Cash Provided (Used) by Operating Activities	275,476	392,931	-	668,407

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Town of Carbondale, Colorado (the "Town") is incorporated as a home rule municipality under Colorado statutes to provide public safety, highways and streets, water, sewer and trash service, culture-recreation, public health improvements, planning and zoning, and general administrative services. The Town is located in Garfield County, Colorado and operates under a Board of Trustees-Manager form of government.

An elected Mayor and Board of Trustees are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include water and sewer operations, road maintenance, police services, and culture and recreation.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's public safety, road maintenance, culture and recreation, and administration are classified as governmental activities. The Town's utilities, water, sewer and trash service, are classified as business activities.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts—net invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Recreation Sales and Use Tax Fund* - accounts for a ½ cent sales and use tax which is restricted for recreation purposes and for repayment of long-term debt. The Recreation Sales and Use Tax Fund is considered a special revenue fund.

The *Sales and Use Tax Fund* - accounts for the 3% sales and use tax revenues. The Sales and Use Tax Fund is presented as a special revenue fund because the revenues are derived from specific sales and use taxes and the expenditures involving not only various capital projects, but specific functions, activities, and debt service of the Town. This fund was closed in 2024.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The *Streetscape Fund* - accounts for a 1.5 mill ad valorem tax restricted to public streetscape improvements within the Town, including expanded downtown parking, pedestrian safety and street lights and beautification.

The *Development Dedication Fund* - accounts for revenue received from developers for new construction. It is based on a dollar value per square foot and assessed at time of building permit. This fee applies to all new annexations. Also represented in this fund is revenue derived from park dedication fees associated with new development.

The *Capital Projects Fund* - accounts for capital construction costs incurred by the Town.

The Town reports the following proprietary or business-type funds:

The *Water Fund* - accounts for the purchase and delivery of water to the citizens of the Town. The water fund also maintains the infrastructure needed to provide water service.

The *Wastewater Fund* - accounts for activities related to the sewage treatment facilities and sewage transmission lines.

The *Trash Fund* – accounts for activities related to the trash hauling services to the citizens of the Town.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents, and Investments (continued)

Colorado statutes specify instruments in which local governments may invest, including:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 60 months)
- Prime Commercial Paper (maximum maturity of 60 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. Uncollectible amounts are charged off when management determines that the receivable will not be collected.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

4. Prepaid Items

The Town uses the consumption method to account for prepaid items. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2002), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	15 - 30
Buildings and improvements	15 - 40
Distribution systems	40 - 60
Equipment and vehicles	5 - 8

6. Compensated Absences

Earned but unused vacation, compensatory time, and sick leave benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

7. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. Revenue from property taxes is deferred and recognized as an inflow of resources when the amounts become available, as reported on the Statement of Net Position and the governmental balance sheet. Lease revenue, as further discussed in Note I.D.8, is reported on the government-wide Statement of Net Position and the governmental balance sheet as a deferred inflow of resources.

8. Leases

The Town is a lessor for noncancellable lease of building. The Town recognized a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the lease, the Town initially measures the lease receivable at the present value of the payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Leases (continued)

Key estimates and judgments related to leases include how the Town determines the following:

- Discount Rate – The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- Lease Term – The lease term includes the noncancellable period of the lease and extended term(s) that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability.

9. Subscription Based Information Technology Arrangements ("SBITA")

The Town is a subscriber for a noncancellable agreement for software access. The Town recognizes a subscription liability and an intangible right-to-use asset in the government-wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of $5,000 or more. At the commencement of a subscription, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the lessor of its useful life or the subscription term.

Key estimates and judgments related to subscriptions include how the Town determines the following:

- Discount Rate – The Town uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- Subscription Term – The subscription term includes the noncancellable period of the subscription and extended term(s) that the Town is reasonably certain to exercise.

10. Categories and Classification of Fund Balance

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Categories and Classification of Fund Balance (continued)

Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Town classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Trustees. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Trustees platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of a preliminary budget. The Budget is then formally presented to the Board of Trustees via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board of Trustees approval, must be presented via a public process and again approval by the Board of Trustees.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Board of Trustees or its management designee.

Unassigned – includes residual positive fund balance within a general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. The Town has a formal minimum fund balance policy which requires the General Fund to set aside 70% of the most current approved budgeted expenses and the Recreation fund to set aside 80% of the most current approved budgeted expenses.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Categories and Classification of Fund Balance (continued)

In addition to the above note disclosure, GASB 54 requires disclosure of the following fund definitions:

General Fund:

The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Capital Projects Funds:

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds:

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Credit Risk

Receivables in the Town's funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies (continued)

3. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Comparative Data

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2025.

(1) For the 2025 budget year, prior to August 25, 2024, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.

(2) The Town Manager, or other qualified person appointed by the Board of Trustees, submitted to the Board of Trustees, on or before October 15, 2024, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.

(3) Prior to December 15, 2024, a public hearing was held for the budget, the Board of Trustees certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board of Trustees adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

(4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

Supplemental appropriations for the Town during 2025 resulted in budget amendments in the Trash Fund for an increase in operating expenses of $24,230, and in the Housing Fund for an increase in expenditures of $760,000.

During 2025, the Trash Fund and the Housing Fund were over budget by $2,193 and $94,397, respectively. This may be a violation of Colorado State Statutes.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (“TABOR”). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

In 2002 the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR’s restrictions.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

III. Detailed Notes on all Funds

A. Cash and Investments

The Town has adopted, by resolution, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under this policy, the Town may invest in U.S. Treasury obligations, federal agency securities, federal instrumentality securities, repurchase agreements, commercial paper, general obligation debt, revenue obligation debt, local government investment pools including 2a7-like pools, money market funds and time certificates of deposit subject to policy requirements.

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts in deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of collateral must be at least equal to the aggregate uninsured deposits.

III. Detailed Notes on all Funds (continued)

A. Cash and Investments (continued)

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under PDPA". The FDIC insures the first $250,000 of the Town's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the Town's deposits was $12,331,537.

At year end, the Town had the following deposits and investment:

			Maturities	
Type	**Standard & Poor's Rating**	**Carrying Amount**	**Less Than One Year**	**Less Than Five Years**
Deposits:				
Petty cash	Not Rated	$ 586	-	-
Checking	Not Rated	777,632	-	-
Certificates of deposit	Not Rated	2,739,225	2,739,225	-
Savings and money market	Not Rated	2,717,627	-	-
Investments:				
COLOTRUST	AAAm	23,403,229	-	-
CSAFE	AAAm	12,199,142	-	-
		$ 41,837,441	2,739,225	-

The Town had the following recurring measurements:

Investments Measured at Net Asset Value	**Total**
COLOTRUST	$ 23,403,229

Investments Measured at Amortized Cost	**Total**
CSAFE	$ 12,199,142

The Town has invested in Colorado Government Liquid Asset Trust ("COLOTRUST") and Colorado Surplus Asset Fund Trust ("CSAFE"), which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to $1. The local government investment pools are measured at the net asset valuation and amortized cost, respectively. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pools.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the Town has limited its interest rate risk.

III. Detailed Notes on all Funds (continued)

A. Cash and Investments (continued)

Credit Risk: State law and Town policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Town's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk: The Town places a forty percent (40%) limit in which the Town may invest in any one issuer. The asset allocation in a portfolio is flexible depending on the outlook for the economy, the securities market and the Town's anticipated cash flow needs.

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Recreation Sales and Use Tax	Streetscape	Nonmajor Governmental Funds	Total Governmental Funds
Receivables:					
Other	397,870	13,112	-	26,909	437,891
Gross receivables	397,870	13,112	-	26,909	437,891
Less: allowance for uncollectible	-	-	-	-	-
Net receivables	$ 397,870	13,112	-	26,909	437,891

	Water	Wastewater	Trash	Total Business Funds
Receivables:				
Accounts	$ 165,368	178,349	81,037	424,754
Intergovernmental	5,000	-	-	5,000
Gross receivables	170,368	178,349	81,037	429,754
Less: allowance for uncollectible	-	-	-	-
Net receivables	$ 170,368	178,349	81,037	429,754

III. Detailed Notes on all Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 9,817,525	-	-	9,817,525
Construction in progress	3,267,653	8,034,481	-	11,302,134
Total capital assets, not being depreciated	13,085,178	8,034,481	-	21,119,659
Capital assets, being depreciated:				
Infrastructure	12,234,460	342,158	-	12,576,618
Buildings	11,556,067	36,748	-	11,592,815
Improvements other than buildings	5,027,665	215,330	-	5,242,995
Vehicles	1,996,464	248,096	(109,174)	2,135,386
Equipment	3,547,031	488,722	(100,416)	3,935,337
Intangible assets				
Subscription asset	-	311,127	-	311,127
Total capital assets being depreciated	34,361,687	1,642,181	(209,590)	35,794,278
Less accumulated depreciation for:				
Infrastructure	(5,446,136)	(456,957)	-	(5,903,093)
Buildings	(4,947,286)	(295,390)	-	(5,242,676)
Improvements other than buildings	(3,349,258)	(89,127)	-	(3,438,385)
Vehicles	(1,498,782)	(152,709)	109,174	(1,542,317)
Equipment	(2,286,666)	(223,600)	100,416	(2,409,850)
Intangible assets				
Subscription asset	-	(67,683)	-	(67,683)
Total accumulated depreciation	(17,528,128)	(1,285,466)	209,590	(18,604,004)
Total capital assets, being depreciated, net	16,833,559	356,715	-	17,190,274
Governmental activities capital assets, net	$ 29,918,737	8,391,196	-	38,309,933

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

III. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 184,439	-	-	184,439
Water rights	356,945	-	-	356,945
Construction in progress	760,753	321,331	-	1,082,084
Total capital assets, not being depreciated	1,302,137	321,331	-	1,623,468
Capital assets, being depreciated:				
Water/wastewater system and improvements	32,089,211	1,607,941	-	33,697,152
Buildings and improvements	1,577,517	-	-	1,577,517
Equipment	2,187,146	-	-	2,187,146
Total capital assets being depreciated	35,853,874	1,607,941	-	37,461,815
Less accumulated depreciation for:				
Water/wastewater system and improvements	(16,594,256)	(686,272)	-	(17,280,528)
Buildings and improvements	(563,082)	(45,183)	-	(608,265)
Equipment	(1,382,934)	(131,773)	-	(1,514,707)
Total accumulated depreciation	(18,540,272)	(863,228)	-	(19,403,500)
Total capital assets, being depreciated, net	17,313,602	744,713	-	18,058,315
Business-type activities capital assets, net	$ 18,615,739	1,066,044	-	19,681,783

The Town had the following capital outlay and depreciation expense for the following functions:

	Capital Outlay	Depreciation and Amortization
Governmental activities:		
General government	$ 319,816	393,599
Public safety	-	82,036
Public works, including infrastructure	1,217,323	544,814
Culture and recreation	8,139,523	263,445
Affordable housing	-	1,572
Total - governmental activities	$ 9,676,662	1,285,466
Business-type activities:		
Water	$ 429,783	412,640
Wastewater	1,499,489	450,588
Total - business-type activities	$ 1,929,272	863,228

Any difference between capital outlay and additions to the business-type activity funds generally consists of contributed assets. Contributions of assets largely consist of assets provided by developers upon annexation.

III. Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The Town had the following interfund receivables or payables as of December 31, 2025:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 124,849	-
Trash Fund	-	124,849
Total	$ 124,849	124,849

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Transfers were as follows:

Fund In (Out)	Amount	Reason
Housing Fund / (General)	$ 200,000	Affordable housing acquisition
Capital Construction Fund / (General)	3,194,007	Infrastructure and vehicles
Bond Fund / (Recreation Sales and Use Tax)	589,625	Debt service for ANB Bank Loan

E. Lease Receivable

The Town leases building to Dance Initiative, Inc. and Carbondale Arts (the “lessee”), pursuant to a lease agreement effective January 1, 2025. The non-cancelable term of the lease agreement, including options to extend which the Town believes will be exercised by the lessee, is 10 years.

The lease agreement has a monthly rental payment of $1,000 per month, increased to $1,250 starting July 1, 2025 through December 31, 2025, and then increased by $100 annually throughout the lease term. The discount rate of the lease is 4.63%.

During 2025, the Town recognized $7,858 in lease revenue, $5,642 in interest revenue, and $0 in variable payment revenue related to the lease.

At December 31, 2025, the Town’s receivable for lease payment was $128,821, and the deferred inflow of resources associated with these leases, which will be recognized as revenue over the lease term, was $125,131.

III. Detailed Notes on all Funds (continued)

E. Lease Receivable (continued)

The following is a schedule of future principal and interest lease payments due under the terms of the lease, without regard to future variable payments, at December 31, 2025:

	Governmental Activities		
Year	Principal	Interest	Total
2026	$ 9,843	5,757	15,600
2027	11,534	5,266	16,800
2028	13,305	4,695	18,000
2029	13,935	4,065	18,000
2030	14,594	3,406	18,000
2031 - 2034	65,610	6,389	71,999
	$ 128,821	29,578	158,399

F. Long-term Debt

1. Recreation Sales and Use Tax Revenue Bonds

On September 13, 2022, the Town issued Recreation Sales and Use Tax Revenue Bonds, Series 2022 to: (i) finance any of the projects authorized in the bond question approved by the Town's voters at the election held within the Town on April 5, 2022, which includes the construction, maintenance and operation of a park and recreation facility, including an aquatic center; (ii) purchase a municipal bond insurance policy and a reserve fund insurance policy; and (iii) pay the costs of issuing the Bonds. The Bonds carry an interest rate of 5.00% and 5.25% with final maturity date of 2047.

2. Schedule of Future Payment

The Town's annual debt service is as follows:

Year	Principal	Interest	Total
2026	$ 200,000	386,625	586,625
2027	210,000	376,625	586,625
2028	220,000	366,125	586,125
2029	235,000	355,125	590,125
2030	245,000	343,375	588,375
2031 - 2035	1,420,000	1,518,713	2,938,713
2036 - 2040	1,830,000	1,107,264	2,937,264
2041 - 2045	2,350,000	584,588	2,934,588
2046 - 2047	1,100,000	74,700	1,174,700
	$ 7,810,000	5,113,140	12,923,140

III. Detailed Notes on all Funds (continued)

F. Long-term Debt (continued)

3. Compensated Absences

The Town has a policy for the accumulation of sick pay, vacation pay and compensatory time up to certain limits. Earned vacation pay accrues on a graduated scale from the date of employment. Upon retirement, an employee's accrued sick leave may be converted to monetary payment based upon the following scale:

Length of Employment	Percentage Payment
0 - 9 years	25%
10 - 14 years	33%
Over 15 years	50%

The estimated liability for accrued leave for the Water, Wastewater and Trash Fund employees is recorded on that fund's financial statements; the estimated liability for all other employees is recorded in governmental activities in the Statement of Net Position.

4. Subscription Payable

In 2025, the Town entered into a 5-year agreement for subscription service for an asset management system to be used in the Town's budgeting process. The agreement calls for variable annual payments between $52,892 and $76,687, and bears interest of 4.04%.

During 2025, the Town recorded principal reduction of $52,892 against the subscription payable, and incurred $0 in interest expense and $0 in variable payment expense in respect of the subscription.

The following is a schedule of future principal and interest subscription payments due under the terms of the subscription at December 31, 2025:

Year	Principal	Interest	Total
2026	$ 55,812	10,433	66,245
2027	61,379	8,178	69,557
2028	67,336	5,698	73,034
2029	73,708	2,979	76,687
	$ 258,235	27,288	285,523

III. Detailed Notes on all Funds (continued)

F. Long-term Debt (continued)

5. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2025:

	Balance 1/1/25	Additions	(Reductions)	Balance 12/31/25	Due in One Year
Governmental Activities:					
ANB Bank Loan	$ 190,000	-	(190,000)	-	-
Recreation Sales and Use Tax Revenue Bonds, Series 2022	7,810,000	-	-	7,810,000	200,000
Premium on Revenue Bonds	519,718	-	(22,596)	497,122	-
Compensated absences*	383,150	91,803	-	474,953	474,953
Subscription payable	-	311,127	(52,892)	258,235	55,812
Business-Type Activities:					
Compensated absences*	111,222	-	(2,746)	108,476	108,476
Total	$ 9,014,090	402,930	(268,234)	9,148,786	839,241

*The changes in compensated absences liabilities are presented as a net change.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

III. Detailed Notes on all Funds (continued)

G. Fund Balance

Fund balance classifications are reported in the aggregate on the face of the balance sheet. The components of each classification are as follows:

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Conservation Trust	Victims Assistance
Nonspendable:								
Prepaid expenses	$ 298,729	-	-	-	-	-	-	-
ED loans	6,047	-	-	-	-	-	-	-
Inventory	426	-	-	-	-	-	-	-
Total Nonspendable:	305,202	-	-	-	-	-	-	-
Restricted:								
Constitutionally required emergency reserve	711,000	-	-	-	-	-	-	-
Capital projects	186,000	-	-	-	-	-	-	-
Community enhancement	-	-	-	1,139,342	-	-	-	-
Culture and recreation	-	2,016,464	-	-	-	-	230,449	-
Tree funding	25,531	-	-	-	-	-	-	-
Total Restricted:	922,531	2,016,464	-	1,139,342	-	-	230,449	-
Committed:								
General operating	9,562,530	1,561,982	-	-	994,252	-	-	-
Parking	40,700	-	-	-	-	-	-	-
Thompson House	69,400	-	-	-	-	-	-	-
Highway impact fees	265,700	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	37,887
Cavern Springs Mobile Home	500,000							
Total Committed:	10,438,330	1,561,982	-	-	994,252	-	-	37,887
Economic development	182,368	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	3,400,041	-	-
Total Assigned:	182,368	-	-	-	-	3,400,041	-	-

	CHA Mortgage	Community Enhancement	Lodging Tax	1% of Arts	Efficient Building	Disposable Bag Tax	Bond
Restricted:							
Debt service	-	-	-	-	-	-	7,674
Total Restricted:	-	74,150	17,171	-	-	-	7,674
Committed:							
Community enhancement	-	-	-	32,727	-	-	-
Affordable housing	664,886	-	-	-	-	-	-
Efficient building	-	-	-	-	94,079	-	-
Education and awareness	-	-	-	-	-	115,628	-
Total Committed:	664,886	-	-	32,727	94,079	115,628	-

As of December 31, 2025, the Trash Fund in Business-type activities had a deficit net position of $43,812.

IV. Other Information

A. Benefits

The Town has established three contributory benefit plans as follows.

1. Contributory Pension Plan - IRC Section 401(a)

The Town established a defined contribution pension plan for all full-time employees. The plan is administered and invested by AXA Equitable Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All full time Town employees are eligible to participate in this plan. Eligibility is at the date of employment.

The Town contributes 5% of the employees' compensation to this plan. The Town's contributions vest 40% after two years, the vesting percentage increases 20% each year thereafter, and becomes fully vested after four years. Forfeitures may first be used to pay administrative expenses of the plan, with any remainder being applied to reduce the Town's contributions. The Town has no liability under the plan beyond the requirement to make the aforementioned contributions.

The Town's current year covered payroll was $5,777,580 and current year total payroll was $6,422,493. For 2025, the Town's required and actual contributions to the plan were $260,996, of which $27,883 were forfeitures.

2. Deferred Compensation Plan - IRC Section 457

The Town offers its full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan is a defined contribution plan, and the Town has no liability for losses under the plan and is only liable to pay the value of benefits credited to a participant. The Town previously matched employee contributions up to 2% of the employees' wages. A participant is allowed to contribute up to the lesser of $23,500 or the participant's includible compensation. Participants over age 50 are eligible to contribute up to an additional $7,500, due to a catch-up provision by the plan. The Town does not administer the plan; therefore, it is not presented in the Town's financial statements.

Due to economic conditions, the Town indefinitely suspended all matching contributions to the plan on January 1, 2010. Reinstatement of the matching contributions will be considered in future budgets. The Town may at any time amend this plan.

IV. Other Information (continued)

A. Benefits (continued)

3. Police Pension 401(a) Plan

The Town's police department is covered by a defined contribution plan allowed under I.R.C. 401(a). The plan is administered and invested by AXA Equitable Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Eligibility is at the date of employment.

Employees contribute 8% and the Town contributes 8% of the employee's annual salary. Employee contributions are 100% vested when paid. The Town's contributions vest 20% after one year, the vesting percentage increases 20% each year thereafter, and becomes fully vested after four years. Forfeitures may first be used to pay administrative expenses of the plan, with any remainder being applied to reduce the Town's contributions. The Town has no liability under the plan beyond the requirement to make the aforementioned contributions.

The Town's current year covered payroll was $1,328,675 and current year total payroll was $1,464,145. For 2025, the Town's required and actual contributions to the plan were $105,560, of which $35,592 were forfeitures.

B. Commitments and Contingencies - Landfill

The Town stopped accepting waste at its landfill in 1993 and substantially completed closure in 1995. Due to the Town's landfill being closed, it is not subject to certain state and federal requirements. However, state and federal laws and regulations did require that the Town place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. No future costs associated with the Landfill are anticipated.

C. Risk Management

The Town is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Town has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Town is a member of the insurance pool described below to cover these risks.

Pursuant to an inter-local agreement authorized by state statute, the Town joined the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") to provide insurance coverage. Members of the Council of directors are nominated and elected by members to two-year, staggered terms and meet at least monthly to direct operations. CIRSA budgets are funded by contributions from member governments.

IV. Other Information (continued)

C. Risk Management (continued)

The Town's share of assets, liabilities and fund equity as of December 31, 2025, is as follows:

Property and Casualty Pool:	**%**
Loss fund	0.642%

The December 31, 2025, combined financial information is as follows:

Cash and investments	$ 61,128,754
Capital and other assets	68,206,248
Total	$ 129,335,002
Liabilities	$ 72,659,266
Members fund balance	56,675,736
Total	$ 129,335,002
Total revenue	$ 64,322,044
Total expense	(51,275,583)
Excess of Revenue Over Expense	$ 13,046,461

Coverage provided by CIRSA is as follows: 1) $250,000 per claim/occurrence property; 2) $1,000,000 per claim/occurrence liability; and 3) $150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Town may be liable for any losses in excess of the above coverage. At December 31, 2025, the Town does not expect to incur losses in excess of the above coverage.

Surpluses or deficits for any year are subject to change for reasons which include: interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

D. Construction Commitments

The Town’s governmental activities and business-type activities have entered into construction and professional services contracts having remaining commitments under contract at December 31, 2025, as shown below:

Governmental activities:	**Total**
Recreation Sales and Use Tax Fund	11,720,790
Business-type activities:	
Wastewater Fund	485,798

REQUIRED SUPPLEMENTARY INFORMATION



Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Taxes	10,866,240	11,375,086	508,846	10,207,991
Licenses and permits	256,550	217,750	(38,800)	258,918
Intergovernmental	1,017,055	777,034	(240,021)	623,376
Charges for services	853,678	1,012,941	159,263	1,011,331
Fines and forfeitures	55,000	72,273	17,273	54,262
Investment income	301,000	960,676	659,676	1,034,155
Developer reimbursable	-	3,210	3,210	-
Other	161,400	323,273	161,873	255,156
Total Revenues	13,510,923	14,742,243	1,231,320	13,445,189
Expenditures:				
General Government:				
Attorney	125,000	145,883	(20,883)	105,911
Municipal elections	8,000	52	7,948	10,506
Trustees	168,138	153,262	14,876	159,872
Municipal Court	50,129	47,204	2,925	43,816
Town Manager	827,053	628,937	198,116	562,166
Administrative services	847,245	769,424	77,821	868,018
Finance and records	577,128	553,124	24,004	555,732
Planning	618,221	469,893	148,328	384,893
Data processing	373,868	637,369	(263,501)	260,760
Building operations	459,743	317,764	141,979	143,318
Motor pool	368,319	324,757	43,562	298,391
Economic development	70,000	70,000	-	70,000
Sales tax administration	29,200	25,071	4,129	20,880
Affordable housing	40,000	40,000	-	30,000
Environmental health and recycling	186,000	178,007	7,993	143,084
Total General Government	4,748,044	4,360,747	387,297	3,657,347
Public Safety:				
Police department	2,586,730	2,386,714	200,016	2,071,785
Communications	32,500	29,591	2,909	49,477
Building inspection	575,716	535,871	39,845	498,169
Ordinance control	108,683	68,599	40,084	85,906
Total Public Safety	3,303,629	3,020,775	282,854	2,705,337
Public Works:				
Streets, alleys, snow removal	1,411,723	1,110,691	301,032	944,408
Public works administration	343,517	340,998	2,519	306,598
Total Public Works	1,755,240	1,451,689	303,551	1,251,006

Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)
(Continued)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures (continued):				
Culture and Recreation:				
Recreation	621,756	639,386	(17,630)	507,701
Parks and cemetery	760,299	688,036	72,263	634,125
RV park	94,865	70,594	24,271	58,629
Boat ramp	15,000	12,572	2,428	11,088
Community affairs	888,000	886,406	1,594	817,736
Total Culture and Recreation	2,379,920	2,296,994	82,926	2,029,279
Debt Service:				
SBITA expenditures	-	52,892	(52,892)	-
Total Debt Service	-	52,892	(52,892)	-
Total Expenditures	12,186,833	11,183,097	1,003,736	9,642,969
Excess (Deficiency) of Revenues Over Expenditures	1,324,090	3,559,146	2,235,056	3,802,220
Other Financing Sources (Uses):				
Sale of capital assets	10,000	54,665	44,665	58,981
SBITA issuance	-	311,127	311,127	-
Transfers (out)	(3,394,007)	(3,394,007)	-	(2,356,122)
Transfers in	-	-	-	1,071,456
Total Other Financing Sources (Uses)	(3,384,007)	(3,028,215)	355,792	(1,225,685)
Net Change in Fund Balance	(2,059,917)	530,931	2,590,848	2,576,535
Fund Balance - Beginning		17,939,725		15,363,190
Fund Balance - Ending		18,470,656		17,939,725

Town of Carbondale, Colorado
Recreation Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Sales tax revenue	1,339,159	1,376,655	37,496	1,211,223
Use tax - motor vehicle	100,000	127,373	27,373	123,243
Use tax - building permits	60,000	113,504	53,504	91,758
Investment income	75,000	338,746	263,746	443,826
Intergovernmental	898,000	205,567	(692,433)	343,866
Charges for services	305,300	329,045	23,745	325,365
Other income	435,000	529,974	94,974	573,723
Total Revenues	3,212,459	3,020,864	(191,595)	3,113,004
Expenditures:				
Pool	11,092,781	8,021,055	3,071,726	3,022,746
Park improvements	50,000	53,375	(3,375)	667,291
Trail improvements	-	-	-	12,563
Riding area and building	-	242	(242)	3,125
Salaries and benefits	846,357	690,521	155,836	579,308
Park and recreation facilities	345,495	374,352	(28,857)	313,567
Total Expenditures	12,334,633	9,139,545	3,195,088	4,598,600
Excess (Deficiency) of Revenues Over Expenditures	(9,122,174)	(6,118,681)	3,003,493	(1,485,596)
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	800,000
Operating transfers (out)	(589,625)	(589,625)	-	(605,937)
Total Other Financing Sources (Uses)	(589,625)	(589,625)	-	194,063
Net Change in Fund Balance	(9,711,799)	(6,708,306)	3,003,493	(1,291,533)
Fund Balance - Beginning		10,286,752		11,578,285
Fund Balance - Ending		3,578,446		10,286,752

Town of Carbondale, Colorado
Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Sales tax	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Miscellaneous	-	-	-	-
Total Expenditures	-	-	-	-
Other Financing (Uses):				
Operating transfers (out)	-	-	-	(1,071,456)
Total Other Financing (Uses)	-	-	-	(1,071,456)
Net Change in Fund Balance	-	-	-	(1,071,456)
Fund Balance - Beginning		-		1,071,456
Fund Balance - Ending		-		-

Town of Carbondale, Colorado
Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Property tax	367,600	371,928	4,328	365,354
Specific ownership tax	10,000	22,906	12,906	20,428
Delinquent tax and interest	-	569	569	567
Investment income	20,000	41,522	21,522	45,919
Total Revenues	397,600	436,925	39,325	432,268
Expenditures:				
Treasurer fee	7,250	7,462	(212)	7,365
Streetscape improvements	-	30	(30)	65,043
Parking	500,000	334,516	165,484	-
Total Expenditures	507,250	342,008	165,242	72,408
Net Change in Fund Balance	(109,650)	94,917	204,567	359,860
Fund Balance - Beginning		1,044,425		684,565
Fund Balance - Ending		1,139,342		1,044,425

Town of Carbondale, Colorado
Special Revenue Funds
Development Dedication Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
General development fee	40,000	34,467	(5,533)	72,122
Investment income	10,000	24,105	14,105	14,034
Total Revenues	50,000	58,572	8,572	86,156
Expenditures:				
Reserve	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	50,000	58,572	8,572	86,156
Fund Balance - Beginning		935,680		849,524
Fund Balance - Ending		994,252		935,680

SUPPLEMENTARY INFORMATION

Town of Carbondale, Colorado
Capital Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Investment income	20,000	45,250	25,250	56,734
Miscellaneous	11,000	13,389	2,389	12,681
Total Revenues	31,000	58,639	27,639	69,415
Expenditures:				
Highway 133	550,000	4,223	545,777	3,960
Construction	1,162,000	370,444	791,556	196,778
Street resurfacing	470,000	217,796	252,204	220,065
Equipment purchase	95,000	22,120	72,880	-
Vehicles	917,007	705,235	211,772	257,078
Total Expenditures	3,194,007	1,319,818	1,874,189	677,881
Excess (Deficiency) of Revenues Over Expenditures	(3,163,007)	(1,261,179)	1,901,828	(608,466)
Other Financing Sources (Uses):				
Operating transfers in	3,194,007	3,194,007	-	3,056,122
Operating transfers (out)	-	-	-	(1,600,000)
Total Other Financing Sources (Uses)	3,194,007	3,194,007	-	1,456,122
Net Change in Fund Balance	31,000	1,932,828	1,901,828	847,656
Fund Balance - Beginning		1,467,213		619,557
Fund Balance - Ending		3,400,041		1,467,213

Town of Carbondale, Colorado
Schedule of Revenues, Expenses and Changes in Net Position Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Water Fund
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for services:				
Sale of meters	10,000	27,389	17,389	21,479
Service fees	1,808,130	2,239,462	431,332	2,015,468
Penalty assessments	2,000	5,164	3,164	3,715
Miscellaneous	19,000	39,572	20,572	21,542
Total Revenues	1,839,130	2,311,587	472,457	2,062,204
Operating Expenses:				
Operations and maintenance	576,050	360,088	215,962	620,076
Personnel costs	1,062,198	909,361	152,837	670,807
Administration	473,016	480,694	(7,678)	421,049
Capital outlay	1,662,655	696,567	966,088	294,714
Total operating expenses	3,773,919	2,446,710	1,327,209	2,006,646
Operating Income (Loss) Budget Basis	(1,934,789)	(135,123)	1,799,666	55,558
Non-operating revenues (expenses):				
Investment income	200,000	232,028	32,028	242,901
Grant revenue	-	12,288	12,288	269,355
Total non-operating revenues (expenses):	200,000	244,316	44,316	512,256
Income (Loss) Before Contributions and Transfers	(1,734,789)	109,193	(810,436)	567,814
Capital contributions	95,000	381,445	286,445	161,620
Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis	(1,639,789)	490,638	2,130,427	729,434
Reconciliation to GAAP Basis:				
Capitalized assets		429,783		202,951
Depreciation		(412,641)		(414,118)
Net Income - GAAP Basis		507,780		518,267

Town of Carbondale, Colorado
Schedule of Revenues, Expenses and Changes in Net Position Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Wastewater Fund
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for services:				
Service fees	1,772,400	1,868,454	96,054	1,755,689
Miscellaneous	85,778	177,593	91,815	88,909
Total Revenues	1,858,178	2,046,047	187,869	1,844,598
Operating Expenses:				
Operations and maintenance	651,634	417,322	234,312	460,889
Personnel costs	815,316	845,911	(30,595)	809,481
Administration	354,665	335,186	19,479	287,580
Capital outlay	1,676,395	1,540,625	135,770	775,759
Total operating expenses	3,498,010	3,139,044	358,966	2,333,709
Operating Income (Loss) Budget Basis	(1,639,832)	(1,092,997)	546,835	(489,111)
Non-operating revenues (expenses):				
Investment income	50,000	274,061	224,061	284,227
Total non-operating revenues (expenses):	50,000	274,061	224,061	284,227
Income (Loss) Before Contributions and Transfers	(1,589,832)	(818,936)	770,896	(204,884)
Capital contributions	100,000	267,058	167,058	133,162
Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis	(1,489,832)	(551,878)	937,954	(71,722)
Reconciliation to GAAP Basis:				
Capitalized assets		1,499,489		709,442
Depreciation		(450,588)		(433,634)
Net Income - GAAP Basis		497,023		204,086

Town of Carbondale, Colorado
Schedule of Revenues, Expenses and Changes in Net Position Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Trash Fund
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:					
Charges for services:					
Service fees	829,500	829,500	899,390	69,890	810,295
Miscellaneous	-	-	50	50	84
Total Revenues	829,500	829,500	899,440	69,940	810,379
Operating Expenses:					
Operations and maintenance	739,650	763,880	763,129	751	719,667
Personnel costs	54,233	54,233	58,977	(4,744)	53,459
Administration	20,298	20,298	18,498	1,800	15,558
Total operating expenses	814,181	838,411	840,604	(2,193)	788,684
Operating Income (Loss) Budget Basis	15,319	(8,911)	58,836	67,747	21,695
Reconciliation to GAAP Basis:					
Net Income - GAAP Basis			58,836		21,695

Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2025

	Special Revenue					
	Conservation Trust	Victims Assistance	CHA Mortgage	Community Enhancement	Lodging Tax	Sub-total Non-Major Governmental Funds
Assets:						
Cash and investments - Unrestricted	230,449	37,887	669,866	74,150	1,377	1,013,729
Receivables, net of allowance for uncollectibles	-	-	610	-	15,794	16,404
Total Assets	230,449	37,887	670,476	74,150	17,171	1,030,133
Liabilities:						
Other liabilities	-	-	5,590	-	-	5,590
Total Liabilities	-	-	5,590	-	-	5,590
Fund Balance:						
Restricted	230,449	-	-	74,150	17,171	321,770
Committed	-	37,887	664,886	-	-	702,773
Total Fund Balance	230,449	37,887	664,886	74,150	17,171	1,024,543
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	230,449	37,887	670,476	74,150	17,171	1,030,133

Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2025
(Continued)

	Special Revenue			Debt Service		
	1% of Arts	Efficient Building	Disposable Bag Tax	Bond	Sub-total Non-Major Governmental Funds	Total Non-Major Governmental Funds
Assets:						
Cash and investments - Unrestricted	32,727	94,079	105,123	7,674	1,013,729	1,253,332
Receivables, net of allowance for uncollectibles	-	-	10,505	-	16,404	26,909
Total Assets	32,727	94,079	115,628	7,674	1,030,133	1,280,241
Liabilities:						
Other liabilities	-	-	-	-	5,590	5,590
Total Liabilities	-	-	-	-	5,590	5,590
Fund Balance:						
Restricted	-	-	-	7,674	321,770	329,444
Committed	32,727	94,079	115,628	-	702,773	945,207
Total Fund Balance	32,727	94,079	115,628	7,674	1,024,543	1,274,651
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	32,727	94,079	115,628	7,674	1,030,133	1,280,241

The accompanying notes are an integral part of these financial statements.

Town of Carbondale, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue					
	Conservation Trust	Victims Assistance	CHA Mortgage	Community Enhancement	Lodging Tax	Sub-total Non-major Governmental Funds
Revenues:						
Taxes	-	-	260,190	-	184,872	445,062
Intergovernmental revenue	79,083	-	-	-	-	79,083
Fines and forfeitures	-	17,377	-	-	-	17,377
Investment income	2,548	-	-	-	280	2,828
Miscellaneous	-	-	69,186	7,971	-	77,157
Total Revenues	81,631	17,377	329,376	7,971	185,152	621,507
Expenditures:						
General government	-	-	1,280,297	-	-	1,280,297
Culture and recreation	63,355	-	-	-	183,047	246,402
Total Expenditures	63,355	-	1,280,297	-	183,047	1,526,699
Excess (Deficiency) of Revenues Over Expenditures	18,276	17,377	(950,921)	7,971	2,105	(905,192)
Other Financing Sources (Uses):						
Operating transfers in	-	-	200,000	-	-	200,000
Total Other Financing Sources (Uses)	-	-	200,000	-	-	200,000
Net Change in Fund Balance	18,276	17,377	(750,921)	7,971	2,105	(705,192)
Fund Balance - Beginning	212,173	20,510	1,415,807	66,179	15,066	1,729,735
Fund Balance - Ending	230,449	37,887	664,886	74,150	17,171	1,024,543

Town of Carbondale, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2025
(Continued)

	Special Revenue			Debt Service		
	1% of Arts	Efficient Building	Disposable Bag Tax	Bond	Sub-total Non-major Governmental Funds	Total Non-major Governmental Funds
Revenues:						
Taxes	-	-	34,823	-	445,062	479,885
Intergovernmental revenue	-	-	-	-	79,083	79,083
Fines and forfeitures	-	-	-	-	17,377	17,377
Investment income	-	-	-	-	2,828	2,828
Miscellaneous	3,200	388	-	-	77,157	80,745
Total Revenues	3,200	388	34,823	-	621,507	659,918
Expenditures:						
General government	-	-	23,209	2,900	1,280,297	1,306,406
Culture and recreation	3,009	-	-	-	246,402	249,411
Debt service:						
Principal	-	-	-	190,000	-	190,000
Interest	-	-	-	396,500	-	396,500
Total Expenditures	3,009	-	23,209	589,400	1,526,699	2,142,317
Excess (Deficiency) of Revenues Over Expenditures	191	388	11,614	(589,400)	(905,192)	(1,482,399)
Other Financing Sources (Uses):						
Operating transfers in	-	-	-	589,625	200,000	789,625
Total Other Financing Sources (Uses)	-	-	-	589,625	200,000	789,625
Net Change in Fund Balance	191	388	11,614	225	(705,192)	(692,774)
Fund Balance - Beginning	32,536	93,691	104,014	7,449	1,729,735	1,967,425
Fund Balance - Ending	32,727	94,079	115,628	7,674	1,024,543	1,274,651

Town of Carbondale, Colorado
Special Revenue Funds
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Intergovernmental revenue	90,000	79,083	(10,917)	80,768
Investment income	2,500	2,548	48	2,964
Total Revenues	92,500	81,631	(10,869)	83,732
Expenditures:				
Personnel	68,167	57,047	11,120	53,132
Park maintenance	17,640	6,308	11,332	10,838
Total Expenditures	85,807	63,355	22,452	63,970
Net Change in Fund Balance	6,693	18,276	11,583	19,762
Fund Balance - Beginning		212,173		192,411
Fund Balance - Ending		230,449		212,173

Town of Carbondale, Colorado
Special Revenue Funds
Victims Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Fines and surcharge	16,000	17,377	1,377	12,817
Total Revenues	16,000	17,377	1,377	12,817
Expenditures:				
Victim's assistance	5,000	-	5,000	5,000
Police training	2,000	-	2,000	425
Total Expenditures	7,000	-	7,000	5,425
Net Change in Fund Balance	9,000	17,377	8,377	7,392
Fund Balance - Beginning		20,510		13,118
Fund Balance - Ending		37,887		20,510

Town of Carbondale, Colorado
Special Revenue Funds
Housing Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Real estate transfer assessment	5,000	5,000	89,200	84,200	104,350
Short-term rental tax	176,200	176,200	170,990	(5,210)	170,568
Lease income	100,000	100,000	69,186	(30,814)	55,800
Grant revenue	200,000	200,000	-	(200,000)	100,000
Total Revenues	481,200	481,200	329,376	(151,824)	430,718
Expenditures:					
Affordable housing expense	160,900	160,900	165,589	(4,689)	177,019
Short-term rental expense	14,500	14,500	4,708	9,792	12,840
Grant expense	250,500	1,010,500	1,110,000	(99,500)	-
Total Expenditures	425,900	1,185,900	1,280,297	(94,397)	189,859
Excess (Deficiency) of Revenues Over Expenditures	55,300	(704,700)	(950,921)	(246,221)	240,859
Other Financing Sources (Uses):					
Operating transfers in	200,000	200,000	200,000	-	100,000
Total Other Financing Sources (Uses)	200,000	200,000	200,000	-	100,000
Net Change in Fund Balance	255,300	(504,700)	(750,921)	(246,221)	340,859
Fund Balance - Beginning			1,415,807		1,074,948
Fund Balance - Ending			664,886		1,415,807

Town of Carbondale, Colorado
Special Revenue Funds
Community Enhancement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Community enhancement	7,500	7,971	471	-
Total Revenues	7,500	7,971	471	-
Expenditures:				
Community projects	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	7,500	7,971	471	-
Fund Balance - Beginning		66,179		66,179
Fund Balance - Ending		74,150		66,179

Town of Carbondale, Colorado
Special Revenue Funds
Lodging Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Lodging tax	205,000	184,872	(20,128)	198,668
Investment income	-	280	280	-
Total Revenues	205,000	185,152	(19,848)	198,668
Expenditures:				
Chamber of Commerce	220,000	183,047	36,953	199,065
Total Expenditures	220,000	183,047	36,953	199,065
Net Change in Fund Balance	(15,000)	2,105	17,105	(397)
Fund Balance - Beginning		15,066		15,463
Fund Balance - Ending		17,171		15,066

Town of Carbondale, Colorado
Special Revenue Funds
1% of Arts Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Miscellaneous	2,000	3,200	1,200	6,000
Total Revenues	2,000	3,200	1,200	6,000
Expenditures:				
Reserve	10,000	3,009	6,991	5,068
Total Expenditures	10,000	3,009	6,991	5,068
Net Change in Fund Balance	(8,000)	191	8,191	932
Fund Balance - Beginning		32,536		31,604
Fund Balance - Ending		32,727		32,536

Town of Carbondale, Colorado
Special Revenue Funds
Efficient Building Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Miscellaneous	25,000	388	(24,612)	15,648
Total Revenues	25,000	388	(24,612)	15,648
Expenditures:				
Building inspection	-	-	-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balance	25,000	388	(24,612)	15,648
Fund Balance - Beginning		93,691		78,043
Fund Balance - Ending		94,079		93,691

Town of Carbondale, Colorado
Special Revenue Funds
Disposable Bag Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Taxes	35,000	34,823	(177)	46,446
Total Revenues	35,000	34,823	(177)	46,446
Expenditures:				
Miscellaneous	55,375	23,209	32,166	22,716
Total Expenditures	55,375	23,209	32,166	22,716
Net Change in Fund Balance	(20,375)	11,614	31,989	23,730
Fund Balance - Beginning		104,014		80,284
Fund Balance - Ending		115,628		104,014

Town of Carbondale, Colorado
Debt Service Funds
Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2025
(With Comparative Totals For 2024)

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Investment income	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Long-term debt principal	190,000	190,000	-	200,700
Long-term debt interest	396,125	396,500	(375)	402,056
Agents fee	3,500	2,900	600	2,901
Total Expenditures	589,625	589,400	225	605,657
Excess (Deficiency) of Revenues Over Expenditures	(589,625)	(589,400)	225	(605,657)
Other Financing Sources (Uses):				
Operating transfers in	589,625	589,625	-	605,937
Total Other Financing Sources (Uses)	589,625	589,625	-	605,937
Net Change in Fund Balance	-	225	225	280
Fund Balance - Beginning		7,449		7,169
Fund Balance - Ending		7,674		7,449

LOCAL HIGHWAY FINANCE REPORT



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	1,283,534.20
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 805,642.41
4. Miscellaneous Local Receipts (from page 1, Item II.A4	$ 213,154.86
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 2,302,331.47
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4	$ 241,990.56
D. Receipts from Federal government (from page 1, Item II.I	$ 126,437.80
E. Total receipts (A.7 + B + C + D)	$ 2,670,759.83

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 357,653.95
2. Maintenance:	1,002,454.81
3. Road and Street Services:	
a. Snow and Ice Removal	154,824.57
b. Other & Traffic Control Operations	137,764.00
c. Total (a + b)	$ 292,588.57
4. General Administration & Miscellaneous	117,834.90
5. Highway Law Enforcement and Safety	969,555.31
6. Total (1 through 5)	$ 2,740,087.53
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 2,740,087.53

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		

LOCAL HIGHWAY FINANCE REPORT			STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:		REPORT YEAR ENDING DATE(mm/yyyy):
Town of Carbondale	Ola Verploegh	overploegh@carbondaleco.net	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	756,930.51	a. Interest on investments	158,949.84
b. Non-property Taxes and Assessments Imposts	48,711.91	b. Other Misc. Local Receipts	54,205.01
c. Total (a + b)	$ 805,642.41	**c. Total (a + b)**	$ 213,154.86
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	0.00		
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 241,990.56	**3. Total (1 + 2)**	$ 126,437.80

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
b. Engineering Costs	0.00
d. Total Capital Outlay (a+ b + c)	$ 357,653.95

Form FHWA-536 (Rev. 02-2025) Page2