City of Morrison, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

Town of Morrison, Colorado

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December 31, 2025

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Honorable Mayor and Members of the Board of Trustees
Town of Morrison, Colorado
Morrison, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Morrison, 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, and each major fund 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Towns's basic financial statements. The budgetary comparison schedule - Utility Fund and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule - Utility Fund and local highway finance report listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hinkle & Company, P.C.

Englewood, Colorado
July 31, 2026

TOWN OF MORRISON

Management's Discussion and Analysis

As Management of the Town of Morrison, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2025.

Financial Highlights

- The Town's assets as of December 31, 2025 exceeded its liabilities and deferred inflows of resources by $52,221,973 (net position).
- The Town's net position is comprised of the following:
  (1) Net investment in capital assets, $32,636,390 includes property and equipment net of accumulated depreciation, and reduced for any outstanding debt related to the purchase of the capital assets.
  (2) Restricted net position, $479,771 includes resources constrained by obligations imposed by the State of Colorado laws and regulations (TABOR), and other restricted revenues for parks and open space.
  (3) Unrestricted net position, $19,105,812 represents amounts available to maintain the Town's continuing obligations to residents, businesses, and creditors.
- The Town's net position nearly doubled during 2025, increasing by $25,288,975 (93.9%) primarily due to contributions received from Mt. Carbon Metropolitan District of $20,500,000 in water system assets.
- The Town's governmental fund, the General Fund, had a fund balance of $10,797,143 at December 31, 2025. This compares to the prior year ending fund balance of $8,685,840, an increase of $2,111,303 (24.3%) during the year.
- At the end of 2025, the unrestricted fund balance of the General Fund was $10,306,908, equivalent to 2.5 times total General Fund revenues for the year.
- The Town continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "Financial Analysis" sections of this report.

Overview of the Financial Statements

This Management Discussion and Analysis report introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town includes additional information to supplement the basic financial statements. These schedules include budgetary comparison information.

Government-wide Financial Statements

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

government-wide statement is the Statement of Net Position. This statement presents information that includes all the Town's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the most recent fiscal year. All revenues earned and expenses incurred during the year are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities/functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish activities of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are generally intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, community development, public safety, public works (streets and highways), and culture and recreation. Business-type activities include the water and sewer systems.

The government-wide financial statements are presented on pages 4 & 5 of this report.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The Town of Morrison, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has two funds that fall into two fund types. The Town's General Fund is a governmental fund, and its Utility Fund is a proprietary fund.

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. The focus of the governmental fund financial statements, however, is very different. They report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 6 through 8 of this report.

The *proprietary fund* is reported in the fund financial statements and generally reports water and sewer services for which the Town charges customers a fee. The Town's proprietary fund (Utility Fund) is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 9 through 11 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

Required Supplementary Information

In addition to the basic financial statements including the accompanying notes, this report also presents certain required supplementary information concerning the Town's budget. The budget and actual comparison schedule is included as "Required Supplementary Information" for the General Fund. This schedule demonstrates compliance with the Town's adopted and final revised budget. The budget comparison schedule is presented on page 21.

Supplementary Information

The Utility Fund budgetary comparison schedule is presented on page 23.

Government-wide Financial Analysis

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to evaluate the changing financial position of the Town as a whole. The following table provides a summary of the Town's net position over the past two years:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 11,062,364	$ 9,035,358	$ 9,116,256	$ 6,119,609	$ 20,178,620	$ 15,154,967
Capital assets, net	3,862,490	4,122,269	28,773,900	8,145,047	32,636,390	12,267,316
Total assets	$ 14,924,854	$ 13,157,627	$ 37,890,156	$ 14,264,656	$ 52,815,010	$ 27,422,283
Current liabilities	$ 151,781	$ 243,768	$ 263,957	$ 71,288	$ 415,738	$ 315,056
Noncurrent Liabilities	21,475	33,560	42,384	34,919	63,859	68,479
Total liabilities	$ 173,256	$ 277,328	$ 306,341	$ 106,207	$ 479,597	$ 383,535
Deferred inflows of resources	$ 113,440	$ 105,750	$ -	$ -	$ 113,440	$ 105,750
Net position:						
Net investment in capital assets	$ 3,862,490	$ 4,122,269	$ 28,773,900	$ 8,145,047	$ 32,636,390	$ 12,267,316
Restricted	479,771	495,901	-	-	479,771	495,901
Unrestricted	10,295,897	8,156,379	8,809,915	6,013,402	19,105,812	14,169,781
Total net position	$ 14,638,158	$ 12,774,549	$ 37,583,815	$ 14,158,449	$ 52,221,973	$ 26,932,998

The Town continues to maintain a high "current ratio" of approximately 48.6:1. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The Town's current ratio is strong. The Town reported positive balances in net position for both governmental and business-type activities. During 2025, net position increased $1,863,609 (14.6%) for governmental activities and increased $23,425,366 (165.5%) for business-type activities. The Town's overall net position increased from 2024 by $25,288,975 (93.9 %).

Note that approximately 26.4% of the governmental activities' net position is "tied up" in capital assets. The Town uses these capital assets to provide services to its residents and businesses. In the business-type activities, the Town has approximately 76.6% of its net position invested in capital assets. Capital assets in the business-type activities enable the provision of utility services that generate revenues for this fund. Approximately 62.5% of the Town's total net position was invested in capital assets at December 31, 2025.

The following table provides a summary of the Town's changes in net position during 2025:

Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	$ 762,321	$ 2,521,253	$ 2,160,317	$ 1,692,564	$ 2,922,638	$ 4,213,817
Operating grants & contributions	104,531	212,334	125,138	162,066	229,669	374,400
Capital grants & contributions	216,725	7,457	22,955,829	1,135,049	23,172,554	1,142,506
General revenues:						
Property & specific ownership taxes	114,511	110,595	-	-	114,511	110,595
Sales & use taxes	2,525,306	2,451,404	-	-	2,525,306	2,451,404
Other taxes	58,016	54,623	-	-	58,016	54,623
Investment income	328,922	332,113	255,946	201,290	584,868	533,403
Gain (loss) on sale of capital assets	140,306	-	-	-	140,306	-
Other general revenues	65,934	26,947	2,169	-	68,103	26,947
Total revenues	$ 4,316,572	$ 5,716,726	$ 25,499,399	$ 3,190,969	$ 29,815,971	$ 8,907,695
Program expenses:						
General government	$ 565,197	$ 1,075,437	$ -	$ -	$ 565,197	$ 1,075,437
Community development	134,965	269,854	-	-	134,965	269,854
Public safety	814,793	1,758,960	-	-	814,793	1,758,960
Public works	407,954	453,539	-	-	407,954	453,539
Culture and recreation	464,266	436,005	-	-	464,266	436,005
Water and sewer utility	-	-	2,139,821	1,807,612	2,139,821	1,807,612
Total expenses	$ 2,387,175	$ 3,993,795	$ 2,139,821	$ 1,807,612	$ 4,526,996	$ 5,801,407
Transfers In/(Out)	$ (65,788)	$ -	65,788	-	-	-
Increase/(decrease)in net position	$ 1,863,609	$ 1,722,931	$ 23,425,366	$ 1,383,357	$ 25,288,975	$ 3,106,288
Net Position, Beginning	12,774,549	11,051,618	14,158,449	12,775,092	26,932,998	23,826,710
Net Position, Ending	$ 14,638,158	$ 12,774,549	$ 37,583,815	$ 14,158,449	$ 52,221,973	$ 26,932,998

Governmental Activities

The Town relies substantially on sales and use taxes to support governmental operations and capital assets. Taxes of all types provided 62.5% of the Town's total governmental revenues in 2025. Revenues from parking fees, fines and forfeitures, development, and museum admission fees make up the majority of program revenues. The Town also receives grants and miscellaneous fees as revenues. During 2025, the Town also received a capital grant for traffic improvements. Note that because program revenues do not cover governmental operating expenses, the

general economy and vitality of the Town's businesses have a major impact on the Town's revenue streams through the taxes they generate.

Business-type Activities

Business-type activities increased the Town's net position by $2,425,366 during 2025. Most of this improvement was due to capital plant contributions to the Town from Mount Carbon Metropolitan District via conveyance of a water treatment plant and water tank to the Town. Charges for services and tap fees for future capital expansion also contributed to the increase.

Financial Analysis of the Town's Funds

Governmental Fund: *General Fund*

As discussed above, governmental funds are reported in the fund statements with a short-term, inflow/outflow focus on spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The Town's governmental fund, the General Fund, is the chief operating fund of the Town. It accounts for all the general services provided by the Town. The General Fund reported an ending fund balance of $10,797,143 at the end of 2025, as compared to $8,685,840 at the end of 2024. Of the 2025 year-end fund balance, $10,306,908 is unrestricted, indicating availability for continuing the Town's service requirements. Legally restricted fund balances are reported for shared Open Space sales taxes received from Jefferson County, shared Colorado Lottery proceeds received from the State of Colorado, and amounts restricted for emergencies by the Colorado Taxpayers Bill of Rights (TABOR).

General fund revenues decreased by approximately 25.7% (-$1,426,634) from the prior year primarily due to decreases in fine revenue. Expenditures decreased by approximately 45.8% (-$1,918,665) largely due to reductions in General Government and Public Safety spending. In both years, revenues plus other grants and contributions exceeded expenditures by over $1.5 million. The combined change in general fund balances over the past two years was an increase of $3,640,201.

The following chart shows the Town's General Fund Ending Fund Balances for the last ten years.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund Ending Balance	$4,242,713	$4,568,685	$4,336,768	$3,936,105	$4,374,350	$4,793,976	$5,470,724	$7,156,942	$8,685,840	$10,797,143

Proprietary Fund: *Utility Fund*

The Town's proprietary fund is the Utility Fund that provides water and sewer services. It has separate water and wastewater treatment plants, infrastructure, and customers that are billed monthly for water and sewer services. As mentioned earlier, overall net position increased by $23,425,366 (165.5%) to $37,583,815 in 2025. This increase was primarily due to the Mt. Carbon Metropolitan District's conveyance of water assets--per agreement—to the Town. Charges for services and utility tap and resource fees also contributed to the increase. The Utility enterprise had a net operating gain of $147,803 in 2025 as opposed to a net operating gain of $47,018 in 2024 and a net operating loss of -$65,065 in 2023. This improvement was primarily due to increases in user fee revenue.

The Town is a party to an Intergovernmental Agreement with Mount Carbon Metropolitan District to provide water and sewer services to Red Rocks Ranch. Contributions from Mount Carbon Metropolitan District are beginning to offset the costs of improvements to the water and sewer systems.

Capital Assets and Debt Administration

Capital Assets

Capital assets include items such as infrastructure, parks, buildings, vehicles and equipment, and land. Infrastructure includes streets, curbs, gutters and sidewalks, traffic signals, storm water structures, and trails. The Town uses capital assets to provide services to its residents and businesses; consequently, these assets are not available for future spending. Town Management monitors capital asset acquisition and replacement needs, and includes them its annual budget development.

The following table provides a summary of capital assets at December 31, 2025 and the prior year:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets not being depreciated						
Land	$ 415,013	$ 415,013	$ 45,535	$ 45,535	$ 460,548	$ 460,548
Water Rights	-	-	85,243	85,243	85,243	85,243
Construction in Progress	292,419	208,582	594,806	-	887,225	208,582
Total capital assets not being depreciated	$ 707,432	$ 623,595	$ 725,584	$ 130,778	$ 1,433,016	$ 754,373
Capital assets being depreciated						
Parks	$ 3,491,461	$ 3,491,461	$ -	$ -	$ 3,491,461	$ 3,491,461
Buildings	1,508,515	1,508,515	-	-	1,508,515	1,508,515
Water Treatment Plant	-	-	29,562,224	8,933,786	29,562,224	8,933,786
Sewer Treatment Plant	-	-	5,213,331	5,213,331	5,213,331	5,213,331
Vehicles and Equipment	475,409	1,394,290	643,274	577,486	1,118,683	1,971,776
Infrastructure	1,757,192	1,757,192	-	-	1,757,192	1,757,192
Total capital assets being depreciated	$ 7,232,577	$ 8,151,458	$ 35,418,829	$ 14,724,603	$ 42,651,406	$ 22,876,061
Less Accumulated Depreciation	$ (4,077,519)	$ (4,652,784)	$ (7,370,513)	$ (6,710,334)	$ (11,448,032)	$ (11,363,118)
Net capital assets	$ 3,862,490	$ 4,122,269	$ 28,773,900	$ 8,145,047	$ 32,636,390	$ 12,267,316

Additional information on the Town's Capital Assets can be found in Note 3 to the Financial Statements.

Long-term Debt

The Town had accrued compensated absences (untaken leave benefits) estimated to total $63,859 at December 31, 2025. Additional information on the Town's Long-term Debt can be found in Note 4 to the Financial Statements.

Economic Factors & Next Year's Budget

The 2026 Budget conservatively estimated revenues from the Town's taxes, fees, licenses, permits, and other general revenues. Revenues and expenditures are expected to be similar to 2025 levels with the exception of increases for capital projects and associated revenues/grants in the General Fund and Utility Fund. Operational revenues for the Utility Fund will increase as more residences are built in the Red Rocks Ranch development, but Mount Carbon Metropolitan District will no longer be obligated to contribute to water and sewer operation costs.

Volatile world-wide energy prices affect inflation, development, and costs experienced by the Town. Changes in federal economic policies have begun to ease inflation, but the full economic impact of these policies on the Town's 2026 and future budgets has yet to be determined. Town management monitors revenues and expenditures throughout the year and makes adjustments to budgets and spending if necessary.

Requests for Information

This financial report was designed to provide the Town of Morrison's residents, taxpayers, customers, potential investors, and creditors with a general overview of the Town's finances, to comply with finance-related laws and regulations, and to demonstrate the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town of Morrison at 321 Colorado Highway 8, Morrison, CO 80465-3001 or call the Town Offices at (303) 697-8749.

Basic Financial Statements

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 10,156,184	$ 8,674,909	$ 18,831,093
Accounts Receivable	782,276	430,427	1,212,703
Property Taxes Receivable	113,440	-	113,440
Inventory	-	10,320	10,320
Prepaid Expenses	10,464	600	11,064
Capital Assets, Not Being Depreciated	707,432	725,584	1,433,016
Capital Assets, Net of Accumulated Depreciation	3,155,058	28,048,316	31,203,374
Total Assets	14,924,854	37,890,156	52,815,010
Liabilities			
Current Liabilities			
Accounts Payable	109,194	220,084	329,278
Retainage Payable	-	17,647	17,647
Accrued Salaries	17,850	25,951	43,801
Deposits on Developments	24,737	275	25,012
Total Current Liabilities	151,781	263,957	415,738
Non-Current Liabilities			
Due Within One Year	3,356	4,238	7,594
Due In More Than One Year	18,119	38,146	56,265
Total Non-Current Liabilities	21,475	42,384	63,859
Total Liabilities	173,256	306,341	479,597
Deferred Inflows of Resources			
Property Taxes	113,440	-	113,440
Total Deferred Inflows of Resources	113,440	-	113,440
Net Position			
Net Investment in Capital Assets	3,862,490	28,773,900	32,636,390
Restricted for:			
Emergencies	125,500	-	125,500
Parks and Open Space	354,271	-	354,271
Unrestricted	10,295,897	8,809,915	19,105,812
Total Net Position	$ 14,638,158	$ 37,583,815	$ 52,221,973

See Notes to the Financial Statements.

Town of Morrison, 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 Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Net (Expense) Revenue and Change in Net Position: Total
Primary Government							
Governmental Activities							
General Government	$ 565,197	$ 29,754	$ -	$ -	$ (535,443)	$ -	$ (535,443)
Community Development	134,965	139,354	10,436	-	14,825	-	14,825
Public Safety	814,793	299,596	-	-	(515,197)	-	(515,197)
Public Works	407,954	0	22,579	216,725	(168,650)	-	(168,650)
Culture and Recreation	464,266	293,617	71,516	-	(99,133)	-	(99,133)
Total Governmental Activities	2,387,175	762,321	104,531	216,725	(1,303,598)	-	(1,303,598)
Business-Type Activities							
Water and Sewer	2,139,821	2,160,317	125,138	22,955,829	-	23,101,463	23,101,463
Total Business-Type Activities	2,139,821	2,160,317	125,138	22,955,829	-	23,101,463	23,101,463
Total Primary Government	$ 4,526,996	$ 2,922,638	$ 229,669	$ 23,172,554	(1,303,598)	23,101,463	21,797,865
	General Revenues						
	Property Taxes				107,291	-	107,291
	Specific Ownership Taxes				7,220	-	7,220
	Sales and Use Taxes				2,525,306	-	2,525,306
	Franchise Taxes				58,016	-	58,016
	Intergovernmental Revenues Not Restricted to Specific Programs				3,834	-	3,834
	Investment Income				328,922	255,946	584,868
	Lease Income				62,000	-	62,000
	Proceeds from Sale of Assets				140,306	-	140,306
	Miscellaneous Income				100	2,169	2,269
	Transfers				(65,788)	65,788	-
	Total General Revenues				3,167,207	323,903	3,491,110
	Change in Net Position				1,863,609	23,425,366	25,288,975
	Net Position, *Beginning of Year*				12,774,549	14,158,449	26,932,998
	Net Position, *End of Year*				$ 14,638,158	$ 37,583,815	$ 52,221,973

See Notes to the Financial Statements.

Town of Morrison, Colorado
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2025

	General
Assets	
Cash and Investments	$ 10,156,184
Accounts Receivable - Customers	373,843
Sales & Use Tax Receivable	408,433
Property Taxes Receivable	113,440
Prepaid Expenses	10,464
Total Assets	$ 11,062,364
Liabilities	
Accounts Payable	$ 109,194
Accrued Salaries and Benefits	17,850
Deposits Payable	24,737
Total Liabilities	151,781
Deferred Inflows of Resources	
Property Taxes	113,440
Total Deferred Inflows of Resources	113,440
Fund Balance	
Unspendable	10,464
Restricted for:	
Emergencies	125,500
Parks and Open Space	354,271
Unrestricted, Unassigned	10,306,908
Total Fund Balance	10,797,143
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 11,062,364
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of Governmental Funds	$ 10,797,143
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital Assets	3,862,490
The long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Compensated Absences	(21,475)
Total Net Position of Governmental Activities	$ 14,638,158

See Notes to the Financial Statements.

Town of Morrison, Colorado

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

	General
Revenues	
Taxes	$ 2,697,833
Licenses and Permits	125,462
Charges for Services	528,976
Fines and Forfeitures	304,976
Intergovernmental	48,527
Investment Income	328,922
Lease Income	62,000
Miscellaneous Income	22,703
Total Revenues	4,119,399
Expenditures	
Current	
General Government	466,874
Community Development	204,622
Public Safety	745,045
Public Works	362,892
Culture and Recreation	383,010
Capital Outlay	106,720
Total Expenditures	2,269,163
Revenues Over (Under) Expenditures	1,850,236
Other Financing Sources (Uses)	
Proceeds from Sale of Assets	204,200
Other Grants	56,867
Net Change in Fund Balance	2,111,303
Fund Balance, *Beginning of Year*	8,685,840
Fund Balance, *End of Year*	$ 10,797,143

See Notes to the Financial Statements.

Town of Morrison, Colorado

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds	$	2,111,303
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. Dispositions of capital assets are reported in governmental funds as revenues. However, for governmental activities, those costs are capitalized in the Statement of Net Position and are allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. Dispositions are reported as reductions in capital assets and in accumulated depreciation on the Statement of Activities.		
Capital Outlay		106,722
Disposal of Assets		(129,682)
Depreciation Expense		(236,819)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Accrued Interest		-
Change in Accrued Compensated Absences		12,085
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term leases consume current financial resources of governmental funds.		
Principal Payments on Financing Leases		-
Change in Net Position of Governmental Activities	$	1,863,609

See Notes to the Financial Statements.

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

	Utility
Assets	
Current Assets	
Cash and Investments	$ 8,674,909
Accounts Receivable	430,427
Inventory	10,320
Prepaid Expenses	600
Total Current Assets	9,116,256
Non-Current Assets	
Capital Assets, *Not Being Depreciated*	725,584
Capital Assets, *Net of Accumulated Depreciation*	28,048,316
Total Noncurrent Assets	28,773,900
Total Assets	$ 37,890,156
Liabilities	
Current Liabilities	
Accounts Payable	$ 220,084
Retainage Payable	17,647
Deposits Payable	275
Accrued Salaries and Benefits	25,951
Compensated Absence*s, Current Portion*	4,238
Total Current Liabilities	268,195
Non-Current Liabilities	
Compensated Absences	38,146
Total Liabilities	306,341
Net Position	
Investment in Capital Assets	28,773,900
Unrestricted	8,809,915
Total Net Position	$ 37,583,815

See Notes to the Financial Statements.

Town of Morrison, Colorado

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

	Utility
Operating Revenues	
Charges for Services	$ 2,160,317
Mount Carbon Metropolitan District Subsidy	125,138
Miscellaneous	2,169
Total Operating Revenues	2,287,624
Operating Expenses	
Operations and Maintenance	1,479,643
Depreciation	660,178
Total Operating Expenses	2,139,821
Net Operating Gain (Loss)	147,803
Nonoperating Revenues (Expenses)	
Investment Income	255,946
Total Nonoperating Revenues (Expenses)	255,946
Net Income (Loss) Before Capital Contributions	403,749
Capital Contributions	
Capital Contribution	20,500,000
Donation	65,788
Tap and Resource Fees	2,455,829
Change in Net Position	23,425,366
Net Position, *Beginning of Year*	14,158,449
Net Position, *End of Year*	$ 37,583,815

See Notes to the Financial Statements.

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

	Utility
Cash Flows From Operating Activities	
Cash Received from Customers	$ 2,780,781
Cash Received from Grants and Contributions	2,169
Cash Paid to Employees	(568,169)
Cash Paid to Suppliers	(730,337)
Net Cash Used in Operating Activities	1,484,444
Cash Flows From Investing Activities	
Interest Received	255,946
Cash Flows From Capital and Related Financing Activities	
Acquisition of Capital Assets	(705,596)
Capital Contributions	2,455,829
Net Cash Provided by Capital and Related Financing Activities	1,750,233
Net Change in Cash and Cash Equivalents	3,490,623
Cash and Cash Equivalents, *Beginning of Year*	5,184,286
Cash and Cash Equivalents, *End of Year*	$ 8,674,909
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities	
Net Operating Gain/(Loss)	$ 147,803
Adjustments to Reconcile Net Operating Loss to Net Cash Used in Operating Activities	
Depreciation	660,178
Changes in Assets and Liabilities Related to Operations	
Accounts Receivable	495,051
Prepaid Expenses	(600)
Accounts Payable	165,109
Accrued Salaries and Benefits	9,163
Deposits	275
Compensated Absences Payable	7,465
Net Cash Used in Operating Activities	$ 1,484,444
Non-Cash Transactions	
Capital Contributions	$ 20,500,000

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

The Town of Morrison, Colorado (the Town) was organized in 1906. In September 2000, citizens voted to become a home rule municipality, as authorized by State statutes. The Town is governed by a Mayor and six-member Board of Trustees.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, the Town does not include additional organizations within its reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than program revenues.

Separate financial statements are provided for the governmental fund and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

In the fund financial statements, the Town reports the following major governmental fund:

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

Additionally, the Town reports the following major proprietary fund:

> The *Utility Fund* is an enterprise fund that accounts for the financial activities associated with the provision of water and sewer services.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets - Capital assets, which include land, water rights, water and sewer systems, infrastructure, parks, buildings, vehicles, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Water Treatment Plant and Systems	10 - 40 years
Sewer Treatment Plant and Systems	40 years
Infrastructure	10 - 50 years
Parks	50 years
Vehicles and Equipment	5 - 20 years

Compensated Absences - Employees of the Town are allowed to accumulate up to 120 hours of unused vacation time and up to 240 hours of unused sick time. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time, and one-half of any accrued sick time. Compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Deferred Inflows of Resources - Deferred inflows of resources are acquisitions of net assets by the government that are applicable to a future reporting period and include property taxes earned but levied for a subsequent year as well as deferred revenues.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance *(Continued)*

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. Committed fund balance represents amounts constrained by the Board of Trustees, which is the highest level of decision-making authority, by formal action (resolution). The policy approved by the Board of Trustees established the Town's ideal target reserves at 40% of the current operating budget of the General Fund. The reserves should not be allowed to fall below 20% of the current operating budget, including the emergency reserves required by the TABOR Amendment (See Note 7). The Board of Trustees has authorized the Town Administrator or her designee to assign fund balances for specific purposes consistent with the adopted budget. If both restricted and unrestricted fund balances are available, the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

As of December 31, 2025, the Town reported the following restriction in the Statement of Net Position: $354,271 restricted for parks and open space and $125,500 restricted for emergencies (see Note 7) reported under governmental activities. Restricted net position is a result of externally imposed restrictions.

Property Taxes

Property taxes attached as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

Subsequent Events

The Town has evaluated subsequent events through July 31, 2026, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At December 31, 2025, cash consisted of the following:

Petty Cash	$	201
Cash Deposits		1,357,675
Investments		17,473,217
Total	$	18,831,093

Note 2: Cash and Investments (Continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels (FDIC) must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the Town had bank deposits of $1,296,951 collateralized with securities held by the financial institutions' agents but not in their name. Depositor's insurance (FDIC) covers $250,000 of this amount; the balance is covered by PDPA.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which the Town may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings established by nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the Town may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At December 31, 2025, the Town had $17,473,217 invested in the Colorado Local Government Liquid Asset Trust (Colotrust).

Colotrust - Colotrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using the NAV per share (or its equivalent) of the investments.

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

Colotrust is an investment vehicle established by state statute for local entities in Colorado to pool surplus funds for investment purposes and are registered with the State Securities Commissioner. The pools operate similarly to money market funds and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Investments of the pools consist of US Treasury bills, notes, and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or U.S. Instrumentalities. Colotrust is rated AAAm by Standard and Poor's. Information regarding Colotrust's financial statements is available at their website www.colotrust.com.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balance 12/31/24	Additions	Transfers	Deletions	Balance 12/31/25
Governmental Activities					
Capital Assets, *Not Being Depreciated*					
Land	$ 415,013	$ -	$ -	$ -	$ 415,013
Construction in Progress	208,582	83,837	-	-	292,419
Total Capital Assets, Not *Being Depreciated*	623,595	83,837	-	-	707,432
Capital Assets, *Being Depreciated*					
Infrastructure	1,757,192	-	-	-	1,757,192
Parks	3,491,461	-	-	-	3,491,461
Buildings	1,508,515	-	-	-	1,508,515
Vehicles and Equipment	1,394,290	22,885	(65,788)	(875,978)	475,409
Total Capital Assets, *Being Depreciated*	8,151,458	22,885	(65,788)	(875,978)	7,232,577
Less Accumulated Depreciation					
Infrastructure	(1,397,544)	(39,238)	-	-	(1,436,782)
Parks	(1,361,688)	(72,340)	-	-	(1,434,028)
Buildings	(849,056)	(36,928)	-	-	(885,984)
Vehicles and Equipment	(1,044,496)	(88,313)	-	812,084	(320,725)
Total Accumulated Depreciation	(4,652,784)	(236,819)	-	812,084	(4,077,519)
Total Capital Assets, Being Depreciated	3,498,674	(213,934)	(65,788)	(63,894)	3,155,058
Governmental Activities Capital Assets, Net	$ 4,122,269	$ (130,097)	$ (65,788)	$ (63,894)	$ 3,862,490

Note 3: Capital Assets (Continued)

	Balance 12/31/24	Additions	Transfers	Deletions	Balance 12/31/25
Business-Type Activities					
Capital Assets, *Not Being Depreciated*					
Land	$ 45,535	$ -	$ -	$ -	$ 45,535
Water Rights	85,243	-	-	-	85,243
Construction in Progress	-	594,806	-	-	594,806
Total Capital Assets, *Not Being Depreciated*	130,778	594,806	-	-	725,584
Capital Assets, *Being Depreciated*					
Water Treatment Plant and System	8,933,786	20,628,438	-	-	29,562,224
Sewer Treatment Plant and System	5,213,331	-	-	-	5,213,331
Vehicles and Equipment	577,486	-	65,788	-	643,274
Total Capital Assets, *Being Depreciated*	14,724,603	20,628,438	65,788	-	35,418,829
Less Accumulated Depreciation					
Water Treatment Plant and System	(4,672,063)	(463,939)	-	-	(5,136,002)
Sewer Treatment Plant and System	(1,690,617)	(133,546)	-	-	(1,824,163)
Vehicles and Equipment	(347,654)	(62,694)	-	-	(410,348)
Total Accumulated Depreciation	(6,710,334)	(660,179)	-	-	(7,370,513)
Total Capital Assets, *Being Depreciated, net*	8,014,269	19,968,259	65,788	-	28,048,316
Business-Type Activities Capital Assets, *net*	$ 8,145,047	$ 20,563,065	$ 65,788	$ -	$ 28,773,900

Depreciation expense was charged to governmental programs of the Town as follows:

General Government	$ 40,753
Public Safety	69,748
Public Works	45,062
Culture and Recreation	81,256
Total	$ 236,819

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2025:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Governmental Activities					
Financing Leases	$ -	$ -	$ -	$ -	$ -
Compensated Absences	33,560	-	(12,085)	21,475	3,356
Total	$ 33,560	$ -	$ (12,085)	$ 21,475	$ 3,356

Compensated absences are expected to be liquidated with revenues of the General Fund.

Note 4: Long-Term Debt (Continued)

Following is a summary of long-term debt transactions of the business-type activities for the year ended December 31, 2025:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Business-Type Activities					
Compensated Absences	$ 34,919	$ 7,465	$ -	$ 42,384	$ 4,238

Note 5: Retirement Commitments

Employees' Pension Plan

The Town contributes to a multiple-employer defined contribution retirement plan on behalf of its employees. All regular full-time employees are eligible to participate in the plan. The plan provisions and contribution requirements are established and may be amended by the Board of Trustees. The Town is required to contribute 3% of each participating employee's compensation, and each participating employee must contribute a matching amount. Employees may make additional voluntary contributions not to exceed 10% of their compensation. Employees fully vest in the Town's contributions at a rate of 33.3% for each full year of participation. During the year ended December 31, 2025, the Town contributed $31,023 to the plan, equal to the required contributions. The Plan is administered by the Colorado Retirement Association.

Note 6: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Public Entity Risk Pool

For property, liability and workers compensation risks, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes, and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members with defined liability, property, and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

Note 6: Risk Management (Continued)

Public Entity Risk Pool *(Continued)*

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity, and the Town does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

Note 7: Commitments and Contingencies

Litigation

The Town has pending or threatened litigation. Management believes the outcome of any litigation will not have a significant impact on the Town's financial position.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 2, 1996, voters authorized the Town to collect, retain, use or expend all revenues, including any reduction in debt service, and to spend such revenues for municipal operations, capital projects, reserve increases, and debt service, beginning January 1, 1996, and each subsequent year without limitation by the restrictions of the Amendment. The Amendment is complex and subject to interpretation. However, the Town's management believes it is in compliance with the provisions of the Amendment.

The Town has established emergency reserves, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the Town reported emergency reserves of $125,500 as restricted fund balance in the General Fund.

Mount Carbon Metropolitan District

Pursuant to the 2008 intergovernmental agreement between the Town and the Mount Carbon Metropolitan District (the District), the District agreed to design and construct, with Town oversight and review, a wastewater treatment facility to replace the Town's existing facility. The District financed construction of the facility and the Town agreed to waive future system development fees for the District's sewer tap purchases as more fully set forth in the agreement. In addition, the District agreed to subsidize the operation of the wastewater treatment facility until 500 sewer taps have been purchased.

During the year ended December 31, 2025, the Town received $125,138 under this agreement, which is reported as operating revenue in the Utility Fund. As of December 31, 2025, 405 taps have been purchased.

Required Supplementary Information

Town of Morrison, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes				
Sales	$ 1,940,000	$ 1,940,000	$ 2,413,517	$ 473,517
Use	65,000	65,000	111,789	46,789
Property	105,760	105,760	107,291	1,531
Specific Ownership	6,000	6,000	7,220	1,220
Franchise	47,000	47,000	58,016	11,016
Other	-	-	-	-
Licenses and Permits	39,000	39,000	125,462	86,462
Charges for Services	658,250	658,250	331,883	(326,367)
Fines and Forfeitures	616,000	616,000	304,976	(311,024)
Intergovernmental	258,500	258,500	268,223	9,723
Investment Income	445,000	445,000	328,922	(116,078)
Lease Income	-	-	62,000	62,000
Miscellaneous	0	0	100	100
Total Revenues	4,180,510	4,180,510	4,119,399	(61,111)
Expenditures				
Current				
General Government	537,114	545,675	466,874	78,801
Community Development	182,500	182,500	204,622	(22,122)
Public Safety	1,673,872	600,000	745,045	(145,045)
Public Works	482,187	479,187	362,892	116,295
Culture & Recreation	372,852	373,852	383,010	(9,158)
Capital Outlay	797,500	791,000	106,720	684,280
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	4,046,025	2,972,214	2,269,163	703,051
Revenues Over (Under) Expenditures	134,485	1,208,296	1,850,236	641,940
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	-	-	204,200	204,200
Other Grants	426,582	426,582	56,867	(369,715)
Net Change in Fund Balance	561,067	1,634,878	2,111,303	476,425
Fund Balance, *Beginning of Year*	7,940,214	7,940,214	8,685,840	745,626
Fund Balance, *End of Year*	$ 8,501,281	$ 9,575,092	$ 10,797,143	$ 1,222,051

See Accompanying Independent Auditor's Report.

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the Town. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the Utility Fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures, and depreciation is not budgeted.

The Town follows these procedures in establishing the budgetary information reflected in the financial statements:

- Management submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at year end.

During the year ended December 31, 2025, the Town had actual expenditures in excess of appropriations for its General and Utility Fund. This may be a violation of State statutes.

Supplementary Information

Town of Morrison, Colorado
Budgetary Comparison Schedule
Utility Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Water Charges	$ 895,000	$ 1,348,180	$ 453,180
Sewer Charges	370,000	764,393	394,393
Other Charges for Services	64,000	49,913	(14,087)
Mount Carbon Metropolitan District Subsidy	100,000	125,138	25,138
Investment Income	1,500	255,946	254,446
Total Revenues	1,430,500	2,543,570	1,113,070
Expenditures			
Operations and Maintenance	1,406,886	1,479,643	(72,757)
Capital Outlay	1,080,000	723,244	356,756
Total Expenditures	2,486,886	2,202,887	283,999
Revenues Over (Under) Expenditures	(1,056,386)	340,683	1,397,069
Capital Contributions			
Tap and Resource Fees	700,000	2,455,829	1,755,829
Change in Net Position, *Budgetary Basis*	$ (356,386)	2,796,512	$ 3,152,898
Reconciliation to GAAP Basis			
Capital Contribution		20,500,000	
Donation		65,788	
Capital Outlay - Capitalized		723,244	
Depreciation		(660,178)	
Change in Net Position, *GAAP Basis*		$ 23,425,366	

State Compliance

LOCAL HIGHWAY FINANCE REPORT

STATE:		
Colorado		

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:	REPORT YEAR ENDING DATE(mm/yyyy):
Town of Morrison	Lorraine Trotter lhtrotter@professionalmanagemen	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	0.00	a. Interest on investments	0.00
b. Non-property Taxes and Assessments Imposts	267,474.09	b. Other Misc. Local Receipts	302,222.06
c. Total (a + b)	$ 267,474.09	**c. Total (a + b)**	$ 302,222.06

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	12,186.98	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	1,035.04		
c. Total (a + b)	$ 1,035.04		
4. Total (1 + 2 + 3c)	$ 13,222.02	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	14,180.46
c. Construction Costs	0.00
d. Total Capital Outlay (a+ b + c)	$ 14,180.46

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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	223,108.28
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 267,474.09
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 302,222.06
5. Transfers from Toll Facilities	
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)	$ 792,804.43
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 13,222.02
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 806,026.45

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 14,180.46
2. Maintenance:	139,358.36
3. Road and Street Services:	
a. Snow and Ice Removal	12,042.38
b. Other & Traffic Control Operations	6,184.29
c. Total (a + b)	$ 18,226.67
4. General Administration & Miscellaneous	38,225.90
5. Highway Law Enforcement and Safety	596,035.07
6. Total (1 through 5)	$ 806,026.45
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)	$ 806,026.45

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0.00	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	0.00	$ -	$ -	$ -

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